



*TRANSPORTADORA
DE GAS DEL NORTE S.A.*

Interim condensed financial statements as of September 30, 2016 presented in thousands of pesos and in a comparative format

INDEX

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

Notes to the interim condensed financial statements:

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

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

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

Review report on the interim condensed financial statements

Statutory Audit Committee's Report

Transportadora de Gas del Norte S.A.

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

INTERIM CONDENSED FINANCIAL STATEMENTS for the nine-month period ended on September 30, 2016, presented in a comparative format.

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

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

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

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

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

Controlling shareholder: Gasinvest S.A.

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

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

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

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

Capital status (Note 14 to the Company's financial statements as of December 31, 2015)

Type of shares	Subscribed and paid in	
	09.30.16	12.31.15
	Thousands of \$	
Ordinary, book-entry class A shares, of \$ 1 par value each and entitled to one vote per share	179,264	179,264
Ordinary, book-entry class B shares, of \$ 1 par value each and entitled to one vote per share	172,235	172,235
Ordinary, book-entry class C shares, of \$ 1 par value each and entitled to one vote per share	87,875	87,875
Total	439,374	439,374

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015

In accordance with the terms of the National Securities Commission (“CNV”) regulations, an analysis of the results of Transportadora de Gas del Norte S.A. (“TGN” or “the Company”) is detailed below, as well as its financial situation, its business prospects and other financial and economic indicators, which should be read in conjunction with the attached interim condensed financial statements, the additional information to the notes required by Section 68 of the Buenos Aires Stock Exchange Listing Rules, by Title IV, Chapter III, Sections 1st and 12 of the CNV regulations, the press releases opportunely notified to the CNV and the Company’s financial statements corresponding to the fiscal year ended December 31, 2015.

D) ANALYSIS OF COMPREHENSIVE RESULT AND FINANCIAL SITUATION

- *Comprehensive result for the period:*

<i>Accounts</i>	<i>(in millions of pesos)</i>		
	<i>Nine-month period ended September 30,</i>		
	<i>2016</i>	<i>2015</i>	<i>Variation</i>
Revenues			
<i>Gas carriage service</i>	1,083.8	504.8	579.0
<i>Allowances for disputed amounts and others</i>	-	(25.3)	25.3
Subtotal gas carriage service	1,083.8	479.5	604.3
<i>Other services:</i>			
<i>Gas pipeline operation and maintenance services and others</i>	117.8	57.2	60.6
<i>Management fees – Gas Trust Program</i>	1.3	12.2	(10.9)
Subtotal other services	119.1	69.4	49.7
Total revenues	1,202.9	548.9	654.0
Cost of services			
<i>Operation and maintenance costs</i>	(678.0)	(502.1)	(175.9)
<i>Property, plant and equipment depreciation</i>	(115.2)	(105.2)	(10.0)
Subtotal	(793.2)	(607.3)	(185.9)
Gross profit (loss)	409.7	(58.4)	468.1
<i>Administrative and selling expenses</i>	(352.3)	(178.6)	(173.7)
Income (loss) before other net income and expenses	57.4	(237.0)	294.4
<i>Other net income and expenses</i>	(75.4)	9.0	(84.4)
Loss before financial results	(18.0)	(228.0)	210.0
<i>Net financial results</i>	(412.6)	(7.5)	(405.1)
<i>Results from investments in affiliate companies</i>	(1.2)	0.6	(1.8)
Result before income tax	(431.8)	(234.9)	(196.9)
<i>Deferred income tax</i>	155.3	71.0	84.3
Loss for the period	(276.5)	(163.9)	(112.6)
<i>Other comprehensive results for the period</i>	1.1	-	1.1
Comprehensive loss for the period	(275.4)	(163.9)	(111.5)
EBITDA ⁽¹⁾	110.2	(120.3)	230.5

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

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015

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

	<i>(in millions of pesos)</i>	
	<i>09.30.2016</i>	<i>12.31.2015</i>
<i>Total assets</i>	4,587	3,875
<i>Total liabilities</i>	4,550	3,563
<i>Shareholders' equity</i>	37	312

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

- *Revenues*

Revenues' variation of \$ 654 million between the nine-month periods ended September 30, 2016 and 2015 is explained by the following causes:

- i.* lower allowances for disputed amounts for \$ 25.3 million during the nine-month period ended September 30, 2016, compared to the same period of the previous year, due to the rescission of the firm gas carriage contract for export with the customer Metrogas Chile S.A., in April 2015 (see Note 1.3.5 to the Company's financial statements as of December 31, 2015);
- ii.* higher income for \$ 8 million in interruptible carriage services, exchange and displacement services and others;
- iii.* higher billings for \$ 82 million, related to the rise in the domestic carriage rates since May 2015, set by the National Gas Regulatory Entity ("ENARGAS") throughout its Resolution I 3348/15;
- iv.* higher billings for \$ 537 million, related to the rise in the domestic carriage rates since April 2016, set by the ENARGAS throughout its Resolution I 3723/16 and its subsequent modifications;
- v.* higher income for \$ 60.6 million in "Gas pipeline operation and maintenance services and others";
- vi.* lower income for \$ 10.9 million during the nine-month period ended September 30, 2016 corresponding to "Management fees – Gas Trust Program", compared to the same period of the previous year; and
- vii.* decrease for \$ 48 million due to the rescission of the firm gas carriage contract for export with the customer Metrogas Chile S.A., previously mentioned in i).

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015

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

- *Cost of services*

(in millions of pesos)

<i>Accounts</i>	<i>Nine-month period ended September 30,</i>		
	<i>2016</i>	<i>2015</i>	<i>Variation</i>
<i>Fees for professional services</i>	11.0	8.5	2.5
<i>Salaries, wages and other personnel benefits and social security contributions</i>	256.9	197.8	59.1
<i>Technical assistance fees</i>	9.7	7.4	2.3
<i>Consumption of materials and spare parts</i>	40.6	26.8	13.8
<i>Maintenance and repair of property, plant and equipment and third-party services and supplies</i>	273.1	213.2	59.9
<i>Communications, freight, transportation and travel expenses</i>	34.2	25.2	9.0
<i>Insurance</i>	16.8	10.1	6.7
<i>Rentals and office supplies</i>	7.2	4.0	3.2
<i>Easements</i>	13.9	6.5	7.4
<i>Taxes, rates and contributions</i>	0.7	0.7	-
<i>Property, plant and equipment depreciation</i>	115.2	105.2	10.0
<i>Slow-moving and obsolete materials and spare parts</i>	10.8	-	10.8
<i>Others</i>	3.1	1.9	1.2
<i>Total</i>	793.2	607.3	185.9
<i>% of Costs of services on revenues</i>	65.9%	110.6%	

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

- i. \$ 59.1 million increase in *Salaries, wages and other personnel benefits and social security contributions* principally as a result of pay increases corresponding to inflation adjustment; and
- ii. \$ 59.9 million increase in *Maintenance and repair of property, plant and equipment and third-party services and supplies*, mainly due to the fact that during the nine-month period ended September 30, 2016 higher expenses were made in cleaning, weeding and painting of facilities (\$ 11.3 million), compression plants integrity and repairs (\$ 6 million), internal inspection of gas pipelines (\$ 54.4 million), critical maintenance of gas pipelines, compression plants and installations (\$ 26.5 million), security and energy consumption (\$ 6.8 million) and other works, partially offset by lower expenses in repairs (\$ 34.5 million) and in class tracking and integrity projects (\$ 10.6 million).

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015

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

- *Administrative and selling expenses*

(in millions of pesos)

<i>Accounts</i>	<i>Nine-month period ended September 30,</i>		
	<i>2016</i>	<i>2015</i>	<i>Variation</i>
<i>Salaries, wages and other personnel benefits and social security contributions</i>	117.9	89.2	28.7
<i>Property, plant and equipment depreciation</i>	1.6	1.5	0.1
<i>Fees for professional services</i>	13.0	11.6	1.4
<i>Taxes, rates and contributions</i>	100.0	64.7	35.3
<i>Communications, freight, transportation and travel expenses</i>	5.1	3.3	1.8
<i>Maintenance and repair of property, plant and equipment and third-party services and supplies</i>	6.0	4.0	2.0
<i>Rentals and office supplies</i>	3.5	2.7	0.8
<i>Doubtful accounts</i>	80.0	2.2	77.8
<i>Contingencies</i>	16.7	(6.7)	23.4
<i>Statutory auditors committee's fees</i>	2.0	1.3	0.7
<i>Board of directors' fees</i>	2.9	2.4	0.5
<i>Others</i>	3.6	2.4	1.2
Total	352.3	178.6	173.7
% of Administrative and selling expenses on revenues	29.3%	32.5%	

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* principally as a result of pay increases corresponding to inflation adjustment;
- ii. \$ 35.3 million increase in *Taxes, rates and contributions* due to higher charges for the ENARGAS' verification and control rate (\$ 3.4 million), tax on bank transactions (\$ 4 million) and turnover tax (\$ 38.7 million), partially offset by a higher charge in the nine-month period ended September 30, 2015 regarding court fees (\$ 10.8 million) related to the extension of the lawsuit against Metrogas Chile S.A. (see Note 18.1.6 to the Company's financial statements as of December 31, 2015);
- iii. \$ 77.8 million increase in *Doubtful accounts* due to higher allowances set up during the nine-month period ended September 30, 2016, related to past due customers' balances and as a consequence of the situation detailed in Note 1.1 to the Company's interim condensed financial statements as of September 30, 2016; and
- iv. \$ 23.4 million increase in *Contingencies*, as a result of the adjustment of the provisions for contingencies to the current status of lawsuits and complaints in which the Company is involved.

- *Other net income and expenses*

(in millions of pesos)

<i>Accounts</i>	<i>Nine-month period ended September 30,</i>		
	<i>2016</i>	<i>2015</i>	<i>Variation</i>
<i>Compensation for damages adjustment</i>	(109.9)	(20.8)	(89.1)
<i>Income from commercial indemnifications</i>	10.8	-	10.8
<i>Net result from disposal of property, plant and equipment</i>	0.4	2.9	(2.5)
<i>Net income from sundry sales, accidents recoveries and others</i>	23.3	26.9	(3.6)
Total	(75.4)	9.0	(84.4)

During the nine-month periods ended September 30, 2016 and 2015, the Company has recognized losses for \$ 109.9 million and \$ 20.8 million, respectively, in relation to the compromise and settlement agreement entered into with AES Argentina Generación S.A. in 2012 (and lately modified in 2014). These losses are the result of

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015

measuring the liability with AES Argentina Generación S.A. on the basis of the gas carriage rates in force, as mentioned in Note 1.1 to the Company's interim condensed financial statements.

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

- *Net financial results*

<i>Accounts</i>	<i>(in millions of pesos)</i>		
	<i>Nine-month period ended September 30,</i>		
	<i>2016</i>	<i>2015</i>	<i>Variation</i>
<i>Generated by exchange rate differences:</i>			
<i>Income on exchange rate variations</i>	271.2	129.6	141.6
<i>Loss on exchange rate variations</i>	(572.5)	(204.8)	(367.7)
<i>Total financial results generated by exchange rate differences</i>	(301.3)	(75.2)	(226.1)
<i>Financial income:</i>			
<i>Interest</i>	39.8	31.0	8.8
<i>Results from changes in fair values</i>	19.5	129.8	(110.3)
<i>Results on discounting at present value</i>	26.2	15.0	11.2
<i>Allowances recovered and others</i>	1.9	1.0	0.9
<i>Total financial income</i>	87.4	176.8	(89.4)
<i>Financial expenses:</i>			
<i>Interest</i>	(190.2)	(107.0)	(83.2)
<i>Results on discounting at present value</i>	(5.3)	-	(5.3)
<i>Results from changes in fair values</i>	(0.8)	-	(0.8)
<i>Commissions, taxes and expenses on banking and financial operations</i>	(2.4)	(2.1)	(0.3)
<i>Total financial expenses</i>	(198.7)	(109.1)	(89.6)
<i>Total net financial results</i>	(412.6)	(7.5)	(405.1)

Net financial results for the nine-month period ended September 30, 2016 presented higher losses for \$ 405.1 million compared to the nine-month period ended September 30, 2015. Accounts showing the most significant variations between both periods were:

- higher losses for \$ 367.7 million resulting from exchange rate differences generated by liabilities denominated in US dollars;
- lower results from changes in fair values for \$ 111.1 million during the nine-month period ended September 30, 2016;
- higher interests for \$ 83.2 million accrued in relation to loan balances during the nine-month period ended September 30, 2016, compared to the same period of the previous year; and
- higher profits for \$ 141.6 million resulting from exchange rate differences generated by assets denominated in US dollars.

- *Deferred income tax*

Deferred income tax results corresponding to the nine-month period ended September 30, 2016 presented higher income for \$ 84.3 million compared to the same period of last year. This variation is principally explained by a higher tax-loss carryforward registered in the nine-month period ended September 30, 2016. Note 7 to the Company's interim condensed financial statements as of September 30, 2016 presents a breakdown of the deferred income tax assets and liabilities and the variation they registered during the nine-month period ended September 30, 2016.

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015

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

- Summary of the statement of cash flows

(in millions of pesos)

	<i>Nine-month period ended September 30,</i>	
	<i>2016</i>	<i>2015</i>
<i>Cash generated by (used in) the operations</i>	278.6	(188.7)
<i>Deferred income tax</i>	(155.3)	(71.0)
<i>Accrued interest generated by liabilities</i>	190.2	107.0
<i>Net cash flow generated by (used in) the operations</i>	313.5	(152.7)
<i>Purchase of property, plant and equipment</i>	(265.2)	(102.5)
<i>Collection of cash dividends</i>	2.3	-
<i>Variation of short-term investments (non-cash equivalents)</i>	(3.4)	95.4
<i>Net cash flow used in investing activities</i>	(266.3)	(7.1)
<i>Cash flow hedge operations</i>	(1.5)	-
<i>Loans' payment</i>	(78.7)	(7.6)
<i>Net cash flow used in financing activities</i>	(80.2)	(7.6)
<i>Net decrease in cash and cash equivalents</i>	(33.0)	(167.4)
<i>Cash and cash equivalents at the beginning of the year</i>	209.6	250.5
<i>Financial results generated by cash</i>	36.9	22.8
<i>Cash and cash equivalents at the end of the period</i>	213.5	105.9

- Breakdown of cash and cash equivalents

(in millions of pesos)

<i>Accounts</i>	<i>Nine-month period ended September 30,</i>	
	<i>2016</i>	<i>2015</i>
<i>Cash and banks</i>	86.1	33.5
<i>LEBAC bonds in \$</i>	15.4	-
<i>Time deposits in US\$</i>	-	47.5
<i>Mutual funds in \$</i>	112.0	24.9
<i>Cash and cash equivalents at the end of the period</i>	213.5	105.9

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015

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

This section, related to the Company's business, operating, financial and regulatory prospects must be complemented with the notes to the interim condensed financial statements as of September 30, 2016, the additional information required by Section 68 of the Buenos Aires Stock Exchange Listing Rules, by Title IV, Chapter III, Sections 1st and 12 of the CNV regulations as of September 30, 2016 and the Company's financial statements as of December 31, 2015. This information should be jointly read, analyzed and interpreted to have a full vision of the significant corporate matters.

Business prospects for the rest of the current fiscal year:

Upon enactment of Public Emergency Law No. 25,561 ("LEP") in early 2002 and the ongoing renewal thereof since then until December 31, 2017, the gas carriage rates were converted into Argentine pesos and frozen. The regulation issued after the enactment of the LEP did not establish any alternative mechanism for the adjustment of rates, and this lack of an alternative mechanism led to the direct breakdown of the economic-financial equation of the License (as defined in Note 1 to the Company's financial statements as of December 31, 2015). As a consequence, the Company filed the judicial action referred in Note 18.1.7 to the financial statements as of December 31, 2015 and in Note 17.2 to the interim condensed financial statements as of September 30, 2016.

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

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

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

In April 2014, the ENARGAS implemented the Temporary Agreement for rate adjustment entered into in 2008, ratified by the National Executive Branch in 2010, which approved an increase of 8% in gas carriage rates as from April 1st, 2014; 14% accumulated as from June 1st, 2014, and 20% accumulated as from August 1st, 2014. The incremental collection had to be allocated to investments approved by the ENARGAS. The Company complied with this obligation. Subsequently, on June 5, 2015, the ENARGAS enforced, through Resolution I 3348, new gas carriage rate schedules that implied a 69.1% increase as from May 1st of that year.

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

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

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015

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

hearings will be carried out within CRR procedures. Licensees will not be allowed to distribute dividends without ENARGAS' prior authorization until the completion of such mandatory investment plan.

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

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

As from May 2016 various courts from different jurisdictions began to issue injunctions, suspending or limiting the temporary increases in the distribution rates, which include the price of gas and the carriage rates, generally based on the failure to conduct public hearings before their enforcement.

In particular, a ruling by La Plata Federal Court of Appeals, Room II, declared the invalidity of the MINEM Resolutions due to their failure to comply with the requirement of prior public hearings. This judgment caused a breakdown in the payments chain and forced TGN to suspend the mandatory investment plan as well as to delay payments to its suppliers.

The Room II judgment was ratified by the National Supreme Court of Justice in August 2016, benefiting all residential users across the country. As a result, between September 16 and 18, 2016, the MINEM and the ENARGAS conducted a public hearing in which the three gas rate components were analyzed, i.e. the price of gas at inception, carriage and distribution margins.

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

Although Resolution I/4053 provides certainty regarding future incomes, there is still uncertainty related to the collectability of the carriage services provided by TGN from April to September, 2016 to the distribution companies in relation to their non-residential customers, as certain distribution companies have argued against the pro rata criteria applied by TGN based on ENARGAS instructions as stated in Resolution I/3961. In addition, an injunction issued by a Federal Court of the Province of Córdoba requested by an association that invokes the representation of Small and Medium Companies, suspending the increases set by the Resolutions that were in force from April 1st, 2016 to October 6, 2016, due to the failure to conduct public hearings before their enforcement, was subsequently revoked by the Federal Court of Appeals of the Province of Córdoba, invoking lack of locus standi of that association.

As long as TGN settles its collections and/or receives financial aid, the Company will be able to face its operating, maintenance, administrative and selling expenses during the current fiscal year, as well as to fulfill its payment obligations and comply with the mandatory investment plan under a tight schedule. Otherwise, TGN would face serious difficulties to operate normally and it would again face economic-financial imbalances,

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015

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

accumulating new gross and operating losses, which may lead the Company to a mandatory reduction in its common stock, in accordance with Section 206 of the Argentine Business Organizations Act.

Both Law No. 24,076 and the LEP establish that the rate must be sufficient to cover operating costs and to obtain reasonable profitability. Additionally, the License mentions that the National State must pay compensation to TGN in the event of a rate freezing or price control, as it has in fact occurred since July, 1999.

It should also be noted that accumulated losses amount to \$ 404 million as of September 30, 2016. Consequently, TGN continues to be within the scope of Section 206 of the Argentine Business Organizations Act (see Note 1.3.3 to the Company's financial statements as of December 31, 2015). As for this matter, TGN's Ordinary and Extraordinary Shareholders' Meeting held on April 14, 2016 decided to monitor the Company's financial situation during the current fiscal year and postpone the application of Section 206 of the Argentine Business Organizations Act until the Shareholders' Meeting that will consider the Company's financial statements corresponding to the current fiscal year, ending on December 31, 2016, is held.

III) COMPARATIVE BALANCE SHEET STRUCTURE AT SEPTEMBER 30, 2016, 2015, 2014, 2013 and 2012

(in millions of pesos)

Accounts	At 09.30				
	2016	2015	2014	2013	2012
Non-current assets	3,697	2,678	2,540	2,251	2,222
Current assets	890	619	784	669	570
Total	4,587	3,297	3,324	2,920	2,792
Shareholders' equity	37	666	932	1,073	1,074
Non-current liabilities	3,513	2,158	1,950	1,498	1,205
Current liabilities	1,037	473	442	349	513
Subtotal liabilities	4,550	2,631	2,392	1,847	1,718
Total	4,587	3,297	3,324	2,920	2,792

IV) COMPARATIVE STRUCTURE OF COMPREHENSIVE RESULTS FOR THE PERIODS ENDED SEPTEMBER 30, 2016, 2015, 2014, 2013 and 2012

(in millions of pesos)

Accounts	At 09.30				
	2016	2015	2014	2013	2012
Income (loss) before other net income and expenses	57.4	(237.0)	(138.0)	(85.4)	(77.8)
Other net income and expenses	(75.4)	9.0	33.4	46.7	(5.0)
Loss before financial results	(18.0)	(228.0)	(104.6)	(38.7)	(82.8)
Net financial results	(412.6)	(7.5)	(126.0)	(208.5)	(146.0)
Results from loans restructuring	-	-	-	280.7	576.2
Results from investments in affiliate companies	(1.2)	0.6	3.3	1.5	1.3
Result before income tax	(431.8)	(234.9)	(227.3)	35.0	348.7
Income tax	155.3	71.0	73.6	(19.8)	(121.2)
(Loss) income for the period	(276.5)	(163.9)	(153.7)	15.2	227.5
Other comprehensive results for the period	1.1	-	-	-	-
Comprehensive (loss) income for the period	(275.4)	(163.9)	(153.7)	15.2	227.5

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015

V) COMPARATIVE STATISTICAL DATA CORRESPONDING TO THE PERIODS ENDED SEPTEMBER 30, 2016, 2015, 2014, 2013 and 2012

Volume dispatched in millions of cubic meters:

	According to the type of carriage agreement				
	At 09.30				
	2016	2015	2014	2013	2012
Firm carriage	11,949	12,222	11,913	11,219	10,934
Interruptible carriage and Exchange and displacement	6,100	5,934	5,688	5,049	5,034
Total	18,049	18,156	17,601	16,268	15,968

	According to the type of source				
	At 09.30				
	2016	2015	2014	2013	2012
Norte Gas pipeline	7,743	7,999	7,961	6,445	6,415
Centro-Oeste Gas pipeline	10,306	10,157	9,640	9,823	9,553
Total	18,049	18,156	17,601	16,268	15,968

	According to its destination				
	At 09.30				
	2016	2015	2014	2013	2012
Domestic market	18,042	17,928	17,527	16,253	15,957
Foreign market	7	228	74	15	11
Total	18,049	18,156	17,601	16,268	15,968

VI) COMPARATIVE INDICATORS AT SEPTEMBER 30, 2016, 2015, 2014, 2013 and 2012

	At 09.30				
	2016	2015	2014	2013	2012
Current liquidity (1)	0.86	1.31	1.77	1.92	1.11
Solvency (2)	0.01	0.25	0.39	0.58	0.63
Freezing capital (3)	0.81	0.81	0.76	0.77	0.80

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

Autonomous City of Buenos Aires, November 8, 2016

Emilio Daneri Conte-Grand
President

Transportadora de Gas del Norte S.A.

INTERIM CONDENSED BALANCE SHEET AT SEPTEMBER 30, 2016 COMPARATIVE WITH THAT AT DECEMBER 31, 2015 (in thousands of pesos)

	Note	<u>09.30.2016</u>	<u>12.31.2015</u>
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,990,824	1,844,199
Investments in affiliate companies	6	5,052	18,488
Materials and spare parts	9	95,245	73,335
Other accounts receivable	10	128,333	110,250
Deferred income tax asset	7	316,070	160,795
Trade accounts receivable	11	1,117,160	873,647
Investments at amortised cost	8	44,107	49,619
Total non-current assets		<u>3,696,791</u>	<u>3,130,333</u>
Current assets			
Materials and spare parts		21,542	17,483
Other accounts receivable	10	112,076	149,204
Trade accounts receivable	11	406,926	241,510
Investments at amortised cost	8	8,504	8,867
Investments at fair value	8	127,679	118,431
Cash and cash equivalents	12	213,527	209,602
Total current assets		<u>890,254</u>	<u>745,097</u>
Total assets		<u>4,587,045</u>	<u>3,875,430</u>

Transportadora de Gas del Norte S.A.

INTERIM CONDENSED BALANCE SHEET AT SEPTEMBER 30, 2016 COMPARATIVE WITH THAT AT DECEMBER 31, 2015 (in thousands of pesos)

	Note	<u>09.30.2016</u>	<u>12.31.2015</u>
SHAREHOLDERS' EQUITY			
Common stock	13	439,374	439,374
Inflation adjustment of common stock		-	390,185
Other reserves		1,160	25
Retained earnings		(403,995)	(517,663)
Total shareholders' equity		<u>36,539</u>	<u>311,921</u>
LIABILITIES			
Non-current liabilities			
Contingencies	17	24,110	74,023
Loans	14	3,303,466	2,733,958
Other debts	15	56,700	45,725
Trade accounts payable	16	128,996	35,569
Total non-current liabilities		<u>3,513,272</u>	<u>2,889,275</u>
Current liabilities			
Contingencies	17	86,402	26,916
Loans	14	149,564	127,388
Salaries and social security contributions		93,723	67,943
Taxes payable		33,367	9,710
Other debts	15	38,699	30,434
Trade accounts payable	16	635,479	411,843
Total current liabilities		<u>1,037,234</u>	<u>674,234</u>
Total liabilities		<u>4,550,506</u>	<u>3,563,509</u>
Total liabilities and shareholders' equity		<u>4,587,045</u>	<u>3,875,430</u>

The accompanying notes 1 to 25 are an integral part of these interim condensed financial statements.

Transportadora de Gas del Norte S.A.

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME AT SEPTEMBER 30, 2016 AND 2015 (in thousands of pesos)

	Nota	Nine-month period ended		Three-month period ended	
		09.30.2016	09.30.2015	09.30.2016	09.30.2015
Revenues	18	1,202,848	548,958	336,744	188,561
Cost of services	19	(793,208)	(607,305)	(329,617)	(245,122)
Gross profit (loss)		409,640	(58,347)	7,127	(56,561)
Selling expenses	19	(134,875)	(17,306)	(65,448)	(8,275)
Administrative expenses	19	(217,395)	(161,309)	(78,278)	(62,345)
Income (loss) before other net income and expenses		57,370	(236,962)	(136,599)	(127,181)
Other net income and expenses	20	(75,363)	8,960	20,676	14,320
Loss before financial results		(17,993)	(228,002)	(115,923)	(112,861)
Financial results					
Generated by exchange rate differences	21	(301,319)	(75,231)	(41,977)	(34,023)
Financial income	21	87,401	176,807	47,202	72,508
Financial expenses	21	(198,724)	(109,066)	(72,983)	(32,853)
Net financial results		(412,642)	(7,490)	(67,758)	5,632
Results from investments in affiliate companies	6	(1,157)	630	(1,863)	(565)
Result before income tax		(431,792)	(234,862)	(185,544)	(107,794)
Income tax					
Current		-	(3,046)	-	(3,046)
Deferred		155,275	74,073	68,387	38,110
Subtotal income tax	7	155,275	71,027	68,387	35,064
Loss for the period		(276,517)	(163,835)	(117,157)	(72,730)
Items that will be reclassified into profit or loss					
Changes in the fair value of derivatives held as hedge	3.1.1	(1,502)	-	(4,777)	-
Affiliate companies' financial statements currency translation adjustment	6	2,637	-	(555)	-
Other comprehensive results for the period ⁽¹⁾		1,135	-	(5,332)	-
Comprehensive loss for the period		(275,382)	(163,835)	(122,489)	(72,730)
Net result per share	22	(0.6293)	(0.3729)	(0.2663)	(0.1655)

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

The accompanying notes 1 to 25 are an integral part of these interim condensed financial statements.

Transportadora de Gas del Norte S.A.

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS ENDED SEPTEMBER 30, 2016 AND 2015 (in thousands of pesos)

Item	Common stock	Inflation adjustment of common stock	Legal reserve	Optional reserve	Other reserves	Retained earnings	Total shareholders' equity
Balances at December 31, 2014	439,374	506,053	73,201	67,556	-	(256,625)	829,559
Resolution of Ordinary Shareholders' Meeting held on April 21, 2015:							
Absorption of the loss for the fiscal year 2014 against:							
Optional reserve	-	-	-	(67,556)	-	67,556	-
Legal reserve	-	-	(73,201)	-	-	73,201	-
Inflation adjustment of common stock	-	(115,868)	-	-	-	115,868	-
Loss for the nine-month period ended September 30, 2015	-	-	-	-	-	(163,835)	(163,835)
Balances at September 30, 2015	439,374	390,185	-	-	-	(163,835)	665,724
Loss for the supplementary nine-month period until December 31, 2015	-	-	-	-	-	(353,828)	(353,828)
Other comprehensive results	-	-	-	-	25	-	25
Balances at December 31, 2015	439,374	390,185	-	-	25	(517,663)	311,921
Resolution of Ordinary Shareholders' Meeting held on April 16, 2016:							
Absorption of the loss for the fiscal year 2015 against the Inflation adjustment of common stock.	-	(390,185)	-	-	-	390,185	-
Loss for the nine-month period ended September 30, 2016	-	-	-	-	-	(276,517)	(276,517)
Changes in the fair value of derivatives held as hedge	-	-	-	-	(1,502)	-	(1,502)
Affiliate companies' financial statements currency translation adjustment	-	-	-	-	2,637	-	2,637
Subtotal comprehensive loss for the period	-	-	-	-	1,135	(276,517)	(275,382)
Balances at September 30, 2016	439,374	-	-	-	1,160	(403,995)	36,539

The accompanying notes 1 to 25 are an integral part of these interim condensed financial statements.

Transportadora de Gas del Norte S.A.

INTERIM CONDENSED STATEMENT OF CASH FLOWS AT SEPTEMBER 30, 2016 AND 2015 (in thousands of pesos)

	Note	<u>09.30.2016</u>	<u>09.30.2015</u>
Loss for the period		(276,517)	(163,835)
Adjustments to reach cash used in the operations:			
Property, plant and equipment depreciation		116,810	106,646
Net book value of disposed property, plant and equipment		1,756	382
Increase in allowances and provisions for contingencies (net of recoveries)		327,759	97,009
Exchange rate differences and other net financial results		442,741	154,116
Results from investments in affiliate companies		1,157	(630)
Deferred income tax	7	(155,275)	(71,027)
Accrued interest generated by liabilities	21	190,256	107,025
Net changes in operating assets and liabilities:			
Increase in trade accounts receivable		(698,301)	(279,826)
Decrease (increase) in other accounts receivable		25,987	(72,792)
Increase in materials and spare parts and other assets		(36,228)	(35,723)
Increase in trade accounts payable		317,063	24,697
Increase in salaries and social security contributions		25,780	3,905
Increase (decrease) in taxes payable		23,657	(17,012)
Increase (decrease) in other debts		19,240	(4,328)
Decrease in contingencies		(12,354)	(1,292)
Net cash flow generated by (used in) the operations		<u>313,531</u>	<u>(152,685)</u>
Purchase of property, plant and equipment	5	(265,191)	(102,525)
Collection of cash dividends	23	2,331	-
Changes in short-term investments (non-cash equivalents)		(3,373)	95,438
Net cash flow used in investing activities		<u>(266,233)</u>	<u>(7,087)</u>
Cash flow hedge operations	3.1.1	(1,502)	-
Loans' payment		(78,733)	(7,649)
Net cash flow used in financing activities		<u>(80,235)</u>	<u>(7,649)</u>
Net decrease in cash and cash equivalents		<u>(32,937)</u>	<u>(167,421)</u>
Cash and cash equivalents at the beginning of the year		209,602	250,489
Financial results generated by cash		36,862	22,830
Cash and cash equivalents at the end of the period	12	<u>213,527</u>	<u>105,898</u>

The accompanying notes 1 to 25 are an integral part of these interim condensed financial statements.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

1 - GENERAL INFORMATION

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

Information regarding Argentina’s economic context, the energy matter crisis, the contractual framework in which the Company operates and the impact of the previously mentioned on the Company’s economic-financial situation is disclosed in Note 1 to the Company’s financial statements as of December 31, 2015. Except for what is mentioned below in Note 1.1, during the nine-month period ended on September 30, 2016 and up to the date of issuance of these interim condensed financial statements, no significant facts have arisen in relation to what is mentioned in Note 1 to the Company’s financial statements as of December 31, 2015.

1.1 - License

Upon enactment of Public Emergency Law No. 25,561 (“LEP”) in early 2002 and the ongoing renewal thereof since then until December 31, 2017, the gas carriage rates were converted into Argentine pesos and frozen. The regulation issued after the enactment of the LEP did not establish any alternative mechanism for the adjustment of rates, and this lack of an alternative mechanism led to the direct breakdown of the economic-financial equation of the License (as defined in Note 1 to the Company’s financial statements as of December 31, 2015). As a consequence, the Company filed the judicial action referred in Note 18.1.7 to the financial statements as of December 31, 2015 and in Note 17.2 to the interim condensed financial statements as of September 30, 2016.

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

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

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

In April 2014, the ENARGAS implemented the Temporary Agreement for rate adjustment entered into in 2008, ratified by the National Executive Branch in 2010, which approved an increase of 8% in gas carriage rates as from April 1st, 2014; 14% accumulated as from June 1st, 2014, and 20% accumulated as from August 1st, 2014. The incremental collection had to be allocated to investments approved by the ENARGAS. The Company complied with this obligation. Subsequently, on June 5, 2015, the ENARGAS enforced, through Resolution I 3348, new gas carriage rate schedules that implied a 69.1% increase as from May 1st of that year.

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

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

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

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

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

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

As from May 2016 various courts from different jurisdictions began to issue injunctions, suspending or limiting the temporary increases in the distribution rates, which include the price of gas and the carriage rates, generally based on the failure to conduct public hearings before their enforcement.

In particular, a ruling by La Plata Federal Court of Appeals, Room II, declared the invalidity of the MINEM Resolutions due to their failure to comply with the requirement of prior public hearings. This judgment caused a breakdown in the payments chain and forced TGN to suspend the mandatory investment plan as well as to delay payments to its suppliers.

The Room II judgment was ratified by the National Supreme Court of Justice in August 2016, benefiting all residential users across the country. As a result, between September 16 and 18, 2016, the MINEM and the ENARGAS conducted a public hearing in which the three gas rate components were analyzed, i.e. the price of gas at inception, carriage and distribution margins.

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

Although Resolution I/4053 provides certainty regarding future incomes, there is still uncertainty related to the collectability of the carriage services provided by TGN from April to September, 2016 to the distribution companies in relation to their non-residential customers, as certain distribution companies have argued against the pro rata criteria applied by TGN based on ENARGAS instructions as stated in Resolution I/3961. In addition, an injunction issued by a Federal Court of the Province of Córdoba requested by an association that invokes the representation of Small and Medium Companies, suspending the increases set by the Resolutions that were in force from April 1st, 2016 to October 6, 2016, due to the failure to conduct public hearings before their enforcement, was subsequently revoked by the Federal Court of Appeals of the Province of Córdoba, invoking lack of *locus standi* of that association.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

As long as TGN settles its collections and/or receives financial aid, the Company will be able to face its operating, maintenance, administrative and selling expenses during the current fiscal year, as well as to fulfill its payment obligations and comply with the mandatory investment plan under a tight schedule. Otherwise, TGN would face serious difficulties to operate normally and it would again face economic-financial imbalances, accumulating new gross and operating losses, which may lead the Company to a mandatory reduction in its common stock, in accordance with Section 206 of the Argentine Business Organizations Act.

Both Law No. 24,076 and the LEP establish that the rate must be sufficient to cover operating costs and to obtain reasonable profitability. Additionally, the License mentions that the National State must pay compensation to TGN in the event of a rate freezing or price control, as it has in fact occurred since July, 1999.

It should also be noted that accumulated losses amount to \$ 404 million as of September 30, 2016. Consequently, TGN continues to be within the scope of Section 206 of the Argentine Business Organizations Act (see Note 1.3.3 to the Company's financial statements as of December 31, 2015). As for this matter, TGN's Ordinary and Extraordinary Shareholders' Meeting held on April 14, 2016 decided to monitor the Company's financial situation during the current fiscal year and postpone the application of Section 206 of the Argentine Business Organizations Act until the Shareholders' Meeting that will consider the Company's financial statements corresponding to the current fiscal year, ending on December 31, 2016, is held.

2 - PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

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

These interim condensed financial statements for the nine-month period ended September 30, 2016 have been prepared in accordance with the International Accounting Standard 34 ("Interim financial reporting"). These interim condensed financial statements should be read in conjunction with the Company's financial statements as of December 31, 2015, issued in accordance with IFRS. Additionally, these interim condensed financial statements have been prepared following the same accounting policies used in the preparation of the Company's financial statements as of December 31, 2015.

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

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

2.1 - Accounting estimates and policies

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

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

Such estimates are affected by uncertainties related to changes in the economic environment, and the legal and regulatory framework in which the Company is currently operating, as well as by the consequences of the gas supply shortage mentioned in Note 1 to the Company's financial statements as of December 31, 2015, by the current status of the License renegotiation and the judicial procedures related to rates matters mentioned in Note 1.1 to these interim condensed financial statements. In this context, there is a significant uncertainty that may cast a substantial doubt as to the generation of future cash flows sufficient to recover non-current assets, the repayment of financial debts, the future development of the Company's business and the normal continuity of its operations as a going concern.

Accounting estimates and policies applied by the Company during the nine-month period ended September 30, 2016 are consistent with those applied during the fiscal year ended December 31, 2015.

2.2 – Financial reporting in hyperinflationary economies

The International Accounting Standard N° 29 ("IAS 29") requires that financial statements of an entity whose functional currency is that of an hyperinflationary economy, whether they are based on historic or current cost, have to be stated in terms of the current measurement unit at the ending date of the reported period. Consequently, in general terms, non-monetary items have to include the inflation produced since their acquisition or their revaluation date, as appropriate. When assessing whether an economy is hyperinflationary, the standard provides with a series of indicators to be considered, among which it is included a three-year accumulated inflation rate approaching or exceeding 100%.

As of September 30, 2016, it is not possible to determine the accumulated inflation rate corresponding to the three-year period ended on that date using the official National Statistics and Census Institute ("INDEC") database, due to the fact that during October 2015 that office discontinued the calculation of its "Internal Wholesale Price Index", which was again calculated as from January 2016.

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

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

3 - FINANCIAL RISK MANAGEMENT

As for financial risk analysis, as of September 30, 2016, except for what is mentioned in Note 3.1 below, there are no significant variations in relation to what has been mentioned in Note 3 to the Company's financial statements as of December 31, 2015.

3.1 - Currency risks

The potential impact on the statement of comprehensive income and the statement of changes in shareholders' equity resulting from each percentage point of devaluation of the peso against the US dollar would account for an approximate loss of \$ 22.7 million, provided that the other economic and financial variables affecting the Company remain stable. This sensitivity analysis is based on reasonable information and assumptions. Yet, actual results might differ significantly from such analysis.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

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

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

For the mentioned hedge future contracts, TGN documented at the inception of these transactions the relationship between hedging instruments and hedged items, as well as its objective, which is no other than hedging the exchange rate risk that would generate a variation in that rate, in order to honor its financial obligations related to the Step-up Notes. At September 30, 2016, the effective portion of designated cash flow hedges amounts to \$ (1.5) million and is included in Other Reserves in equity. Information related to derivative instruments designated as hedges, is presented below:

Type of transaction	Amount (in US\$ millions)	Maturity	Risk hedged
US Dollar future purchase - ROFEX	4.0	December 2016	Financial interests cash payments for US\$ 4.0 million in December 2016

Additionally, a guarantee for \$ 14.2 million has been granted in relation to these contracts, which is disclosed as “other accounts receivables”. Refer to Note 10.

4 - BUSINESS SEGMENT INFORMATION

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

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

	<u>09.30.2016</u>	<u>09.30.2015</u>
Revenues	1,202.9	548.9
Operating costs	(1,028.7)	(679.3)
Management EBITDA	<u>174.2</u>	<u>(130.4)</u>
Purchases of property, plant and equipment	<u>265.2</u>	<u>102.5</u>

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

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

	<u>09.30.2016</u>	<u>09.30.2015</u>
Management EBITDA in millions of pesos	174.2	(130.4)
Property, plant and equipment depreciation	(116.8)	(106.6)
Other net income and expenses	(75.4)	9.0
Net financial results	(412.6)	(7.5)
Results from investments in affiliate companies	(1.2)	0.6
Result before income tax	<u>(431.8)</u>	<u>(234.9)</u>

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

5 – PROPERTY, PLANT AND EQUIPMENT

	09.30.2016										Net book value		
	Original values					Depreciation							
	At the beginning of the year	Increases	Disposals	Transfers	At the end of the period / year	At the beginning of the year	For the period / year	Disposals	Transfers	At the end of the period / year	09.30.2016	12.31.2015	09.30.2015
Land	3,401	-	-	-	3,401	-	-	-	-	-	3,401	3,401	3,401
Buildings and constructions	79,228	-	-	339	79,567	31,076	1,196	-	-	32,272	47,295	48,152	48,550
Installations	2,373	-	-	9,554	11,927	1,287	198	-	-	1,485	10,442	1,086	1,093
Gas pipelines	2,109,831	-	-	67,911	2,177,742	1,043,959	45,743	-	-	1,089,702	1,088,040	1,065,872	1,080,062
Investments in pipeline maintenances	229,190	-	-	39,083	268,273	79,632	18,545	-	-	98,177	170,096	149,558	134,078
High-pressure branch lines	980	-	-	4,007	4,987	465	68	-	-	533	4,454	515	522
Compressor plants	1,010,836	-	(1,072)	39,257	1,049,021	731,511	37,493	(212)	-	768,792	280,229	279,325	262,881
High-pressure control and/or measurement stations	73,495	-	(4)	12,441	85,932	58,759	1,885	(4)	-	60,640	25,292	14,736	15,451
Other technical installations	51,912	-	-	860	52,772	41,497	1,528	-	-	43,025	9,747	10,415	10,981
Machinery, equipment and tools	29,936	4,450	(117)	-	34,269	26,891	1,029	(117)	-	27,803	6,466	3,045	3,287
IT and telecommunication systems	91,090	15,381	-	-	106,471	62,907	5,178	-	-	68,085	38,386	28,183	27,723
Vehicles	32,945	1,365	(50)	-	34,260	20,671	2,919	(50)	-	23,540	10,720	12,274	11,211
Furniture and office supplies	12,391	1,045	(5)	-	13,431	10,327	274	(4)	-	10,597	2,834	2,064	2,069
Assets held at third-parties facilities	14,015	-	(15)	1,419	15,419	10,938	754	-	-	11,692	3,727	3,077	3,305
Work in process	168,442	242,950	(880)	(174,871)	235,641	-	-	-	-	-	235,641	168,442	167,330
Gas stock	54,054	-	-	-	54,054	-	-	-	-	-	54,054	54,054	54,054
Total as of September 30, 2016	3,964,119	265,191	(2,143)	-	4,227,167	2,119,920	116,810	(387)	-	2,236,343	1,990,824	-	-
Total as of December 31, 2015	3,808,949	159,343	(4,173)	-	3,964,119	1,978,448	143,934	(2,462)	-	2,119,920	-	1,844,199	-
Total as of September 30, 2015	3,808,949	102,525	(899)	-	3,910,575	1,978,448	106,646	(517)	-	2,084,577	-	-	1,825,998

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

5.1 – Commitments

As of September 30, 2016, the Company possesses contractual commitments with suppliers for the acquisition of Property, plant and equipment items for 355,800.

6 - INVESTMENTS IN AFFILIATE COMPANIES

	<u>09.30.2016</u>	<u>12.31.2015</u>
Balances at the beginning of the fiscal year	18,488	10,807
Dividends distribution	(14,916)	-
Results from investments in affiliate companies ⁽¹⁾	1,480	7,681
Balances at the end of the period / fiscal year	<u>5,052</u>	<u>18,488</u>

⁽¹⁾ Includes 2,637 that have been charged to “Other comprehensive income” in the interim condensed statement of comprehensive income, as of September 30, 2016.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

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

Issuer	Characteristics of the instruments		Amount	Cost value	Book value as of		Information on the issuer						
	Shares	Face value			09.30.16	12.31.15	Main activity	Date	Latest financial statements				
									Capital stock and capital adjustment	Other reserves	Retained earnings	Shareholders' equity	Percentage of direct holding
Comgas Andina S.A.	Common	⁽¹⁾ 1 per share	490	246	5,052	18,488	Operation and maintenance services of gas pipelines	09.30.16	18	-	10,292	10,310	49.0
Companhía Operadora do Rio Grande do Sul Impairment of investment	Common	⁽²⁾ 1 per share	49	0.1	641 (641)	602 (602)	Operation and maintenance services of gas pipelines	12.31.15	1	772	456	1,229	49.0
Total					5,052	18,488							

(1) Chilean pesos

(2) Brazilian reais

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

7 - INCOME TAX

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

	<u>09.30.2016</u>	<u>12.31.2015</u>
Deferred income tax assets	919,655	715,931
Deferred income tax liabilities	<u>(603,585)</u>	<u>(555,136)</u>
Deferred income tax net asset	<u>316,070</u>	<u>160,795</u>

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

Deferred income tax assets	Trade accounts payable and financial liabilities	Materials and spare parts	Other accounts receivable	Contingencies	Tax-loss carryforward	Total
Balances at December 31, 2014	44,123	47,735	2,044	35,427	90,805	220,134
Charged to statement of comprehensive income	29,080	41,022	(501)	9,823	415,584	495,008
Balances at December 31, 2015	73,203	88,757	1,543	45,250	506,389	715,142
Charged to statement of comprehensive income	14,599	17,361	1,414	39,626	131,513	204,513
Balances at September 30, 2016	87,802	106,118	2,957	84,876	637,902	919,655

Deferred income tax liabilities	Property, plant and equipment	Trade accounts receivable	Investments at fair value	Board of directors' fees	Total
Balances at December 31, 2014	(288,875)	(49,503)	(1,646)	281	(339,743)
Charged to statement of comprehensive income	16,246	(233,004)	1,974	180	(214,604)
Balances at December 31, 2015	(272,629)	(282,507)	328	461	(554,347)
Charged to statement of comprehensive income	10,226	(55,645)	(2,192)	(1,627)	(49,238)
Balances at September 30, 2016	(262,403)	(338,152)	(1,864)	(1,166)	(603,585)

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

	<u>09.30.2016</u>	<u>09.30.2015</u>
Result before income tax	(431,792)	(234,862)
Statutory income tax rate	<u>35%</u>	<u>35%</u>
Income tax charge determined by applying statutory tax rate to the result for the period	151,127	82,202

Exceptions at statutory income tax rate:

- Results from investments in affiliate companies	(405)	221
- Adjustment to income tax provision and amended tax returns	2,398	(6,794)
- Others	<u>2,155</u>	<u>(4,602)</u>
Total income tax charge	<u>155,275</u>	<u>71,027</u>

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

Below there is a detail of the breakdown of the minimum presumed income tax credits accumulated at September 30, 2016:

<u>Fiscal year</u>	<u>Amount</u>	<u>Expiration year</u>
2007	1,230	2017
Allowance for doubtful recoverability	(1,230)	N/A
2008	6,797	2018
2009	17,086	2019
2011	21,413	2021
2013	20,320	2023
2014	21,630	2024
2015	20,342	2025
2016 three quarters (estimated)	18,733	2026
<u>Balance as of September 30, 2016</u>	<u>126,321</u>	

Below there is a detail of the breakdown of the tax-loss carryforwards accumulated by the Company as of September 30, 2016:

<u>Fiscal year</u>	<u>Amount</u>	<u>Expiration year</u>
2013	19,480	2018
2014	229,756	2019
2015	1,204,441	2020
2016 three quarters (estimated)	368,900	2021
<u>Balance as of September 30, 2016</u>	<u>1,822,577</u>	

The projections of future taxable income have been taken into consideration for the recoverability analysis of the tax-loss carryforwards and the credit for minimum presumed income tax. Such projections have been built on the basis of the best estimate in accordance with the guidelines pointed out in Note 4 to the Company's financial statements as of December 31, 2015, and taking into consideration the resolution of the uncertainties mentioned in Notes 1.2 and 1.3 to the Company's financial statements as of December 31, 2015, referring to the modifications of the Argentine economic context and of the legal and contractual framework in which the Company operates and by the current status of the License renegotiation and the judicial procedures related to rates matters mentioned in Note 1.1 to these interim condensed financial statements. On the basis of such projections, the book value of the credit for minimum presumed income tax and the tax-loss carryforward does not exceed its recoverable value.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

8 - FINANCIAL INSTRUMENTS BY CATEGORY

	<u>09.30.2016</u>	<u>12.31.2015</u>
Financial assets at fair value ⁽¹⁾:		
Classified as "Investments at fair value":		
Government bonds in US\$	34,137	101,031
Government bonds in \$	63,980	17,400
LEBAC bonds in \$	29,562	-
Subtotal	<u>127,679</u>	<u>118,431</u>
Classified as "Cash and cash equivalents":		
Mutual funds in \$ (Note 12)	112,053	37,010
LEBAC bonds in \$	15,392	-
Subtotal	<u>127,445</u>	<u>37,010</u>
Total financial assets at fair value – Current	<u>255,124</u>	<u>155,441</u>
Financial assets at amortised cost:		
Current:		
Classified as "Investments at amortised cost":		
VRD bonds in \$	8,504	8,867
Subtotal	<u>8,504</u>	<u>8,867</u>
Classified as "Cash and cash equivalents":		
Cash and banks (Note 12)	86,082	91,067
Time deposits in US\$ ⁽²⁾ (Note 12)	-	81,525
Subtotal	<u>86,082</u>	<u>172,592</u>
Classified as "Trade accounts receivable" and "Other accounts receivable"	465,485	295,933
Total financial assets at amortised cost – Current	<u>560,071</u>	<u>477,392</u>
Non-Current:		
Classified as "Investments at amortised cost":		
Other investments in US\$	5,880	5,111
VRD bonds in \$	38,227	44,508
Subtotal	<u>44,107</u>	<u>49,619</u>
Classified as "Trade accounts receivable" and "Other accounts receivable"	1,119,172	875,906
Total financial assets at amortised cost – Non-Current	<u>1,163,279</u>	<u>925,525</u>

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

	<u>09.30.2016</u>	<u>12.31.2015</u>
Financial liabilities at amortised cost:		
Current:		
Loans	149,564	127,388
Trade accounts payable, other debts and taxes payable	593,697	430,378
Total financial liabilities at amortised cost – Current	<u>743,261</u>	<u>557,766</u>
Non-Current:		
Loans	3,303,466	2,733,958
Trade accounts payable, other debts and taxes payable	128,996	35,569
Total financial liabilities at amortised cost – Non-Current	<u>3,432,462</u>	<u>2,769,527</u>

⁽¹⁾ All financial assets at fair value have been measured using Level 1 fair values. The value of financial instruments traded in active markets is based on the quoted market prices at the date of the financial statements. The market quoted price used for financial assets held by the Company is the price offered at September 30, 2016 and December 31, 2015.

⁽²⁾ Time deposits originally falling due within three months or less are classified as “Cash and cash equivalents” in the interim condensed balance sheet. A breakdown of this account is presented in Note 12.

9 - MATERIALS AND SPARE PARTS

	<u>09.30.2016</u>	<u>12.31.2015</u>
Non-current		
Spare parts and consumption materials	192,516	159,789
Allowance for slow-moving and obsolescence	(97,271)	(86,454)
Total non-current materials and spare parts	<u>95,245</u>	<u>73,335</u>

10 - OTHER ACCOUNTS RECEIVABLE

Non-current		
Minimum presumed income tax (Note 7)	126,321	107,990
Sundry	2,012	2,260
Total other accounts receivable - Non-current	<u>128,333</u>	<u>110,250</u>
Current		
VAT, net	9,636	5,583
Tax credits	818	13,305
Key management personnel (Note 23)	7,354	6,836
Prepaid expenses and advances	46,061	95,048
Expenses to be collected, attachments and guarantee court deposits	163	231
Guarantees granted in relation to hedge operations (Note 3.1.1)	14,213	8,110
Assistance fees - controlling shareholder (Note 23)	58	42
Other receivables - affiliate companies (Note 23)	13,750	892
Other receivables - related parties (Note 23)	7,964	11,393
Commercial indemnifications	10,925	-
Transactions on behalf of third parties	1,643	3,016
Allowance for doubtful accounts	(6,316)	(828)
Receivables from sundry sales and others	5,807	5,576
Total other accounts receivable – Current	<u>112,076</u>	<u>149,204</u>

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

11 - TRADE ACCOUNTS RECEIVABLE

	<u>09.30.2016</u>	<u>12.31.2015</u>
Non-current		
Trade accounts receivable with third parties	2,884,306	2,450,552
Discount at present value	(326,927)	(351,629)
Allowance for doubtful accounts and disputed amounts	<u>(1,440,219)</u>	<u>(1,225,276)</u>
Total trade accounts receivable - Non-current	<u>1,117,160</u>	<u>873,647</u>
Current		
Trade accounts receivable with third parties	422,765	222,540
Trade accounts receivable with related parties (Note 23)	91,242	52,518
Allowance for doubtful accounts and disputed amounts	<u>(107,081)</u>	<u>(33,548)</u>
Total trade accounts receivable - Current	<u>406,926</u>	<u>241,510</u>

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

	<u>09.30.2016</u>	<u>12.31.2015</u>
Balances at the beginning of the year	1,258,824	819,283
Increases (net of recoveries)	289,372	439,541
Usage	<u>(896)</u>	<u>-</u>
Balances at the end of the period / year	<u>1,547,300</u>	<u>1,258,824</u>

12 - CASH AND CASH EQUIVALENTS

	<u>09.30.2016</u>	<u>12.31.2015</u>
Cash and banks	86,082	91,067
Mutual funds in \$	112,053	37,010
Time deposits in US\$	-	81,525
LEBAC bonds in \$	<u>15,392</u>	<u>-</u>
Total	<u>213,527</u>	<u>209,602</u>

13 - COMMON STOCK AND RESERVES

Information related to the Company's common stock, Reserves and limitations on the transferring of TGN's shares and to the distribution of profits is mentioned in Notes 14 to the Company's financial statements as of December 31, 2015.

Accumulated losses amount to \$ 404 million as of September 30, 2016, which implies that TGN continues to be under the scope of Section 206 of the Argentine Business Organizations Act. As for this matter, it is worth mentioning that TGN's Ordinary and Extraordinary Shareholders' Meeting held on April 14, 2016 decided to monitor the Company's financial situation evolution during the current fiscal year and postpone the application of Section 206 of the Argentine Business Organizations Act until the Shareholders' Meeting that will consider the Company's financial statements corresponding to the current fiscal year, ending on December 31, 2016, is held.

14 - LOANS

Note 15 to the financial statements for the fiscal year ended December 31, 2015 discloses information on the terms and conditions of the negotiable obligations issued by the Company.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

15 - OTHER DEBTS

	<u>09.30.2016</u>	<u>12.31.2015</u>
Non-current		
Provision for easements	56,700	45,725
Total other debts - Non-current	<u>56,700</u>	<u>45,725</u>
Current		
Section 9.6.2 - Basic rules of the License	15,517	16,890
Provision for easements	4,608	4,719
Key management personnel (Note 23)	5,989	6,851
Advanced collections	1,061	1,121
Verification and control rate	10,527	-
Sundry debts and customer's warrants	997	853
Total other debts – Current	<u>38,699</u>	<u>30,434</u>

16 - TRADE ACCOUNTS PAYABLE

Non-current		
AES Argentina Generación S.A.	128,996	35,569
Total trade accounts payable - Non-current	<u>128,996</u>	<u>35,569</u>
Current		
Suppliers - purchases and services	245,490	54,172
AES Argentina Generación S.A.	13,634	2,695
Administration trust (“Importation of natural gas”) (Note 24)	-	6,519
Other related parties (Note 23)	262,741	219,832
Unbilled services and purchases	113,614	128,625
Total trade accounts payable – Current	<u>635,479</u>	<u>411,843</u>

17 - CONTINGENCIES

	<u>Non-current</u>	<u>Current</u>
Provisions for labor, civil and contentious lawsuits		
Balances at December 31, 2014	-	93,980
– Increases, net of recoveries	-	9,877
– Decreases (payments / consumptions)	-	(2,918)
– Transfers	74,023	(74,023)
Balances at December 31, 2015	<u>74,023</u>	<u>26,916</u>
– Increases, net of recoveries	5,285	16,642
– Decreases (payments / consumptions)	-	(12,354)
– Transfers	(55,198)	55,198
Balances at September 30, 2016	<u>24,110</u>	<u>86,402</u>

The Company is party to several legal proceedings and claims that have arisen in the ordinary course of its business. In Note 18 to the Company's financial statements corresponding to the fiscal year ended December 31, 2015, there is a summary of the most significant claims and legal actions, including those against TGN as well as those in which the Company acts as a claimer. Except for what is mentioned in Note 17.1 and 17.2, no significant events in relation to these claims and legal actions have arisen during the nine-month period ended September 30, 2016 and up to the date of issuance of these interim condensed financial statements.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

17.1 – Fines imposed by the ENARGAS

In relation to what has been mentioned in Note 18.1.1 to the Company's financial statements as of December 31, 2015, fines that had been appealed by TGN to the National Supreme Court of Justice through a petition in error, have been confirmed by the that court.

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

In relation to what has been mentioned in Note 18.1.7 to the Company's financial statements as of December 31, 2015, having concluded the period allowed to produce evidence, both parties presented their arguments and the case was submitted for judgment on September 30, 2016.

18 - REVENUES

	<u>Nine-month period ended</u>		<u>Three-month period ended</u>	
	<u>09.30.2016</u>	<u>09.30.2015</u>	<u>09.30.2015</u>	<u>09.30.2015</u>
Gas carriage service				
Gas carriage service	1,083,790	504,788	282,258	167,119
Allowance for disputed amounts	-	(25,266)	-	-
Subtotal gas carriage service	<u>1,083,790</u>	<u>479,522</u>	<u>282,258</u>	<u>167,119</u>
Other services				
Gas pipelines operation and maintenance and others	117,758	57,249	54,312	21,352
Management fees - Gas Trust Program	1,300	12,187	174	90
Subtotal other services	<u>119,058</u>	<u>69,436</u>	<u>54,486</u>	<u>21,442</u>
Total revenues	<u>1,202,848</u>	<u>548,958</u>	<u>336,744</u>	<u>188,561</u>

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

19 - EXPENSES BY NATURE

Item	Cost of services	Selling expenses	Administrative expenses	Total At 09.30.2016	Total At 09.30.2015	Three-month period ended	
						09.30.2016	09.30.2015
Board of Director's fees	-	-	2,914	2,914	2,445	1,213	860
Statutory auditors committee's fees	-	-	1,957	1,957	1,293	814	453
Fees for professional services	11,041	19	12,970	24,030	20,096	10,979	7,543
Salaries, wages and other personnel benefits	214,529	3,040	92,090	309,659	239,111	124,719	99,055
Social security contributions	42,344	688	22,072	65,104	47,858	27,549	19,881
Technical assistance fees	9,739	-	-	9,739	7,438	3,301	2,518
Consumption of materials and spare parts	40,599	10	260	40,869	26,938	14,072	10,411
Third party services and supplies	24,677	100	1,034	25,811	18,423	10,088	6,635
Maintenance and repair of property, plant and equipment	248,394	177	4,714	253,285	198,713	124,348	90,767
Travel expenses	28,389	86	3,677	32,152	23,719	11,185	9,090
Freight and transportation	4,182	-	17	4,199	2,704	1,718	1,052
Post and telecommunications expenses	1,623	76	1,195	2,894	2,058	930	676
Insurance	16,820	2	1,352	18,174	11,393	6,629	3,859
Office supplies	3,392	26	2,488	5,906	4,190	1,942	1,409
Rentals	3,758	53	888	4,699	2,500	1,645	934
Easements	13,897	-	-	13,897	6,516	4,632	2,172
Taxes, rates and contributions	712	50,330	49,673	100,715	65,447	29,336	23,061
Property, plant and equipment depreciation	115,175	234	1,401	116,810	106,646	41,494	35,969
Doubtful accounts	-	79,987	-	79,987	2,220	49,829	(430)
Contingencies	-	-	16,727	16,727	(6,686)	2,909	95
Slow-moving and obsolete materials and spare parts	10,835	-	-	10,835	(13)	2,515	(1,618)
Others	3,102	47	1,966	5,115	2,911	1,496	1,350
Total at September 30, 2016	793,208	134,875	217,395	1,145,478	-	-	-
Total at September 30, 2015	607,305	17,306	161,309	-	785,920	-	-
Three-month period ended September 30, 2016	329,617	65,448	78,278	-	-	473,343	-
Three-month period ended September 30, 2015	245,122	8,275	62,345	-	-	-	315,742

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

20 - OTHER NET INCOME AND EXPENSES

	<u>Nine-month period ended</u>		<u>Three-month period ended</u>	
	<u>09.30.2016</u>	<u>09.30.2015</u>	<u>09.30.2016</u>	<u>09.30.2015</u>
Income from commercial indemnifications	10,833	33	2,534	18
Compensation for damages adjustment ⁽¹⁾	(109,879)	(20,774)	-	-
Net result from disposal of property, plant and equipment	384	2,921	130	3,001
Net income from sundry sales, accidents recoveries and others	23,299	26,780	18,012	11,301
Total other net income and expenses	<u>(75,363)</u>	<u>8,960</u>	<u>20,676</u>	<u>14,320</u>

⁽¹⁾ During the nine-month periods ended September 30, 2016 and 2015, the Company has recognized losses for \$ 109.9 million and \$ 20.8 million, respectively, in relation to the compromise and settlement agreement entered into with AES Argentina Generación S.A. in 2012 (and lately modified in 2014). These losses are the result of measuring the liability with AES Argentina Generación S.A. on the basis of the gas carriage rates in force, as mentioned in Note 1.1.

21 - NET FINANCIAL RESULTS

	<u>Nine-month period ended</u>		<u>Three-month period ended</u>	
	<u>09.30.2016</u>	<u>09.30.2015</u>	<u>09.30.2016</u>	<u>09.30.2015</u>
Generated by exchange rate differences				
Income on exchange rate variation	271,172	129,593	27,331	45,573
Expenses on exchange rate variation	(572,491)	(204,824)	(69,308)	(79,596)
Total financial results generated by exchange rate differences	<u>(301,319)</u>	<u>(75,231)</u>	<u>(41,977)</u>	<u>(34,023)</u>
Financial income				
Interest	39,798	30,975	9,178	13,177
Results from changes in fair values	19,529	129,845	11,272	46,310
Allowances recovered and others	1,924	982	602	595
Results on discounting at present value	26,150	15,005	26,150	12,426
Total financial income	<u>87,401</u>	<u>176,807</u>	<u>47,202</u>	<u>72,508</u>
Financial expenses				
Interest	(190,256)	(107,025)	(70,646)	(37,486)
Results on discounting at present value	(5,306)	-	(1,202)	4,910
Results from changes in fair values	(779)	-	(779)	-
Commissions, expenses and taxes on banking and financial operations	(2,383)	(2,041)	(356)	(277)
Total financial expenses	<u>(198,724)</u>	<u>(109,066)</u>	<u>(72,983)</u>	<u>(32,853)</u>
Total net financial results	<u>(412,642)</u>	<u>(7,490)</u>	<u>(67,758)</u>	<u>5,632</u>

22 - NET RESULT PER SHARE

Income per ordinary share has been calculated as the quotient obtained by dividing the results for the periods ended September 30, 2016 and 2015, by the weighted average of outstanding ordinary shares, which made a total of 439,373,939 shares at those dates. At September 30, 2016 and 2015 there are neither negotiable obligations nor other debt securities convertible into shares, so no diluted earnings per share have been disclosed. Basic earnings

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

per share are calculated by dividing the net income attributable to the Company equity holders by the weighted average number of ordinary shares outstanding during the period. The Company does not have preferred shares or debt convertible to shares, so the basic earnings per share are equal to the diluted earnings per share.

23 - RELATED PARTIES

The transactions performed between related parties are the following:

	<u>09.30.2016</u>	<u>09.30.2015</u>
Controlling shareholder		
<u>Other net income and expenses</u>		
Gasinvest S.A.	130	93
<u>Total other net income and expenses</u>	<u>130</u>	<u>93</u>
Affiliate companies		
<u>Revenues</u>		
Comgas Andina S.A.	900	586
Companhia Operadora do Rio Grande do Sul	225	119
<u>Total revenues</u>	<u>1,125</u>	<u>705</u>
<u>Recovery of expenses</u>		
Comgas Andina S.A.	199	141
<u>Total recovery of expenses</u>	<u>199</u>	<u>141</u>
<u>Collection of dividends</u>		
Comgas Andina S.A.	2,331	-
<u>Total collection of dividends</u>	<u>2,331</u>	<u>-</u>
Other related parties		
<u>Revenues</u>		
Litoral Gas S.A.	173,937	69,262
Siderar S.A.	31,582	9,067
Siderca S.A.	20,683	6,009
Transportadora de Gas del Mercosur S.A.	8,641	5,628
Total Gas Marketing Cono Sur S.A. (Note 23.1)	277	(1)
Gasoducto Gasandes Argentina S.A.	2,574	902
<u>Total revenues</u>	<u>237,694</u>	<u>90,867</u>
<u>Cost of services</u>		
Total Gas y Electricidad Argentina S.A. (Note 23.1)	(287)	(1,250)
Tecpetrol S.A.	(1,731)	(1,250)
Compañía General de Combustibles S.A.	(1,731)	(1,250)
Litoral Gas S.A.	(1,079)	-
Siderca S.A.	-	(8)
Total Especialidades Argentina S.A. (Note 23.1)	-	(21)
<u>Total cost of services</u>	<u>(4,828)</u>	<u>(3,779)</u>
<u>Administrative expenses</u>		
Cainzos, Fernández & Premrou Soc. Civ.	(1,027)	(1,109)
<u>Total administrative expenses</u>	<u>(1,027)</u>	<u>(1,109)</u>

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

	<u>09.30.2016</u>	<u>09.30.2015</u>
<u>Other net income and expenses</u>		
Compañía General de Combustibles S.A.	184	97
Tecpetrol S.A.	182	97
Total Austral S.A.	-	99
Gasoducto Gasandes Argentina S.A.	106	33
<u>Total other net income and expenses</u>	<u>472</u>	<u>326</u>
<u>Financial income</u>		
Litoral Gas S.A.	1,885	711
Transportadora de Gas del Mercosur S.A.	2,156	2,142
<u>Total financial income</u>	<u>4,041</u>	<u>2,853</u>
<u>Financial expenses (interest)</u>		
Tecpetrol S.A.	(1,366)	(672)
Compañía General de Combustibles S.A.	(1,366)	(672)
Total Gas y Electricidad Argentina S.A. (Note 23.1)	(198)	(672)
VR Global Partners L.P.	(7,764)	(4,383)
<u>Total financial expenses</u>	<u>(10,694)</u>	<u>(6,399)</u>
<u>Recovery of expenses</u>		
Transportadora de Gas del Mercosur S.A.	1	283
<u>Total recovery of expenses</u>	<u>1</u>	<u>283</u>
<u>Purchase of materials and spare parts</u>		
Siat S.A.	(13,879)	(3,574)
Litoral Gas S.A.	(1,362)	-
Siderca S.A.	(638)	-
<u>Total purchase of materials and spare parts</u>	<u>(15,879)</u>	<u>(3,574)</u>
Key management personnel		
Board of Directors' fees	(2,914)	(2,445)
Statutory auditors committee's fees	(1,957)	(1,293)

Balances with related parties are the following:

	<u>09.30.2016</u>	<u>12.31.2015</u>
Trade accounts receivable		
<u>Other related parties</u>		
Transportadora de Gas del Mercosur S.A.	43,927	28,053
Litoral Gas S.A.	37,560	21,542
Siderar S.A.	5,620	1,521
Siderca S.A.	3,927	993
Total Gas Marketing Cono Sur S.A. (Note 23.1)	n/a	234
Gasoducto Gasandes Argentina S.A.	208	175
<u>Total other related parties</u>	<u>91,242</u>	<u>52,518</u>
Other accounts receivable		
<u>Assistance fees - controlling shareholder</u>		
Gasinvest S.A.	58	42
<u>Total assistance fees - controlling shareholder</u>	<u>58</u>	<u>42</u>

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

	<u>09.30.2016</u>	<u>12.31.2015</u>
<u>Other receivables - affiliate companies</u>		
Comgas Andina S.A.	13,334	457
Companhia Operadora do Rio Grande do Sul	416	435
<u>Total other receivables - affiliate companies</u>	<u>13,750</u>	<u>892</u>
<u>Other receivables - related parties</u>		
Total Austral S.A. (Note 23.1)	n/a	166
Litoral Gas S.A.	118	118
Gasoducto Gasandes Argentina S.A.	-	80
Transportadora de Gas del Mercosur S.A.	-	84
Siat S.A.	7,846	10,945
<u>Total other receivables - related parties</u>	<u>7,964</u>	<u>11,393</u>
<u>Key management personnel</u>		
Fees to the Board of Directors and to the statutory auditors committee paid in advance	7,354	6,836
<u>Total key management personnel</u>	<u>7,354</u>	<u>6,836</u>
Loans		
<u>Other related parties</u>		
VR Global Partners L.P.	151,260	126,086
<u>Total other related parties</u>	<u>151,260</u>	<u>126,086</u>
Trade accounts payable		
<u>Other related parties</u>		
Transportadora de Gas del Mercosur S.A.	28	-
Total Gas y Electricidad Argentina S.A. (Note 23.1)	n/a	73,207
Siderca S.A.	797	-
Siat S.A.	641	-
Cainzos, Fernandez & Premrou Soc. Civil	328	-
Tecpetrol S.A.	130,349	73,207
Compañía General de Combustibles S.A.	130,598	73,418
<u>Total other related parties</u>	<u>262,741</u>	<u>219,832</u>
Other debts		
<u>Key management personnel</u>		
Provision for fees to the Board of Directors and to the statutory auditors committee	5,989	6,851
<u>Total key management personnel</u>	<u>5,989</u>	<u>6,851</u>

23.1 – Purchase and sale of shares

In February 2016, the ENARGAS notified that there are no objections; (i) to the contract of purchase and sale of shares executed between the Company's indirect controlling shareholders Total Gas y Electricidad Argentina S.A. ("Total") and Total GasAndes S.A. as sellers and Compañía General de Combustibles S.A. ("CGC") and Tecpetrol Internacional S.L.U. as buyers; and (ii) to Total transfer to CGC and Tecpetrol S.A. of Total's interest in the Technical Assistance Agreement in force with TGN. The previously mentioned operations were fulfilled on March 3rd, 2016. Consequently, in Note 23 transactions accrued with Total (and its related parties) are reported until that date and no balances with those companies are disclosed as of September 30, 2016.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

24 - "IMPORTATION OF NATURAL GAS" ADMINISTRATION TRUST

On April 1st, 2016, the MINEM issued resolution No. 28/16, according to which, the inclusion of Decree No. 2067/08 charges in invoices to be made as from that date, is discontinued (refer to Note 1.1).

25 - SUBSEQUENT EVENTS

Subsequent to September 30, 2016, there have been no other events, situations or circumstances, that are not publicly known, that have impacted or could impact significantly on the net worth, or economic and financial situation of the Company that have not been considered or mentioned in these interim condensed financial statements.

Emilio Daneri Conte-Grand
President

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED BY SECTION 68 OF THE BUENOS AIRES STOCK EXCHANGE LISTING RULES AND BY TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016 (in thousands of pesos, except where specifically mentioned).

i. General matters related to the Company's activities

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

The Natural Gas Act and its regulations, the Specifications for the privatization of Gas del Estado S.E. ("GdE"), the Transfer Contract, the License and the resolutions issued by the ENARGAS make up the regulatory framework in which the Company conducts its operations. The License, granted for a term of 35 years with an option to extend it for a ten year-term, may be revoked by the PEN upon ENARGAS's recommendation in case the Company expressly fails to comply with its obligations. If the License is officially and finally revoked, the Company may be forced to cease operating the assets transferred by GdE to the Company and transfer them to the National State or the person the National State so appointed. Note 1 to TGN's interim condensed financial statements as of September 30, 2016 describes the Company's legal and regulatory aspects.

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

See Notes 1.3.5; 2; 15 and 18 to the Company's financial statements as of December 31, 2015 and Notes 1.1 and 24.1 to the Company's interim condensed financial statements as of September 30, 2016.

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

	09.30.2016		
	Receivables ⁽¹⁾	Loans ⁽²⁾	Other payables ⁽³⁾
Past due			
From 10.01.2005 up to 09.30.2006	739	-	10
From 10.01.2006 up to 09.30.2007	74,274	-	-
From 10.01.2007 up to 09.30.2008	183,297	-	85
From 10.01.2008 up to 09.30.2009	415,882	-	249
From 10.01.2009 up to 09.30.2010	581,018	-	38
From 10.01.2010 up to 09.30.2011	451,462	-	177
From 10.01.2011 up to 09.30.2012	327,173	-	33,108
From 10.01.2012 up to 09.30.2013	327,115	-	171
From 10.01.2013 up to 09.30.2014	339,728	-	84,702
From 10.01.2014 up to 09.30.2015	208,961	-	2,642
From 10.01.2015 up to 12.31.2015	42,550	-	75
From 01.01.2016 up to 03.31.2016	9,065	-	31
From 04.01.2016 up to 06.30.2016	52,168	-	583
From 07.01.2016 up to 09.30.2016	154,281	-	252,573

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

(2) Denominated at their present value.

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

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED BY SECTION 68 OF THE BUENOS AIRES STOCK EXCHANGE LISTING RULES AND BY TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016 (in thousands of pesos, except where specifically mentioned).

	09.30.2016		
	Receivables ⁽¹⁾	Loans ⁽²⁾	Other payables ⁽³⁾
Without due date	738,849	-	169,167
To be due			
12.31.2016	64,421	149,564	303,869
09.30.2017	58	-	10,488
09.30.2018	460	452,973	12,585
09.30.2019	2,111	2,850,493	12,585
09.30.2020	72	-	12,585
09.30.2021	-	-	12,585
09.30.2022	-	-	12,585
09.30.2023	-	-	12,585
09.30.2024	-	-	12,585
09.30.2025	-	-	12,585
09.30.2026	-	-	12,585
09.30.2027	-	-	12,585
09.30.2028	-	-	3,146
Total At 09.30.2016	3,973,684	3,453,030	986,964

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

	09.30.2016		
	Receivables ⁽¹⁾	Loans ⁽²⁾	Other payables ⁽³⁾
In local currency	957,578	-	566,481
In foreign currency	2,960,799	3,453,030	419,422
In-kind	55,307	-	1,061
Total At 09.30.2016	3,973,684	3,453,030	986,964
Balances subject to adjustment	-	-	-
Balances not subject to adjustment	3,973,684	3,453,030	986,964
Total At 09.30.2016	3,973,684	3,453,030	986,964
Interest bearing balances	2,461	3,295,031	379,681
Non-interest bearing balances	3,971,223	157,999	607,283
Total At 09.30.2016	3,973,684	3,453,030	986,964

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

(2) Denominated at their present value.

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

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

See Note 6 to the Company's interim condensed financial statements as of September 30, 2016.

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED BY SECTION 68 OF THE BUENOS AIRES STOCK EXCHANGE LISTING RULES AND BY TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016 (in thousands of pesos, except where specifically mentioned).

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

	Comgas Andina S.A.		Companhia Operadora do Rio Grande do Sul	
	Receivables	Other payables	Receivables	Other payables
Past due				
From 01.01.2015 up to 09.30.2016	-	-	-	-
Without due date	-	-	416	-
To be due				
From 10.01.2016 up to 12.31.2016	13,334	-	-	-
Total At 09.30.2016	13,334	-	416	-
In local currency	-	-	-	-
In foreign currency	13,334	-	416	-
In-kind	-	-	-	-
Total At 09.30.2016	13,334	-	416	-
Balances subject to adjustment	-	-	-	-
Balances not subject to adjustment	13,334	-	416	-
Total At 09.30.2016	13,334	-	416	-
Interest bearing balances	-	-	-	-
Non-interest bearing balances	13,334	-	416	-
Total At 09.30.2016	13,334	-	416	-

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

None.

ii. Physical count of inventories:

7. Periodicity and scope of physical count of inventories:

Physical count of materials and spare parts is performed on an annual basis, and is carried over 100% of stocks. Slow-moving and obsolete materials and spare parts amount to \$ 97.3 million and are totally written-off. (Refer to Note 9 to the Company's interim condensed financial statements as of September 30, 2016).

iii. Current values:

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

The only assets the Company values using current values are disclosed under "Investments at fair value". The sources of information used to calculate those current values are included in Note 3.6 to the financial statements for the year ended December 31, 2015.

9. Technically appraised fixed assets:

None.

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED BY SECTION 68 OF THE BUENOS AIRES STOCK EXCHANGE LISTING RULES AND BY TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016 (in thousands of pesos, except where specifically mentioned).

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

None.

iv. Equity investments in other companies:

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

None.

v. Recoverable values:

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

- Materials and spare parts and Property, plant and equipment: the recoverable value of such assets was determined based on their economic use - Notes 2.7 and 2.5, respectively - to the Company's financial statements as of December 31, 2015, subject to the resolution of the uncertainties generated by the changes in the economic context and the legal and contractual conditions under which the Company operates.

- Minimum presumed income tax credit: the projections of future taxable income have been taken into consideration for the calculation of the recoverable value. Such projections have been built on the basis of the best estimate in accordance with the guidelines pointed out in Notes 2.13.b) and 4 to the Company's financial statements as of December 31, 2015, and taking into consideration the resolution of the uncertainties mentioned in Notes 1.2 and 1.3 to the Company's financial statements as of December 31, 2015, referring to the modifications of the Argentine economic context and of the legal and contractual framework in which the Company operates.

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED BY SECTION 68 OF THE BUENOS AIRES STOCK EXCHANGE LISTING RULES AND BY TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016 (in thousands of pesos, except where specifically mentioned).

vi. Insurance:

13. Insurance covering the Company's tangible assets:

Property insured	Risks covered	Amount insured in thousands	Book value in thousands of \$
<ul style="list-style-type: none"> Personal and real property allocated to the provision of services, except for machinery and equipment 	All physical risks and loss of profits.	US\$ 85,000	272,821
	Liability insurance.	US\$ 50,000	
<ul style="list-style-type: none"> Compressor plants 	Terrorism.	US\$ 35,000	280,229
<ul style="list-style-type: none"> Machinery 	Machinery breakdown.	US\$ 10,000	111,168
<ul style="list-style-type: none"> Automobiles: <ul style="list-style-type: none"> - Management's fleet - Operational fleet (cars and pick-ups) - Trucks and trailers 	Limited liability insurance.	\$ 4,000	1,050
	Total loss car accident.	\$ 4,765	9,652
	Total or partial loss due to fire, robbery or theft.	\$ 4,765	
	Limited liability insurance.	\$ 4,000	
	Limited liability insurance.	\$ 13,000	18
<ul style="list-style-type: none"> Personal property located in Head Office and IT equipments 	Fire of contents. Theft.	US\$ 8,500	11,047

vii. Positive and negative contingencies:

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

Allowances and provisions balances amount to 1,774,091. A breakdown of these allowances and provisions as well as its following up during the period, are presented in Annex E to the additional information to the notes to the interim condensed financial statements required by Title IV, Chapter III, Section 1st of the CNV.

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

None.

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED BY SECTION 68 OF THE BUENOS AIRES STOCK EXCHANGE LISTING RULES AND BY TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016 (in thousands of pesos, except where specifically mentioned).

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

16. Status of the capitalization process:

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

17. Unpaid cumulative dividends of preferred shares:

None.

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

Under the terms of the financial agreements currently in force, TGN shall not make dividend payments in the event of default or grounds for default and in no case in excess of the Available Basket Amount (as defined in the contract). See Note 15 to the Company's financial statements as of December 31, 2015.

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

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

Autonomous City of Buenos Aires, November 8, 2016

Emilio Daneri Conte-Grand
President

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED BY TITLE IV, CHAPTER III, SECTION 1ST OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016 (in thousands of pesos, except where specifically mentioned).

ANNEX A – PROPERTY, PLANT AND EQUIPMENT

See Note 5 to the Company's interim condensed financial statements as of September 30, 2016.

ANNEX B - INTANGIBLE ASSETS

Not applicable.

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

See Note 6 to the Company's interim condensed financial statements as of September 30, 2016.

ANNEX D - OTHER INVESTMENTS

	<u>09.30.2016</u>	<u>12.31.2015</u>
Mutual funds in \$	112,053	37,010
Government bonds in US\$	34,137	101,031
Government bonds in \$	63,980	17,400
LEBAC bonds in \$	44,954	-
VRD bonds in \$	8,504	8,867
Time deposits in US\$	-	81,525
Total current	263,628	245,833
Other investments in US\$	5,880	5,111
VRD bonds in \$	38,227	44,508
Total non-current	44,107	49,619

ANNEX F - COST OF PRODUCTS SOLD OR SERVICES PROVIDED

See Note 19 to the Company's interim condensed financial statements at September 30, 2016.

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

See Note 19 to the Company's interim condensed financial statements at September 30, 2016.

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED BY TITLE IV, CHAPTER III, SECTION 1ST OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016 (in thousands of pesos, except where specifically mentioned).

ANNEX E - ALLOWANCES AND PROVISIONS

Description	09.30.16				12.31.15	
	Balances at the beginning of the fiscal year	Increases (net of recoveries)	Transfers	Decreases (payment / usage)	Balances at the end of the period	Balances at the end of the fiscal year
Deducted from assets						
Non-current assets						
Investments in affiliate companies						
Impairment of investment in affiliate companies	602	39	-	-	641	602
Materials and spare parts						
Allowance for slow-moving and obsolete materials and spare parts	86,454	10,817 (1)	-	-	97,271	86,454
Other accounts receivable						
Allowance for receivables from actions for refund	11,966	85 (2)	-	-	12,051	11,966
Trade accounts receivables						
Allowance for doubtful accounts and disputed amounts	1,225,276	214,943 (3)	-	-	1,440,219	1,225,276
Current assets						
Other accounts receivable						
Allowance for doubtful accounts	828	5,558 (4)	-	(70)	6,316	828
Trade accounts receivables						
Allowance for doubtful accounts and disputed amounts	33,548	74,429 (4)	-	(896)	107,081	33,548
Total allowances deducted from assets	1,358,674	305,871	-	(966)	1,663,579	1,358,674
Included in liabilities						
Non-current liabilities						
Contingencies						
Provisions for labor, civil and contentious lawsuits	74,023	5,285 (5)	(55,198)	-	24,110	74,023
Current liabilities						
Contingencies						
Provisions for labor, civil and contentious lawsuits	26,916	16,642 (2)	55,198	(12,354)	86,402	26,916
Total provisions included in liabilities	100,939	21,927	-	(12,354)	110,512	100,939
Total at 09.30.16	1,459,613	327,798	-	(13,320)	1,774,091	-
Total at 12.31.15	1,012,869	449,662	-	(2,918)	-	1,459,613

- (1) Charged to Cost of services - Slow moving and obsolete materials and spare parts (Note 19 to the Company's interim condensed financial statements as of September 30, 2016).
(2) Charged to Administrative expenses - Contingencies (Note 19 to Company's interim condensed financial statements as of September 30, 2016).
(3) Charged to Net financial results - Generated by exchange rate differences (Note 21 to the Company's interim condensed financial statements as of September 30, 2016).
(4) Charged to Selling expenses - Doubtful accounts (Note 19 to the Company's interim condensed financial statements as of September 30, 2016).
(5) Charged to Net financial results - Financial expenses - Results on discounting at present value (Note 21 to the Company's interim condensed financial statements as of September 30, 2016).

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED BY TITLE IV, CHAPTER III, SECTION 1ST OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016 (in thousands, except where specifically mentioned).

ANNEX G - ASSETS AND LIABILITIES IN FOREIGN CURRENCY

	09.30.16			12.31.15			
	Foreign currency class and amount ⁽¹⁾	Exchange rate in \$	Amount in local currency ⁽¹⁾	Foreign currency class and amount ⁽¹⁾	Amount in local currency ⁽¹⁾		
ASSETS							
NON-CURRENT ASSETS							
Investments in affiliate companies							
Comgas Andina S.A.	\$ch	225,536	0.0224	5,052	\$ch	938,477	18,488
Companh�a Operadora do Rio Grande do Sul	R\$	164	3.9	641	R\$	154	602
				5,693			19,090
Trade accounts receivable							
Trade accounts receivable with third parties	US\$	189,378	15.21	2,880,439	US\$	189,378	2,450,552
				2,880,439			2,450,552
Investments at amortised cost							
Other investments	US\$	387	15.21	5,880	US\$	395	5,111
				5,880			5,111
Total non-current assets				2,892,012			2,474,753
CURRENT ASSETS							
Other accounts receivable							
Commercial indemnifications	US\$	718	15.21	10,925			-
Prepaid expenses and advances	US\$	213	15.21	3,240	US\$	3,253	42,094
	£	8	19.72	158	£	285	5,458
	€	1	17.06	17	€	55	774
Other receivables – affiliate companies	US\$	57	15.21	866	US\$	46	590
	R\$	88	3.9	343	R\$	77	302
	\$ch	559,866	0.0224	12,541			-
				28,090			49,218
Trade accounts receivable							
Trade accounts receivable with third parties	US\$	508	15.21	7,730	US\$	6,974	90,240
Trade accounts receivable with related parties	US\$	2,928	15.21	44,540	US\$	2,243	29,018
				52,270			119,258
Investments at fair value							
Government bonds	US\$	2,244	15.21	34,137	US\$	7,808	101,031
				34,137			101,031
Cash and cash equivalents							
Time deposits	US\$			-	US\$	6,300	81,525
Balances in bank accounts	US\$	3,412	15.21	51,894	US\$	4,037	52,238
				51,894			133,763
Total current assets				166,391			403,270
Total assets				3,058,403			2,878,023

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED BY TITLE IV, CHAPTER III, SECTION 1ST OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016 (in thousands, except where specifically mentioned).

	09.30.16			12.31.15	
	Foreign currency class and amount ⁽¹⁾	Exchange rate in \$	Amount in local currency ⁽¹⁾	Foreign currency class and amount ⁽¹⁾	Amount in local currency ⁽¹⁾
LIABILITIES					
NON-CURRENT LIABILITIES					
Loans					
Step-up Notes					
Principal	US\$ 150,066	15.31	2,297,510	US\$ 150,066	1,956,861
Interests	US\$ 10,320	15.31	157,999	US\$ 10,429	135,994
Capitalized interests	US\$ 25,799	15.31	394,984	US\$ 22,119	288,428
Five-Year Negotiable Obligations					
Principal	US\$ 19,546	15.31	299,249	US\$ 19,545	254,867
Capitalized interests	US\$ 10,041	15.31	153,724	US\$ 7,501	97,808
			3,303,466		2,733,958
Total non-current liabilities			3,303,466		2,733,958
CURRENT LIABILITIES					
Trade accounts payable					
Suppliers – purchases and services	US\$ 5,772	15.31	88,369	US\$ 2,774	36,173
	£ 77	19.89	1,532	£ 196	3,791
Unbilled services and purchases	US\$ 5,322	15.31	81,480	US\$ 4,170	54,377
	£ 14	19.89	278	£ 38	735
	€ 1	17.21	17	€ 6	85
Other related parties	US\$ 16,182	15.31	247,746	US\$ 16,155	210,661
			419,422		305,822
Loans					
Five-Year Negotiable Obligations					
Principal	US\$ 9,769	15.31	149,564	US\$ 9,769	127,388
			149,564		127,388
Total current liabilities			568,986		433,510
Total liabilities			3,872,452		3,167,168

US\$: US Dollars

\$ ch: Chilean Pesos

R\$: Brazilian Reais

£: Pound sterling

€: Euro

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

Emilio Daneri Conte-Grand
President

REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

To the President and Directors of
Transportadora de Gas del Norte S.A.
Legal Domicile: Don Bosco 3672 - Piso 3°
City of Buenos Aires
CUIT No. 30-65786305-6

Introduction

We have reviewed the attached interim condensed financial statements of Transportadora de Gas del Norte S.A. (the "Company" or "TGN"), which consist of the statement of financial position as of September 30, 2016 and the statement of comprehensive income, statement of changes in shareholders' equity and cash flow statement for the nine month period then ended and the selected explanatory notes.

The balances and other information for the fiscal year 2015 and interim periods are an integral part of the above-mentioned financial statements and therefore they should be considered in relation with those financial statements.

Management Responsibility

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

Scope of our review

Our review was limited to the application of the procedures established under International Standard on Review Engagements ISRE 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", adopted as a review standard in Argentina by Technical Pronouncement No. 33 of the FACPCE and approved by the International Auditing and Assurance Standards Board (IAASB). A review of interim financial information consists of inquiries of Company staff responsible for preparing the information included in the interim condensed financial statements and of analytical and other review procedures. This review is substantially less in scope than an audit examination performed in accordance with international auditing standards; consequently, a review does not enable us to obtain assurance that we will get to know all significant matters that could be identified in an audit. Therefore, we express no audit opinion on the financial position, comprehensive income and cash flow of the Company.

Conclusion

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

Emphasis of matter paragraph

Without modifying our conclusion, we want to emphasize the information contained in note 1 to the attached interim condensed financial statements, which indicates that the modifications upon enactment of the Public Emergency Law N° 25,561 introduced to the Company's license, generated an accumulated loss of \$404 million as of the period ended September 30, 2016, situation that led the Company to fall within article 206 of the General Companies Law. These circumstances, along with other matters described in notes 1 and 2.1, indicate the existence of a material uncertainty which may raise significant doubts about the ability of the Company to continue as a going concern.

Report on compliance with current regulations

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

- a) The interim condensed financial statements of Transportadora de Gas del Norte S.A. are transcribed into the "Inventory and Balance Sheet" book and are in compliance, as regards matters within our field of competence, with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission;
- b) The interim condensed financial statements of Transportadora de Gas del Norte S.A. arise from accounting records kept in their formal respects in conformity with legal provisions;
- c) We have read the summary of activity and the additional information to the notes to the interim condensed financial statements required by Section 68 of the Buenos Aires Stock Exchange Regulations and section 12, Chapter III, Title IV, of CNV regulations, on which we have no observations to make insofar as concerns matters within our field of competence.
- d) The debt accrued as of September 30, 2016 in favor of the Argentine Integrated Social Security System, as shown by the Company's accounting records, amounted to \$ 10.413.289 and was not claimable at that date.

Autonomous City of Buenos Aires, November 8, 2016

PRICE WATERHOUSE & CO. S.R.L.

by _____ (Partner)
Carlos N. Martínez

STATUTORY AUDIT COMMITTEE'S REPORT

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

I.- In accordance with the provisions of Section 63, subsection b, of the Buenos Aires Stock Exchange Listing Rules, we have performed a limited review of Transportadora del Gas del Norte S.A.'s Interim Condensed Balance Sheet as of September 30, 2016 and the related Interim Condensed Statement of Comprehensive Income, Interim Condensed Statement of Changes in Shareholders' Equity and Interim Condensed Statement of Cash Flows, as well as supplementary additional reports and explanatory notes for the nine-month period then ended. The Board of Directors, within the scope of its exclusive functions, is responsible for the preparation and presentation of these documents in full compliance with current regulations. This responsibility includes the design, implementation and maintenance of an adequate and efficient control system so that such Statements are free from significant distortions caused by errors or irregularities, and also includes the selection and application of appropriate accounting policies and the most reasonable estimates in light of conditioning circumstances. Our responsibility is to report on these documents based on the work mentioned in the following paragraph.

II.- Our work on the documents mentioned in the first paragraph consisted in assessing the consistency of significant information contained in those statements with the information on corporate decisions set forth in minutes, and the compliance of those decisions with the Law and the Company's Bylaws insofar as formal and documentary aspects are concerned. To carry out such work, we also considered the Review Report on the Interim Condensed Financial Statements by independent auditor Carlos N. Martínez (CPA), Partner of Price Waterhouse & Co. S.R.L., dated November 8, 2016, issued in compliance with current standards in Argentina for the "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." We have not conducted any management control and therefore we have not evaluated business decisions and criteria concerning the provision of the natural gas carriage public service, its administration and marketing, since these issues are the sole responsibility of the Board and fall outside the competence of this Statutory Audit Committee.

III.- There is a significant uncertainty that may cast a substantial doubt as to whether future cash inflows will be sufficient to recover the value of non-current assets and whether the Company will be able to repay its financial debts, as well as to future results and regarding the Company's ability to continue as a going concern. As set forth in Note 1 to the interim condensed financial statements, changes introduced by the National Government to the license, under which the Company operates, generated accumulated losses that, at the end of the period ended on September 30, 2016, caused the Company to be under the scope of Section 206 of the Argentine Business Organizations Act.

On February 29, 2016, TGN entered into a new Temporary Agreement with the "Finance" and "Energy and Mining" Ministries, that set the basic guidelines for a temporary adjustment of its rates and a future Comprehensive Rates Review ("CRR"). On March 31, 2016, the ENARGAS issued resolution I/3723 setting a TGN's temporary rates increase of 289.2% as from April 1st, 2016. On July 27 TGN was informed by the ENARGAS that as a consequence of the decision of the La Plata Federal Court of Appeals, Room II, annulling the MINEM resolutions due to the lack of prior public hearings, the rates temporary increase will not be applicable until

a decision is made regarding whether granting or not the extraordinary appeal filed by the MINEM. The extraordinary appeal was granted by Room II of the Court of Appeals, but without granting the suspension of the effects of the annulling judgment, that consequently would maintain its effectiveness, until the National Supreme Court of Justice issues an opinion. This judgment, previous to the opinion of the National Supreme Court of Justice, impacted on the payments chain and forced TGN to temporarily suspend the mandatory investment plan as well as partially postponing payments to several suppliers without a due date.

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

Although Resolution I/4053 provides certainty regarding future incomes, the uncertainty related to the collection of the carriage services provided from April to September, 2016, to the distribution companies in relation to their non-residential customers still remains. Certain distribution companies set a controversy regarding the pro rata criteria used by TGN, based on ENARGAS instructions.

According to what is mentioned in Note 1 to the financial statements, if TGN does not settle its collections and/or financial aid is granted, the Company will not be able to face its operating costs during the current fiscal year, as well as to fulfill its payment obligations and comply with the mandatory investment plan under a tight schedule, continuing to be under the scope of Section 206 of the Argentine Business Organizations Act, situation that has been deferred and will be considered by the Shareholders Meeting that will deal with the information of Section 234, subsection I of the Argentine Business Organization Act, corresponding to the fiscal year ending on December 31, 2016.

Likewise, the evolution of contractual disputes with certain customers is uncertain, as well as the possibility to recover their unpaid balances. Consequently, a partial allowance has been registered regarding these balances, considering a reasonable collection forecast.

The Interim Condensed Financial Statements have been prepared using accounting principles applicable to a going concern. Consequently, the Interim Condensed Financial Statements should be analyzed from the perspective of the prevailing uncertainties.

IV.- Finally, we consider that the scope of our work and the Independent Auditor's report provide us with a reasonable basis for our opinion and, in compliance with applicable regulations, we report that:

a) The Interim Condensed Financial Statements as of September 30, 2016, considered and approved on this date by the Company's Board of Directors, contemplate all significant facts and circumstances of which we are aware.

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

c) As regards such Interim Condensed Financial Statements and the additional information to the notes thereto, required by section 68 of the Buenos Aires Stock Exchange

Listing Rules and by sections 1 and 12, Chapter III, Title IV, of the CNV regulations, we have no further observations to make in addition to what we have previously stated.

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

Autonomous City of Buenos Aires, November 8, 2016.

By Statutory Audit Committee

Dr. Juan Carlos Pitrelli
Syndic