



*TRANSPORTADORA
DE GAS DEL NORTE S.A.*

**Interim condensed financial statements as of March 31, 2017 presented in
thousands of pesos and in a comparative format**

INDEX

Summary of information
Interim condensed balance sheet
Interim condensed statement of comprehensive income
Interim condensed statement of changes in shareholders' equity
Interim condensed statement of cash flow

Notes to the interim condensed financial statements:

1	General information
2	Preparation and presentation of financial statements
3	Financial risk management
4	Business segment information
5	Property, plant and equipment
6	Investments in affiliate companies
7	Income tax
8	Financial instruments by category
9	Materials and spare parts
10	Other accounts receivable
11	Trade accounts receivable
12	Cash and cash equivalents
13	Common stock and reserves
14	Loans
15	Other debts
16	Trade accounts payable
17	Contingencies
18	Revenues
19	Expenses by nature
20	Other net income and expenses
21	Net financial results
22	Net result per share
23	Related parties
24	Subsequent events

Additional information to the notes to the interim condensed financial statements required by Section 68 of the Buenos Aires Stock Exchange Listing Rules and by Title IV, Chapter III, Section 12 of the National Securities Commission regulations.

Additional information to the notes to the interim condensed financial statements required by Title IV, Chapter III, Section 1st of the National Securities Commission regulations.

Review report on the interim condensed financial statements

Statutory Audit Committee's Report

Transportadora de Gas del Norte S.A.

Legal address: Don Bosco 3672 - 3rd floor - Autonomous City of Buenos Aires.

INTERIM CONDENSED FINANCIAL STATEMENTS for the three-month period ended on March 31, 2017, presented in a comparative format.

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

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

Registration number with the Superintendency of Corporations: 11,667 - Book 112 - Tome A of 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 and August 18, 2006.

Date of expiry of Company's by-laws: December 1st, 2091

Controlling shareholder: Gasinvest S.A.

Legal address: Roque Sáenz Peña Av., 938 - 3rd floor - Autonomous City of Buenos Aires.

Main activity: investments in securities, real estate and financial activities.

Percentage of shares held by the controlling shareholder: 56.354%.

Percentage of votes held by the controlling shareholder: 56.354%.

Capital status (Note 14 to the Company's financial statements as of December 31, 2016)

Type of shares	Subscribed and paid in	
	03.31.17	12.31.16
	Thousands of \$	
Ordinary, book-entry class A shares, of \$ 1 par value each and entitled to one vote per share	179,264	179,264
Ordinary, book-entry class B shares, of \$ 1 par value each and entitled to one vote per share	172,235	172,235
Ordinary, book-entry class C shares, of \$ 1 par value each and entitled to one vote per share	87,875	87,875
Total	439,374	439,374

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE THREE-MONTH PERIODS ENDED MARCH 31, 2017 AND 2016

In accordance with the terms of the National Securities Commission (“CNV”) regulations, an analysis of the results of Transportadora de Gas del Norte S.A. (“TGN” or “the Company”) is detailed below, as well as its financial situation, its business prospects and other financial and economic indicators, which should be read in conjunction with the attached interim condensed financial statements, the additional information to the notes required by Section 68 of the Buenos Aires Stock Exchange Listing Rules, by Title IV, Chapter III, Sections 1st and 12 of the CNV regulations, the press releases opportunely notified to the CNV and the Company’s financial statements corresponding to the fiscal year ended December 31, 2016.

D) ANALYSIS OF COMPREHENSIVE RESULT AND FINANCIAL SITUATION

- *Comprehensive result for the period:*

<i>Accounts</i>	<i>(in millions of pesos)</i>		
	<i>Three-month period ended March 31,</i>		
	<i>2017</i>	<i>2016</i>	<i>Variation</i>
Revenues			
<i>Gas carriage service</i>	592.2	173.7	418.5
<i>Gas pipeline operation and maintenance and other services</i>	41.6	25.4	16.2
Total revenues	633.8	199.1	434.7
Cost of services			
<i>Operation and maintenance costs</i>	(232.0)	(165.0)	(67.0)
<i>Property, plant and equipment depreciation</i>	(42.6)	(35.7)	(6.9)
Subtotal	(274.6)	(200.7)	(73.9)
Gross profit (loss)	359.2	(1.6)	360.8
<i>Administrative and selling expenses</i>	(112.1)	(64.2)	(47.9)
Income (loss) before other net income and expenses	247.1	(65.8)	312.9
<i>Other net income and expenses</i>	26.0	(108.0)	134.0
Income (loss) before financial results	273.1	(173.8)	446.9
<i>Net financial results</i>	37.7	(269.5)	307.2
<i>Results from investments in affiliate companies</i>	0.2	0.5	(0.3)
Result before income tax	311.0	(442.8)	753.8
<i>Deferred income tax</i>	(108.6)	154.3	(262.9)
Income (loss) for the period	202.4	(288.5)	490.9
<i>Other comprehensive results for the period</i>	(0.1)	4.4	(4.5)
Comprehensive income (loss) for the period	202.3	(284.1)	486.4
EBITDA ⁽¹⁾	320.5	(132.6)	453.2

(1) Result before income tax, financial results, property, plant and equipment depreciation and charges for consumable goods not entailing outlays of cash.

	<i>(in millions of pesos)</i>	
	<i>03.31.2017</i>	<i>12.31.2016</i>
<i>Total assets</i>	4,642	4,585
<i>Total liabilities</i>	4,384	4,529
<i>Shareholders' equity</i>	258	56

The following paragraphs describe the reasons for the main variations in the comprehensive result and cash flows of the Company, and some economic-financial indexes are disclosed in connection with the Company’s equity.

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE THREE-MONTH PERIODS ENDED MARCH 31, 2017 AND 2016

D) ANALYSIS OF COMPREHENSIVE RESULT AND FINANCIAL SITUATION (Cont.)

- *Revenues*

Revenues' variation of \$ 434.7 million between the three-month periods ended March 31, 2017 and 2016 is explained by the following causes:

- higher billings for \$ 418.5 million, related to the rise in the domestic carriage rates since April 2016, set by the ENARGAS throughout its Resolution I 3723/16 and its subsequent modifications; and
- higher income for \$ 16.2 million in “*Gas pipeline operation and maintenance and other services*”.

- *Cost of services*

(in millions of pesos)

<i>Accounts</i>	<i>Three-month period ended March 31,</i>		
	<i>2017</i>	<i>2016</i>	<i>Variation</i>
<i>Fees for professional services</i>	3.7	2.5	1.2
<i>Salaries, wages and other personnel benefits and social security contributions</i>	101.3	66.7	34.6
<i>Technical assistance fees</i>	3.4	3.2	0.2
<i>Consumption of materials and spare parts</i>	16.4	10.3	6.1
<i>Maintenance and repair of property, plant and equipment and third-party services and supplies</i>	71.1	56.0	15.1
<i>Communications, freight, transportation and travel expenses</i>	12.4	9.4	3.0
<i>Insurance</i>	6.3	5.1	1.2
<i>Rentals and office supplies</i>	3.3	2.0	1.3
<i>Easements</i>	9.4	4.6	4.8
<i>Taxes, rates and contributions</i>	0.7	0.2	0.5
<i>Property, plant and equipment depreciation</i>	42.6	35.7	6.9
<i>Slow-moving and obsolete materials and spare parts</i>	3.5	4.1	(0.6)
<i>Others</i>	0.5	0.9	(0.4)
<i>Total</i>	274.6	200.7	73.9
<i>% of Costs of services on revenues</i>	43.3%	101.0%	

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

- \$ 34.6 million increase in *Salaries, wages and other personnel benefits and social security contributions*. That variation is explained by pay increases corresponding to inflation adjustment (\$ 22.1 million), higher headcount (\$ 6 million), higher severance charges (\$ 4.8 million) and other sundry charges; and
- \$ 15.1 million increase in *Maintenance and repair of property, plant and equipment and third-party services and supplies*, mainly due to the fact that during the three-month period ended March 31, 2017 higher expenses were made in cleaning, weeding and painting of facilities (\$ 2.3 million), compression plants integrity and repairs (\$ 1.4 million), internal inspection of gas pipelines (\$ 13.8 million), class tracking projects and anti-corrosive protection (\$ 5.6 million), security and energy consumption (\$ 2.0 million), partially offset by lower expenses in critical maintenance of gas pipelines, compression plants and installations (\$ 6.9 million) and river-crossings adequation projects (\$ 3.1 million).

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE THREE-MONTH PERIODS ENDED MARCH 31, 2017 AND 2016

D) ANALYSIS OF COMPREHENSIVE RESULT AND FINANCIAL SITUATION (Cont.)

- *Administrative and selling expenses*

(in millions of pesos)

<i>Accounts</i>	<i>Three-month period ended March 31,</i>		
	<i>2017</i>	<i>2016</i>	<i>Variation</i>
<i>Salaries, wages and other personnel benefits and social security contributions</i>	31.2	20.1	11.1
<i>Property, plant and equipment depreciation</i>	1.1	0.9	0.2
<i>Fees for professional services</i>	6.0	3.8	2.2
<i>Taxes, rates and contributions</i>	50.1	26.3	23.8
<i>Communications, freight, transportation and travel expenses</i>	1.8	1.4	0.4
<i>Maintenance and repair of property, plant and equipment and third-party services and supplies</i>	1.5	1.7	(0.2)
<i>Rentals and office supplies</i>	1.7	1.1	0.6
<i>Doubtful accounts</i>	11.0	6.1	4.9
<i>Contingencies</i>	5.0	0.4	4.6
<i>Statutory auditors committee's fees</i>	0.8	0.6	0.2
<i>Board of directors' fees</i>	1.1	0.9	0.2
<i>Others</i>	0.8	0.9	(0.1)
Total	112.1	64.2	47.9
<i>% of Administrative and selling expenses on revenues</i>	<i>17.7%</i>	<i>35.4%</i>	

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

- i. \$ 11.1 million increase in *Salaries, wages and other personnel benefits and social security contributions*, as a result of pay increases corresponding to inflation adjustment (\$ 8.1 million), higher severance charges (\$ 1.3 million) and other sundry charges;
- ii. \$ 23.8 million increase in *Taxes, rates and contributions* due to higher charges for the ENARGAS' verification and control rate (\$ 2.4 million), tax on bank transactions (\$ 4.1 million) and turnover tax (\$ 17.3 million);
- iii. \$ 4.9 million increase in *Doubtful accounts* due to higher allowances set up during the three-month period ended March 31, 2017, related to past due customers' balances; and
- iv. \$ 4.6 million increase in *Contingencies*, as a result of the adjustment of the provisions for contingencies to the current status of lawsuits and complaints in which the Company is involved.

- *Other net income and expenses*

(in millions of pesos)

<i>Accounts</i>	<i>Three-month period ended March 31,</i>		
	<i>2017</i>	<i>2016</i>	<i>Variation</i>
<i>Compensation for damages adjustment</i>	-	(110.7)	110.7
<i>Net income from sundry sales, accidents recoveries and others</i>	26.0	2.7	23.3
Total	26.0	(108.0)	134.0

During the three-month period ended March 31, 2016, the Company has recognized losses for \$110.7 million, in relation to the compromise and settlement agreement entered into with AES Argentina Generación S.A. in 2012 (and lately modified in 2014). These losses are the result of measuring the liability with AES Argentina Generación S.A. on the basis of the gas carriage rates in force in that period.

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE THREE-MONTH PERIODS ENDED MARCH 31, 2017 AND 2016

D) ANALYSIS OF COMPREHENSIVE RESULT AND FINANCIAL SITUATION (Cont.)

- *Net financial results*

(in millions of pesos)

<i>Accounts</i>	<i>Three-month period ended March 31,</i>		
	<i>2017</i>	<i>2016</i>	<i>Variation</i>
<i>Generated by exchange rate differences:</i>			
<i>Income on exchange rate variations</i>	121.8	200.9	(79.1)
<i>Loss on exchange rate variations</i>	(54.5)	(404.2)	349.7
<i>Total financial results generated by exchange rate differences</i>	67.3	(203.3)	270.6
<i>Financial income:</i>			
<i>Interest</i>	8.9	10.4	(1.5)
<i>Results from changes in fair values</i>	3.0	4.0	(1.0)
<i>Results on discounting at present value and others</i>	40.3	0.7	39.6
<i>Total financial income</i>	52.2	15.1	37.1
<i>Financial expenses:</i>			
<i>Interest</i>	(67.0)	(59.8)	(7.2)
<i>Results on discounting at present value</i>	(3.5)	(21.1)	17.6
<i>Commissions, taxes and expenses on banking and financial operations</i>	(11.3)	(0.4)	(10.9)
<i>Total financial expenses</i>	(81.8)	(81.3)	(0.5)
<i>Total net financial results</i>	37.7	(269.5)	307.2

Net financial results for the three-month period ended March 31, 2017 presented higher income for \$ 307.2 million compared to the three-month period ended March 31, 2016. Accounts showing the most significant variations between both periods were:

- i. higher income for \$ 349.7 million resulting from exchange rate differences generated by liabilities denominated in US dollars;
- ii. higher results for \$ 57.2 million related to discounts at present value and others during the three-month period ended March 31, 2017; and
- iii. lower profits for \$ 79.1 million resulting from exchange rate differences generated by assets denominated in US dollars.

- *Deferred income tax*

Deferred income tax results corresponding to the three-month period ended March 31, 2017 presented higher losses for \$ 262.9 million compared to the same period of last year. This variation is principally explained by the estimated usage of the tax-loss carryforward registered in the three-month period ended March 31, 2017. Note 7 to the Company's interim condensed financial statements as of March 31, 2017 presents a breakdown of the deferred income tax assets and liabilities and the variation they registered during the three-month period ended March 31, 2017.

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE THREE-MONTH PERIODS ENDED MARCH 31, 2017 AND 2016

D) ANALYSIS OF COMPREHENSIVE RESULT AND FINANCIAL SITUATION (Cont.)

- Summary of the statement of cash flows

(in millions of pesos)

	<i>Three-month period ended March 31,</i>	
	<i>2017</i>	<i>2016</i>
<i>Cash generated by the operations</i>	82.6	71.7
<i>Deferred income tax</i>	108.6	(154.3)
<i>Accrued interest generated by liabilities</i>	66.9	59.8
<i>Net cash flow generated by (used in) the operations</i>	258.1	(22.8)
<i>Purchase of property, plant and equipment</i>	(128.2)	(50.6)
<i>Variation of short-term investments (non-cash equivalents)</i>	(32.0)	(9.3)
<i>Collection of short-term investment's principal and interests</i>	2.1	2.1
<i>Net cash flow used in investing activities</i>	(158.1)	(57.8)
<i>Cash flow hedge operations</i>	-	1.3
<i>Loans' payment</i>	(68.8)	(21.8)
<i>Net cash flow used in financing activities</i>	(68.8)	(20.5)
<i>Net increase (decrease) in cash and cash equivalents</i>	31.2	(101.1)
<i>Cash and cash equivalents at the beginning of the year</i>	250.9	209.6
<i>Financial results generated by cash</i>	5.4	21.6
<i>Cash and cash equivalents at the end of the period</i>	287.5	130.1

- Breakdown of cash and cash equivalents

(in millions of pesos)

<i>Accounts</i>	<i>Three-month period ended March 31,</i>	
	<i>2017</i>	<i>2016</i>
<i>Cash and banks</i>	15.5	35.6
<i>LEBAC bonds in \$</i>	36.4	-
<i>Time deposits in US\$</i>	49.0	75.9
<i>Mutual funds in \$</i>	186.6	18.6
<i>Cash and cash equivalents at the end of the period</i>	287.5	130.1

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE THREE-MONTH PERIODS ENDED MARCH 31, 2017 AND 2016

II) BUSINESS PROSPECTS (not covered by the Review report on the interim condensed financial statements)

This section, related to the Company's business, operating, financial and regulatory prospects must be complemented with the notes to the interim condensed financial statements as of March 31, 2017, the additional information required by Section 68 of the Buenos Aires Stock Exchange Listing Rules, by Title IV, Chapter III, Sections 1st and 12 of the CNV regulations as of March 31, 2017 and the Company's financial statements as of December 31, 2016. This information should be jointly read, analyzed and interpreted to have a full vision of the significant corporate matters.

Business prospects for the rest of the current fiscal year:

Upon enactment of the Public Emergency Law N° 25,561 ("LEP") in early 2002 and the ongoing renewal thereof since then until December 31, 2017, the gas carriage rates were converted into Argentine pesos and frozen. The regulation issued after the enactment of the LEP did not establish any alternative mechanism for the adjustment of rates, and this lack of an alternative mechanism led to the direct breakdown of the economic-financial equation of the License. As a consequence, the Company filed the judicial action referred in Note 18.1.6 to its financial statements as of December 31, 2016.

Between July 1999 and March 2014, TGN's rates were frozen in pesos, preventing the Company from continuing making investments to expand the system. Public trusts organized by the former National Secretariat of Energy have replaced the Company in that role since 2004. These trusts are financed through rates that largely exceeded, at the moment of their establishment, the rate collected by TGN.

In addition, a strong upward pressure on prices and the Argentine peso devaluation against the US dollar had a material effect on the Company's expenses and, despite the constant efforts to use resources efficiently, operational and financial costs have significantly increased. In this context, the shareholders' equity has been significantly reduced.

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

In April 2014, the ENARGAS implemented the Temporary Agreement for rate adjustment entered into in 2008, ratified by the National Executive Branch ("PEN") in 2010, which approved an increase of 8% in gas carriage rates as from April 1st, 2014; 14% accumulated as from June 1st, 2014, and 20% accumulated as from August 1st, 2014. The incremental collection was allocated to investments approved by the ENARGAS.

Subsequently, on June 5, 2015, the ENARGAS enforced, through Resolution I 3348, new gas carriage rate schedules that implied a 69.1% increase as from May 1st of that year.

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

On March 29, 2016, the MINEM issued Resolution No. 31/16 instructing the ENARGAS to conduct CRR procedures with all the natural gas carriage and distribution licensees (in a term no longer than a year since the issuance of that resolution) and to make a sufficient temporary adjustment to the gas carriage and distribution rates to cover their costs, on account of the future CRR. This resolution established that the temporary adjustment of rates

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE THREE-MONTH PERIODS ENDED MARCH 31, 2017 AND 2016

II) BUSINESS PROSPECTS (not covered by the Review report on the interim condensed financial statements) (Cont.)

must be related to the execution of a mandatory investment plan and that the stage of public hearings will be carried out within CRR procedures. Licensees will not be allowed to distribute dividends without ENARGAS' prior authorization until the completion of such mandatory investment plan.

Likewise, on March 28, 2016 the MINEM issued Resolution No. 28/16 (jointly with Resolution No. 31/16, the "MINEM Resolutions") approving new natural gas prices in the access points to the carriage systems including eligibility criteria for residential users to have access to the benefit of "social rates".

On March 31, 2016, the ENARGAS issued resolution I/3723, establishing a temporary increase of 289.2% on TGN's rates as from April 1st, 2016. Additionally, the ENARGAS established a mandatory investment plan for \$ 1.041 billion to be carried out in a term of one year, under administrative penalties. Meanwhile, TGN will not be allowed to distribute dividends without ENARGAS' prior authorization.

In August 2016, the Supreme Court of Justice of Argentina affirmed a ruling by the Federal Court of La Plata which had declared the MINEM Resolutions invalid in relation to the country's residential users. Such Federal Court ruling caused a breakdown in the payment chain and forced TGN to suspend the mandatory investment plan as well as to reschedule payments to its suppliers and contractors.

As a result, between September 16 and 18, 2016, the MINEM and the ENARGAS conducted a public hearing in which the three gas rate components were analyzed, i.e. the price of gas at well head, carriage and distribution margins.

On October 6, 2016 the MINEM issued its Resolution N° 212/16 approving new natural gas prices in the access points to the carriage systems. Likewise, the ENARGAS issued its Resolution I/4053 re-establishing the 289.2% temporary increase in TGN's rates as from October 7, 2016. The ENARGAS maintained the mandatory investment plan for \$ 1.041 billion and the prohibition against distribution of dividends without prior authorization. The Company considers that the investment plan should be reviewed considering the negative effect of the mentioned judicial rulings on the billings for the period between April and September, 2016 and the delay in the execution of the works.

There are controversies between the Company and four natural gas distribution companies, in relation to the collectability of the carriage services provided by TGN from April to October 6th, 2016, used by the natural gas distribution companies in relation to their non-residential customers, as the natural gas distribution companies have argued against the pro rata criteria applied by TGN based on ENARGAS instructions as stated in Resolution I/3961 (refer to Note 18.1.8 to the Company's financial statements as of December 31, 2016).

On March 30, 2017, the Company entered into an agreement with the Ministry of Finance and the MINEM for the comprehensive renegotiation of the License (the "Comprehensive Agreement"), whose effective date is subject to the PEN's approval, after intervention of the Federal Treasury Attorney's Office, Argentina's General Accounting Office, and both chambers of the National Congress following the opinion of a bicameral commission. On the same date, TGN was granted a new temporary average rate increase of 49% on account of a higher increase to be applied as a result of a CRR review carried out by the ENARGAS and tied to the execution of mandatory investments.

The Comprehensive Agreement ends a fifteen-year period of legal and regulatory instability that started in 2002 with the LEP. It sets forth the terms and conditions agreed to between the PEN and TGN to adapt the License, establishes the guidelines under which the ENARGAS conducted the CRR for the period 2017-2022 and concludes the renegotiation process developed within the framework of the LEP. Once this agreement comes into force after

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE THREE-MONTH PERIODS ENDED MARCH 31, 2017 AND 2016

II) BUSINESS PROSPECTS (not covered by the Review report on the interim condensed financial statements) (Cont.)

having been ratified by the PEN and by the Company's extraordinary shareholders meeting to be held on May 31, 2017, its provisions will cover the contract period from January 6, 2002 to the termination date of the License.

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

As a condition precedent to the ratification of the Comprehensive Agreement, TGN must stay the suit filed against the National State claiming damages suffered by the Company as a result of the pesification and subsequent freeze of its rates (see Note 18.1.6 to the Financial Statements of the Company as of December 31, 2016). Additionally, within ninety calendar days counted from the date on which the ENARGAS resolution that approves the rate schedule resulting from the CRR comes into force and stays effective, or from the last step of the increase, which shall not exceed April 1, 2018, or from the resolutions approving the distribution rate schedules including the aforementioned rate schedules, as appropriate, TGN shall fully and expressly waive the right and dismiss the action brought against the National State, as well as all rights it might invoke or bring against the National State, based on or related to facts or legal measures ordered with respect to the License under the LEP and/or because the Producer Price Index ("PPI") became ineffective due to its cancellation. The same must be done by the Company's controlling shareholder, Gasinvest S.A. ("Gasinvest"), and the shareholders representing at least two thirds of Gasinvest's capital stock. See Note 24 to the Company's interim condensed financial statements as of March 31, 2017.

The Comprehensive Agreement contains an indemnity clause for the benefit of the National State. On the one hand, TGN agrees to hold the National State harmless in the event that any of TGN's and/or Gasinvest's shareholders and/or any of their possible assignees obtain a final and conclusive award or judgment, in the Argentine Republic or abroad, consisting of any type of economic indemnity, relief or compensation whether based on or related to facts or legal measures ordered with respect to the License, under the emergency situation established by the LEP and/or the cancellation of the PPI, including costs and fees. In such a case, the Company shall not be entitled to seek any relief, indemnity or compensation from the National State, and the costs and expenses that TGN incurs shall in no case be transferred to the users of the carriage service. Lastly, in relation to arbitration awards obtained prior to the signing of the Comprehensive Agreement by former shareholders CMS and Total, the Company agrees to hold the National State harmless. The amount of that indemnity, to be defined, will not include the proportional composition stated or that will be stated in the respective payment agreements, will exclude the amounts corresponding to interests related to the National State's payment delay and will be calculated at its present value. As a reference, the amounts stated in the awards are: 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).

The indemnity, considering the amounts that will be defined according to what has been mentioned before, will be assumed by TGN only through sustainable investments, additional to those established by the ENARGAS as mandatory investments under the CRR, in gas pipelines and complementary installations in the "Neuquina Basin". These investments shall not be included in the Company's rate base.

The rate increases implemented since 2016 have enabled the Company to break the series of 21 consecutive quarters with negative operating results, finance its operating and maintenance expenses, execute certain works and settle its financial maturities. However, in light of the demands of the gas pipeline system operation and maintenance, it is still necessary that the new rate levels resulting from CRR are maintained in real values over time. In this sense, the CRR conducted by the ENARGAS introduces non-automatic bi-annual carriage rates adjustments, between five-year rate reviews, regarding observable variations in the prices related to the cost of the service, in order to maintain the economic-financial balance of the rendered service and its quality.

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE THREE-MONTH PERIODS ENDED MARCH 31, 2017 AND 2016

III) COMPARATIVE BALANCE SHEET STRUCTURE AT MARCH 31, 2017, 2016, 2015, 2014, AND 2013

(in millions of pesos)

Accounts	At 03.31				
	2017	2016	2015	2014	2013
Non-current assets	3,667	3,450	2,551	2,422	2,191
Current assets	975	674	684	839	642
Total	4,642	4,124	3,235	3,261	2,833
Shareholders' equity	258	28	798	1,030	1,057
Non-current liabilities	3,307	3,380	2,015	1,919	1,484
Current liabilities	1,077	716	422	312	292
Subtotal liabilities	4,384	4,096	2,437	2,231	1,776
Total	4,642	4,124	3,235	3,261	2,833

IV) COMPARATIVE STRUCTURE OF COMPREHENSIVE RESULTS FOR THE PERIODS ENDED MARCH 31, 2017, 2016, 2015, 2014, AND 2013

(in millions of pesos)

Accounts	At 03.31				
	2017	2016	2015	2014	2013
Income (loss) before other net income and expenses	247.1	(65.8)	(51.6)	(23.7)	(2.2)
Other net income and expenses	26.0	(108.0)	(0.6)	32.5	15.7
Income (loss) before financial results	273.1	(173.8)	(52.2)	8.8	13.5
Net financial results	37.7	(269.5)	9.8	(96.9)	(15.4)
Results from investments in affiliate companies	0.2	0.5	0.3	2.2	0.4
Result before income tax	311.0	(442.8)	(42.1)	(85.9)	(1.5)
Income tax	(108.6)	154.3	10.4	30.2	0.8
Income (loss) for the period	202.4	(288.5)	(31.7)	(55.7)	(0.7)
Other comprehensive results for the period	(0.1)	4.4	-	-	-
Comprehensive income (loss) for the period	202.3	(284.1)	(31.7)	(55.7)	(0.7)

V) COMPARATIVE STATISTICAL DATA CORRESPONDING TO THE PERIODS ENDED MARCH 31, 2017, 2016, 2015, 2014, AND 2013

Volume dispatched in millions of cubic meters:

According to the type of carriage agreement

	At 03.31				
	2017	2016	2015	2014	2013
Firm carriage	3,492	3,502	3,600	3,466	3,496
Interruptible carriage and Exchange and displacement	1,613	1,912	2,064	2,068	1,736
Total	5,105	5,414	5,664	5,534	5,232

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE THREE-MONTH PERIODS ENDED MARCH 31, 2017 AND 2016

V) COMPARATIVE STATISTICAL DATA CORRESPONDING TO THE PERIODS ENDED MARCH 31, 2017, 2016, 2015, 2014, AND 2013 (Cont.)

	<i>According to the type of source</i>				
	<i>At 03.31</i>				
	<i>2017</i>	<i>2016</i>	<i>2015</i>	<i>2014</i>	<i>2013</i>
<i>Norte Gas pipeline</i>	2,387	2,473	2,609	2,720	2,043
<i>Centro-Oeste Gas pipeline</i>	2,718	2,942	3,055	2,814	3,189
<i>Total</i>	5,105	5,414	5,664	5,534	5,232

	<i>According to its destination</i>				
	<i>At 03.31</i>				
	<i>2017</i>	<i>2016</i>	<i>2015</i>	<i>2014</i>	<i>2013</i>
<i>Domestic market</i>	5,104	5,413	5,466	5,483	5,132
<i>Foreign market</i>	1	1	198	51	100
<i>Total</i>	5,105	5,414	5,664	5,534	5,232

VI) COMPARATIVE INDICATORS AT MARCH 31, 2017, 2016, 2015, 2014, AND 2013

	<i>At 03.31</i>				
	<i>2017</i>	<i>2016</i>	<i>2015</i>	<i>2014</i>	<i>2013</i>
<i>Current liquidity (1)</i>	0.91	0.94	1.62	2.69	2.20
<i>Solvency (2)</i>	0.06	0.01	0.33	0.46	0.60
<i>Freezing capital (3)</i>	0.79	0.84	0.79	0.74	0.77

- (1) Current assets over current liabilities
 (2) Shareholders' equity over total liabilities
 (3) Non-current assets over total assets

Autonomous City of Buenos Aires, May 9, 2017

Emilio Daneri Conte-Grand
 President

Transportadora de Gas del Norte S.A.

INTERIM CONDENSED BALANCE SHEET AT MARCH 31, 2017 COMPARATIVE WITH THAT AT DECEMBER 31, 2016 (in thousands of pesos)

	Note	<u>03.31.2017</u>	<u>12.31.2016</u>
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,094,393	2,009,912
Investments in affiliate companies	6	5,468	5,364
Materials and spare parts	9	78,543	88,740
Other accounts receivable	10	137,831	132,934
Deferred income tax asset	7	194,303	302,918
Trade accounts receivable	11	1,116,224	1,121,815
Investments at amortised cost	8	39,951	42,370
Total non-current assets		<u>3,666,713</u>	<u>3,704,053</u>
Current assets			
Materials and spare parts		33,207	21,542
Other accounts receivable	10	80,011	60,323
Trade accounts receivable	11	431,761	437,855
Investments at amortised cost	8	8,855	8,731
Investments at fair value	8	133,501	101,296
Cash and cash equivalents	12	287,518	250,865
Total current assets		<u>974,853</u>	<u>880,612</u>
Total assets		<u>4,641,566</u>	<u>4,584,665</u>

Transportadora de Gas del Norte S.A.

INTERIM CONDENSED BALANCE SHEET AT MARCH 31, 2017 COMPARATIVE WITH THAT AT DECEMBER 31, 2016 (in thousands of pesos)

	Note	<u>03.31.2017</u>	<u>12.31.2016</u>
SHAREHOLDERS' EQUITY			
Common stock	13	439,374	439,374
Other reserves		2,679	2,796
Retained earnings		(183,933)	(386,304)
Total shareholders' equity		<u>258,120</u>	<u>55,866</u>
LIABILITIES			
Non-current liabilities			
Contingencies	17	26,227	25,158
Loans	14	2,839,467	2,945,213
Other debts	15	53,440	49,977
Trade accounts payable	16	387,520	397,114
Total non-current liabilities		<u>3,306,654</u>	<u>3,417,462</u>
Current liabilities			
Contingencies	17	90,246	88,947
Loans	14	467,429	482,615
Salaries and social security contributions		79,561	118,573
Taxes payable		52,438	67,063
Other debts	15	33,393	32,756
Trade accounts payable	16	353,725	321,383
Total current liabilities		<u>1,076,792</u>	<u>1,111,337</u>
Total liabilities		<u>4,383,446</u>	<u>4,528,799</u>
Total liabilities and shareholders' equity		<u>4,641,566</u>	<u>4,584,665</u>

The accompanying notes 1 to 24 are an integral part of these interim condensed financial statements.

Transportadora de Gas del Norte S.A.

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME AT MARCH 31, 2017 AND 2016 (in thousands of pesos)

	Nota	<u>Three-month period ended</u>	
		<u>03.31.2017</u>	<u>03.31.2016</u>
Revenues	18	633,792	199,146
Cost of services	19	(274,634)	(200,749)
Gross profit (loss)		359,158	(1,603)
Selling expenses	19	(38,368)	(15,766)
Administrative expenses	19	(73,736)	(48,475)
Income (loss) before other net income and expenses		247,054	(65,844)
Other net income and expenses	20	25,993	(107,961)
Profit (loss) before financial results		273,047	(173,805)
Financial results			
Generated by exchange rate differences	21	67,208	(203,296)
Financial income	21	52,181	15,061
Financial expenses	21	(81,671)	(81,280)
Net financial results		37,718	(269,515)
Results from investments in affiliate companies	6	221	501
Result before income tax		310,986	(442,819)
Income tax			
Current	7	-	-
Deferred	7	(108,615)	154,291
Subtotal income tax		(108,615)	154,291
Income (loss) for the period		202,371	(288,528)
Items that will be reclassified into profit or loss			
Changes in the fair value of derivatives held as hedge	3.1.1	-	1,303
Affiliate companies' financial statements currency translation adjustment	6	(117)	3,097
Other comprehensive results for the period ⁽¹⁾		(117)	4,400
Comprehensive income (loss) for the period		202,254	(284,128)
Net result per share	22	0.461	(0.657)

⁽¹⁾ The comprehensive results for the period are disclosed net from the income tax effect.

The accompanying notes 1 to 24 are an integral part of these interim condensed financial statements.

Transportadora de Gas del Norte S.A.

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS ENDED MARCH 31, 2017 AND 2016 (in thousands of pesos)

Item	Common stock	Inflation adjustment of common stock	Other reserves	Retained earnings	Total shareholders' equity
Balances at December 31, 2015	439,374	390,185	25	(517,663)	311,921
Loss for the three-month period ended March 31, 2016	-	-	-	(288,528)	(288,528)
Changes in the fair value of derivatives held as hedge	-	-	1,303	-	1,303
Affiliate companies' financial statements currency translation adjustment	-	-	3,097	-	3,097
Balances at March 31, 2016	439,374	390,185	4,425	(806,191)	27,793
Resolution of Ordinary Shareholders' Meeting held on April 14, 2016:					
Absorption of the loss for the fiscal year 2015 against the Inflation adjustment of common stock	-	(390,185)	-	390,185	-
Income for the nine-month period ended December 31, 2016	-	-	-	29,702	29,702
Changes in the fair value of derivatives held as hedge	-	-	(1,328)	-	(1,328)
Affiliate companies' financial statements currency translation adjustment	-	-	(301)	-	(301)
Balances at December 31, 2016	439,374	-	2,796	(386,304)⁽¹⁾	55,866
Income for the three-month period ended March 31, 2017	-	-	-	202,371	202,371
Affiliate companies' financial statements currency translation adjustment	-	-	(117)	-	(117)
Subtotal comprehensive income for the period	-	-	(117)	202,371	202,254
Balances at March 31, 2017	439,374	-	2,679	(183,933)	258,120

⁽¹⁾ Shareholders meeting held on March 30, 2017 decided to maintain the loss resulting from fiscal year ended on December 31, 2016 in the "Retained earnings" account (refer to Note 13).

The accompanying notes 1 to 24 are an integral part of these interim condensed financial statements.

Transportadora de Gas del Norte S.A.

INTERIM CONDENSED STATEMENT OF CASH FLOWS AT MARCH 31, 2017 AND 2016 (in thousands of pesos)

	Note	<u>03.31.2017</u>	<u>03.31.2016</u>
Income (loss) for the period		202,371	(288,528)
Adjustments to reach cash generated by (used in) the operations:			
Property, plant and equipment depreciation	5	43,698	36,639
(Decrease) increase in allowances and provisions for contingencies (net of recoveries)		(24,348)	170,940
Exchange rate differences and other net financial results		(124,590)	338,789
Results from investments in affiliate companies		(221)	(501)
Deferred income tax	7	108,615	(154,291)
Accrued interest generated by liabilities	21	67,012	59,822
Net changes in operating assets and liabilities:			
Decrease (increase) in trade accounts receivable		47,871	(318,100)
(Increase) decrease in other accounts receivable		(24,556)	10,575
Increase in materials and spare parts		(4,947)	(9,164)
Increase in trade accounts payable		22,748	146,820
Decrease in salaries and social security contributions		(39,012)	(22,989)
(Decrease) increase in taxes payable		(14,625)	1,734
Increase in other debts		4,100	5,476
Decrease in contingencies		(6,013)	-
Net cash flow generated by (used in) the operations		<u>258,103</u>	<u>(22,778)</u>
Purchases of property, plant and equipment	5	(128,179)	(50,629)
Collection of short-term investment's principal and interests		2,094	2,094
Changes in short-term investments (non-cash equivalents)		(32,004)	(9,293)
Net cash flow used in investing activities		<u>(158,089)</u>	<u>(57,828)</u>
Cash flow hedge operations	3.1.1	-	1,303
Loans' interest payment		(68,770)	(21,794)
Net cash flow used in financing activities		<u>(68,770)</u>	<u>(20,491)</u>
Net increase (decrease) in cash and cash equivalents		<u>31,244</u>	<u>(101,097)</u>
Cash and cash equivalents at the beginning of the fiscal year		250,865	209,602
Financial results generated by cash		5,409	21,639
Cash and cash equivalents at the end of the period	12	<u>287,518</u>	<u>130,144</u>

The accompanying notes 1 to 24 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 THREE-MONTH PERIOD ENDED MARCH 31, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

1 - GENERAL INFORMATION

Transportadora de Gas del Norte S.A. (“the Company” or “TGN”) was incorporated on November 24, 1992 as a result of the enactment of Laws Nos. 23,696 and 24,076 (“Natural Gas Act”) and the issuance of National Executive Branch (“PEN”) Decree No. 1,189/92, whereby the privatization of the natural gas carriage 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 gas carriage through the exclusive utilization of its two pipelines in the northern and central-western regions of Argentine Republic.

Information regarding Argentina’s economic context, the energy matter crisis, the contractual framework in which the Company operates and the impact of the previously mentioned on the Company’s economic-financial situation is disclosed in Note 1 to the Company’s financial statements as of December 31, 2016. Except for what is mentioned below in Note 1.1, during the three-month period ended on March 31, 2017 and up to the date of issuance of these interim condensed financial statements, no significant facts have arisen in relation to what is mentioned in Note 1 to the Company’s financial statements as of December 31, 2016.

1.1 - License

Upon enactment of the Public Emergency Law N° 25,561 (“LEP”) in early 2002 and the ongoing renewal thereof since then until December 31, 2017, the gas carriage rates were converted into Argentine pesos and frozen. The regulation issued after the enactment of the LEP did not establish any alternative mechanism for the adjustment of rates, and this lack of an alternative mechanism led to the direct breakdown of the economic-financial equation of the License. As a consequence, the Company filed the judicial action referred in Note 18.1.6 to its financial statements as of December 31, 2016.

Between July 1999 and March 2014, TGN’s rates were frozen in pesos, preventing the Company from continuing making investments to expand the system. Public trusts organized by the former National Secretariat of Energy have replaced the Company in that role since 2004. These trusts are financed through rates that largely exceeded, at the moment of their establishment, the rate collected by TGN.

In addition, a strong upward pressure on prices and the Argentine peso devaluation against the US dollar had a material effect on the Company’s expenses and, despite the constant efforts to use resources efficiently, operational and financial costs have significantly increased. In this context, the shareholders’ equity has been significantly reduced.

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

In April 2014, the ENARGAS implemented the Temporary Agreement for rate adjustment entered into in 2008, ratified by the PEN in 2010, which approved an increase of 8% in gas carriage rates as from April 1st, 2014; 14% accumulated as from June 1st, 2014, and 20% accumulated as from August 1st, 2014. The incremental collection was allocated to investments approved by the ENARGAS.

Subsequently, on June 5, 2015, the ENARGAS enforced, through Resolution I 3348, new gas carriage rate schedules that implied a 69.1% increase as from May 1st of that year.

In February 2016, TGN entered into a second Temporary Agreement with the Ministry of Finance and the Ministry of Energy and Mining (“MINEM”), that set the basic guidelines for a temporary adjustment of its rates and a future

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

Comprehensive Rate Review (“CRR”), subject to the execution of a comprehensive contractual renegotiation agreement.

On March 29, 2016, the MINEM issued Resolution No. 31/16 instructing the ENARGAS to conduct CRR procedures with all the natural gas carriage and distribution licensees (in a term no longer than a year since the issuance of that resolution) and to make a sufficient temporary adjustment to the gas carriage and distribution rates to cover their costs, on account of the future CRR. This resolution established that the temporary adjustment of rates must be related to the execution of a mandatory investment plan and that the stage of public hearings will be carried out within CRR procedures. Licensees will not be allowed to distribute dividends without ENARGAS’ prior authorization until the completion of such mandatory investment plan.

Likewise, on March 28, 2016 the MINEM issued Resolution No. 28/16 (jointly with Resolution No. 31/16, the “MINEM Resolutions”) approving new natural gas prices in the access points to the carriage systems including eligibility criteria for residential users to have access to the benefit of “social rates”.

On March 31, 2016, the ENARGAS issued resolution I/3723, establishing a temporary increase of 289.2% on TGN’s rates as from April 1st, 2016. Additionally, the ENARGAS established a mandatory investment plan for \$ 1.041 billion to be carried out in a term of one year, under administrative penalties. Meanwhile, TGN will not be allowed to distribute dividends without ENARGAS’ prior authorization.

In August 2016, the Supreme Court of Justice of Argentina affirmed a ruling by the Federal Court of La Plata which had declared the MINEM Resolutions invalid in relation to the country’s residential users. Such Federal Court ruling caused a breakdown in the payment chain and forced TGN to suspend the mandatory investment plan as well as to reschedule payments to its suppliers and contractors.

As a result, between September 16 and 18, 2016, the MINEM and the ENARGAS conducted a public hearing in which the three gas rate components were analyzed, i.e. the price of gas at well head, carriage and distribution margins.

On October 6, 2016 the MINEM issued its Resolution N° 212/16 approving new natural gas prices in the access points to the carriage systems. Likewise, the ENARGAS issued its Resolution I/4053 re-establishing the 289.2% temporary increase in TGN’s rates as from October 7, 2016. The ENARGAS maintained the mandatory investment plan for \$ 1.041 billion and the prohibition against distribution of dividends without prior authorization. The Company considers that the investment plan should be reviewed considering the negative effect of the mentioned judicial rulings on the billings for the period between April and September, 2016 and the delay in the execution of the works.

There are controversies between the Company and four natural gas distribution companies, in relation to the collectability of the carriage services provided by TGN from April to October 6th, 2016, used by the natural gas distribution companies in relation to their non-residential customers, as the natural gas distribution companies have argued against the pro rata criteria applied by TGN based on ENARGAS instructions as stated in Resolution I/3961 (refer to Note 18.1.8 to the Company’s financial statements as of December 31, 2016).

On March 30, 2017, the Company entered into an agreement with the Ministry of Finance and the MINEM for the comprehensive renegotiation of the License (the “Comprehensive Agreement”), whose effective date is subject to the PEN’s approval, after intervention of the Federal Treasury Attorney’s Office, Argentina’s General Accounting Office, and both chambers of the National Congress following the opinion of a bicameral commission. On the same date, TGN was granted a new temporary average rate increase of 49% on account of a higher increase to be applied as a result of a CRR carried out by the ENARGAS and tied to the execution of mandatory investments.

The Comprehensive Agreement ends a fifteen-year period of legal and regulatory instability that started in 2002 with the LEP. It sets forth the terms and conditions agreed to between the PEN and TGN to adapt the License,

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

establishes the guidelines under which the ENARGAS conducted the CRR for the period 2017-2022 and concludes the renegotiation process developed within the framework of the LEP. Once this agreement comes into force after having been ratified by the PEN and by the Company's extraordinary shareholders meeting to be held on May 31, 2017, its provisions will cover the contract period from January 6, 2002 to the termination date of the License.

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

As a condition precedent to the ratification of the Comprehensive Agreement, TGN must stay the suit filed against the National State claiming damages suffered by the Company as a result of the pesification and subsequent freeze of its rates (see Note 18.1.6 to the Financial Statements of the Company as of December 31, 2016). Additionally, within ninety calendar days counted from the date on which the ENARGAS resolution that approves the rate schedule resulting from the CRR comes into force and stays effective, or from the last step of the increase, which shall not exceed April 1, 2018, or from the resolutions approving the distribution rate schedules including the aforementioned rate schedules, as appropriate, TGN shall fully and expressly waive the right and dismiss the action brought against the National State, as well as all rights it might invoke or bring against the National State, based on or related to facts or legal measures ordered with respect to the License under the LEP and/or because the Producer Price Index ("PPI") became ineffective due to its cancellation. The same must be done by the Company's controlling shareholder, Gasinvest S.A. ("Gasinvest"), and the shareholders representing at least two thirds of Gasinvest's capital stock. See Note 24 to these interim condensed financial statements.

The Comprehensive Agreement contains an indemnity clause for the benefit of the National State. On the one hand, TGN agrees to hold the National State harmless in the event that any of TGN's and/or Gasinvest's shareholders and/or any of their possible assignees obtain a final and conclusive award or judgment, in the Argentine Republic or abroad, consisting of any type of economic indemnity, relief or compensation whether based on or related to facts or legal measures ordered with respect to the License, under the emergency situation established by the LEP and/or the cancellation of the PPI, including costs and fees. In such a case, the Company shall not be entitled to seek any relief, indemnity or compensation from the National State, and the costs and expenses that TGN incurs shall in no case be transferred to the users of the carriage service. Lastly, in relation to arbitration awards obtained prior to the signing of the Comprehensive Agreement by former shareholders CMS and Total, the Company agrees to hold the National State harmless. The amount of that indemnity, to be defined, will not include the proportional composition stated or that will be stated in the respective payment agreements, will exclude the amounts corresponding to interests related to the National State's payment delay and will be calculated at its present value. As a reference, the amounts stated in the awards are: 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).

The indemnity, considering the amounts that will be defined according to what has been mentioned before, will be assumed by TGN only through sustainable investments, additional to those established by the ENARGAS as mandatory investments under the CRR, in gas pipelines and complementary installations in the "Neuquina Basin". These investments shall not be included in the Company's rate base.

The rate increases implemented since 2016 have enabled the Company to break the series of 21 consecutive quarters with negative operating results, finance its operating and maintenance expenses, execute certain works and settle its financial maturities. However, in light of the demands of the gas pipeline system operation and maintenance, it is still necessary that the new rate levels resulting from CRR are maintained in real values over time. In this sense, the CRR conducted by the ENARGAS introduces non-automatic bi-annual carriage rates adjustments, between five-year rate reviews, regarding observable variations in the prices related to the cost of the service, in order to maintain the economic-financial balance of the rendered service and its quality.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

2 - PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

These interim condensed financial statements have been issued in accordance with the International Financial Reporting Standards (“IFRS”), issued by the International Accounting Standards Board (“IASB”). The National Securities Commission (“CNV”) through its General Resolution No. 622/13, established the implementation of the Technical Resolutions No. 26 and 29 of the Argentine Federation of Professional Councils in Economic Sciences, which adopt IFRS, issued by the IASB, for the entities encompassed by the public offering regime, either because of their capital or negotiable obligations, or because those entities have requested authorization to be encompassed by this regime.

These interim condensed financial statements for the three-month period ended March 31, 2017 have been prepared in accordance with the International Accounting Standard 34 (“Interim financial reporting”). These interim condensed financial statements should be read in conjunction with the Company’s financial statements as of December 31, 2016, issued in accordance with IFRS. Additionally, these interim condensed financial statements have been prepared following the same accounting policies used in the preparation of the Company’s financial statements as of December 31, 2016.

Furthermore, the provisions of ENARGAS Resolution No. 1,660/00 (as amended by Resolution No. 1,903/00) regulating certain valuation and disclosure criteria for the regulated natural gas carriage and distribution activity have been applied. These criteria are similar to those established by IFRS.

If applicable, certain amounts from prior interim financial statements have been reclassified in order to comply with comparative presentation with these interim condensed financial statements.

2.1 - Accounting estimates and policies

The preparation of these interim condensed financial statements requires the Company’s Board of Directors to make estimates and assessments 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 the estimations used to prepare these interim condensed financial statements. As mentioned in Note 1.1, the rate increases implemented since 2016 have enabled the Company to break the series of 21 consecutive quarters with negative operating results, finance its operating and maintenance expenses, execute certain works and settle its financial maturities. Once the implementation (December 2017 and April 2018) of the new rate schedules resulting from the CRR according to ENARGAS Resolution I 4363/17 is completed as well as the non-automatic bi-annual carriage rates adjustments, regarding observable variations in the prices related to the cost of the service, the Company will have cleaned the uncertainty as to the generation of future cash flow that allows repayment of its financial debt and the normal course of its business.

The aspects involving a higher degree of complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4 to the Company’s financial statements as of December 31, 2016.

Accounting estimates and policies applied by the Company during the three-month period ended March 31, 2017 are consistent with those applied during the fiscal year ended December 31, 2016.

2.2 – Financial reporting in hyperinflationary economies

The International Accounting Standard N° 29 (“IAS 29”) requires that financial statements of an entity whose functional currency is that of an hyperinflationary economy, whether they are based on historic or current cost, have to be stated in terms of the current measurement unit at the ending date of the reported period. Consequently, in general terms, non-monetary items have to include the inflation produced since their acquisition or their revaluation date, as appropriate. When assessing whether an economy is hyperinflationary, the standard provides with a series

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

of indicators to be considered, among which it is included a three-year accumulated inflation rate approaching or exceeding 100%.

As of March 31, 2017, it is not possible to determine the accumulated inflation rate corresponding to the three-year period ended on that date using the official National Statistics and Census Institute (“INDEC”) database, due to the fact that during October 2015 that office discontinued the calculation of its “Internal Wholesale Price Index”, which was again calculated as from January 2016.

According to what was previously mentioned, at the end of the reported period, the Board of Directors has assessed that the Argentine Peso does not fulfill the necessary requirements to be considered as the currency of a hyperinflationary economy, according to the guidelines set in IAS 29. Additionally, it has taken into account the government’s forecasts in relation to the decline tendency of inflation levels. Consequently, these interim condensed financial statements have not been stated in constant currency.

However, certain macroeconomic indicators that affect the Company’s business, such as personnel costs and the prices of supplies, have experienced significant annual variations over the last years. This circumstance has to be considered when evaluating and analyzing the Company’s financial position and results reported in these interim condensed financial statements.

2.3 Changes in interpretations and accounting standards

a) New standards, amendments and interpretations mandatory for fiscal years commenced January 1st, 2017, which have not been early adopted by the Company:

As from the current fiscal year, the Company shall apply the following standards, which have not had a significant impact on its financial situation and the results of its operations:

IFRS 15 - “Revenue from Contracts with Customers”: It was published in May 2014 and it is effective for fiscal years beginning on or after January 1st, 2017. This standard specifies how and when an entity will recognize revenue, as well as the additional information the Company shall disclose in the financial statements. The standard provides a single, principle-based five-step model to be applied to all contracts with customers.

Amendments to IAS 7 - “Statement of Cash Flows”: In February 2016, the IASB published certain amendments regarding the disclosures to be included in the Statement of Cash Flows. The objective of these amendments is that entities provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities. To that end, the IASB requires that the following changes in liabilities arising from financial activities be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. Lastly, the amendments establish that changes in liabilities arising from financing activities shall be disclosed separately from changes in other assets and liabilities.

Amendments to IAS 12 - “Income Taxes”: In January 2016, the IASB published certain amendments with respect to the recognition of deferred tax assets for unrealized losses.

b) New standards, amendments and interpretations that have not come into effect and have not been early adopted by the Company:

The following standards have not been early adopted by the Company and shall not be applied as from the current fiscal year:

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

IFRS 9 - “Financial Instruments”: It was published in July 2014. This standard includes in one single body all phases of the IASB’s project to replace IAS 39 - “Financial Instruments: recognition and measurement”. These phases are classification and measurement, impairment and hedge accounting of instruments. This version adds a new expected loss impairment model and a few minor amendments to the classification and measurement of financial assets. The new standard replaces earlier versions of IFRS 9 and is effective for annual periods beginning on or after January 1st, 2018. The Company is currently applying phase 1, however, it is still analyzing the impact of phases 2 and 3 and it estimates that their application will not have a significant impact on the results of its operations or its financial situation.

IFRIC 22 - “Foreign Currency Transactions and Advance Consideration”: The interpretation refers to the establishment of the “date of the transaction” for the purpose of determining the exchange rate to be used on initial recognition of the related asset, expense or income when an entity has paid or received an advance consideration in a foreign currency. It covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. For the purpose of determining the exchange rate to be used on initial recognition of the related asset, expense or income, the date of the transaction is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. IFRIC 22 is effective for fiscal years beginning on or after January 1st, 2018. Earlier application is permitted. On initial application, entities apply the interpretation either retrospectively or prospectively as from: i) the beginning of the period in which is applied; or ii) the beginning of an earlier comparative period. The Company is currently analyzing its impact and estimates that the application of this interpretation will not have a significant impact on the results of its operations or its financial situation.

3 - FINANCIAL RISK MANAGEMENT

As for financial risk analysis, as of March 31, 2017, except for what is mentioned in Note 3.1 below, there are no significant variations in relation to what has been mentioned in Note 3 to the Company’s financial statements as of December 31, 2016.

3.1 - Currency risks

The potential impact on the statement of comprehensive income and the statement of changes in shareholders’ equity resulting from each percentage point of devaluation of the peso against the US dollar would account for an approximate loss of \$ 21.2 million, provided that the other economic and financial variables affecting the Company remain stable. This sensitivity analysis is based on reasonable information and assumptions. Yet, actual results might differ significantly from such analysis.

3.1.1 – Hedge transactions regarding currency risk – Financial liabilities’ interest payments

TGN has designated derivative instruments (foreign currency future contracts) as hedging instruments for foreign currency risks associated with certain financial liabilities’ interest payments. These transactions have been classified as cash flow hedges. The effective portion of the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in equity. Amounts accumulated in equity are then recognized in the income statement in the same period than the offsetting losses on the hedged item. The gain or loss relating to the ineffective portion is recognized immediately in the interim condensed statement of comprehensive income.

For the mentioned hedge future contracts, TGN documented at the inception of these transactions the relationship between hedging instruments and hedged items, as well as its objective, which is no other than hedging the exchange rate risk that would generate a variation in that rate, in order to honor its financial obligations related to the Step-up Notes. At December 31, 2016, the effective portion of designated cash flow hedges amounts to \$ 1.5 million and is included in Other Reserves in equity.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

At March 31, 2017, the mentioned hedge instruments have fallen due and were fully cancelled.

4 - BUSINESS SEGMENT INFORMATION

Segment reporting is presented in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (“CODM”). The Company’s General Director has been identified as CODM. The management information used by the CODM in decision making is prepared on a quarterly basis and in millions of pesos and does not include any breakdown by business segment, which means that the information is presented as a single segment and corresponds to the total for the Company. It has been determined that the representative measure used for decision making by the CODM is the “management EBITDA”, together with purchases of “Property, plant and equipment”.

Below is the information provided to the CODM (in millions of pesos):

	<u>03.31.2017</u>	<u>03.31.2016</u>
Revenues	633.8	199.1
Operating costs	(344.1)	(228.4)
Management EBITDA	<u>289.7</u>	<u>(29.3)</u>
Purchases of property, plant and equipment	<u>(128.1)</u>	<u>(50.6)</u>

Below is shown a reconciliation of management EBIDTA to the result before income tax:

	<u>03.31.2017</u>	<u>03.31.2016</u>
Management EBITDA in millions of pesos	289.7	(29.3)
Property, plant and equipment depreciation	(42.6)	(36.6)
Other net income and expenses	26.0	(108.0)
Net financial results	37.8	(269.5)
Results from investments in affiliate companies	0.2	0.5
Result before income tax	<u>311.1</u>	<u>(442.9)</u>

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

5 – PROPERTY, PLANT AND EQUIPMENT

	03.31.2017										Net book value		
	Original values					Depreciation							
	At the beginning of the year	Increases	Disposals	Transfers	At the end of the period / year	At the beginning of the year	For the period / year	Disposals	Transfers	At the end of the period / year	03.31.2017	12.31.2016	03.31.2016
Land	3,401	-	-	-	3,401	-	-	-	-	-	3,401	3,401	3,401
Buildings and constructions	79,567	-	-	-	79,567	32,671	398	-	-	33,069	46,498	46,896	48,095
Installations	11,927	-	-	113	12,040	1,605	117	-	-	1,722	10,318	10,322	1,062
Gas pipelines	2,176,984	-	-	-	2,176,984	1,105,248	15,555	-	-	1,120,803	1,056,181	1,071,736	1,051,686
Investments in pipeline maintenances	307,396	-	-	27,716	335,112	105,579	8,834	-	-	114,413	220,699	201,817	162,427
High-pressure branch lines	29,584	-	-	-	29,584	644	247	-	-	891	28,693	28,940	508
Compressor plants	1,055,164	-	-	93	1,055,257	782,403	13,703	-	-	796,106	259,151	272,761	273,712
High-pressure control and/or measurement stations	86,097	-	-	-	86,097	61,352	598	-	-	61,950	24,147	24,745	15,279
Other technical installations	52,800	-	-	171	52,971	43,544	443	-	-	43,987	8,984	9,256	9,913
Machinery, equipment and tolos	34,598	61	-	-	34,659	28,220	448	-	-	28,668	5,991	6,378	3,101
IT and telecommunication systems	114,108	113	-	-	114,221	68,251	2,050	-	-	70,301	43,920	45,857	28,427
Vehicles	34,341	-	-	-	34,341	24,333	916	-	-	25,249	9,092	10,008	11,331
Furniture and office supplies	13,698	41	-	-	13,739	10,703	109	-	-	10,812	2,927	2,995	2,001
Assets held at third-parties facilities	14,464	-	-	-	14,464	10,814	280	-	-	11,094	3,370	3,650	3,206
Work in process	217,096	127,964	-	(28,093)	316,967	-	-	-	-	-	316,967	217,096	189,986
Gas stock	54,054	-	-	-	54,054	-	-	-	-	-	54,054	54,054	54,054
Total as of March 31, 2017	4,285,279	128,179	-	-	4,413,458	2,275,367	43,698	-	-	2,319,065	2,094,393	-	-
Total as of December 31, 2016	3,964,119	328,610	(7,450)	-	4,285,279	2,119,920	159,251	(3,804)	-	2,275,367	-	2,009,912	-
Total as of March 31, 2016	3,964,119	50,629	-	-	4,014,748	2,119,920	36,639	-	-	2,156,559	-	-	1,858,189

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

5.1 – Commitments

As of march 31, 2017, the Company possesses contractual commitments with suppliers for the acquisition of Property, plant and equipment items for 423,056.

6 - INVESTMENTS IN AFFILIATE COMPANIES

	<u>03.31.2017</u>	<u>12.31.2016</u>
Balances at the beginning of the fiscal year	5,364	18,488
Dividends distribution	-	(14,917)
Results from investments in affiliate companies ⁽¹⁾	104	1,793
Balances at the end of the period / fiscal year	<u>5,468</u>	<u>5,364</u>

⁽¹⁾ Includes (117) that have been charged to “Other comprehensive income” in the interim condensed statement of comprehensive income, as of March 31, 2017.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

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

Issuer	Characteristics of the instruments		Amount	Cost value	Book value as of		Information on the issuer						
	Shares	Face value			03.31.17	12.31.16	Main activity	Date	Latest financial statements				
									Capital stock and capital adjustment	Other reserves	Retained earnings	Shareholders' equity	Percentage of direct holding
Comgas Andina S.A.	Common	⁽¹⁾ 1 per share	490	246	5,468	5,364	Operation and maintenance services of gas pipelines	03.31.17	18	-	11,142	11,160	49.0
Companhía Operadora do Rio Grande do Sul Impairment of investment	Common	⁽²⁾ 1 per share	49	0.1	822 (822)	698 (698)	Operation and maintenance services of gas pipelines	12.31.16	1	-	1,676	1,677	49.0
Total					5,468	5,364							

- (1) Chilean pesos
(2) Brazilian reais

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

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 authorities in their net form. The deferred income tax net position is as follows:

	<u>03.31.2017</u>	<u>12.31.2016</u>
Deferred income tax assets	779,309	899,804
Deferred income tax liabilities	<u>(585,006)</u>	<u>(596,886)</u>
Deferred income tax net asset	<u>194,303</u>	<u>302,918</u>

The movement of deferred tax assets and liabilities, not considering the offsetting of balances, is as follows:

Deferred income tax assets	Trade accounts payable and financial liabilities	Materials and spare parts	Other accounts receivable	Contingencies	Tax-loss carryforward	Board of directors' fees	Total
Balances at December 31, 2015	73,203	88,757	1,543	45,250	506,389	461	715,603
Charged to statement of comprehensive income	15,184	22,778	1,210	39,825	105,412	(208)	184,201
Balances at December 31, 2016	88,387	111,535	2,753	85,075	611,801	253	899,804
Charged to statement of comprehensive income	(5,603)	7,069	377	(219)	(122,265)	146	(120,495)
Balances at March 31, 2017	82,784	118,604	3,130	84,856	489,536	399	779,309

Deferred income tax liabilities	Property, plant and equipment	Trade accounts receivable	Investments at fair value	Total
Balances at December 31, 2015	(272,629)	(282,507)	328	(554,808)
Charged to statement of comprehensive income	11,480	(49,872)	(3,686)	(42,078)
Balances at December 31, 2016	(261,149)	(332,379)	(3,358)	(596,886)
Charged to statement of comprehensive income	4,013	5,359	2,508	11,880
Balances at March 31, 2017	(257,136)	(327,020)	(850)	(585,006)

Reconciliation between income tax charged to the comprehensive result and the amounts obtained by applying the Company's statutory income tax rate to pre-tax results is presented below:

	<u>03.31.2017</u>	<u>03.31.2016</u>
Result before income tax	310,986	(442,819)
Statutory income tax rate	35%	35%
Income tax charge determined by applying statutory tax rate to the result for the period	<u>(108,845)</u>	<u>154,987</u>
Exceptions at statutory income tax rate:		
- Results from investments in affiliate companies	77	175
- Others	153	(871)
Total income tax charge	<u>(108,615)</u>	<u>154,291</u>

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

Below there is a detail of the breakdown of the minimum presumed income tax credits accumulated at March 31, 2017:

<u>Fiscal year</u>	<u>Amount</u>	<u>Fiscal year of expiration</u>
2007	1,230	2017
Allowance for doubtful recoverability	(1,230)	n/a
2008	6,797	2018
2009	17,086	2019
2011	21,413	2021
2013	20,320	2023
2014	21,630	2024
2015	20,342	2025
2016 (estimated)	23,412	2026
2017 first quarter (estimated)	5,935	2027
<u>Balance as of March 31, 2017</u>	<u>136,935</u>	

Below there is a detail of the breakdown of the tax-loss carryforwards accumulated by the Company as of March 31, 2017:

<u>Fiscal year</u>	<u>Amount</u>	<u>Fiscal year of expiration</u>
2013	19,480	2018
2014	229,756	2019
2015	1,204,441	2020
2016 (estimated)	294,327	2021
2017 first quarter (estimated)	(349,330)	n/a
<u>Balance as of March 31, 2017</u>	<u>1,398,674</u>	

The projections of future taxable income have been taken into consideration for the recoverability analysis of the tax-loss carryforwards and the credit for minimum presumed income tax. Such projections have been built on the basis of the best estimate in accordance with the guidelines pointed out in Note 4 to the Company's financial statements as of December 31, 2016. On the basis of such projections, the book value of the credit for minimum presumed income tax and the tax-loss carryforward does not exceed its recoverable value.

8 - FINANCIAL INSTRUMENTS BY CATEGORY

	<u>03.31.2017</u>	<u>12.31.2016</u>
Financial assets at fair value ⁽¹⁾:		
Classified as "Investments at fair value":		
Government bonds in US\$	50,521	34,201
Government bonds in \$	82,980	67,095
Subtotal	<u>133,501</u>	<u>101,296</u>
Classified as "Cash and cash equivalents":		
Mutual funds in \$ (Note 12)	186,617	152,734
LEBAC bonds in \$ ⁽²⁾ (Note 12)	36,402	13,537
Subtotal	<u>223,019</u>	<u>166,271</u>
Total financial assets at fair value – Current	<u>356,520</u>	<u>267,567</u>

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

	<u>03.31.2017</u>	<u>12.31.2016</u>
Financial assets at amortised cost:		
Current:		
Classified as "Investments at amortised cost":		
VRD bonds in \$	8,855	8,731
Subtotal	<u>8,855</u>	<u>8,731</u>
Classified as "Cash and cash equivalents":		
Cash and banks (Note 12)	15,501	34,038
Time deposits in US\$ ⁽²⁾ (Note 12)	48,998	50,556
Subtotal	<u>64,499</u>	<u>84,594</u>
Classified as "Trade accounts receivable" and "Other accounts receivable"	476,168	476,516
Total financial assets at amortised cost – Current	<u>549,522</u>	<u>569,841</u>
Non-Current:		
Classified as "Investments at amortised cost":		
Other investments in US\$	5,911	6,237
VRD bonds in \$	34,040	36,133
Subtotal	<u>39,951</u>	<u>42,370</u>
Classified as "Trade accounts receivable" and "Other accounts receivable"	1,117,120	1,123,749
Total financial assets at amortised cost – Non-Current	<u>1,157,071</u>	<u>1,166,119</u>
Financial liabilities at amortised cost:		
Current:		
Loans	467,429	482,615
Trade accounts payable, other debts and taxes payable	337,116	281,207
Total financial liabilities at amortised cost – Current	<u>804,545</u>	<u>763,822</u>
Non-Current:		
Loans	2,839,467	2,945,213
Trade accounts payable, other debts and taxes payable	387,520	397,114
Total financial liabilities at amortised cost – Non-Current	<u>3,226,987</u>	<u>3,342,327</u>

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

⁽²⁾ Time deposits 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 12.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

9 - MATERIALS AND SPARE PARTS

	<u>03.31.2017</u>	<u>12.31.2016</u>
Non-current		
Spare parts and consumption materials	177,611	184,322
Allowance for slow-moving and obsolescence	(99,068)	(95,582)
Total non-current materials and spare parts	<u>78,543</u>	<u>88,740</u>

10 - OTHER ACCOUNTS RECEIVABLE

Non-current		
Minimum presumed income tax (Note 7)	136,935	131,000
Sundry	896	1,934
Total other accounts receivable - Non-current	<u>137,831</u>	<u>132,934</u>
Current		
Commercial indemnifications and accidents recoveries	10,983	12,737
Tax credits	4,548	7,696
Key management personnel (Note 23)	5,907	7,876
Prepaid expenses and advances	45,970	13,834
Guarantees granted in relation to hedge operations (Note 3.3.1)	-	9,874
Assistance fees - controlling shareholder (Note 23)	58	58
Other receivables - affiliate companies (Note 23)	1,359	1,578
Other receivables - related parties (Note 23)	134	7,971
Allowance for doubtful accounts	(6,154)	(6,334)
Receivables from sundry sales and others	17,206	5,033
Total other accounts receivable - Current	<u>80,011</u>	<u>60,323</u>

11 - TRADE ACCOUNTS RECEIVABLE

Non-current		
Trade accounts receivable with third parties	2,899,386	2,993,879
Discount at present value	(335,368)	(376,925)
Allowance for doubtful accounts and disputed amounts	(1,447,794)	(1,495,139)
Total trade accounts receivable - Non-current	<u>1,116,224</u>	<u>1,121,815</u>
Current		
Trade accounts receivable with third parties	449,047	436,686
Trade accounts receivable with related parties (Note 23)	115,278	122,574
Allowance for doubtful accounts and disputed amounts	(132,564)	(121,405)
Total trade accounts receivable - Current	<u>431,761</u>	<u>437,855</u>

The variations in the allowance for doubtful accounts and disputed amounts are as follow:

	<u>03.31.2017</u>	<u>12.31.2016</u>
Balances at the beginning of the year	1,616,544	1,258,824
Increases (net of recoveries)	(36,186)	357,720
Balances at the end of the period / year	<u>1,580,358</u>	<u>1,616,544</u>

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

12 - CASH AND CASH EQUIVALENTS

	<u>03.31.2017</u>	<u>12.31.2016</u>
Cash and banks	15,501	34,038
Mutual funds in \$	186,617	152,734
Time deposits in US\$	48,998	50,556
LEBAC bonds in \$	36,402	13,537
Total	<u>287,518</u>	<u>250,865</u>

13 - COMMON STOCK AND RESERVES

Information related to the Company's common stock, Reserves and limitations on the transferring of TGN's shares and to the distribution of profits is mentioned in Notes 14 to the Company's financial statements as of December 31, 2016.

The Shareholders meeting held on March 30, 2017 decided to maintain the loss resulting from fiscal year ended on December 31, 2016 in the "Retained earnings" account and considering that as of that date the Company was set forth in Section 206 of the Argentine Companies Law, it also decided to defer treatment of that situation until the Shareholders meeting that will be called to approve the financial statements of the current fiscal year is held, on the basis of the Board of Directors' reasonable expectation of recovering the economic-financial balance of the Company (refer to Note 1.1).

14 - LOANS

Note 15 to the financial statements for the fiscal year ended December 31, 2016 discloses information on the terms and conditions of the negotiable obligations issued by the Company.

15 - OTHER DEBTS

	<u>03.31.2017</u>	<u>12.31.2016</u>
Non-current		
Provision for easements	53,440	49,977
Total other debts - Non-current	<u>53,440</u>	<u>49,977</u>
Current		
Section 9.6.2 - Basic rules of the License	14,412	14,899
Provision for easements	8,467	6,523
Key management personnel (Note 23)	7,077	7,894
Advanced collections	1,061	1,061
Verification and control rate	1,335	1,335
Sundry debts and customer's warrants	1,041	1,044
Total other debts - Current	<u>33,933</u>	<u>32,756</u>

16 - TRADE ACCOUNTS PAYABLE

Non-current		
AES Argentina Generación S.A.	122,704	125,850
Other related parties (Note 23)	264,816	271,264
Total trade accounts payable - Non-current	<u>387,520</u>	<u>397,114</u>

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

	<u>03.31.2017</u>	<u>12.31.2016</u>
Current		
Suppliers - purchases and services	126,248	155,063
AES Argentina Generación S.A.	13,634	13,634
Other related parties (Note 23)	39,341	4,084
Unbilled services and purchases	174,502	148,602
Total trade accounts payable – Current	<u>353,725</u>	<u>321,383</u>

17 - CONTINGENCIES

	<u>Non-current</u>	<u>Current</u>
Provisions for labor, civil and contentious lawsuits		
Balances at December 31, 2015	74,023	26,916
– Increases, net of recoveries	8,732	16,791
– Decreases (payments / consumptions)	-	(12,357)
– Transfers	(57,597)	57,597
Balances at December 31, 2016	<u>25,158</u>	<u>88,947</u>
– Increases, net of recoveries	1,069	7,312
– Decreases (payments / consumptions)	-	(6,013)
Balances at March 31, 2017	<u>26,227</u>	<u>90,246</u>

The Company is party to several legal proceedings and claims that have arisen in the ordinary course of its business. In Note 18 to the Company's financial statements corresponding to the fiscal year ended December 31, 2016, there is a summary of the most significant claims and legal actions, including those against TGN as well as those in which the Company acts as a claimer. Except for what is mentioned in Note 17.1, no significant events in relation to these claims and legal actions have arisen during the three-month period ended March 31, 2017 and up to the date of issuance of these interim condensed financial statements.

17.1 – Previous administrative claim against the National State and later actions for damages

In relation to what has been mentioned in Note 18.1.6 to the Company's financial statements as of December 31, 2016 and in accordance to what is mentioned in Note 1.1 to these interim condensed financial statements, as a condition precedent to the ratification of the Comprehensive Agreement, TGN must stay the suit filed against the National State claiming damages suffered by the Company as a result of the pesification and subsequent freeze of its rates. Additionally, within ninety calendar days counted from the date on which the ENARGAS resolution that approves the rate schedule resulting from the CRR comes into force and stays effective, or from the last step of the increase, which shall not exceed April 1, 2018, or from the resolutions approving the distribution rate schedules including the aforementioned rate schedules, as appropriate, TGN shall fully and expressly waive the right and dismiss the action brought against the National State, as well as all rights it might invoke or bring against the National State, based on or related to facts or legal measures ordered with respect to the License under the LEP and/or because the PPI became ineffective due to its cancellation. The same must be done by the Company's controlling shareholder, Gasinvest S.A., and the shareholders representing at least two thirds of Gasinvest S.A.'s capital stock.

18 - REVENUES

	<u>Three-month period ended</u>	
	<u>03.31.2017</u>	<u>03.31.2016</u>
Gas carriage service	592,180	173,736
Gas pipelines operation and maintenance and other services	41,612	25,410
Total revenues	<u>633,792</u>	<u>199,146</u>

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

19 - EXPENSES BY NATURE

Item	Cost of services		Selling expenses		Administrative expenses		Total at 03.31.2017	Total at 03.31.2016
	2017	2016	2017	2016	2017	2016		
Board of Director's fees	-	-	-	-	1,140	851	1,140	851
Statutory auditors committee's fees	-	-	-	-	766	571	766	571
Fees for professional services	3,709	2,539	7	-	5,948	3,808	9,664	6,347
Salaries, wages and other personnel benefits	84,224	56,019	1,050	723	24,907	15,936	110,181	72,678
Social security contributions	17,026	10,728	196	148	5,075	3,316	22,297	14,192
Technical assistance fees	3,400	3,237	-	-	-	-	3,400	3,237
Consumption of materials and spare parts	16,366	10,345	2	10	59	67	16,427	10,422
Third party services and supplies	9,185	7,405	28	28	290	289	9,503	7,722
Maintenance and repair of property, plant and equipment	61,886	48,644	38	63	1,107	1,349	63,031	50,056
Travel expenses	10,458	7,804	35	35	1,074	951	11,567	8,790
Freight and transportation	1,116	999	-	-	1	4	1,117	1,003
Post and telecommunications expenses	847	604	43	22	692	363	1,582	989
Insurance	6,329	5,127	1	1	503	537	6,833	5,665
Office supplies	1,074	933	20	6	1,334	790	2,428	1,729
Rentals	2,267	1,089	22	11	284	327	2,573	1,427
Easements	9,437	4,632	-	-	-	-	9,437	4,632
Taxes, rates and contributions	698	237	25,934	8,635	24,159	17,646	50,791	26,518
Property, plant and equipment depreciation	42,607	35,746	10	11	1,081	882	43,698	36,639
Doubtful accounts	-	-	10,979	6,063	-	-	10,979	6,063
Contingencies	-	-	-	-	5,015	434	5,015	434
Slow-moving and obsolete materials and spare parts	3,495	4,099	-	-	-	-	3,495	4,099
Others	510	562	3	10	301	354	814	926
Total at March 31, 2017	274,634	-	38,368	-	73,736	-	386,738	-
Total at March 31, 2016	-	200,749	-	15,766	-	48,475	-	264,990

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

20 - OTHER NET INCOME AND EXPENSES

	<u>Three-month period ended</u>	
	<u>03.31.2017</u>	<u>03.31.2016</u>
Compensation for damages adjustment ⁽¹⁾	-	(110,658)
Net income from sundry sales, accidents recoveries and others	25,993	2,697
Total other net income and expenses	<u>25,993</u>	<u>(107,961)</u>

⁽¹⁾ During the three-month periods ended March 31, 2016, the Company has recognized losses for \$ 110.6 million in relation to the compromise and settlement agreement entered into with AES Argentina Generación S.A. in 2012 (and lately modified in 2014). These losses are the result of measuring the liability with AES Argentina Generación S.A. on the basis of the gas carriage rates in force in that period.

21 - NET FINANCIAL RESULTS

	<u>Three-month period ended</u>	
	<u>03.31.2017</u>	<u>03.31.2016</u>
Generated by exchange rate differences		
Income on exchange rate variation	121,756	200,896
Expenses on exchange rate variation	(54,548)	(404,192)
Total financial results generated by exchange rate differences	<u>67,208</u>	<u>(203,296)</u>
Financial income		
Interest	8,862	10,377
Results from changes in fair values	3,013	3,957
Results on discounting at present value	40,306	727
Total financial income	<u>52,181</u>	<u>15,061</u>
Financial expenses		
Interest	(67,012)	(59,822)
Results on discounting at present value	(3,516)	(21,141)
Commissions, expenses and taxes on banking and financial operations	(11,143)	(317)
Total financial expenses	<u>(81,671)</u>	<u>(81,280)</u>
Total net financial results	<u>37,718</u>	<u>(269,515)</u>

22 - NET RESULT PER SHARE

Income per ordinary share has been calculated as the quotient obtained by dividing the results for the periods ended March 31, 2017 and 2016, by the weighted average of outstanding ordinary shares, which made a total of 439,373,939 shares at those dates. At March 31, 2017 and 2016 there are neither negotiable obligations nor other debt securities convertible into shares, so no diluted earnings per share have been disclosed. Basic earnings per share are calculated by dividing the net income attributable to the Company equity holders by the weighted average number of ordinary shares outstanding during the period. The Company does not have preferred shares or debt convertible to shares, so the basic earnings per share are equal to the diluted earnings per share.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

23 - RELATED PARTIES

The transactions performed between related parties are the following:

	<u>03.31.2017</u>	<u>03.31.2016</u>
Controlling shareholder		
<u>Other net income and expenses</u>		
Gasinvest S.A.	48	35
<u>Total other net income and expenses</u>	48	35
Affiliate companies		
<u>Revenues</u>		
Comgas Andina S.A.	361	322
Companhia Operadora do Rio Grande do Sul	78	73
<u>Total revenues</u>	439	395
<u>Recovery of expenses</u>		
Comgas Andina S.A.	152	64
<u>Total recovery of expenses</u>	152	64
Other related parties		
<u>Revenues</u>		
Litoral Gas S.A.	100,930	26,257
Siderar S.A.	14,045	3,718
Siderca S.A.	9,241	2,399
Transportadora de Gas del Mercosur S.A.	3,084	2,783
Gasoducto Gasandes Argentina S.A.	643	675
<u>Total revenues</u>	127,943	35,832
<u>Cost of services</u>		
Tecpetrol S.A.	(625)	(481)
Compañía General de Combustibles S.A.	(625)	(481)
<u>Total cost of services</u>	(1,250)	(962)
<u>Administrative expenses</u>		
Cainzos, Fernández & Premrou Soc. Civ.	(1,869)	(3)
<u>Total administrative expenses</u>	(1,869)	(3)
<u>Other net income and expenses</u>		
Gasoducto Gasandes Argentina S.A.	12	17
<u>Total other net income and expenses</u>	12	17
<u>Financial income</u>		
Transportadora de Gas del Mercosur S.A.	821	762
<u>Total financial income</u>	821	762
<u>Financial expenses (interest)</u>		
Tecpetrol S.A.	(814)	(343)
Compañía General de Combustibles S.A.	(815)	(343)
VR Global Partners L.P.	(3,484)	(2,451)
<u>Total financial expenses</u>	(5,113)	(3,137)
<u>Recovery of expenses</u>		
Transportadora de Gas del Mercosur S.A.	710	1
<u>Total recovery of expenses</u>	710	1

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

	<u>03.31.2017</u>	<u>03.31.2016</u>
<u>Purchase of materials and spare parts</u>		
Siat S.A.	(38,562)	-
<u>Total purchase of materials and spare parts</u>	<u>(38,562)</u>	<u>-</u>

Key management personnel

Board of Directors' fees	(1,140)	(851)
Statutory auditors committee's fees	(766)	(571)

Balances with related parties are the following:

	<u>03.31.2017</u>	<u>12.31.2016</u>
Trade accounts receivable		
<u>Other related parties</u>		
Transportadora de Gas del Mercosur S.A.	43,036	50,407
Litoral Gas S.A.	62,701	62,578
Siderar S.A.	5,628	5,660
Siderca S.A.	3,708	3,717
Gasoducto Gasandes Argentina S.A.	205	212
<u>Total other related parties</u>	<u>115,278</u>	<u>122,574</u>

Other accounts receivable

Assistance fees - controlling shareholder

Gasinvest S.A.	58	58
<u>Total assistance fees - controlling shareholder</u>	<u>58</u>	<u>58</u>

Other receivables - affiliate companies

Comgas Andina S.A.	835	1,025
Companhia Operadora do Rio Grande do Sul	524	553
<u>Total other receivables - affiliate companies</u>	<u>1,359</u>	<u>1,578</u>

Other receivables - related parties

Litoral Gas S.A.	118	118
Transportadora de Gas del Mercosur S.A.	16	7
Siat S.A.	-	7,846
<u>Total other receivables - related parties</u>	<u>134</u>	<u>7,971</u>

Key management personnel

Fees to the Board of Directors and to the statutory auditors committee paid in advance

	5,907	7,876
<u>Total key management personnel</u>	<u>5,907</u>	<u>7,876</u>

Loans

Other related parties

VR Global Partners L.P.	152,050	156,990
<u>Total other related parties</u>	<u>152,050</u>	<u>156,990</u>

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

	<u>03.31.2017</u>	<u>12.31.2016</u>
Trade accounts payable		
<u>Other related parties</u>		
Transportadora de Gas del Mercosur S.A.	28	28
Litoral Gas S.A.	-	368
Siat S.A.	34,761	656
Tecpetrol S.A.	134,555	137,017
Compañía General de Combustibles S.A.	134,813	137,279
<u>Total other related parties</u>	<u>304,157</u>	<u>275,348</u>
Other debts		
<u>Key management personnel</u>		
Provision for fees to the Board of Directors and to the statutory auditors committee	7,077	7,894
<u>Total key management personnel</u>	<u>7,077</u>	<u>7,894</u>

24 - SUBSEQUENT EVENTS

Subsequent to March 31, 2017, and except for what is mentioned in the following paragraph, there have been no other events, situations or circumstances, that are not publicly known, that have impacted or could impact significantly on the net worth, or economic and financial situation of the Company that have not been considered or mentioned in these interim condensed financial statements.

On May 8, 2017, TGN was notified about the pronouncement of the first instance court that rejected the claim filed against the National State in 2012, regarding the damages experienced since 2006 due to pesification of carriage rates stated by the LEP and the subsequent freezing of rates (refer to Note 18.1.6 to the Company's financial statements as of December 31, 2016 and Note 17.1 to these interim condensed financial statements). Nevertheless, it is important to mention that according to the License's comprehensive renegotiation agreement that had been entered into on March 30, 2017, with the Ministry of Finance and the MINEM, TGN had agreed firstly to stay the suit filed and secondly, subject to the PEN's approval of the mentioned agreement, to waive the right and dismiss the action brought against the National State. As long as the agreement is approved by the PEN and the terms agreed are met in relation to the waiver and the judicial action dismissal and, in order to protect the Company's rights, TGN will appeal the first instance ruling and will demand the process suspension.

Emilio Daneri Conte-Grand
President

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED BY SECTION 68 OF THE BUENOS AIRES STOCK EXCHANGE LISTING RULES AND BY TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017 (in thousands of pesos, except where specifically mentioned).

i. General matters related to the Company's activities

1. Specific and significant legal systems entailing the lapsing of contingent benefits envisaged by those regulations or their rebirth:

The Natural Gas Act and its regulations, the Specifications for the privatization of Gas del Estado S.E. ("GdE"), the Transfer Contract, the License and the resolutions issued by the ENARGAS make up the regulatory framework in which the Company conducts its operations. The License, granted for a term of 35 years with an option to extend it for a ten year-term, may be revoked by the PEN upon ENARGAS's recommendation in case the Company expressly fails to comply with its obligations. If the License is officially and finally revoked, the Company may be forced to cease operating the assets transferred by GdE to the Company and transfer them to the National State or the person the National State so appointed. Note 1 to TGN's interim condensed financial statements as of March 31, 2017 describes the Company's legal and regulatory aspects.

2. Major changes in the Company's business activities or other similar circumstances that took place during the periods covered by the condensed interim financial statements which affect their comparability with those submitted in prior periods, or which could affect such comparability with those to be submitted in future periods:

See Notes 1.3.5; 2; 15 and 18 to the Company's financial statements as of December 31, 2016 and Notes 1.1 and 23.1 to the Company's interim condensed financial statements as of March 31, 2017.

3. Classification of receivables and liabilities according to their aging and due dates:

	03.31.2017		
	Receivables ⁽¹⁾	Loans ⁽²⁾	Other payables ⁽³⁾
Past due			
From 04.01.2006 up to 03.31.2007	6,745	-	11
From 04.01.2007 up to 03.31.2008	156,490	-	55
From 04.01.2008 up to 03.31.2009	328,980	-	39
From 04.01.2009 up to 03.31.2010	168,195	-	254
From 04.01.2010 up to 03.31.2011	598,298	-	69
From 04.01.2011 up to 03.31.2012	320,314	-	41,817
From 04.01.2012 up to 03.31.2013	327,642	-	38,535
From 04.01.2013 up to 03.31.2014	331,805	-	253,951
From 04.01.2014 up to 03.31.2015	346,357	-	11,735
From 04.01.2015 up to 03.31.2016	95,493	-	3,222
From 04.01.2016 up to 06.30.2016	41,674	-	2,468
From 07.01.2016 up to 09.30.2016	189,720	-	3,055
From 10.01.2016 up to 12.31.2016	73	-	38,463
From 01.01.2017 up to 03.31.2017	16,992	-	98,373

(1) Includes trade accounts receivable, other accounts receivable and the deferred income tax asset at their nominal value. Not including allowances.

(2) Denominated at their present value.

(3) Includes all non-financial liabilities, excluding contingencies.

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED BY SECTION 68 OF THE BUENOS AIRES STOCK EXCHANGE LISTING RULES AND BY TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017 (in thousands of pesos, except where specifically mentioned).

	03.31.2017		
	Receivables ⁽¹⁾	Loans ⁽²⁾	Other payables ⁽³⁾
Without due date	916,831	-	124,619
To be due			
06.30.2017	31,068	-	211,268
09.30.2017	51	-	3,146
12.31.2017	17,932	467,429	3,146
03.31.2018	139	-	3,146
03.31.2019	885	-	12,585
03.31.2020	-	2,839,467	12,585
03.31.2021	-	-	12,585
03.31.2022	-	-	12,585
03.31.2023	-	-	12,585
03.31.2024	-	-	12,585
03.31.2025	-	-	12,585
03.31.2026	-	-	12,585
12.31.2027	-	-	22,025
Total At 03.31.2017	3,895,684	3,306,896	960,077

4. Classification of receivables and liabilities according to their financial consequences:

	03.31.2017		
	Receivables ⁽¹⁾	Loans ⁽²⁾	Other payables ⁽³⁾
In local currency	902,205	-	494,578
In foreign currency	2,969,452	3,306,896	464,438
In-kind	24,027	-	1,061
Total At 03.31.2017	3,895,684	3,306,896	960,077
Balances subject to adjustment	-	-	-
Balances not subject to adjustment	3,895,684	3,306,896	960,077
Total At 03.31.2017	3,895,684	3,306,896	960,077
Interest bearing balances	2,093	3,007,341	141,962
Non-interest bearing balances	3,893,591	299,555	818,115
Total At 03.31.2017	3,895,684	3,306,896	960,077

(1) Includes trade accounts receivable, other accounts receivable and the deferred income tax asset at their nominal value. Not including allowances.

(2) Denominated at their present value.

(3) Includes all non-financial liabilities, excluding contingencies.

5. Percentage of interest in affiliate companies - Argentine Business Organizations Act, Section 33 -, in capital and total votes:

See Note 6 to the Company's interim condensed financial statements as of March 31, 2017.

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED BY SECTION 68 OF THE BUENOS AIRES STOCK EXCHANGE LISTING RULES AND BY TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017 (in thousands of pesos, except where specifically mentioned).

5.1. Balances (positive and/or negative) with affiliate companies, classified according to their financial consequences:

	Comgas Andina S.A.		Companhia Operadora do Rio Grande do Sul	
	Receivables	Other payables	Receivables	Other payables
Past due	835	-	524	-
From 01.01.2017 up to 03.31.2017	-	-	-	-
Without due date	-	-	-	-
To be due	-	-	-	-
From 04.01.2017 up to 12.31.2017	-	-	-	-
Total at 03.31.2017	835	-	524	-
In local currency	-	-	-	-
In foreign currency	835	-	524	-
In-kind	-	-	-	-
Total at 03.31.2017	835	-	524	-
Balances subject to adjustment	-	-	-	-
Balances not subject to adjustment	835	-	524	-
Total at 03.31.2017	835	-	524	-
Interest bearing balances	-	-	-	-
Non-interest bearing balances	835	-	524	-
Total at 03.31.2017	835	-	524	-

6. Trade receivables or loans from Directors, Syndics and their relatives up to the second degree inclusive:

None.

ii. Physical count of inventories:

7. Periodicity and scope of physical count of inventories:

Physical count of materials and spare parts is performed on an annual basis, and is carried over 100% of stocks. Slow-moving and obsolete materials and spare parts amount to \$ 99.1 million and are totally written-off. (Refer to Note 9 to the Company's interim condensed financial statements as of March 31, 2017).

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 values using current values are disclosed under "Investments at fair value". The sources of information used to calculate those current values are included in Note 3.6 to the financial statements for the year ended December 31, 2016.

9. Technically appraised fixed assets:

None.

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED BY SECTION 68 OF THE BUENOS AIRES STOCK EXCHANGE LISTING RULES AND BY TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017 (in thousands of pesos, except where specifically mentioned).

10. Value of fixed assets left unused for obsolescence reasons:

None.

iv. Equity investments in other companies:

11. Equity investments in other companies exceeding the provisions of Section 31 of Argentine Business Organizations Act:

None.

v. Recoverable values:

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

- Materials and spare parts and Property, plant and equipment: the recoverable value of such assets was determined based on their economic use - Notes 2.7 and 2.5, respectively - to the Company's financial statements as of December 31, 2016.

- Minimum presumed income tax credit: the projections of future taxable income have been taken into consideration for the calculation of the recoverable value. Such projections have been built on the basis of the best estimate in accordance with the guidelines pointed out in Notes 2.13.b) and 4 to the Company's financial statements as of December 31, 2016.

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED BY SECTION 68 OF THE BUENOS AIRES STOCK EXCHANGE LISTING RULES AND BY TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017 (in thousands of pesos, except where specifically mentioned).

vi. Insurance:

13. Insurance covering the Company's tangible assets:

Property insured	Risks covered	Amount insured in thousands	Book value in thousands of \$
<ul style="list-style-type: none"> Personal and real property allocated to the provision of services, except for machinery and equipment 	All physical risks and loss of profits.	US\$ 87,000	263,802
	Liability insurance.	US\$ 50,000	
<ul style="list-style-type: none"> Compressor plants 	Terrorism.	US\$ 35,000	259,151
<ul style="list-style-type: none"> Machinery 	Machinery breakdown.	US\$ 10,000	100,570
<ul style="list-style-type: none"> Automobiles: <ul style="list-style-type: none"> - Management's fleet - Operational fleet (cars and pick-ups) - Trucks and trailers 	Limited liability insurance.	\$ 6,000	955
	Total loss car accident.	\$ 6,594	8,136
	Total or partial loss due to fire, robbery or theft.	\$ 6,594	
	Limited liability insurance.	\$ 6,000	-
	Limited liability insurance.	\$ 18,000	-
<ul style="list-style-type: none"> Personal property located in Head Office and IT equipments 	Fire of contents. Theft.	US\$ 8,650 US\$ 10	9,629

vii. Positive and negative contingencies:

14. Allowance and provision balances jointly or individually exceeding 2% of the equity:

Allowances and provisions balances amount to 1,815,200. A breakdown of these allowances and provisions as well as its following up during the period, are presented in Annex E to the additional information to the notes to the interim condensed financial statements required by Title IV, Chapter III, Section 1st of the CNV.

15. Contingent situations whose probability of occurrence was not remote and whose patrimonial effect has not been registered in these financial statements:

None.

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED BY SECTION 68 OF THE BUENOS AIRES STOCK EXCHANGE LISTING RULES AND BY TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017 (in thousands of pesos, except where specifically mentioned).

viii. Irrevocable advances on account of future subscription of shares:

16. Status of the capitalization process:

There are no irrevocable advances on account of future subscription of shares.

17. Unpaid cumulative dividends of preferred shares:

None.

18. Conditions, circumstances or terms for the cease of the restrictions to the distribution of retained earnings:

Under the terms of the financial agreements currently in force, TGN shall not make dividend payments in the event of default or grounds for default and in no case in excess of the Available Basket Amount (as defined in the contract). See Note 15 to the Company's financial statements as of December 31, 2016.

In accordance to what has been decided by the Ordinary Shareholders Meeting held on April 21, 2015, in relation to the loss for the fiscal year ended on December 31, 2014, the Legal Reserve does not register any balance. In conformity with Section 70 of the Argentine Business Organizations Act, the Company cannot distribute any profits until that reserve is reimbursed.

On October 6, 2016 the MINEM issued its Resolution N° 212/16 approving new natural gas prices in the access points to the carriage systems. Likewise, the ENARGAS issued its Resolution I/4053 re-establishing the 289.2% temporary increase in TGN's rates as from October 7, 2016. The ENARGAS maintained the mandatory investment plan for \$ 1.041 billion and the prohibition to distribute dividends without prior authorization (refer to Note 1.1 to the Company's interim condensed financial statements as of March 31, 2017).

Autonomous City of Buenos Aires, May 9, 2017

Emilio Daneri Conte-Grand
President

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED BY TITLE IV, CHAPTER III, SECTION 1ST OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017 (in thousands of pesos, except where specifically mentioned).

ANNEX A – PROPERTY, PLANT AND EQUIPMENT

See Note 5 to the Company's interim condensed financial statements as of March 31, 2017.

ANNEX B - INTANGIBLE ASSETS

Not applicable.

ANNEX C - INVESTMENTS IN OTHER COMPANIES (Section 33 – Argentine Business Organizations Act)

See Note 6 to the Company's interim condensed financial statements as of March 31, 2017.

ANNEX D - OTHER INVESTMENTS

	<u>03.31.2017</u>	<u>12.31.2016</u>
Mutual funds in \$	186,617	152,734
LEBAC bonds in \$	36,402	13,537
Government bonds in US\$	50,521	34,201
Government bonds in \$	82,980	67,095
VRD bonds in \$	8,855	8,731
Time deposits in US\$	48,998	50,556
Total current	414,373	326,854
Other investments in US\$	5,911	6,237
VRD bonds in \$	34,040	36,133
Total non-current	39,951	42,370

ANNEX F - COST OF PRODUCTS SOLD OR SERVICES PROVIDED

See Note 19 to the Company's interim condensed financial statements at March 31, 2017.

ANNEX H – INFORMATION REQUIRED BY ARGENTINE BUSINESS ORGANIZATIONS ACT, SECTION 64, SUB-SECTION I.b)

See Note 19 to the Company's interim condensed financial statements at March 31, 2017.

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED BY TITLE IV, CHAPTER III, SECTION 1ST OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017 (in thousands of pesos, except where specifically mentioned).

ANNEX E - ALLOWANCES AND PROVISIONS

Description	03.31.17				12.31.16	
	Balances at the beginning of the fiscal year	Increases (net of recoveries)	Transfers	Decreases (payment / usage)	Balances at the end of the period	Balances at the end of the fiscal year
Deducted from assets						
Non-current assets						
Investments in affiliate companies						
Impairment of investment in affiliate companies	698	124	-	-	822	698
Materials and spare parts						
Allowance for slow-moving and obsolete materials and spare parts	95,582	3,486 (1)	-	-	99,068	95,582
Other accounts receivable						
Allowance for receivables from actions for refund	12,174	151 (2)	-	-	12,325	12,174
Trade accounts receivables						
Allowance for doubtful accounts and disputed amounts	1,495,139	(47,345) (3)	-	-	1,447,794	1,495,139
Current assets						
Other accounts receivable						
Allowance for doubtful accounts	6,334	(180) (4)	-	-	6,154	6,334
Trade accounts receivables						
Allowance for doubtful accounts and disputed amounts	121,405	11,159 (4)	-	-	132,564	121,405
Total allowances deducted from assets	1,731,332	(32,605)	-	-	1,698,727	1,731,332
Included in liabilities						
Non-current liabilities						
Contingencies						
Provisions for labor, civil and contentious lawsuits	25,158	1,069 (5)	-	-	26,227	25,158
Current liabilities						
Contingencies						
Provisions for labor, civil and contentious lawsuits	88,947	7,312 (6)	-	(6,013)	90,246	88,947
Total provisions included in liabilities	114,105	8,381	-	(6,013)	116,473	114,105
Total at 03.31.17	1,845,437	(24,224)	-	(6,013)	1,815,200	-
Total at 12.31.16	1,459,613	399,147	-	(13,323)	-	1,845,437

(1) Charged to Cost of services - Slow moving and obsolete materials and spare parts (Note 19 to the Company's interim condensed financial statements as of March 31, 2017).

(2) Charged to Administrative expenses - Contingencies (Note 19 to Company's interim condensed financial statements as of March 31, 2017).

(3) Charged to Net financial results - Generated by exchange rate differences (Note 21 to the Company's interim condensed financial statements as of March 31, 2017).

(4) Charged to Selling expenses - Doubtful accounts (Note 19 to the Company's interim condensed financial statements as of March 31, 2017).

(5) Charged to Net financial results - Financial expenses - Results on discounting at present value (Note 21 to the Company's interim condensed financial statements as of March 31, 2017).

(6) 2,448 charged to Net financial results - Financial expenses - Results on discounting at present value (Note 21 to the Company's interim condensed financial statements as of March 31, 2017), and 4,864 to Administrative expenses - Contingencies (Note 19 to Company's interim condensed financial statements as of March 31, 2017).

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED BY TITLE IV, CHAPTER III, SECTION 1ST OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017 (in thousands, except where specifically mentioned).

ANNEX G - ASSETS AND LIABILITIES IN FOREIGN CURRENCY

	03.31.17			12.31.16		
	Foreign currency class and amount ⁽¹⁾	Exchange rate in \$	Amount in local currency ⁽¹⁾	Foreign currency class and amount ⁽¹⁾	Amount in local currency ⁽¹⁾	
ASSETS						
NON-CURRENT ASSETS						
Investments in affiliate companies						
Comgas Andina S.A.	\$ch 241,947	0.0226	5,468	\$ch 232,208	5,364	
Companhía Operadora do Rio Grande do Sul	R\$ 171	4,8	822	R\$ 166	698	
			6,290		6,062	
Trade accounts receivable						
Trade accounts receivable with third parties	US\$ 189,378	15.29	2,895,590	US\$ 189,378	2,990,279	
			2,895,590		2,990,279	
Investments at amortised cost						
Other investments	US\$ 387	15.29	5,911	US\$ 395	6,237	
			5,911		6,237	
Total non-current assets			2,907,791		3,002,578	
CURRENT ASSETS						
Other accounts receivable						
Commercial indemnifications	US\$ 718	15.29	10,983	US\$ 807	12,737	
Prepaid expenses and advances			-	US\$ 541	8,542	
			-	£ 8	156	
			-	€ 1	17	
Other receivables – affiliate companies	US\$ 60	15.29	913	US\$ 72	1,139	
	R\$ 93	4.8	446	R\$ 105	439	
			12,342		23,030	
Trade accounts receivable						
Trade accounts receivable with third parties	US\$ 577	15.29	8,522	US\$ 302	4,769	
Trade accounts receivable with related parties	US\$ 3,466	15.29	52,998	US\$ 3,160	49,893	
			61,520		54,662	
Investments at fair value						
Government bonds	US\$ 3,304	15.29	50,521	US\$ 2,166	34,201	
			50,521		34,201	
Cash and cash equivalents						
Time deposits	US\$ 3,205	15.29	48,998	US\$ 3,202	50,556	
Balances in bank accounts	US\$ 809	15.29	12,376	US\$ 1,566	24,733	
			61,374		75,289	
Total current assets			185,757		187,182	
Total assets			3,093,548		3,189,760	

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED BY TITLE IV, CHAPTER III, SECTION 1ST OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017 (in thousands, except where specifically mentioned).

	03.31.17			12.31.16	
	Foreign currency class and amount ⁽¹⁾	Exchange rate in \$	Amount in local currency ⁽¹⁾	Foreign currency class and amount ⁽¹⁾	Amount in local currency ⁽¹⁾
LIABILITIES					
NON-CURRENT LIABILITIES					
Loans					
Step-up Notes					
Principal	US\$ 150,066	15.39	2,309,516	US\$ 150,066	2,384,549
Interests	US\$ 8,636	15.39	132,908	US\$ 9,485	150,717
Capitalized interests	US\$ 25,799	15.39	397,043	US\$ 25,799	409,947
			2,839,467		2,945,213
Trade accounts payable					
Other related parties	US\$ 16,139	15.39	248,379	US\$ 16,139	256,449
Total non-current liabilities			3,087,846		3,201,662
CURRENT LIABILITIES					
Trade accounts payable					
Suppliers – purchases and services	US\$ 7,650	15.39	117,734	US\$ 7,556	120,065
	£ 68	19.324	1,314	£ 64	1,257
Unbilled services and purchases	US\$ 6,275	15.39	96,572	US\$ 5,322	84,567
	£ 21	19.324	406	£ 14	275
	€ 2	16.46	33	€ 1	17
			216,059		206,181
Loans					
Five-Year Negotiable Obligations					
Principal	US\$ 19,544	15.39	300,782	US\$ 19,544	310,554
Capitalized interests	US\$ 10,828	15.39	166,647	US\$ 10,828	172,061
			467,429		482,615
Total current liabilities			683,488		688,796
Total liabilities			3,771,334		3,890,458

US\$: US Dollars

\$ ch: Chilean Pesos

R\$: Brazilian Reais

£: Pound sterling

€: Euro

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

Emilio Daneri Conte-Grand
President

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 Domicile: Don Bosco 3672 - Piso 3°
City of Buenos Aires
CUIT No. 30-65786305-6

Introduction

We have reviewed the attached interim condensed financial statements of Transportadora de Gas del Norte S.A. (the "Company" or "TGN"), which consist of the statement of financial position as of March 31, 2017 and the statement of comprehensive income, statement of changes in shareholders' equity and cash flow statement for the three month period then ended and the selected explanatory notes.

The balances and other information for the fiscal year 2016 and interim periods are an integral part of the above-mentioned financial statements and therefore they should be considered in relation with those financial statements.

Management Responsibility

The Board of Directors of the Company is responsible for the preparation and presentation of the financial statements in accordance with International Financial Reporting Standards, adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and incorporated by the National Securities Commission (CNV) to its regulations, as approved by the International Accounting Standards Board (IASB), and is therefore responsible for the preparation and presentation of the interim condensed 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 Standard 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 inquiries of Company staff responsible for preparing the information included in the interim condensed financial statements and of analytical and other review procedures. This review is substantially less in scope than an audit examination performed in accordance with international auditing standards; consequently, a review does not enable us to obtain assurance that we will get to know all significant matters that could be identified in an audit. Therefore, we express no audit opinion on the financial position, comprehensive income and cash flow of the Company.

Conclusion

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

Emphasis of matter paragraph

Without modifying our conclusion, we want to emphasize the information contained in notes 1 and 2.1 to the attached financial statements. These notes indicate that the modifications made to the Company's license upon enactment of the Public Emergency Law in January 2002, have generated accumulated losses not yet allocated amounting to \$ 184 million as of the period ended March 31, 2017. Although the Company was allowed a significant increase in its tariffs, the existence of a material uncertainty remains as to the generation of sufficient cash flows to meet its financial debts and conduct business as usual, which raises significant doubts about the ability of the Company to continue as a going concern.

Report on compliance with current regulations

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

- a) The interim condensed financial statements of Transportadora de Gas del Norte S.A. are transcribed into the "Inventory and Balance Sheet" book and are in compliance, as regards matters within our field of competence, 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 kept in their formal respects in conformity with legal provisions;
- c) We have read the summary of activity and the additional information to the notes to the interim condensed financial statements required by Section 68 of the Buenos Aires Stock Exchange Regulations and section 12, Chapter III, Title IV, of CNV regulations, on which we have no observations to make insofar as concerns matters within our field of competence;
- d) The debt accrued as of March 31, 2017 in favor of the Argentine Integrated Social Security System, as shown by the Company's accounting records, amounted to \$ 11.465.043 and was not claimable at that date.

Autonomous City of Buenos Aires, May 9, 2017

PRICE WATERHOUSE & CO. S.R.L.

by _____ (Partner)
Carlos N. Martínez

STATUTORY AUDIT COMMITTEE'S REPORT

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

Documents reviewed

In accordance with the provisions of Section 63, subsection b, of the Buenos Aires Stock Exchange Listing Rules, we have performed a review of Transportadora del Gas del Norte S.A.'s Interim Condensed Balance Sheet as of March 31, 2017 and the related Interim Condensed Statement of Comprehensive Income, Interim Condensed Statement of Changes in Shareholders' Equity and Interim Condensed Statement of Cash Flows, as well as supplementary additional reports and explanatory notes for the three-month period then ended.

Management Responsibility

The Board of Directors, within the scope of its exclusive functions, is responsible for the preparation and presentation of these documents in full compliance with current regulations. This responsibility includes the design, implementation and maintenance of an adequate and efficient control system so that such Statements are free from significant distortions caused by errors or irregularities, and also includes the selection and application of appropriate accounting policies and the most reasonable estimates in light of conditioning circumstances.

Statutory Audit Committee's Responsibility

Our work on the documents mentioned in the first paragraph was performed in accordance with Statutory Auditing Standards in force. Those standards require that the review is performed in accordance with standards regarding the review of interim financial information and include the assessment of the consistency of significant information contained in those statements with the information on corporate decisions set forth in minutes, and the compliance of those decisions with the Law and the Company's Bylaws insofar as formal and documentary aspects are concerned.

To carry out such work, we also considered the Review Report on the Interim Condensed Financial Statements by independent auditor Carlos N. Martínez (CPA), Partner of Price Waterhouse & Co. S.R.L., dated May 9, 2017, issued in compliance with current standards in Argentina for the "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." That review included the verification of the works' planning, scope, nature and opportunity of the procedures used and the results of the audit performed by that professional.

We have not conducted any management control and therefore we have not evaluated business decisions and criteria concerning the provision of the natural gas carriage public service, its administration and marketing, since these issues are the sole responsibility of the Board and fall outside the competence of this Statutory Audit Committee.

Conclusion

We consider that the scope of our work and the Independent Auditor's report provide us with a reasonable basis for our opinion and, in compliance with applicable regulations, we report that the Interim Condensed Financial Statements as of March 31, 2017, considered and approved on this date by the Company's Board of Directors, contemplate all significant facts and circumstances of which we are aware.

Emphasis of matter paragraph

Without modifying our conclusion, we want to emphasize the information contained in notes 1 and 2.1 to the attached financial statements that indicate that the modifications made to the license upon enactment of the Public Emergency Law N° 25,561 in January, 2002, have generated accumulated losses not yet allocated amounting to \$ 184 million as of the period ended March 31, 2017. Although the Company was allowed a significant increase in its rates, the existence of certain uncertainty remains as to the generation of sufficient cash flows to meet its financial debts and conduct business as usual, which raises some doubts about the ability of the Company to continue as a going concern.

Report on compliance with current regulations

a) The Interim Condensed Financial Statements arise from accounting records kept in all formal respects in conformity with current legal provisions, and comply with the regulations of the Companies Law and pertinent resolutions of the CNV [National Securities Commission].

b) As regards such Interim Condensed Financial Statements and the additional information to the notes thereto, required by section 68 of the Buenos Aires Stock Exchange Listing Rules and by sections 1 and 12, Chapter III, Title IV, of the CNV regulations, we have no further observations to make in addition to what we have previously stated.

c) During the period under review, we complied with the provisions of section 294 of Companies Law.

Autonomous City of Buenos Aires, May 9, 2017

By Statutory Audit Committee

Dr. Juan José Valdez Follino
Syndic