



*TRANSPORTADORA
DE GAS DEL NORTE S.A.*

**Interim Condensed Financial Statements as of March 31, 2019 in thousand Pesos,
on a comparative basis**

TRANSPORTADORA DE GAS DEL NORTE S.A.

Registered address: Don Bosco 3672 – 3rd floor – City of Buenos Aires.

INTERIM CONDENSED FINANCIAL STATEMENTS for the three-month period ended March 31, 2019, on a comparative basis.

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

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

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

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

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

Controlling shareholder: Gasinvest S.A.

Registered address: Avda. Roque Sáenz Peña 938 – 3rd floor – City of Buenos Aires.

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

Percentage of shares held by controlling shareholder: 56.354%.

Percentage of votes held by controlling shareholder: 56.354%.

Nominal Capital Structure (Note 14)

Classes of Shares	Subscribed and Paid-in	
	03.31.19	12.31.18
	Thousand \$	
Book-entry class A common shares, of \$1 par value each and entitled to one vote per share	179,264	179,264
Book-entry class B common shares, of \$1 par value each and entitled to one vote per share ⁽¹⁾	172,235	172,235
Book-entry class C common shares, of \$1 par value each and entitled to one vote per share ⁽²⁾	87,875	87,875
Total	439,374	439,374

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

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

See our report dated
May 8, 2019

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. T° 1 F° 17
Dr. Ezequiel Luis Mirazón
Chartered Accountant (UBA)
C.P.C.E.C.A.B.A. T° 238 F° 126

Juan José Valdez Follino
Regular Statutory Auditor

Emilio Daneri Conte-Grand
President

TRANSPORTADORA DE GAS DEL NORTE S.A.

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Overview

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

Review Report on the Interim Condensed Financial Statements

Report from the Supervisory Committee

Transportadora de Gas del Norte S.A.

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

	Note	<u>03.31.2019</u>	<u>12.31.2018</u>
ASSETS			
Non-current assets			
Property, plant and equipment, net	5	39,057,774	39,747,027
Investments in affiliated companies, net	6	34,712	31,305
Materials and spare parts, net	10	560,488	555,592
Other accounts receivable	11	2,847	11,162
Trade accounts receivable, net	12	3,690,998	3,593,342
Investments at amortized cost	8	17,290	21,667
Total non-current assets		43,364,109	43,960,095
Current assets			
Materials and spare parts		102,643	62,325
Other accounts receivable, net	11	318,329	339,115
Trade accounts receivable, net	12	1,458,305	1,594,667
Investments at amortized cost	8	3,363,122	2,739,084
Investments at fair value	8	547,100	406,148
Cash and cash equivalents	13	3,496,251	2,617,897
Total current assets		9,285,750	7,759,236
Total assets		52,649,859	51,719,331

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

	Note	<u>03.31.2019</u>	<u>12.31.2018</u>
SHAREHOLDERS' EQUITY			
Common stock	14	439,374	439,374
Common stock integral adjustment		9,781,115	9,781,115
Property, plant and equipment revaluation allowance		15,520,321	16,118,535
Statutory reserve		145,025	145,025
Other reserves		(1,446)	(1,545)
Retained earnings		7,224,531	6,019,525
Total shareholders' equity		<u>33,108,920</u>	<u>32,502,029</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liability	7	7,033,350	7,160,621
Loans	15	4,769,764	4,623,837
Lease debts		10,958	-
Other debts	17	36,224	36,561
Trade accounts payable	18	234,816	270,938
Total non-current liabilities		<u>12,085,112</u>	<u>12,091,957</u>
Current liabilities			
Contingencies	19	167,036	185,547
Loans	15	5,028,514	4,743,123
Lease debts		7,731	-
Salaries and social security contributions		192,346	255,672
Income tax		1,090,649	986,809
Taxes payable	16	176,870	163,975
Other debts	17	75,831	78,734
Trade accounts payable	18	716,850	711,485
Total current liabilities		<u>7,455,827</u>	<u>7,125,345</u>
Total liabilities		<u>19,540,939</u>	<u>19,217,302</u>
Total liabilities and shareholders' equity		<u>52,649,859</u>	<u>51,719,331</u>

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

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INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND 2018 (in thousand pesos)

	Note	Three-month period ended	
		03.31.2019	03.31.2018
Revenues	20	3,036,259	2,474,400
Cost of service	21	(1,891,689)	(1,415,681)
Gross profit		1,144,570	1,058,719
Selling expenses	21	(137,224)	(179,243)
Administrative expenses	21	(222,523)	(199,647)
Income before other net income and expenses		784,823	679,829
Other net income and expenses	22	4,324	6,477
Income before financial income		789,147	686,306
Net financial income			
Other net financial income	23	50,853	(281,977)
Financial income	23	69,610	63,294
Financial expenses	23	(134,387)	(98,534)
Gain on monetary position	23	66,880	69,929
Net financial income (loss)		52,956	(247,288)
Income from investments in affiliated companies	6	3,308	1,054
Income before income tax		845,411	440,072
Income tax			
Current	7	(371,490)	-
Special	7	5,599	-
Deferred	7	127,272	(157,426)
Subtotal income tax		(238,619)	(157,426)
Income for the period		606,792	282,646
Items that will be reclassified through profit or loss			
Affiliated companies' financial statements currency translation adjustment	6	99	787
Items that will not be reclassified through profit or loss			
Property, plant and equipment revaluation allowance		598,214	343,928
Other comprehensive income for the period⁽¹⁾		598,313	344,715
Comprehensive income for the period		1,205,105	627,361
Net income per share, basic and diluted	24	1.3810	0.6433

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

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INTERIM CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND 2018 (in thousand pesos)

ITEM	Common stock	Common stock integral adjustment	Property, plant and equipment revaluation allowance	Statutory reserve	Other reserves	Retained earnings	Total shareholders' equity
Balances as of December 31, 2017	439,374	9,781,115	14,050,708	-	(6,394)	898,834	25,163,637
Profit for the three-month period ended March 31, 2018	-	-	-	-	-	282,646	282,646
Other comprehensive income	-	-	(343,928)	-	787	343,928	787
Balances as of March 31, 2018	439,374	9,781,115	13,706,780	-	(5,607)	1,525,408	25,447,070
Resolution at Ordinary Shareholders' Meeting dated April 12, 2018:							
Reinstatement of Statutory Reserve	-	-	-	145,025	-	(145,025)	-
Distribution of dividends in cash	-	-	-	-	-	(553,748)	(553,748)
Profit for the complementary nine-month period ended December 31, 2018	-	-	-	-	-	3,877,679	3,877,679
Other comprehensive income	-	-	2,411,755	-	4,062	1,315,211	3,731,028
Balances as of December 31, 2018	439,374	9,781,115	16,118,535	145,025	(1,545)	6,019,525	32,502,029
Profit for the three-month period ended March 31, 2019	-	-	-	-	-	606,792	606,792
Other comprehensive income	-	-	(598,214)	-	99	598,214	99
Balances as of March 31, 2019	439,374	9,781,115	15,520,321	145,025	(1,446)	7,224,531	33,108,920

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INTERIM CONDENSED STATEMENTS OF CASH FLOWS FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND 2018 (in thousand pesos)

	Note	<u>03.31.2019</u>	<u>03.31.2018</u>
Profit for the period		606,792	282,646
Adjustments to cash generated by (used in) operating activities:			
Property, plant and equipment depreciation	5	1,291,629	842,111
Residual value of property, plant and equipment written-off	5	4,736	-
Income tax	7	238,619	157,426
Accrued interest generated by liabilities	23	179,375	94,134
Accrued interest generated by assets	23	(46,923)	(26,519)
Increase in allowances and provisions (net of recoveries)		26,146	1,809,671
Exchange rate differences and other net financial income		(239,927)	(68,859)
Loss from investments in affiliated companies	6	(3,308)	(1,054)
Net changes in operating assets and liabilities:			
Decrease (increase) in trade accounts receivable		520,147	(1,470,329)
Decrease (increase) in other accounts receivable		37,472	(140,393)
Increase in materials and spare parts		(40,914)	(25,018)
Decrease (increase) in trade accounts payable		(54,286)	220,163
Decrease in salaries and social security contributions		(63,326)	(68,995)
Decrease (increase) in taxes payable		(250,843)	82,333
Decrease in other debts		(3,239)	(14,322)
Decrease in contingencies		(37,022)	(10,496)
Net cash flow generated by operating activities		<u>2,165,128</u>	<u>1,662,499</u>
Acquisition of property, plant and equipment	5	(587,059)	(452,592)
Subscriptions net of recovery of investments at amortized cost and investments at fair value (non-cash equivalents)		(720,582)	(1,492,479)
Principal received from investments at amortized cost and investments at fair value		2,094	3,240
Interest received from investments at amortized cost and investments at fair value		2,915	4,653
Net cash flow used in investing activities		<u>(1,302,632)</u>	<u>(1,937,178)</u>
Lease payment		2,061	-
Net cash flow generated by financing activities		<u>2,061</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents		<u>864,557</u>	<u>(274,679)</u>
Cash and cash equivalents at the beginning of fiscal year		2,617,897	784,738
Financial income generated by cash		13,797	30,529
Cash and cash equivalents at the end of the period	13	<u>3,496,251</u>	<u>540,588</u>
<u>Transactions not affecting cash:</u>			
Acquisition of property, plant and equipment through leasing		<u>20,053</u>	<u>-</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

1 – OVERVIEW

1.1 - Incorporation of the Company

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

1.2 – The economic emergency and renegotiation of the License

The Public Emergency Law 25,561 (“LEP”), enacted in January 2002, established the pesification of the rates for natural gas transportation services within the domestic market and repealed the semi-annual adjustment mechanism based on the Producer Price Index (“PPI”). Furthermore, the LEP authorized the National Executive Branch to renegotiate public works and services contracts and rates. Under said legal framework and after more than ten years of rate freezing, the Company entered into with the national government, in March 2017, an Agreement toward amendment of its License (the “Comprehensive Agreement”), which was ratified and came into force with enactment of PEN Decree No. 251 on March 27, 2018. This put an end to the renegotiation process conducted under the LEP. The Comprehensive Agreement covers the contractual period from January 6, 2002 to the end of the License.

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

TGN shall indemnify the National Government – for such amount to be determined based on the above – only through sustainable investments, additional to those established by the National Gas Regulatory Entity (“ENARGAS”) as mandatory investments in gas pipelines and complementary facilities in “Neuquina Basin”. These investments shall not form part of the Company’s rate base.

Furthermore, the Comprehensive Agreement established rules for the conduct of TGN rate review. See Note 1.3.3 to these interim condensed financial statements as of March 31, 2019.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

1 – OVERVIEW (Cont.)

1.3 - Regulatory framework

1.3.1 - General

The Natural Gas Act and its regulations, together with the License, the Transfer Agreement, the Bidding Terms and Conditions for the privatization of Gas del Estado S.E. (“GdE”) and the resolutions adopted by ENARGAS establish the legal framework pursuant to which the Company carries out its business. The License was granted for an initial term of 35 years, which expires in December 2027. However, the Natural Gas Act and the License provide that the Company may request from ENARGAS an extension of the License for an additional ten-year term. At that time ENARGAS is required to evaluate the Company’s performance and make a recommendation to the National Executive Branch. The request for extension may be filed not less than 18 months nor more than 54 months prior to the expiration date of the initial term.

1.3.2 - Rates

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

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

1.3.3 – Comprehensive rate review

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

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

1 – OVERVIEW (Cont.)

1.3 - Regulatory framework (Cont.)

1.3.3 – Comprehensive rate review (Cont.)

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

2 - PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

These interim condensed financial statements for the three-month period ended March 31, 2019 have not been audited. The Company’s Management believes that all adjustments necessary have been made to reasonably present the results for each period. The results for the three-month period ended March 31, 2019 do not necessarily reflect the Company's full year results.

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

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

2.1 – Use of estimates and accounting policies

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

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

2.2 – Going Concern

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

2.3 – Measuring Unit

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

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

The inflation adjustment to initial balances was determined considering the indexes established by FACPCE on the basis of price indexes published by INDEC. The average price index variation for the three-month period ended March 31, 2019 was 12%, while the year-on-year variation amounted to 55%.

2.4 – Changes in Interpretation and Accounting Standards

a) New accounting standards, amendments and interpretations issued by IASB applicable as from March 31, 2019, adopted by the Company

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

- IFRS 16 "Leases": This standard was issued in January 2016 and replaces IAS 17. IFRS 16 defines a lease as a contract or part of a contract that conveys a party the right to use an asset (underlying asset) for a period of time in exchange for a consideration. Under this standard, lessee is required to recognize a lease liability that reflects the present value of future payments and a right-of-use asset. This is a significant change with respect to IAS 17, which required lessees to make a distinction between a financial lease (reported in the balance sheet) and an operating lease (with no impact on the balance sheet). IFRS 16 contains an optional exception for short term leases and for leases where the underlying asset has a low value. IFRS 16 applies to annual reporting periods beginning on or after January 1, 2019. The Company adopted the simplified approach, without restating the period being compared. As a result of adopting this standard, a right of use and a lease debt have been recorded, though the impact on the net income at the beginning of the period has not been significant.

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

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

a) New accounting standards, amendments and interpretations issued by the IASB applicable as from March 31, 2019 adopted by the Company (Cont.)

- IFRS 9 “Financial Instruments”: In October 2017 changes were introduced to the application guidelines concerning classification of financial assets where contractual terms modify the timing or amount of contractual cash flows to determine if cash flows to be derived due to the amendment are solely payments of principal and interest. IFRS 9 applies to annual reporting periods beginning on or after January 1, 2019. The adoption of this standard has had no impact on TGN’s financial position or results of operations.

- IAS 28 “Investments in Associates and Joint Ventures”: Amended in October 2017 outlines that IFRS 9 applies to other financial instruments in an associate or joint venture to which the equity method is not applied. IAS 28 applies to annual reporting periods beginning on or after January 1, 2019. The adoption of this standard has had no impact on TGN’s financial position or results of operations.

- Annual Improvements to IFRSs - 2015-2017 Cycle: These amendments were issued in December 2017 and apply to annual reporting periods beginning on or after January 1, 2019. The adoption of this standard has had no impact on the Company’s financial position or results of operations.

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

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

3 – FINANCIAL RISK MANAGEMENT

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

3.1 – Currency Risks

The potential impact on the statement of comprehensive income and the statement of changes in shareholders' equity resulting from each percentage point of depreciation or appreciation of the peso against the US dollar would account for an approximate loss or profit, as applicable, of \$ 4.4 million, provided that the other economic and financial variables affecting the Company remain stable. This sensitivity analysis is based on reasonable assumptions and information. Yet, actual results might significantly differ from such analysis.

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3 – FINANCIAL RISK MANAGEMENT (Cont.)

Foreign Currency denominated Assets and Liabilities

	03.31.19			12.31.18	
	Amount and type of foreign currency ⁽¹⁾	Current trading price in \$	Amount in local currency ⁽¹⁾	Amount and type of foreign currency ⁽¹⁾	Amount in local currency ⁽¹⁾
ASSETS					
NON-CURRENT ASSETS					
Trade accounts receivable					
Trade accounts receivable with third parties	US\$ 189,378	43.15	8,171,661	US\$ 189,378	7,938,123
			8,171,661		7,938,123
Total non-current assets			8,171,661		7,938,123
CURRENT ASSETS					
Other accounts receivable					
Commercial compensations and other	US\$ 731	43.15	31,543	US\$ 937	39,277
Other receivables with controlling companies	US\$ 24	43.15	1,040	US\$ 4	172
Other receivables with affiliated companies	US\$ 4	43.15	154	US\$ 2	74
	R\$ 118	10.60	1,254	R\$ 116	1,199
			33,991		40,722
Trade accounts receivable					
Trade accounts receivable with third parties	US\$ 2,013	43.15	86,861	US\$ 852	35,713
Trade accounts receivable with related parties	US\$ 92	43.15	3,969	US\$ 75	3,152
Trade accounts receivable with affiliated companies	US\$ 62	43.15	2,687	US\$ 34	1,418
			93,517		40,283
Investments at amortized cost					
Other investments	US\$ 77,737	43.15	3,354,343	US\$ 65,112	2,729,299
			3,354,343		2,729,299
Investments at fair value					
Mutual funds	US\$ 3,202	43.15	138,182	US\$ 3,318	139,079
Government bonds	US\$ 9,477	43.15	408,918	US\$ 6,371	267,069
			547,100		406,148
Cash and cash equivalents					
Term deposits	US\$ 34,654	43.15	1,495,333	US\$ 50,438	2,114,202
Mutual Funds	US\$ 2,004	43.15	86,480	US\$ -	-
Bank balances	US\$ 37,681	43.15	1,625,928	US\$ 10,342	433,518
			3,207,741		2,547,720
Total current assets			7,236,692		5,764,172
Total assets			15,408,353		13,702,295

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3 – FINANCIAL RISK MANAGEMENT (Cont.)

Foreign Currency denominated Assets and Liabilities (Cont.)

	03.31.19			12.31.18	
	Amount and type of foreign currency ⁽¹⁾	Current trading price in \$	Amount in local currency ⁽¹⁾	Amount and type of foreign currency ⁽¹⁾	Amount in local currency ⁽¹⁾
LIABILITIES					
NON-CURRENT LIABILITIES					
Loans					
Syndicated Loan	US\$ 110,029	43.35	4,769,764	US\$ 109,725	4,623,837
			4,769,764		4,623,837
Total Non-Current Liabilities					
CURRENT LIABILITIES					
Trade accounts payable					
Suppliers - goods and services	US\$ 5,003	43.35	216,883	US\$ 4,350	183,321
	£ 356	56.42	20,076	£ 353	18,925
Unbilled Goods and Services	US\$ 7,162	43.35	310,477	US\$ 8,037	338,681
	£ 72	56.42	4,083	£ 172	9,218
	€ 221	48.71	10,784	€ 30	1,451
			562,303		551,596
Loans					
Syndicated loan	US\$ 115,997	43.35	5,028,458	US\$ 112,554	4,743,065
			5,028,458		4,743,065
Total Current Liabilities			5,590,761		5,294,661
Total Liabilities			10,360,525		9,918,498

US\$: US Dollars
 £: Pound sterling
 €: Euros
 R\$: Brazilian Reais

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

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4 – BUSINESS SEGMENT INFORMATION

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

	<u>03.31.2019</u>	<u>03.31.2018</u>
Revenues	3,036.3	2,474.4
Operating costs	(959.8)	(952.5)
Management EBITDA	<u>2,076.5</u>	<u>1,521.9</u>
Acquisition of “Property, plant and equipment”	<u>607.1</u>	<u>452.6</u>

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

	<u>03.31.2019</u>	<u>03.31.2018</u>
Management EBITDA in million pesos	2,076.5	1,521.9
“Property, plant and equipment” depreciation	(1,291.6)	(842.1)
Other net income and expenses	4.3	6.5
Net financial income	52.9	(247.3)
Income from investments in affiliated companies	3.3	1.1
Income before income tax	<u>845.4</u>	<u>440.1</u>

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5 – PROPERTY, PLANT AND EQUIPMENT

	03.31.2019										Net Income	
	Original Value					Depreciation					12.31.2018	03.31.2018
	At the beginning of fiscal year	Additions	Disposals	Revaluation	At the end of period	At the beginning of fiscal year	Period	Disposals	At the end of period	03.31.2019		
Essential assets:												
Gas pipelines and branch lines	29,732,783	-	-	-	29,732,783	-	945,862	-	945,862	28,786,921	29,732,783	26,932,354
Compressor plants	4,414,567	-	(4,967)	-	4,409,600	-	266,463	(4,638)	261,825	4,147,775	4,414,567	4,194,813
Meter and regulating stations	448,019	-	-	-	448,019	-	9,679	-	9,679	438,340	448,019	411,044
SCADA system	578,863	-	(299)	-	578,564	-	28,749	(113)	28,636	549,928	578,863	572,305
Gas inventory	640,544	-	-	-	640,544	-	-	-	-	640,544	640,544	557,343
Lands	33,006	-	-	-	33,006	-	-	-	-	33,006	33,006	39,507
Buildings and civil construction works	745,658	-	-	-	745,658	-	7,812	-	7,812	737,846	745,658	660,745
Other technical installations	345,127	-	-	-	345,127	-	18,825	-	18,825	326,302	345,127	340,131
Sub-total essential assets	36,938,567	-	(5,266)	-	36,933,301	-	1,277,390	(4,751)	1,272,639	35,660,662	36,938,567	33,708,242
Other revalued assets												
Lands	18,448	-	-	-	18,448	-	-	-	-	18,448	18,448	24,394
Buildings and civil construction works	223,443	-	-	-	223,443	-	2,308	-	2,308	221,135	223,443	205,551
Sub-total other revalued assets	241,891	-	-	-	241,891	-	2,308	-	2,308	239,583	241,891	229,945
Total revalued assets	37,180,458	-	(5,266)	-	37,175,192	-	1,279,698	(4,751)	1,274,947	35,900,245	37,180,458	33,938,187
Non-essential assets:												
Building installations	51,307	-	-	-	51,307	21,258	547	-	21,805	29,502	30,049	13,236
Machinery, equipment and tools	228,669	16,149	(8,003)	-	236,815	215,070	1,570	(8,003)	208,637	28,178	13,599	7,420
Other technical installations	301,506	33	(28)	-	301,511	288,221	1,884	(28)	290,077	11,434	13,285	9,980
Communication equipment and devices	31,733	286	-	-	32,019	30,294	292	-	30,586	1,433	1,439	521
Vehicles	225,462	258	(2,729)	-	222,991	145,954	5,234	(2,409)	148,779	74,212	79,508	48,758
Furniture and fixtures	132,520	723	(535)	-	132,708	113,440	667	(496)	113,611	19,097	19,080	4,622
Right of use	-	20,053	-	-	20,053	-	1,737	-	1,737	18,316	-	-
Works in progress	2,409,609	569,610	(3,862)	-	2,975,357	-	-	-	-	2,975,357	2,409,609	1,607,945
Sub-total non-essential assets	3,380,806	607,112	(15,157)	-	3,972,761	814,237	11,931	(10,936)	815,232	3,157,529	2,566,569	1,692,482
Balances as of March 31, 2019	40,561,264	607,112	(20,423)	-	41,147,953	814,237	1,291,629	(15,687)	2,090,179	39,057,774	-	-
Balances as of December 31, 2018	36,808,327	2,506,957	(20,365)	5,010,405	44,305,324	788,139	3,785,162	(15,004)	4,558,297	-	39,747,027	-
Balances as of March 31, 2018	36,808,327	452,592	(29)	-	37,260,890	788,139	842,111	(29)	1,630,221	-	-	35,630,669

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5 – PROPERTY, PLANT AND EQUIPMENT (Cont.)

5.1 – Commitments

As of March 31, 2019, the Company has firm contractual commitments with suppliers for the acquisition of Property, plant and equipment for \$ 936,030.

6 – INVESTMENTS IN AFFILIATED COMPANIES

	<u>03.31.2019</u>	<u>12.31.2018</u>
Balance at the beginning of fiscal year	31,305	16,293
Income from investments in affiliated companies ⁽¹⁾	3,407	15,012
Balance at the end of period	<u>34,712</u>	<u>31,305</u>

⁽¹⁾ Includes \$ 99 and \$ 4,062 that have been charged to “Other comprehensive income” in the Interim Condensed Statement of Comprehensive Income, as of March 31, 2019 and December 31, 2018, respectively.

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6 – INVESTMENTS IN AFFILIATED COMPANIES (Cont.)

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

Issuer	Description		Amount	Cost	Book value as of		Main Activity	Information on issuer					
	Shares	Face Value			03.31.19	12.31.18		Date	Most Recent Financial Statements				
									Capital Stock and Capital Adjustment	Other Reserves	Retained Earnings	Shareholders' Equity	Percentage of Direct Interest
Comgas Andina S.A.	Common	(1) 1 per share	490	246	34,712	31,305	Gas pipeline operation and maintenance service	03.31.19	82	-	70,759	70,841	49.0
Companhia Operadora do Rio Grande do Sul	Common	(2) 1 per share	49	0.1	2,106	2,060	Gas pipeline operation and maintenance service	12.31.18	1	2,335	1,426	3,762	49.0
Investment allowance					(2,106)	(2,060)							
Total					34,712	31,305							

- (1) Chilean pesos
(2) Brazilian Reais

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7 – INCOME TAX

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

	03.31.2019	12.31.2018
Deferred income tax assets:		
Deferred income tax assets to be recovered after 12 months	177,730	200,522
Deferred income tax assets to be recovered within 12 months	145,960	140,361
	<u>323,690</u>	<u>340,883</u>
Deferred income tax liabilities:		
Deferred income tax liabilities to be recovered after 12 months	(6,393,181)	(6,338,106)
Deferred income tax liabilities to be recovered within 12 months	(963,859)	(1,163,398)
	<u>(7,357,040)</u>	<u>(7,501,504)</u>
Deferred income tax liabilities (net)	<u>(7,033,350)</u>	<u>(7,160,621)</u>

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

Deferred income tax assets	Trade accounts payable and financial liabilities	Materials and spare parts	Contingencies	Tax Loss	Other debts	Other accounts receivable	Total
Balances as of December 31, 2017	89,454	86,687	39,806	476,449	34,267	4,381	731,044
Charged to statement of comprehensive income	39,776	63,975	8,662	(476,449)	(23,951)	(2,174)	(390,161)
Balances as of December 31, 2018	129,230	150,662	48,468	-	10,316	2,207	340,883
Charged to statement of comprehensive income	(4,782)	(5,479)	(4,796)	-	(1,842)	(294)	(17,193)
Balances as of March 31, 2019	124,448	145,183	43,672	-	8,474	1,913	323,690

Deferred income tax liabilities	Property, plant and equipment	Trade accounts receivable	Revaluation of Property, plant and equipment ⁽¹⁾	Investments at fair value	Tax inflation adjustment	Total
Balances as of December 31, 2017	(3,596,854)	(572,698)	(4,925,397)	888	-	(9,094,061)
Charged to statement of comprehensive income	2,477,965	(271,960)	(604,659)	(8,789)	-	1,592,557
Balances as of December 31, 2018	(1,118,889)	(844,658)	(5,530,056)	(7,901)	-	(7,501,504)
Charged to statement of comprehensive income	11,752	(62,900)	256,326	(12,735)	(47,979)	144,464
Balances as of March 31, 2019	(1,107,137)	(907,558)	(5,273,730)	(20,636)	(47,979)	(7,357,040)

⁽¹⁾ As of March 31, 2019, included net of revaluation balance of "Property, plant and equipment" under Shareholders' Equity.

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7 – INCOME TAX (Cont.)

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

	<u>03.31.2019</u>	<u>03.31.2018</u>
Income before income tax	845,411	440,072
Statutory income tax rate	30%	30%
Income tax charge determined by applying statutory tax rate to the income for the period	<u>(253,623)</u>	<u>(132,022)</u>
Exceptions to statutory income tax rate:		
- Equity items inflation adjustment	(516,864)	(207,824)
- Deferred tax liabilities inflation adjustment at beginning	120,270	150,228
- Income from investments in affiliated companies	943	311
- Adjustment to income tax provision balance	-	7,467
- Change in income tax rate ⁽¹⁾	35,559	24,813
- Special tax – Law 27,430 – Chapter X – art. 1	5,599	-
- Tax revaluation – Law 27,430 – Chapter X – art.1	441,573	-
- Tax inflation adjustment – Income Tax Law – Title VI – art. 94 and subsequent ones	(71,968)	-
- Non-deductible items	<u>(108)</u>	<u>(399)</u>
Total income tax charge	<u>(238,619)</u>	<u>(157,426)</u>

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

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

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

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

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

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7 – INCOME TAX (Cont.)

The Special Tax amounted to 634 million Pesos and has started to be paid in five monthly installments on March 29, 2019, as required under PEN Decree 143/19 dated February 21, 2019. Thereafter, revalued property shall be adjusted in line with their revaluation.

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

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

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

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

8 – INVESTMENTS

Non-Current:	<u>03.31.2019</u>	<u>12.31.2018</u>
Financial Assets at amortized cost:		
VRD bonds in \$	17,290	21,667
Total financial assets at amortized cost	17,290	21,667
Current:		
Financial Assets at amortized cost:		
Government bonds in US\$ - Commercial papers	861,585	806,106
Government bonds in US\$ - T-BILLS	2,492,758	1,923,193
VRD bonds in \$	8,779	9,785
Total financial assets at amortized cost	3,363,122	2,739,084
Financial assets at fair value ⁽¹⁾:		
Mutual funds in US\$	138,182	139,079
Government bonds in US\$	408,918	267,069
Total financial assets at fair value	547,100	406,148

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

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9 – FINANCIAL INSTRUMENTS BY CATEGORY

	<u>03.31.2019</u>	<u>12.31.2018</u>
Financial assets at fair value:		
Current:		
Classified as “Investments at fair value”:		
Mutual funds in US\$	138,182	139,079
Government bonds in US\$	408,918	267,069
Subtotal	<u>547,100</u>	<u>406,148</u>
Classified as “Cash and cash equivalents”:		
Mutual funds in \$ (Note 13)	285,240	-
Mutual funds in US\$ (Note 13)	86,480	-
Subtotal	<u>371,720</u>	<u>-</u>
Total financial assets at fair value - Current	<u>918,820</u>	<u>406,148</u>
Financial assets at amortized cost:		
Current:		
Classified as “Investments at amortized cost”:		
Government bonds in US\$ - Commercial papers	861,585	806,106
Government bonds in US\$ - T-BILLS	2,492,758	1,923,193
VRD bonds in \$	8,779	9,785
Subtotal	<u>3,363,122</u>	<u>2,739,084</u>
Classified as “Cash and cash equivalents”:		
Cash and banks (Note 13)	1,629,198	503,695
Term deposits in US\$ ⁽¹⁾ (Note 13)	1,495,333	2,114,202
Subtotal	<u>3,124,531</u>	<u>2,617,897</u>
Classified as “Trade accounts receivable” and “Other accounts receivable”	1,579,392	1,657,946
Total financial assets at amortized cost - Current	<u>8,067,045</u>	<u>7,014,927</u>
Non-Current:		
Classified as “Investments at amortized cost”:		
VRD bonds in \$	17,290	21,667
Subtotal	<u>17,290</u>	<u>21,667</u>
Classified as “Trade accounts receivable” and “Other accounts receivable”	3,693,845	3,596,908
Total financial assets at amortized cost – Non-Current	<u>3,711,135</u>	<u>3,618,575</u>

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(Partner)

C.P.C.E.C.A.B.A. T° 1 F° 17

Transportadora de Gas del Norte S.A.

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9 – FINANCIAL INSTRUMENTS BY CATEGORY (Cont.)

	<u>03.31.2019</u>	<u>12.31.2018</u>
Financial liabilities at amortized cost:		
Current:		
Loans	5,028,514	4,743,123
Trade accounts payable, other debts, taxes payable, income taxes and lease debt	2,067,931	1,941,003
Total financial liabilities at amortized cost – Current	<u>7,096,445</u>	<u>6,684,126</u>
Non-Current:		
Loans	4,769,764	4,623,837
Trade accounts payable, other debts and lease debt	281,998	307,499
Total financial liabilities at amortized cost – Non-Current	<u>5,051,762</u>	<u>4,931,336</u>

⁽¹⁾ Investments originally falling due within three months or less are classified as “Cash and cash equivalents” in the interim condensed balance sheet. A breakdown of this account is presented in Note 13 to these interim condensed financial statements

10 – MATERIALS & SPARE PARTS

	<u>03.31.2019</u>	<u>12.31.2018</u>
Non-Current		
Spare parts and consumables	964,807	963,906
Allowance for slow-moving and obsolete materials	(404,319)	(408,314)
Total non-current materials and spare parts	<u>560,488</u>	<u>555,592</u>

Changes in allowance for slow-moving and obsolete materials:

Balance as of December 31, 2017	432,559
– Increases, net of gain on monetary position	10,752
Balance as of March 31, 2018	<u>443,311</u>
– Increases, net of gain on monetary position	(34,997)
Balance as of December 31, 2018	<u>408,314</u>
– Increases, net of gain on monetary position	(3,995)
Balance as of March 31, 2019	<u>404,319</u>

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11 – OTHER ACCOUNTS RECEIVABLE

	<u>03.31.2019</u>	<u>12.31.2018</u>
Non-current		
Other	2,847	11,162
Total other accounts receivable – Non-current	<u>2,847</u>	<u>11,162</u>
Current		
Key management personnel (Note 25)	27,650	23,913
Prepaid expenses and advances	244,586	249,179
Attachments, guarantee court deposits and expenses to be recovered	50	56
Assistance fees – controlling shareholder and recovery of expenses (Note 25)	1,040	172
Other receivables – affiliated companies (Note 25)	1,408	1,273
Other receivables – other related parties (Note 25)	3,352	48,387
Transactions on behalf of third parties	12,774	10,201
Guarantee deposits - rentals	10,794	-
Allowance for doubtful accounts	(5,429)	(6,813)
Other trade receivables	22,104	12,747
Total other accounts receivable - Current	<u>318,329</u>	<u>339,115</u>

Changes in the allowance have been are as follows:

Balance at the beginning of fiscal year	6,813	11,750
Recoveries, net	<u>(1,384)</u>	<u>(4,937)</u>
Balance at the end of period	<u>5,429</u>	<u>6,813</u>

12 – TRADE ACCOUNTS RECEIVABLE

Non-current		
Trade accounts receivable – third parties	8,177,850	7,951,964
Allowance for doubtful accounts and disputed amounts	<u>(4,486,852)</u>	<u>(4,358,622)</u>
Total trade accounts receivable – Non-current	<u>3,690,998</u>	<u>3,593,342</u>
Current		
Trade accounts receivable – third parties	1,534,647	1,715,238
Trade accounts receivable – other related parties (Note 25)	228,316	300,572
Trade accounts receivable – affiliated companies (Note 25)	2,687	1,418
Less: Allowance for doubtful accounts and disputed amounts	<u>(307,345)</u>	<u>(422,561)</u>
Total trade accounts receivable – Current	<u>1,458,305</u>	<u>1,594,667</u>

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12 – TRADE ACCOUNTS RECEIVABLE (Cont.)

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

	<u>03.31.2019</u>	<u>12.31.2018</u>
Balance at the beginning of fiscal year	4,781,183	2,980,869
Increases – net of recoveries	13,014	1,800,314
Balance at the end of period	<u>4,794,197</u>	<u>4,781,183</u>

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

13 – CASH AND CASH EQUIVALENTS

	<u>03.31.2019</u>	<u>12.31.2018</u>
Cash and banks ⁽¹⁾	1,629,198	503,695
Mutual funds in \$	285,240	-
Mutual funds in US\$	86,480	-
Term deposits in US\$	1,495,333	2,114,202
Total	<u>3,496,251</u>	<u>2,617,897</u>

⁽¹⁾ As of March 31, 2019 and December 31, 2018, 1,625,928 and 433,518, respectively, denominated in foreign currency, are included. See Note 3 to these interim condensed financial statements.

14 – COMMON STOCK

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

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14 – COMMON STOCK (Cont.)

Shareholders resolved, at the Ordinary Shareholders' Meeting held on April 10, 2019, to allocate the \$5,750.4 million profits as of December 31, 2018 as follows: (a) \$1.5 million to cover the negative balance standing under Other Reserves; (b) \$1,814.1 million to reinstate the Statutory Reserve as established in Article 70 of the General Business Company Law; (c) \$2,378.7 million to pay a cash dividend; (d) \$648.7 million to create a Voluntary Reserve for payment of future dividends, with powers given to the Board to distribute said reserve, either in whole or in part, in one or more years, at its discretion; and (e) \$907.4 million to create an optional reserve to support working capital and liquidity. It was further resolved that Board members be paid \$15.8 million, and that Supervisory Committee members be paid \$4.4 million as compensation for the performance of their duties.

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

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

14.2 – Restriction on distribution of profits

At the Shareholders' Meeting held on October 3, 2017 the Board was delegated the power to establish restrictions on payment of dividends.

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15 - LOANS

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

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

15.1 Changes in Loans

	<u>03.31.2019</u>	<u>03.31.2018</u>
Balance at the beginning of fiscal year	9,366,960	6,731,241
Accrual of interest on Syndicated Loan	152,801	101,214
Exchange rate difference on Syndicated Loan	1,283,924	529,865
Loss on monetary position	(1,005,407)	(442,572)
Balance at the end of period	<u>9,798,278</u>	<u>6,919,748</u>

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16 – TAXES PAYABLE

	<u>03.31.2019</u>	<u>12.31.2018</u>
Value Added Tax	87,872	89,095
Turnover Tax	7,400	1,860
Tax withholdings and receipts from third parties	81,598	73,020
Total taxes payable	<u>176,870</u>	<u>163,975</u>

17 – OTHER DEBTS

Non-current		
Allowance for easements	36,224	36,561
Total other debts – Non-current	<u>36,224</u>	<u>36,561</u>
Current		
Allowance for easements	19,568	19,352
Key management personnel (Note 25)	27,667	23,933
Advances	339	379
Various fees payable	22,232	27,577
Other debts and customer's guarantees	6,025	7,493
Total other debts - Current	<u>75,831</u>	<u>78,734</u>

18 – TRADE ACCOUNTS PAYABLE

	<u>03.31.2019</u>	<u>12.31.2018</u>
Non-current		
AES Argentina Generación S.A.	234,816	270,938
Total trade accounts payable – Non current	<u>234,816</u>	<u>270,938</u>
Current		
Suppliers – goods and services	163,647	63,376
AES Argentina Generación S.A.	32,824	36,690
Unbilled goods and services	520,379	611,419
Total trade accounts payable - Current	<u>716,850</u>	<u>711,485</u>

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19 - CONTINGENCIES

Provision for labor, civil and administrative lawsuits

	<u>Non-current</u>	<u>Current</u>
Balance as of December 31, 2017	42,119	125,990
–Increases, net of recoveries	1,677	1,865
Loss on monetary position	(2,629)	(7,866)
Balance as of March 31, 2018	<u>41,167</u>	<u>119,989</u>
– Increases, net of recoveries	8,019	147,319
– Decreases (payment / uses)	40,979	33,983
– Loss on monetary position	(90,165)	(115,744)
Balance as of December 31, 2018	<u>-</u>	<u>185,547</u>
– Increases, net of recoveries	-	2,840
– Decreases (payment / uses)	-	1,801
– Loss on monetary position	-	(23,152)
Balance as of March 31, 2019	<u>-</u>	<u>167,036</u>

19.1 – Legal matters

The Company is party to several legal proceedings and claims that have arisen in the ordinary course of its business. Although there can be no assurance as to the ultimate disposition of these matters due to their complexity and current status, it is the opinion of the Company's Board, based upon the estimates described in Note 4 to the Company's Financial Statements as of December 31, 2018, that the expected outcome of these claims and legal actions, individually or in the aggregate, would not have a material effect on the Company's financial position or results of operations in excess of the provisions recorded by the Company. However, the actual future outcome of these claims could differ from the estimates and assessments performed as of the date of issuance of these interim condensed financial statements. Following there is a summary of the most significant developments concerning the Company's legal matters during the three-month period ended March 31, 2019.

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19 – CONTINGENCIES (Cont.)

19.1 – Legal matters (Cont.)

19.1.1 Pending judicial disputes with YPF S.A. (“YPF”)

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

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

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

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

The actions for breach of contract and damages have been joined. All evidence requested by the court has been submitted and both parties have filed their pleas. In February 2019 the court announced that the case was closed in order to render judgement.

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19 – CONTINGENCIES (Cont.)

19.1 – Legal matters (Cont.)

19.1.2 – Pending judicial disputes with Chilean Distributor Metrogas

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

TGN rejected the unilateral decision to terminate the contract, as well as the claim for damages filed by Metrogas, as based on the opinion of its legal advisors this claim has expired.

In September 2011 TGN filed a lawsuit (subsequently extended) for breach of contract, claiming an amount of US\$ 114.5 million (plus interest and expenses) for transportation services billed and unpaid, from September 2009 up to and including April 2015. In November 2012, Metrogas filed the answer to the complaint requesting that the complaint be dismissed and that the producers that supplied it with gas be summoned as third parties; there was no counterclaim for damages. In April 2015 TGN terminated the firm gas transportation contract for export with Metrogas, due to repeated breaches on the part of shipper. In November 2015, TGN filed a claim against Metrogas for damages arising from the wrongful early termination of the transportation contract for US\$ 113 million and requested that this claim be joined with the claim for unpaid invoices. In addition, the Company filed a motion to proceed *in forma pauperis*.

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

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20 - REVENUES

	<u>For the three-month period as of</u>	
	<u>03.31.2019</u>	<u>03.31.2018</u>
Gas transportation service	2,921,002	2,382,592
Gas pipeline operation and maintenance and other services	115,257	91,808
Total revenues	<u>3,036,259</u>	<u>2,474,400</u>

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21 – EXPENSES BY NATURE

Item	Cost of service		Selling expenses		Administrative expenses		Total as of 03.31.2019	Total as of 03.31.2018
	2019	2018	2019	2018	2019	2018		
Directors' fees	-	-	-	-	5,144	2,511	5,144	2,511
Supervisory Committee's fees	-	-	-	-	1,386	1,570	1,386	1,570
Fees for professional services	13,145	5,995	203	6	26,408	12,891	39,756	18,892
Salaries, wages and other personnel benefits	157,717	168,090	4,292	3,939	58,863	52,264	220,872	224,293
Social security contributions	29,958	32,341	843	820	11,155	11,496	41,956	44,657
Materials and spare parts	96,955	35,025	22	8	256	312	97,233	35,345
Third party services and supplies	17,379	18,436	-	85	1,193	871	18,572	19,392
Maintenance and repair of property, plant and equipment	254,352	260,234	569	157	6,672	2,814	261,593	263,205
Travel expenses	25,797	24,355	348	224	3,115	2,841	29,260	27,420
Freight and transportation	5,177	2,924	-	-	3	31	5,180	2,955
Post and telecommunication expenses	1,022	1,420	63	83	759	856	1,844	2,359
Insurance	20,449	16,440	2	2	1,405	1,279	21,856	17,721
Office supplies	3,406	2,681	110	82	3,630	2,767	7,146	5,530
Rentals	3,028	5,003	92	81	1,010	1,002	4,130	6,086
Easements	8,156	8,214	-	-	-	-	8,156	8,214
Taxes, rates and contributions	972	921	105,900	97,646	71,104	82,748	177,976	181,315
Property, plant and equipment depreciation	1,252,931	821,936	12,899	221	25,799	19,954	1,291,629	842,111
Doubtful accounts	-	-	11,872	75,872	-	-	11,872	75,872
Lawsuits	-	-	-	-	2,840	1,036	2,840	1,036
Slow-moving and obsolete materials and spare parts	(3,995)	10,655	-	2	-	95	(3,995)	10,752
Other	5,240	1,011	9	15	1,781	2,309	7,030	3,335
Balances as of March 31, 2019	1,891,689	-	137,224	-	222,523	-	2,251,436	-
Balances as of March 31, 2018	-	1,415,681	-	179,243	-	199,647	-	1,794,571

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22 – OTHER NET INCOME AND EXPENSES

	<u>For the three-month period as of</u>	
	<u>03.31.2019</u>	<u>03.31.2018</u>
Commercial compensation	243	614
Disposal of property, plant and equipment, net	(3,921)	293
Other sales, loss recovery and other, net	8,002	5,570
Total other net income and expenses	<u>4,324</u>	<u>6,477</u>

23 – NET FINANCIAL INCOME

Other net financial income		
Foreign exchange gains	1,368,923	268,945
Foreign exchange losses	(1,318,070)	(550,922)
Total other net financial income	<u>50,853</u>	<u>(281,977)</u>
Financial income		
Interest	46,923	26,519
Income from changes in fair values	19,066	35,484
Discounts obtained	3,621	1,291
Total financial income	<u>69,610</u>	<u>63,294</u>
Financial expenses		
Interest	(179,375)	(94,134)
Interest compounded on property, plant and equipment ⁽¹⁾	47,756	-
Loss from discount at present value	(459)	(5,537)
Banking and financial fees, expenses and taxes	(2,309)	1,137
Total financial expenses	<u>(134,387)</u>	<u>(98,534)</u>
Gain on monetary position	<u>66,880</u>	<u>69,929</u>
Total net financial income	<u>52,956</u>	<u>(247,288)</u>

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

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24 – NET EARNINGS PER SHARE

Earnings per common share have been calculated by dividing the income for the three-month periods ended March 31, 2019 and 2018, by the weighted average of outstanding common shares, which as at said dates totaled 439,373,939 shares. As of March 31, 2019 and 2018 there are neither notes nor other debt securities convertible into shares, for which reason no diluted earnings per share have been disclosed. Basic earnings per share are calculated by dividing profits attributable to the Company's equity holders by the weighted average number of common shares outstanding during the fiscal year. The Company has no preferred shares or debt convertible into shares, so the basic earnings per share are equal to the diluted earnings per share.

25 – RELATED PARTIES

Transactions with related parties are as follows:

	<u>03.31.2019</u>	<u>03.31.2018</u>
Controlling company		
<u>Other net income and expenses</u>		
Gasinvest S.A.	1,004	106
<u>Total other net income and expenses</u>	<u>1,004</u>	<u>106</u>
Affiliated companies		
<u>Revenues</u>		
Comgas Andina S.A.	1,383	857
Companhia Operadora do Rio Grande do Sul	213	165
<u>Total revenues</u>	<u>1,596</u>	<u>1,022</u>
<u>Recovery of expenses</u>		
Comgas Andina S.A.	432	87
<u>Total recovery of expenses</u>	<u>432</u>	<u>87</u>
Other related parties		
<u>Revenues</u>		
Litoral Gas S.A.	483,349	419,910
Ternium Argentina S.A.	71,142	68,120
Siderca S.A.	49,509	38,171
Compañía General de Combustibles S.A.	10	-
Transportadora de Gas del Mercosur S.A.	9,447	6,264
Gasoducto Gasandes Argentina S.A.	2,511	1,661
Tecpetrol S.A.	375	-
<u>Total revenues</u>	<u>616,343</u>	<u>534,126</u>

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25 – RELATED PARTIES (Cont.)

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

	<u>03.31.2019</u>	<u>03.31.2018</u>
<u>Recovery of expenses</u>		
Transportadora de Gas del Mercosur S.A.	(3,352)	(2,692)
<u>Total recovery of expenses</u>	(3,352)	(2,692)
<u>Acquisition of materials and property, plant and equipment</u>		
Siat S.A.	(11,522)	-
<u>Total acquisition of materials and property, plant and equipment</u>	(11,522)	-
Key management personnel		
Board of Directors' fees	(5,144)	(2,511)
Supervisory Committee's fees	(1,386)	(1,570)

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Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

25 – RELATED PARTIES (Cont.)

Balances with related parties are as follows:

	<u>03.31.2019</u>	<u>12.31.2018</u>
Trade accounts receivable		
<u>Other related parties</u>		
Transportadora de Gas del Mercosur S.A.	3,969	3,152
Litoral Gas S.A.	181,192	234,892
Ternium Argentina S.A.	26,488	34,244
Tecpetrol S.A.	375	-
Siderca S.A.	16,292	27,668
Gasoducto Gasandes Argentina S.A.	-	616
<u>Total trade accounts receivable - other related parties</u>	<u>228,316</u>	<u>300,572</u>
<u>Accounts receivable – affiliated companies</u>		
Comgas Andina S.A.	2,542	1,181
Companhia Operadora do Rio Grande do Sul	145	237
<u>Total other accounts receivable – affiliated companies</u>	<u>2,687</u>	<u>1,418</u>
Other accounts receivable		
<u>Assistance fee and recovery of expenses – controlling company</u>		
Gasinvest S.A.	1,040	172
<u>Total assistance fee and recovery of expenses – controlling company</u>	<u>1,040</u>	<u>172</u>
<u>Other accounts receivable – affiliated companies</u>		
Comgas Andina S.A.	154	74
Companhia Operadora do Rio Grande do Sul	1,254	1,199
<u>Total other accounts receivable – affiliated companies</u>	<u>1,408</u>	<u>1,273</u>
<u>Other accounts receivable – related parties</u>		
Litoral Gas S.A.	-	132
Transportadora de Gas del Mercosur S.A.	3,352	-
Siat S.A.	-	29,362
Compañía General de Combustibles S.A.	-	18,893
<u>Total other accounts receivable – related parties</u>	<u>3,352</u>	<u>48,387</u>
<u>Key management personnel</u>		
Board of Directors and Supervisory Committee’s fees paid in advance	27,650	23,913
<u>Total key management personnel</u>	<u>27,650</u>	<u>23,913</u>

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25 – RELATED PARTIES (Cont.)

Balances with related parties are as follows:

Other debts	<u>03.31.2019</u>	<u>12.31.2018</u>
<u>Key management personnel</u>		
Provision for Directors and Supervisory Committee's fees	27,667	23,933
<u>Total key management personnel</u>	<u>27,667</u>	<u>23,933</u>

26 - FINANCIAL TRUSTS FOR EXPORT MARKET EXPANSION

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

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27 – FINANCIAL TRUSTS FOR DOMESTIC MARKET EXPANSION CREATED BY FORMER NATIONAL ENERGY SECRETARIAT

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

Under said program and as instructed by the former National Energy Secretariat, in 2004 and 2006 expansion works were conducted which accounted for a capacity increase of 5.2 MMm³/d along the Northern gas pipeline and 2.337 MMm³/d on La Mora – Beazley section and 3.404 MMm³/d on Beazley – La Dormida section along Central West gas pipeline.

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

28 – SUBSEQUENT EVENTS

As of the date of issuance of these interim condensed financial statements, the US dollar exchange rate published by Banco de la Nación Argentina amounts to 45.33 pesos per US dollar. See Note 3.1, where the impact on the Company's equity is described.

No events or circumstances have occurred subsequent to March 31, 2019 which impact or may significantly impact on the Company's financial or economic position as of that date other than those made available to the public and disclosed in these interim condensed financial statements.

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(Partner)

C.P.C.E.C.A.B.A. T° 1 F° 17
Dr. Ezequiel Luis Mirazón
Chartered Accountant (UBA)
C.P.C.E.C.A.B.A. T° 238 F° 126

Juan José Valdez Follino
Regular Statutory Auditor

Emilio Daneri Conte-Grand
President

Transportadora de Gas del Norte S.A.

OVERVIEW FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND 2018

As required by the National Securities Commission (“CNV”), an overview of Transportadora de Gas del Norte S.A. (“TGN” or the “Company”) revenues, financial position, certain economic-financial indicators and business prospects, that must be read in conjunction with the Company’s Interim Condensed Financial Statements for the three-month period ended March 31, 2019, accompanying additional information to the Notes required under Title IV, Chapter III, Section 12 of CNV’s regulations, relevant facts timely informed to the CNV, and the Company’s Financial Statements for the fiscal year ended December 31, 2018.

D) ANALYSIS OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

Comprehensive income for the period:

	<i>(in million pesos)</i>		
	Three-month period ended 03.31.		
	2019	2018	Variation
Revenues			
<i>Gas transportation service</i>	2,921.0	2,382.6	538.4
<i>Gas pipeline operation & maintenance and other services</i>	115.3	91.8	23.5
Total revenues	3,036.3	2,474.4	561.9
Cost of service			
<i>Operation and maintenance costs</i>	(638.8)	(593.8)	(45.0)
<i>Property, plant and equipment depreciation</i>	(1,252.9)	(821.9)	(431.0)
Subtotal	(1,891.7)	(1,415.7)	(476.0)
Gross profit	1,144.6	1,058.7	85.9
<i>Administrative and selling expenses</i>	(359.8)	(378.9)	19.1
Income before other net income and expenses	784.8	679.8	105.0
<i>Other net income and expenses</i>	4.3	6.5	(2.2)
Income before financial income	789.1	686.3	102.8
<i>Net financial income</i>	53.0	(247.3)	300.3
<i>Income from investments in affiliated companies</i>	3.3	1.1	2.2
Income before income tax	845.4	440.1	405.3
<i>Income tax</i>	(238.6)	(157.4)	(81.2)
Income for the period	606.8	282.7	324.1
<i>Currency conversion of affiliated companies financial statements</i>	0.1	0.8	(0.7)
<i>Property, plant and equipment revaluation allowance</i>	598.2	343.9	254.3
Other comprehensive income	598.3	344.7	253.6
Comprehensive income for the period	1,205.1	627.4	577.7
EBITDA ⁽¹⁾	2,076.5	1,521.9	554.6

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

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Transportadora de Gas del Norte S.A.

OVERVIEW FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND 2018

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

	<i>(in million pesos)</i>	
	<i>03.31.2019</i>	<i>12.31.2018</i>
<i>Total assets</i>	<i>52,650</i>	<i>51,719</i>
<i>Total liabilities</i>	<i>19,541</i>	<i>19,217</i>
<i>Shareholders' equity</i>	<i>33,109</i>	<i>32,502</i>

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

Revenues

Revenue variation adjusted for inflation amounts to \$ 561.9 million between the three-month periods ended March 31, 2019 and 2018 is due to:

- i.* \$ 298.4 million increase in billing, as a result of higher domestic transportation rates;
- ii.* \$ 240 million increase in income as a result of higher transportation volumes and other; and
- iii.* \$ 23.5 million increase in *Gas pipeline operation and maintenance and other services*.

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OVERVIEW FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND 2018

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

Cost of service

Account	(in million Pesos)		
	Three-month period ended 03.31.		
	2019	2018	Variation
Fees for professional services	13.1	6.0	7.1
Salaries, wages and other personnel benefits and social security contributions	187.7	200.4	(12.7)
Materials and spare parts	97.0	35.0	62.0
Maintenance and repair of property, plant and equipment and third-party services and supplies	271.7	278.7	(7.0)
Post, telecommunications, transportation, freight and travel expenses	32.0	28.7	3.3
Insurance	20.4	16.4	4.0
Rentals and office supplies	6.4	7.7	(1.3)
Easements	8.2	8.2	-
Taxes, rates and contributions	1.0	0.9	0.1
Property, plant and equipment depreciation	1,252.9	821.9	431.0
Slow-moving and obsolete materials and spare parts	(4.0)	10.7	(14.7)
Other	5.3	1.1	4.2
Total	1,891.7	1,415.7	476.0
% of Cost of service on revenues	62.3%	57.2%	

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

- i. \$ 53 million increase in *Salaries, wages and other personnel benefits and social security contributions* (which adjusted for inflation amounts to a \$ 12.7 million decrease). Said variation is explained by salary increases due to inflation adjustment (\$ 49.2 million), and other;
- ii. \$ 43.3 million increase in *Materials and spare parts* (which adjusted for inflation amounts to \$ 62 million). Said variation is mainly due to higher costs during this period associated with spare parts (\$ 8 million), consumables (\$ 5.5 million), cathodic protection (\$ 9 million), backfill and safety strip (\$ 2 million), compression integrity (\$ 3.4 million), compressor plants' safety integrity (\$ 7.4 million) and communication projects (\$ 6.1 million);
- iii. \$ 367.1 million increase in *Property, plant and equipment depreciation* (which adjusted for inflation amounts to \$ 431 million). Said variation is due to the higher "*Property, plant and equipment*" depreciation during the current period, as a result of the revaluation made as of December 31, 2018; and
- iv. \$ 4.3 million decrease in *Slow-moving and obsolete materials and spare parts* (which adjusted for inflation amounts to \$ 14.7 million). Said variation is mainly due to a lower allowance for obsolete materials during the period.

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OVERVIEW FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND 2018

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

Administrative and selling expenses

Accounts	(in million pesos)		
	Three-month period ended 03.31.		
	2019	2018	Variation
Salaries, wages and other personnel benefits and social security contributions	75.2	68.5	6.7
Property, plant and equipment depreciation	38.7	20.2	18.5
Fees for professional services	26.6	12.9	13.7
Taxes, rates and contributions	177.0	180.4	(3.4)
Post, telecommunications, transportation, freight and travel expenses	4.3	4.0	0.3
Maintenance and repair of property, plant and equipment and third-party services and supplies	8.4	3.9	4.5
Rentals and office supplies	4.8	3.9	0.9
Doubtful accounts	11.9	75.9	(64.0)
Lawsuits	2.8	1.0	1.8
Supervisory Committee's fees	1.4	1.6	(0.2)
Board of Directors' fees	5.1	2.5	2.6
Materials and spare parts	0.3	0.3	-
Insurance	1.4	1.3	0.1
Other	1.9	2.5	(0.6)
Total	359.8	378.9	(19.1)
% of Administrative and Selling expenses on revenues	11.8%	15.3%	

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

- i. \$ 28.7 million increase in *Salaries, wages and other personnel benefits and social security contributions* (which adjusted for inflation amounts to \$ 6.7 million). Said variation is explained by salary increases due to inflation adjustment (\$ 19.4 million), higher headcount (\$ 5.9 million), and other;
- ii. \$ 16.7 million increase in *Fees for professional services* (which adjusted for inflation amounts to \$ 13.7 million). Said variation is mainly due to higher project costs related to TGN's new corporate offices (\$ 12.3 million), and other;
- iii. \$ 36 million decrease in *Doubtful accounts* (which adjusted for inflation amounts to \$ 64 million), due to lower allowances set up during this period; and
- iv. \$ 25 million increase in *Property, plant and equipment depreciation* (which adjusted for inflation amounts to \$ 18.5 million), Said variation is due to the higher "*Property, plant and equipment depreciation*" during the current period, as a result of the revaluation made as of December 31, 2018.

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OVERVIEW FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND 2018

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

Net financial income

Accounts	(in million pesos)		
	Three-month period ended 03.31.		
	2019	2018	Variation
Other net financial income:			
Exchange rate gain	1,368.9	268.9	1,100.0
Exchange rate loss	(1,318.0)	(550.9)	(767.1)
Total other net financial income	50.9	(282.0)	332.9
Financial income:			
Interest	46.9	26.5	20.4
Income due to changes in fair values	19.1	35.5	(16.4)
Discounts obtained	3.6	1.3	2.3
Total financial income	69.6	63.3	6.3
Financial expenses:			
Interest	(179.4)	(94.1)	(85.3)
Expense due to discount at present value	(0.5)	(5.4)	4.9
Interest compounded on Property, plant and equipment	47.8	-	47.8
Banking, financial and other fees, expenses and taxes	(2.3)	1.0	(3.3)
Total financial expenses	(134.4)	(98.5)	(35.9)
Gain on monetary position	66.9	69.9	(3.0)
Total net financial (loss) income	53.0	(247.3)	300.3

Net financial income for the period ended March 31, 2019 showed a higher gain of \$ 1,373.7 million (which adjusted for inflation amounts to \$ 300.3 million), as compared to the period ended March 31, 2018. Accounts with the most relevant variations between both periods were:

- i. a higher loss of \$ 956.7 million (which adjusted for inflation amounts to \$ 767.1 million), on account of exchange rate differences on US dollar denominated liabilities;
- ii. a higher gain of \$ 1,183.3 million (which adjusted for inflation amounts to \$ 1,100 million), on account of exchange rate differences on US dollar denominated assets;
- iii. a higher loss of \$ 143.8 million (which adjusted for inflation amounts to \$ 64.9 million), associated with interest accrued during fiscal year;
- iv. a higher gain of \$ 3.5 million (which adjusted for inflation amounts to \$ 4.9 million), due to long-term payables being discounted at present value;
- v. a lower gain of \$ 5.9 million (which adjusted for inflation amounts to \$ 16.4 million), due to changes in fair values accrued during the period;

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- vi. a higher gain of \$ 47.7 million (which adjusted for inflation amounts to \$ 47.8 million), in compound interest in connection with works the duration of which exceeds one year. The effective monthly compound rate used was 1.55%; and
- vii. a lower gain of \$ 3 million, due to the greater number of monetary assets exposed to inflation held in 2019 period as compared to 2018; mainly, higher trade accounts receivable as a result of rate adjustments.

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OVERVIEW FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND 2018

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

Income tax

Income tax for the three-month period ended March 31, 2019 reported a higher charge of \$81.2 million as compared to the same period in previous year. Said variation is mainly the result of a higher current tax charge of \$371.5 million due to a higher gain reported in the three-month period ended March 31, 2019, offset by a lower deferred income tax charge of \$284.7 million.

Summary of statement of cash flows

	(in million pesos)	
	Three-month period ended 03.31.	
	2019	2018
<i>Cash generated by operating activities</i>	1,747.2	1,411.0
<i>Income tax</i>	238.6	157.4
<i>Interest accrued on liabilities</i>	179.3	94.1
<i>Net cash flow generated by operating activities</i>	2,165.1	1,662.5
<i>Acquisition of property, plant and equipment</i>	(587.0)	(452.6)
<i>Subscriptions, net of recovery of investments at amortized cost and investments at fair value (non-cash equivalents)</i>	(720.6)	(1,492.5)
<i>Principal and interest received from investments at amortized cost and investments at fair value</i>	5.0	7.9
<i>Net cash flow used in investing activities</i>	(1,302.6)	(1,937.2)
<i>Lease payment</i>	2.1	-
<i>Net cash flow generated by financing activities</i>	2.1	-
<i>Net increase (decrease) in cash and cash equivalents</i>	864.6	(274.7)
<i>Cash and cash equivalents at the beginning of fiscal year</i>	2,617.9	784.7
<i>Financial income generated by cash</i>	13.8	30.6
<i>Cash and cash equivalents at the end of period</i>	3,496.3	540.6

Breakdown of cash and cash equivalents

<i>Accounts</i>	(in million pesos)	
	Three-month period ended 03.31.	
	2019	2018
<i>Cash and banks</i>	1,629.2 ⁽¹⁾	226.2
<i>Term deposits in US\$</i>	1,495.3	251.7
<i>Mutual funds in \$</i>	285.2	62.7
<i>Mutual funds in US\$</i>	86.6	-
<i>Cash and cash equivalents at the end of period</i>	3,496.3	540.6

⁽¹⁾ As of March 31, 2019 it includes \$ 1,625.9 million denominated in foreign currency.

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OVERVIEW FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND 2018

II) COMPARATIVE BALANCE SHEETS AS OF MARCH 31, 2019 and 2018

(in million pesos)

Items	As of 03.31.	
	2019	2018
Non-current assets	43,364	25,098
Current assets	9,286	2,479
Total	52,650	27,577
Shareholders' equity	33,109	16,446
Non-current liabilities	12,085	10,094
Current liabilities	7,456	1,037
Subtotal liabilities	19,541	11,131
Total	52,650	27,577

III) COMPARATIVE COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 and 2018

(in million pesos)

Items	As of 03.31.	
	2019	2018
Income before other net income and expenses	784.8	679.8
Other net income and expenses	4.3	6.5
Income before financial income	789.1	686.3
Net financial income	53.0	(247.3)
Income from investments in affiliated companies	3.3	1.1
Income before income tax	845.4	440.1
Income tax	(238.6)	(157.4)
Income for the period	606.8	282.7
Other comprehensive income for the period	598.3	344.7
Comprehensive income for the period	1,205.1	627.4

IV) COMPARATIVE STATISTICAL DATA FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 and, 2018

Dispatched volumes in million m3:

By type of transportation

	As of 03.31.	
	2019	2018
Firm	3,345	3,534
Interruptible & exchange and displacement	2,278	1,849
Total	5,623	5,383

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OVERVIEW FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND 2018 (Cont.)

IV) COMPARATIVE STATISTICAL DATA FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 and 2018 (Cont.)

	<i>By source</i>	
	<i>As of 03.31.</i>	
	<i>2019</i>	<i>2018</i>
<i>Northern Pipeline</i>	2,092	2,394
<i>Central West Pipeline</i>	3,531	2,989
<i>Total</i>	5,623	5,383

	<i>By destination</i>	
	<i>As of 03.31.</i>	
	<i>2019</i>	<i>2018</i>
<i>Domestic market</i>	5,294	5,374
<i>Export market</i>	329	9
<i>Total</i>	5,623	5,383

V) COMPARATIVE RATIOS AS OF MARCH 31, 2019 and 2018

	<i>As of 03.31.</i>	
	<i>2019</i>	<i>2018</i>
<i>Liquidity (1)</i>	1.25	2.39
<i>Solvency (2)</i>	1.69	1.48
<i>Equity Immobility (3)</i>	0.82	0.91

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

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

This section about the Company's business, operating, financial and regulatory prospects should be read, analyzed and interpreted in conjunction with the notes to the interim condensed financial statements as of March 31, 2019, and the additional information required under Title IV, Chapter III, Section 12 of the National Securities Commission regulations as of March 31, 2019, in order to have a full picture of corporate matters.

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

Business prospects for this fiscal year:

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

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

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

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

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

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

City of Buenos Aires, May 8, 2019

See our report dated
May 8, 2019

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. T° 1 F° 17
Dr. Ezequiel Luis Mirazón
Chartered Accountant (UBA)
C.P.C.E.C.A.B.A. T° 238 F° 126

Emilio Daneri Conte-Grand
President

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019 (in thousand pesos, except as otherwise expressly stated).

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

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

Act No. 24,076 and its regulations, the Bidding Terms and Conditions for the privatization of Gas del Estado S.E. ("GdE"), the Transfer Agreement, the License and the resolutions adopted by the National Gas Regulatory Entity ("ENARGAS") establish the legal framework pursuant to which the Company carries out its business. The License, granted for an initial term of 35 years, which expires in December 2027, with an option for a ten year extension, may be revoked by the National Executive Branch upon ENARGAS' recommendation in case the Company fails to comply with the duties thereunder expressly established. If the License is revoked, the Company may be forced to cease operating the assets received from GdE and transfer them to the National Government or any designee thereof. Note 1 to the Company's interim condensed financial statements as of March 31, 2019 describes the Company's legal and regulatory matters.

2. Major changes in the Company's business activities or other similar circumstances that took place during the periods covered by the interim condensed financial statements which affect or could affect the ability to compare them with those submitted in previous or future periods:

See Notes 1.3.3; 2.3; 15 and 19 to the Company's interim condensed financial statements for the three-month period ended March 31, 2019.

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

	03.31.2019		
	Receivables ⁽¹⁾	Loans ⁽²⁾	Other Payables ⁽³⁾
Past due			
From 04.01.2008 to 03.31.2009	460,631	-	108
From 04.01.2009 to 03.31.2010	928,538	-	646
From 04.01.2010 to 03.31.2011	1,321,330	-	69
From 04.01.2011 to 03.31.2012	1,690,705	-	176
From 04.01.2012 to 03.31.2013	898,638	-	23,902
From 04.01.2013 to 03.31.2014	923,558	-	61,528
From 04.01.2014 to 03.31.2015	924,169	-	27,240
From 04.01.2015 to 03.31.2016	973,717	-	24,259
From 04.01.2016 to 03.31.2017	140,635	-	25,135
From 04.01.2017 to 03.31.2018	44,584	-	25,567
From 04.01.2018 to 06.30.2018	2,803	-	3,141
From 07.01.2018 to 09.30.2018	165,901	-	4,245
From 10.01.2018 to 12.31.2018	43,711	-	34,213
From 01.01.2019 to 03.31.2019	256,414	-	205,372

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

(2) Recorded at present value.

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

See our report dated
May 8, 2019

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. T° 1 F° 17

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019 (in thousand pesos, except as otherwise expressly stated).

	03.31.2019		
	Receivables ⁽¹⁾	Loans ⁽²⁾	Other payables ⁽³⁾
Without due date	224,660	-	334,436
To become due			
06.30.2019	1,270,111	2,644,264	774,596
09.30.2019	-	-	747,681
12.31.2019	-	2,384,250	7,575
12.31.2020	-	-	37,874
12.31.2021	-	4,769,764	30,299
12.31.2022	-	-	30,299
12.31.2023	-	-	30,299
12.31.2024	-	-	30,299
12.31.2025	-	-	30,299
12.31.2026	-	-	30,299
12.31.2027	-	-	22,718
Total as of 03.31.2019	10,270,105	9,798,278	2,542,275

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

	03.31.2019		
	Receivables ⁽¹⁾	Loans ⁽²⁾	Other payables ⁽³⁾
In local currency	1,970,936	56	1,979,972
In foreign currency	8,299,169	9,798,222	562,303
In kind	-	-	-
Total as of 03.31.2019	10,270,105	9,798,278	2,542,275
Balances subject to adjustment clause	-	-	-
Balances not subject to adjustment clause	10,270,105	9,798,278	2,542,275
Total as of 03.31.2019	10,270,105	9,798,278	2,542,275
Interest bearing balances	487	9,538,264	36,225
Non-interest bearing balances	10,269,618	260,014	2,506,050
Total as of 03.31.2019	10,270,105	9,798,278	2,542,275

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

(2) Recorded at present value.

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

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

See Note 6 to the Company's interim condensed financial statements as of March 31, 2019.

See our report dated
May 8, 2019

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. T° 1 F° 17

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019 (in thousand pesos, except as otherwise expressly stated).

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

	Comgas Andina S.A.		Companhia Operadora do Rio Grande do Sul	
	Receivables	Other payables	Receivables	Other payables
Without due date	-	-	145	-
To become due				
From 04.01.2019 to 06.30.2019	2,696	-	1,254	-
Total as of 03.31.2019	2,696	-	1,399	-
In local currency	-	-	-	-
In foreign currency	2,696	-	1,399	-
In kind	-	-	-	-
Total as of 03.31.2019	2,696	-	1,399	-
Balances subject to adjustment clause	-	-	-	-
Balances not subject to adjustment clause	2,696	-	1,399	-
Total as of 03.31.2019	2,696	-	1,399	-
Interest bearing balances	-	-	-	-
Non-interest bearing balances	2,696	-	1,399	-
Total as of 03.31.2019	2,696	-	1,399	-

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

None.

ii. Physical count of inventories:

7. Frequency and scope of physical count of inventories.

The physical count of all (100%) materials and spare parts is performed on an annual basis. Slow-moving and obsolete materials and spare parts amount to \$ 404.3 million and are totally covered by an allowance. (See Note 10 to the Company's interim condensed financial statements as of March 31, 2019.)

See our report dated
May 8, 2019

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. T° 1 F° 17

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019 (in thousand pesos, except as otherwise expressly stated).

iii. Current values:

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

The only assets the Company appraises using current values are disclosed under “Investments at fair value”. (See Note 8 to the Company’s interim condensed financial statements as of March 31, 2019.)

9. Technically appraised Fixed Assets:

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

10. Value of Obsolete Fixed Assets:

None.

iv. Equity Investments in Other Companies:

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

None.

v. Recoverable Values:

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

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

See our report dated
May 8, 2019

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

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Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019 (in thousand pesos, except as otherwise expressly stated).

vi. Insurance:

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

Property Insured	Risks covered	Insured amount in thousands	Book value in thousand \$
<ul style="list-style-type: none"> Personal and real property allocated to the provision of service 	Operational all risk and loss of profit.	US\$ 90,000	35,852,269
	Third party Liability	US\$ 220,000	
	Terrorism.	US\$ 35,000	
<ul style="list-style-type: none"> Machinery. 	Machinery breakdown.	US\$ 10,000	1,513,344
<ul style="list-style-type: none"> Vehicles: <ul style="list-style-type: none"> - Management fleet. - Operational fleet (cars and y pickups). - Trucks and trailers. 	Limited liability.	\$ 6,000	5,676
	Total loss for car accident.	\$ 9,720	
	Total or partial loss due to fire, robbery or theft.	\$ 9,720	
	Limited liability.	\$ 6,000	68,536
	Limited liability	\$ 18,000	
<ul style="list-style-type: none"> Personal property at Head Office and IT equipment. 	Fire. Theft.	US\$ 9,000 US\$ 10	86,166
<ul style="list-style-type: none"> Works in progress. 	All risk, construction and assembly	US\$ 5,000	2,975,357

See our report dated
May 8, 2019

PRICE WATERHOUSE & CO. S.R.L.

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Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019 (in thousand pesos, except as otherwise expressly stated).

vii. Positive and negative contingencies:

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

The allowances and provisions deducted from assets and included under liabilities amount to \$ 5,373,087. The interim condensed financial statements as of March 31, 2019 contain a breakdown of these allowances and provisions and their changes during the period.

15. Contingencies with an impact on equity likely to occur, which have not been reported in these Financial Statements:

None.

viii. Irrevocable advances toward future subscription of shares:

16. Status of capitalization process:

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

17. Unpaid cumulative dividends on preferred shares:

None.

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

At the Shareholders Meeting held on October 3, 2017, the Board was delegated the power to establish restrictions on payment of dividends.

See our report dated
May 8, 2019

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. T° 1 F° 17
Dr. Ezequiel Luis Mirazón
Chartered Accountant (UBA)
C.P.C.E.C.A.B.A. T° 238 F° 126

Juan José Valdez Follino
Regular Statutory Auditor

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

Introduction

We have reviewed the accompanying condensed interim financial statements of Transportadora de Gas del Norte S.A. (hereinafter, the Company), which comprise the interim condensed balance sheet at March 31, 2019, the interim condensed statement of comprehensive income, the interim condensed statement of changes in equity and the interim condensed statement of cash flow for the three months period then ended, and the selected explanatory notes.

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

Management's responsibilities

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

Scope of our review

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

Conclusion

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



Report on compliance with regulations in force

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

- a) the interim condensed financial statements of Transportadora de Gas del Norte S.A. are transcribed into the "Inventory and Balance Sheet" book and as regards those matters that are within our competence, they are in compliance with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission;
- b) the interim condensed financial statements of Transportadora de Gas del Norte S.A. arise from accounting records carried in all formal aspects in conformity with legal requirements;
- a) we have read the Overview and the Additional Information to the notes to the interim condensed financial statements required by section 12, Chapter III, Title IV of the regulations of National Securities Commission, on which we have no observations to make insofar as concerns matters within our field of competence;
- d) at March 31, 2019, the debt accrued by Transportadora de Gas del Norte S.A. in favor of the Argentine Integrated Social Security System according to the Company's accounting records and calculations amounted to \$20.0970.707, none of which was claimable at that date.

Autonomous City of Buenos Aires, May 8, 2019

PRICE WATERHOUSE & CO.S.R.L.

(Partner)

C.P.C.E.C.A.B.A. T° 1 F° 17
Dr. Ezequiel Luis Mirazón
Chartered Accountant (UM)
C.P.C.E.C.A.B.A. T° 238 F° 126

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REPORT FROM THE SUPERVISORY COMMITTEE

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

Documents reviewed

In accordance with the provisions of Section 63, Subsection b) of Buenos Aires Stock Exchange (Bolsa de Comercio de Buenos Aires) Regulations, we have reviewed the enclosed Interim Condensed Financial Statements of Transportadora de Gas del Norte S.A. (hereinafter “the Company” or “TGN”), which comprise the Interim Condensed Balance Sheet as of March 31, 2019, Interim Condensed Statement of Comprehensive Income for the three-month period ended March 31, 2019, and Statement of Changes in Shareholders’ Equity and Statement of Cash Flows for the three-month period ended as of that date, and selected notes,

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

Management Responsibility

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

Supervisory Committee’s Responsibility

We conducted our review of the above mention documents in accordance with Statutory Auditing Standards in force. Those standards require that the review is conducted in accordance with standards applicable to assignments for review of interim financial information and that the consistency of significant information contained in those statements is verified against the information on corporate decisions set forth in minutes, including the consistency of those decisions with the Law and the Company’s Bylaws concerning their formal and documentary aspects.

We have also examined the Review Report on the Interim Condensed Financial Statements by independent auditor Ezequiel Luis Mirazón (CPA), Partner of Price Waterhouse & Co. S.R.L., dated May 8, 2019, issued in compliance with standards applicable in Argentina

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

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

Conclusion

We believe that the scope of our work and the Independent Auditor’s Report provide a reasonable basis for our opinion, and in accordance with applicable regulations we inform that the Interim Condensed Financial Statements as of March 31, 2019, discussed and approved by the Company’s Board on the date hereof, include all material facts and circumstances that have come to our knowledge.

Report on compliance with applicable regulations

- a) The Interim Condensed Financial Statements are derived from books and records kept, in all formal respects, in accordance with applicable legislation, and comply with the provisions of the General Company Law and National Securities Commission resolutions.
- b) As regards the above mentioned Interim Condensed Financial Statements, and the Additional Information to the Notes to such Interim Condensed Financial Statements required under Title IV, Chapter III, Section 12 of the CNV regulations, we have no other remarks than those above stated.
- c) We have complied with the requirements of Section 294 of the Argentine General Company Law, during the reported period.

City of Buenos Aires, May 8, 2019.

By the Supervisory Committee

Dr. Juan José Valdez Follino
Regular Statutory Auditor