



***TRANSPORTADORA  
DE GAS DEL NORTE S.A.***

**Interim condensed financial statements as of September 30, 2017 presented in thousands of pesos and in a comparative format**

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Additional information to the notes to the interim condensed financial statements required by Title IV, Chapter III, Section 1<sup>st</sup> 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, 2017, presented in a comparative format.

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

Date of registration with the Public Registry: December 1<sup>st</sup>, 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; August 18, 2006 and September 15, 2017.

Date of expiry of Company's by-laws: December 1<sup>st</sup>, 2091

Controlling shareholder: Gasinvest S.A.

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

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

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

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

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

Type of shares	Subscribed and paid in	
	09.30.17	12.31.16
	Thousands of \$	
Ordinary, book-entry class A shares, of \$ 1 par value each and entitled to one vote per share	179,264	179,264
Ordinary, book-entry class B shares, of \$ 1 par value each and entitled to one vote per share	172,235	172,235
Ordinary, book-entry class C shares, of \$ 1 par value each and entitled to one vote per share	87,875	87,875
<b>Total</b>	<b>439,374</b>	<b>439,374</b>

# TRANSPORTADORA DE GAS DEL NORTE S.A.

## SUMMARY OF INFORMATION CORRESPONDING TO THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

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

### D) ANALYSIS OF COMPREHENSIVE RESULT AND FINANCIAL SITUATION

- Comprehensive result for the period:

Accounts	(in millions of pesos)		
	Nine-month period ended September 30,		
	2017	2016	Variation
<b>Revenues</b>			
Gas carriage service	2,502.5	1,083.8	1,418.7
Gas pipelines operation and maintenance and other services	139.7	119.1	20.6
<b>Total revenues</b>	<b>2,642.2</b>	<b>1,202.9</b>	<b>1,439.3</b>
<b>Cost of services</b>			
Operation and maintenance costs	(984.1)	(702.6)	(281.5)
Property, plant and equipment depreciation	(136.5)	(115.2)	(21.3)
<b>Subtotal</b>	<b>(1,120.6)</b>	<b>(817.8)</b>	<b>(302.8)</b>
<b>Gross profit</b>	<b>1,521.6</b>	<b>385.1</b>	<b>1,136.5</b>
Administrative and selling expenses	(484.3)	(327.7)	(156.6)
<b>Income before other net income and expenses</b>	<b>1,037.3</b>	<b>57.4</b>	<b>979.9</b>
Other net income and expenses	60.0	(75.4)	135.4
<b>Income (loss) before financial results</b>	<b>1,097.3</b>	<b>(18.0)</b>	<b>1,115.3</b>
Net financial results	(169.3)	(412.6)	243.3
Results from investments in affiliate companies	2.0	(1.2)	3.2
<b>Result before income tax</b>	<b>930.0</b>	<b>(431.8)</b>	<b>1,361.8</b>
Deferred income tax	(327.1)	155.3	(482.4)
<b>Income (loss) for the period</b>	<b>602.9</b>	<b>(276.5)</b>	<b>879.4</b>
Other comprehensive results for the period	1.1	1.1	-
<b>Comprehensive income (loss) for the period</b>	<b>604.0</b>	<b>(275.4)</b>	<b>879.4</b>
<b>EBITDA <sup>(1)</sup></b>	<b>1,245.4</b>	<b>110.2</b>	<b>1,135.2</b>

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

	(in millions of pesos)	
	09.30.2017	12.31.2016
Total assets	5,394	4,585
Total liabilities	4,734	4,529
Shareholders' equity	660	56

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

## TRANSPORTADORA DE GAS DEL NORTE S.A.

### SUMMARY OF INFORMATION CORRESPONDING TO THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

#### I) ANALYSIS OF COMPREHENSIVE RESULT AND FINANCIAL SITUATION (Cont.)

- *Revenues*

Revenues' variation of \$ 1,439.3 million between the nine-month periods ended September 30, 2017 and 2016 is explained by the following causes:

- higher billings for \$ 1,335.6 million, related to the rise in the domestic carriage rates (refer to Section "II) BUSINESS PROSPECTS" of this Summary of Information);
- higher income for \$ 83.1 million related to sundry carriage services; and
- higher income for \$ 20.6 million in "Gas pipelines operation and maintenance and other services".

- *Cost of services*

Accounts	(in millions of pesos)		
	Nine-month period ended September 30,		
	2017	2016	Variation
<i>Fees for professional services</i>	9.9	11.0	(1.1)
<i>Salaries, wages and other personnel benefits and social security contributions</i>	375.5	281.4	94.1
<i>Technical assistance fees</i>	10.4	9.7	0.7
<i>Consumption of materials and spare parts</i>	62.5	40.6	21.9
<i>Maintenance and repair of property, plant and equipment and third-party services and supplies</i>	447.6	273.1	174.5
<i>Communications, freight, transportation and travel expenses</i>	45.5	34.2	11.3
<i>Insurance</i>	20.3	16.8	3.5
<i>Rentals and office supplies</i>	11.4	7.2	4.2
<i>Easements</i>	(9.8)	13.9	(23.7)
<i>Taxes, rates and contributions</i>	1.3	0.7	0.6
<i>Property, plant and equipment depreciation</i>	136.5	115.2	21.3
<i>Slow-moving and obsolete materials and spare parts</i>	5.9	10.8	(4.9)
<i>Others</i>	3.6	3.2	0.4
<b>Total</b>	<b>1,120.6</b>	<b>817.8</b>	<b>302.8</b>
<b>% of Costs of services on revenues</b>	<b>42.4%</b>	<b>68.0%</b>	

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

- \$ 94.1 million increase in *Salaries, wages and other personnel benefits and social security contributions*. That variation is explained by pay increases corresponding to inflation adjustment (\$ 78.8 million), higher headcount (\$ 9.8 million), higher severance charges (\$ 7.9 million) and other sundry charges; and
- \$ 174.5 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, 2017 higher expenses were made in cleaning, weeding and painting of facilities (\$ 10.3 million), pipelines and compression stations maintenance (\$ 18.6 million), class tracking projects and anti-corrosive protection (\$ 138.8 million), pipeline repairs (\$ 6.4 million), river crossings and erosions remediation (\$ 7.8 million), security (\$ 5.8 million), partially offset by lower expenses related to works on compression equipment (\$ 13.2 million).

# TRANSPORTADORA DE GAS DEL NORTE S.A.

## SUMMARY OF INFORMATION CORRESPONDING TO THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

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

- Administrative and selling expenses

Accounts	(in millions of pesos)		
	Nine-month period ended September 30,		
	2017	2016	Variation
Salaries, wages and other personnel benefits and social security contributions	122.0	93.3	28.7
Property, plant and equipment depreciation	3.5	1.6	1.9
Fees for professional services	19.3	13.0	6.3
Taxes, rates and contributions	226.1	100.0	126.1
Communications, freight, transportation and travel expenses	6.9	5.1	1.8
Maintenance and repair of property, plant and equipment and third-party services and supplies	8.6	6.0	2.6
Rentals and office supplies	5.5	3.5	2.0
Doubtful accounts	51.6	80.0	(28.4)
Contingencies	28.9	16.7	12.2
Statutory auditors committee's fees	2.5	2.0	0.5
Board of directors' fees	3.8	2.9	0.9
Others	5.6	3.6	2.0
<b>Total</b>	<b>484.3</b>	<b>327.7</b>	<b>156.6</b>
<b>% of Administrative and selling expenses on revenues</b>	<b>18.3%</b>	<b>27.2%</b>	

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

- \$ 28.7 million increase in *Salaries, wages and other personnel benefits and social security contributions*, as a result of pay increases corresponding to inflation adjustment (\$ 24.4 million), higher severance charges (\$ 4.5 million) and other sundry charges;
- \$ 126.1 million increase in *Taxes, rates and contributions* due to higher charges for the ENARGAS' verification and control rate (\$ 43.2 million), tax on bank transactions (\$ 18.3 million) and turnover tax (\$ 64.6 million);
- \$ 28.4 million decrease in *Doubtful accounts* due to lower allowances set up during the nine-month period ended September 30, 2017, related to past due customers' balances; and
- \$ 12.2 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

Accounts	(in millions of pesos)		
	Nine-month period ended September 30,		
	2017	2016	Variation
Compensation for damages adjustment	-	(109.9)	109.9
Income from commercial indemnifications	0.4	10.8	(10.4)
Net income from sundry sales, accidents recoveries and others	59.6	23.7	35.9
<b>Total</b>	<b>60.0</b>	<b>(75.4)</b>	<b>135.4</b>

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

## TRANSPORTADORA DE GAS DEL NORTE S.A.

### SUMMARY OF INFORMATION CORRESPONDING TO THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

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

- Net financial results*

Accounts	(in millions of pesos)		
	Nine-month period ended September 30,		
	2017	2016	Variation
<b>Generated by exchange rate differences:</b>			
Income on exchange rate variations	154.7	271.2	(116.5)
Loss on exchange rate variations	(342.0)	(572.5)	230.5
<b>Total financial results generated by exchange rate differences</b>	<b>(187.3)</b>	<b>(301.3)</b>	<b>114.0</b>
<b>Financial income:</b>			
Interest	45.8	39.8	6.0
Results from changes in fair values	31.1	19.5	11.6
Results on discounting at present value and others	38.1	28.1	10.0
<b>Total financial income</b>	<b>115.0</b>	<b>87.4</b>	<b>27.6</b>
<b>Financial expenses:</b>			
Interest	(82.6)	(190.2)	107.6
Results on discounting at present value	-	(5.3)	5.3
Commissions, taxes and expenses on banking and financial operations	(14.4)	(3.2)	(11.2)
<b>Total financial expenses</b>	<b>(97.0)</b>	<b>(198.7)</b>	<b>101.7</b>
<b>Total net financial results</b>	<b>(169.3)</b>	<b>(412.6)</b>	<b>243.3</b>

Net financial results for the nine-month period ended September 30, 2017 presented lower losses for \$ 243.3 million compared to the nine-month period ended September 30, 2016. Accounts showing the most significant variations between both periods were:

- lower losses for \$ 230.5 million resulting from exchange rate differences generated by liabilities denominated in US dollars;
- lower profits for \$ 116.5 million resulting from exchange rate differences generated by assets denominated in US dollars; and
- lower interest expenses for \$ 107.6 million, due to the valuation of the Company's financial liabilities at its redemption price. (Refer to Note 14 to the Company's interim condensed financial statements as of September 30, 2017).

- Deferred income tax*

Deferred income tax results corresponding to the nine-month period ended September 30, 2017 presented higher losses for \$ 482.4 million compared to the same period of last year. This variation is principally explained by the estimated usage of the tax-loss carryforward registered in the nine-month period ended September 30, 2017. Note 7 to the Company's interim condensed financial statements as of September 30, 2017 presents a breakdown of the deferred income tax assets and liabilities and the variation they registered during the nine-month period then ended.

## TRANSPORTADORA DE GAS DEL NORTE S.A.

### SUMMARY OF INFORMATION CORRESPONDING TO THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

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

- Summary of the statement of cash flows

	(in millions of pesos)	
	Nine-month period ended September 30,	
	2017	2016
Cash generated by the operations	514.4	278.6
Deferred income tax	327.1	(155.3)
Accrued interest generated by liabilities	82.6	190.2
<b>Net cash flow generated by the operations</b>	<b>924.1</b>	<b>313.5</b>
Purchase of property, plant and equipment	(479.0)	(265.2)
Variation of short-term investments (non-cash equivalents)	(286.6)	2.3
Collection of short-term investment's principal and interests	7.3	(3.4)
<b>Net cash flow used in investing activities</b>	<b>(758.3)</b>	<b>(266.3)</b>
Cash flow hedge operations	-	(1.5)
Loans' interest payment	(220.3)	(78.7)
<b>Net cash flow used in financing activities</b>	<b>(220.3)</b>	<b>(80.2)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(54.5)</b>	<b>(33.0)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>250.9</b>	<b>209.6</b>
<b>Financial results generated by cash</b>	<b>37.3</b>	<b>36.9</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>233.7</b>	<b>213.5</b>

- Breakdown of cash and cash equivalents

Accounts	(in millions of pesos)	
	Nine-month period ended September 30,	
	2017	2016
Cash and banks	15.7	86.1
Time deposits in US\$	55.1	-
LEBAC Bonds	-	15.4
Mutual funds in US\$	6.1	-
Mutual funds in \$	156.8	112.0
<b>Cash and cash equivalents at the end of the period</b>	<b>233.7</b>	<b>213.5</b>



## **TRANSPORTADORA DE GAS DEL NORTE S.A.**

### SUMMARY OF INFORMATION CORRESPONDING TO THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

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

This section, related to the Company's business, operating, financial and regulatory prospects must be complemented with the notes to the interim condensed financial statements as of September 30, 2017, the additional information required by Title IV, Chapter III, Sections 1st and 12 of the CNV regulations as of September 30, 2017 and the Company's financial statements as of December 31, 2016. This information should be jointly read, analyzed and interpreted to have a full vision of the significant corporate matters.

#### Business prospects for the rest of the current fiscal year:

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

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

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

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

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

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

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

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

## **TRANSPORTADORA DE GAS DEL NORTE S.A.**

### SUMMARY OF INFORMATION CORRESPONDING TO THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

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

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

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

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

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

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

On October 6, 2016 the MINEM issued its Resolution N° 212/16 approving new natural gas prices in the access points to the carriage systems. Likewise, the ENARGAS issued its Resolution I/4053 re-establishing the 289.2% temporary increase in TGN's rates as from October 7, 2016.

There are controversies between the Company and four natural gas distribution companies, in relation to the collectability of the carriage services provided by TGN from April 1<sup>st</sup>, 2016 to October 6th, 2016, used by the natural gas distribution companies in relation to their non-residential customers, as the natural gas distribution companies have argued against the pro rata criteria applied by TGN based on ENARGAS instructions as stated in Resolution I/3961 (refer to Note 18.1.8 to the Company's financial statements as of December 31, 2016).

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

The Comprehensive Agreement, which was ratified by the Company's extraordinary shareholders meeting held on June 14, 2017, ends a fifteen-year period of legal and regulatory instability that started in 2002 with the LEP. It sets forth the terms and conditions agreed to between the PEN and TGN to adapt the License, establishes the guidelines under which the ENARGAS conducted the CRR for the period 2017-2022 and concludes the renegotiation process developed within the framework of the LEP. Once this agreement comes into force after

## **TRANSPORTADORA DE GAS DEL NORTE S.A.**

### SUMMARY OF INFORMATION CORRESPONDING TO THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

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

having been ratified by the PEN, its provisions will cover the contract period from January 6, 2002 to the termination date of the License.

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

As a condition precedent to the ratification of the Comprehensive Agreement, TGN requested to stay the suit filed against the National State claiming damages suffered by the Company as a result of the pesification and subsequent freeze of its rates (see Note 18.1.6 to the Company's financial statements as of December 31, 2016 and Note 17.1 to the Company's interim condensed financial statements as of September 30, 2017). Additionally, within ninety calendar days counted from the date on which the ENARGAS resolution that approves the rate schedule resulting from the CRR comes into force and stays effective, or from the last step of the increase, which shall not exceed April 1, 2018, or from the resolutions approving the distribution rate schedules including the aforementioned rate schedules, as appropriate, TGN shall fully and expressly waive the right and dismiss the action brought against the National State, as well as all rights it might invoke or bring against the National State, based on or related to facts or legal measures ordered with respect to the License under the LEP and/or because the Producer Price Index ("PPI") became ineffective due to its cancellation. The same must be done by the Company's controlling shareholder, Gasinvest S.A. ("Gasinvest"), and the shareholders representing at least two thirds of Gasinvest's capital stock. See Note 17.1 to the Company's interim condensed financial statements as of September 30, 2017.

The Comprehensive Agreement contains an indemnity clause for the benefit of the National State. On the one hand, TGN agrees to hold the National State harmless in the event that any of TGN's and/or Gasinvest's shareholders and/or any of their possible assignees obtain a final and conclusive award or judgment, in the Argentine Republic or abroad, consisting of any type of economic indemnity, relief or compensation whether based on or related to facts or legal measures ordered with respect to the License, under the emergency situation established by the LEP and/or the cancellation of the PPI, including costs and fees. In such a case, the Company shall not be entitled to seek any relief, indemnity or compensation from the National State, and the costs and expenses that TGN incurs shall in no case be transferred to the users of the carriage service. Additionally, in relation to arbitration awards obtained prior to the signing of the Comprehensive Agreement by former shareholders CMS and Total, the Company agrees to hold the National State harmless. The amount of that indemnity, to be defined, will not include the proportional composition stated or that will be stated in the respective payment agreements, will exclude the amounts corresponding to interests related to the National State's payment delay and will be calculated at its present value. As a reference, the amounts stated in the awards are: CMS Gas Transmission Company v. Argentine Republic (Case No. ARB/01/8 in favor of CMS for US\$ 133.2 million, dated May 12, 2005) and Total S.A. v. Argentine Republic (Case No. ARB/04/1 in favor of Total for US\$ 85.2 million, dated November 27, 2013).

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

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

## TRANSPORTADORA DE GAS DEL NORTE S.A.

### SUMMARY OF INFORMATION CORRESPONDING TO THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

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

During October, 2017, the ENARGAS called a public hearing that will be carried out on November 17, 2017, to consider a new temporary gas carriage rate increase to be applied by the Company, on account of the final increase that will be set, once the Comprehensive Agreement is ratified.

#### III) COMPARATIVE BALANCE SHEET STRUCTURE AT SEPTEMBER 30, 2017, 2016, 2015, 2014, AND 2013

Accounts	(in millions of pesos)				
	At 09.30				
	2017	2016	2015	2014	2013
Non-current assets	3,968	3,697	2,678	2,540	2,251
Current assets	1,426	890	619	784	669
<b>Total</b>	<b>5,394</b>	<b>4,587</b>	<b>3,297</b>	<b>3,324</b>	<b>2,920</b>
Shareholders' equity	660	37	666	932	1,073
Non-current liabilities	487	3,513	2,158	1,950	1,498
Current liabilities	4,247	1,037	473	442	349
Subtotal liabilities	4,734	4,550	2,631	2,392	1,847
<b>Total</b>	<b>5,394</b>	<b>4,587</b>	<b>3,297</b>	<b>3,324</b>	<b>2,920</b>

#### IV) COMPARATIVE STRUCTURE OF COMPREHENSIVE RESULTS FOR THE PERIODS ENDED SEPTEMBER 30, 2017, 2016, 2015, 2014, AND 2013

Accounts	(in millions of pesos)				
	At 09.30				
	2017	2016	2015	2014	2013
<b>Income (loss) before other net income and expenses</b>	<b>1,037.3</b>	<b>57.4</b>	<b>(237.0)</b>	<b>(138.0)</b>	<b>(85.4)</b>
Other net income and expenses	60.0	(75.4)	9.0	33.4	46.7
<b>Income (loss) before financial results</b>	<b>1,097.3</b>	<b>(18.0)</b>	<b>(228.0)</b>	<b>(104.6)</b>	<b>(38.7)</b>
Net financial results	(169.3)	(412.6)	(7.5)	(126.0)	(208.5)
Results from loans restructuring	-	-	-	-	280.7
Results from investments in affiliate companies	2.0	(1.2)	0.6	3.3	1.5
<b>Result before income tax</b>	<b>930.0</b>	<b>(431.8)</b>	<b>(234.9)</b>	<b>(227.3)</b>	<b>35.0</b>
Income tax	(327.1)	155.3	71.0	73.6	(19.8)
<b>Income (loss) for the period</b>	<b>602.9</b>	<b>(276.5)</b>	<b>(163.9)</b>	<b>(153.7)</b>	<b>15.2</b>
Other comprehensive results for the period	1.1	1.1	-	-	-
<b>Comprehensive income (loss) for the period</b>	<b>604.0</b>	<b>(275.4)</b>	<b>(163.9)</b>	<b>(153.7)</b>	<b>15.2</b>

# TRANSPORTADORA DE GAS DEL NORTE S.A.

## SUMMARY OF INFORMATION CORRESPONDING TO THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

### V) COMPARATIVE STATISTICAL DATA CORRESPONDING TO THE PERIODS ENDED SEPTEMBER 30, 2017, 2016, 2015, 2014, AND 2013 (Cont.)

Volume dispatched in millions of cubic meters:

	According to the type of carriage agreement				
	At 09.30				
	2017	2016	2015	2014	2013
Firm carriage	11,516	11,286	11,578	11,263	11,470
Interruptible carriage and Exchange and displacement	5,517	5,819	5,658	5,487	4,549
<b>Total</b>	<b>17,033</b>	<b>17,105</b>	<b>17,236</b>	<b>16,750</b>	<b>16,019</b>

	According to the type of source				
	At 09.30				
	2017	2016	2015	2014	2013
Norte Gas pipeline	9,549	9,948	16,892	16,612	15,915
Centro-Oeste Gas pipeline	7,484	7,157	344	138	104
<b>Total</b>	<b>17,033</b>	<b>17,105</b>	<b>17,236</b>	<b>16,750</b>	<b>16,019</b>

	According to its destination				
	At 09.30				
	2017	2016	2015	2014	2013
Domestic market	17,030	17,101	16,892	16,612	15,915
Foreign market	3	4	344	138	104
<b>Total</b>	<b>17,033</b>	<b>17,105</b>	<b>17,236</b>	<b>16,750</b>	<b>16,019</b>

### VI) COMPARATIVE INDICATORS AT SEPTEMBER 30, 2017, 2016, 2015, 2014, AND 2013

	At 09.30				
	2017	2016	2015	2014	2013
Current liquidity (1)	0.34	0.86	1.31	1.77	1.92
Solvency (2)	0.14	0.01	0.25	0.39	0.58
Freezing capital (3)	0.74	0.81	0.81	0.76	0.77

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

Autonomous City of Buenos Aires, November 8, 2017

Emilio Daneri Conte-Grand  
President

## Transportadora de Gas del Norte S.A.

### INTERIM CONDENSED BALANCE SHEET AT SEPTEMBER 30, 2017 COMPARATIVE WITH THAT AT DECEMBER 31, 2016 (in thousands of pesos)

	<b>Note</b>	<u>09.30.2017</u>	<u>12.31.2016</u>
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	<b>5</b>	2,348,766	2,009,912
Investments in affiliate companies	<b>6</b>	8,523	5,364
Materials and spare parts	<b>9</b>	99,340	88,740
Other accounts receivable	<b>10</b>	140,766	132,934
Deferred income tax asset	<b>7</b>	-	302,918
Trade accounts receivable	<b>11</b>	1,334,424	1,121,815
Investments at amortised cost	<b>8</b>	36,505	42,370
Total non-current assets		<u>3,968,324</u>	<u>3,704,053</u>
Current assets			
Materials and spare parts		37,545	21,542
Other accounts receivable	<b>10</b>	181,029	60,323
Trade accounts receivable	<b>11</b>	578,901	437,855
Investments at amortised cost	<b>8</b>	8,640	8,731
Investments at fair value	<b>8</b>	386,456	101,296
Cash and cash equivalents	<b>12</b>	233,687	250,865
Total current assets		<u>1,426,258</u>	<u>880,612</u>
Total assets		<u>5,394,582</u>	<u>4,584,665</u>

## Transportadora de Gas del Norte S.A.

### INTERIM CONDENSED BALANCE SHEET AT SEPTEMBER 30, 2017 COMPARATIVE WITH THAT AT DECEMBER 31, 2016 (in thousands of pesos)

	Note	<u>09.30.2017</u>	<u>12.31.2016</u>
SHAREHOLDERS' EQUITY			
Common stock	13	439,374	439,374
Other reserves		3,928	2,796
Retained earnings		216,806	(386,304)
Total shareholders' equity		<u>660,108</u>	<u>55,866</u>
LIABILITIES			
Non-current liabilities			
Contingencies	17	24,458	25,158
Deferred income tax liability	7	24,168	-
Loans	14	-	2,945,213
Other debts	15	22,654	49,977
Trade accounts payable	16	415,769	397,114
Total non-current liabilities		<u>487,049</u>	<u>3,417,462</u>
Current liabilities			
Contingencies	17	73,262	88,947
Loans	14	3,569,968	482,615
Salaries and social security contributions		114,355	118,573
Taxes payable		79,260	67,063
Other debts	15	103,529	54,989
Trade accounts payable	16	307,051	299,150
Total current liabilities		<u>4,247,425</u>	<u>1,111,337</u>
Total liabilities		<u>4,734,474</u>	<u>4,528,799</u>
Total liabilities and shareholders' equity		<u>5,394,582</u>	<u>4,584,665</u>

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

## Transportadora de Gas del Norte S.A.

### INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME AT SEPTEMBER 30, 2017 AND 2016 (in thousands of pesos)

		<u>Nine-month period ended</u>		<u>Three-month period ended</u>	
	<b>Note</b>	<u>09.30.2017</u>	<u>09.30.2016</u>	<u>09.30.2017</u>	<u>09.30.2016</u>
Revenues	<b>18</b>	2,642,211	1,202,848	1,027,188	336,744
Cost of services	<b>19</b>	(1,120,559)	(817,754)	(457,131)	(338,632)
<b>Gross profit (loss)</b>		<b>1,521,652</b>	<b>385,094</b>	<b>570,057</b>	<b>(1,888)</b>
Selling expenses	<b>19</b>	(173,031)	(134,875)	(58,098)	(65,448)
Administrative expenses	<b>19</b>	(311,222)	(192,849)	(113,548)	(69,263)
<b>Income (loss) before other net income and expenses</b>		<b>1,037,399</b>	<b>57,370</b>	<b>398,411</b>	<b>(136,599)</b>
Other net income and expenses	<b>20</b>	60,040	(75,363)	38,257	20,676
<b>Income (loss) before financial results</b>		<b>1,097,439</b>	<b>(17,993)</b>	<b>436,668</b>	<b>(115,923)</b>
Financial results					
Generated by exchange rate differences	<b>21</b>	(187,215)	(301,319)	(88,673)	(41,977)
Financial income	<b>21</b>	115,024	87,401	61,717	47,202
Financial expenses	<b>21</b>	(97,079)	(198,724)	48,914	(72,983)
<b>Net financial results</b>		<b>(169,270)</b>	<b>(412,642)</b>	<b>21,958</b>	<b>(67,758)</b>
Results from investments in affiliate companies	<b>6</b>	2,027	(1,157)	681	(1,863)
<b>Result before income tax</b>		<b>930,196</b>	<b>(431,792)</b>	<b>459,307</b>	<b>(185,544)</b>
Income tax	<b>7</b>	(327,086)	155,275	(159,017)	68,387
<b>Income (loss) for the period</b>		<b>603,110</b>	<b>(276,517)</b>	<b>300,290</b>	<b>(117,157)</b>
<b>Items that will be reclassified into profit or loss</b>					
Changes in the fair value of derivatives held as hedge	<b>3.1.1</b>	-	(1,502)	-	(4,777)
Affiliate companies' financial statements currency translation adjustment	<b>6</b>	1,132	2,637	815	(555)
<b>Other comprehensive results for the period <sup>(1)</sup></b>		<b>1,132</b>	<b>1,135</b>	<b>815</b>	<b>(5,332)</b>
<b>Comprehensive income (loss) for the period</b>		<b>604,242</b>	<b>(275,382)</b>	<b>301,105</b>	<b>(122,489)</b>
Net result per share	<b>22</b>	1.3727	(0.6293)	0.6837	(0.2663)

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

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



## Transportadora de Gas del Norte S.A.

### INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016 (in thousands of pesos)

Item	Common stock	Inflation adjustment of common stock	Other reserves	Retained earnings	Total shareholders' equity
<b>Balances at December 31, 2015</b>	<b>439,374</b>	<b>390,185</b>	<b>25</b>	<b>(517,663)</b>	<b>311,921</b>
Resolution of Ordinary Shareholders' Meeting held on April 14, 2016:					
Absorption of the loss for the fiscal year 2015 against the Inflation adjustment of common stock.	-	(390,185)	-	390,185	-
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
<b>Subtotal comprehensive result for the period</b>	<b>-</b>	<b>-</b>	<b>1,135</b>	<b>(276,517)</b>	<b>(275,382)</b>
<b>Balances at September 30, 2016</b>	<b>439,374</b>	<b>-</b>	<b>1,160</b>	<b>(403,995)</b>	<b>36,539</b>
Income for the supplementary three-month period until December 31, 2016	-	-	-	17,691	17,691
Changes in the fair value of derivatives held as hedge	-	-	1,477	-	1,477
Affiliate companies' financial statements currency translation adjustment	-	-	159	-	159
<b>Balances at December 31, 2016</b>	<b>439,374</b>	<b>-</b>	<b>2,796</b>	<b>(386,304) <sup>(1)</sup></b>	<b>55,866</b>
Income for the nine-month period ended September 30, 2017	-	-	-	603,110	603,110
Affiliate companies' financial statements currency translation adjustment	-	-	1,132	-	1,132
<b>Subtotal comprehensive result for the period</b>	<b>-</b>	<b>-</b>	<b>1,132</b>	<b>603,110</b>	<b>604,242</b>
<b>Balances at September 30, 2017</b>	<b>439,374</b>	<b>-</b>	<b>3,928</b>	<b>216,806</b>	<b>660,108</b>

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

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

## Transportadora de Gas del Norte S.A.

### INTERIM CONDENSED STATEMENT OF CASH FLOWS AT SEPTEMBER 30, 2017 AND 2016 (in thousands of pesos)

	<b>Note</b>	<u>09.30.2017</u>	<u>09.30.2016</u>
Income (loss) for the period		603,110	(276,517)
<b>Adjustments to reach cash generated by the operations:</b>			
Property, plant and equipment depreciation	<b>5</b>	140,001	116,810
Net book value of disposed property, plant and equipment		174	1,756
Increase in allowances and provisions for contingencies (net of recoveries)		218,756	327,759
Exchange rate differences and other net financial results		242,728	442,741
Results from investments in affiliate companies		(2,027)	1,157
Income tax	<b>7</b>	327,086	(155,275)
Accrued interest generated by liabilities	<b>21</b>	82,580	190,256
<b>Net changes in operating assets and liabilities:</b>			
Increase in trade accounts receivable		(539,381)	(698,301)
(Increase) decrease in other accounts receivable		(129,048)	25,987
Increase in materials and spare parts		(32,659)	(36,228)
Increase in trade accounts payable		4,323	317,063
(Decrease) increase in salaries and social security contributions		(4,218)	25,780
Increase in taxes payable		12,197	23,657
Increase in other debts		43,450	19,240
Decrease in contingencies		(43,014)	(12,354)
<b>Net cash flow generated by the operations</b>		<b>924,058</b>	<b>313,531</b>
 Purchases of property, plant and equipment	<b>5</b>	(479,029)	(265,191)
Collection of short-term investment's principal and interests		7,262	2,331
Changes in short-term investments (non-cash equivalents)		(286,466)	(3,373)
<b>Net cash flow used in investing activities</b>		<b>(758,233)</b>	<b>(266,233)</b>
 Cash flow hedge operations	<b>3.1.1</b>	-	(1,502)
Loans' interest payment		(220,287)	(78,733)
<b>Net cash flow used in financing activities</b>		<b>(220,287)</b>	<b>(80,235)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(54,462)</b>	<b>(32,937)</b>
 Cash and cash equivalents at the beginning of the fiscal year		250,865	209,602
Financial results generated by cash		37,284	36,862
<b>Cash and cash equivalents at the end of the period</b>	<b>12</b>	<b>233,687</b>	<b>213,527</b>

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

## **Transportadora de Gas del Norte S.A.**

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

#### 1 - GENERAL INFORMATION

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

Information regarding Argentina's economic context, the energy matter crisis, the contractual framework in which the Company operates and the impact of the previously mentioned on the Company's economic-financial situation is disclosed in Note 1 to the Company's financial statements as of December 31, 2016. Except for what is mentioned below in Note 1.1, during the nine-month period ended on September 30, 2017 and up to the date of issuance of these interim condensed financial statements, no significant facts have arisen in relation to what is mentioned in Note 1 to the Company's financial statements as of December 31, 2016.

#### 1.1 - License

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

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

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

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

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

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

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

## **Transportadora de Gas del Norte S.A.**

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

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

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

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

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

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

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

On October 6, 2016 the MINEM issued its Resolution N° 212/16 approving new natural gas prices in the access points to the carriage systems. Likewise, the ENARGAS issued its Resolution I/4053 re-establishing the 289.2% temporary increase in TGN’s rates as from October 7, 2016.

There are controversies between the Company and four natural gas distribution companies, in relation to the collectability of the carriage services provided by TGN from April 1<sup>st</sup> to October 6<sup>th</sup>, 2016, used by the natural gas distribution companies in relation to their non-residential customers, as the natural gas distribution companies have argued against the pro rata criteria applied by TGN based on ENARGAS instructions as stated in Resolution I/3961 (refer to Note 18.1.8 to the Company’s financial statements as of December 31, 2016).

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

The Comprehensive Agreement, which was ratified by the Company’s extraordinary shareholders meeting held on June 14, 2017 ends a fifteen-year period of legal and regulatory instability that started in 2002 with the LEP. It sets forth the terms and conditions agreed to between the PEN and TGN to adapt the License, establishes the guidelines under which the ENARGAS conducted the CRR for the period 2017-2022 and concludes the renegotiation process developed within the framework of the LEP. Once this agreement comes into force after having been ratified by the PEN, its provisions will cover the contract period from January 6, 2002 to the termination date of the License.

## **Transportadora de Gas del Norte S.A.**

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

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

As a condition precedent to the ratification of the Comprehensive Agreement, TGN requested to stay the suit filed against the National State claiming damages suffered by the Company as a result of the pesification and subsequent freeze of its rates (see Note 18.1.6 to the Company's financial statements as of December 31, 2016 and Note 17.1 to these interim condensed financial statements). Additionally, within ninety calendar days counted from the date on which the ENARGAS resolution that approves the rate schedule resulting from the CRR comes into force and stays effective, or from the last step of the increase, which shall not exceed April 1, 2018, or from the resolutions approving the distribution rate schedules including the aforementioned rate schedules, as appropriate, TGN shall fully and expressly waive the right and dismiss the action brought against the National State, as well as all rights it might invoke or bring against the National State, based on or related to facts or legal measures ordered with respect to the License under the LEP and/or because the Producer Price Index ("PPI") became ineffective due to its cancellation. The same must be done by the Company's controlling shareholder, Gasinvest S.A. ("Gasinvest"), and the shareholders representing at least two thirds of Gasinvest's capital stock. See Note 17.1 to these interim condensed financial statements.

The Comprehensive Agreement contains an indemnity clause for the benefit of the National State. On the one hand, TGN agrees to hold the National State harmless in the event that any of TGN's and/or Gasinvest's shareholders and/or any of their possible assignees obtain a final and conclusive award or judgment, in the Argentine Republic or abroad, consisting of any type of economic indemnity, relief or compensation whether based on or related to facts or legal measures ordered with respect to the License, under the emergency situation established by the LEP and/or the cancellation of the PPI, including costs and fees. In such a case, the Company shall not be entitled to seek any relief, indemnity or compensation from the National State, and the costs and expenses that TGN incurs shall in no case be transferred to the users of the carriage service. Additionally, in relation to arbitration awards obtained prior to the signing of the Comprehensive Agreement by former shareholders CMS and Total, the Company agrees to hold the National State harmless. The amount of that indemnity, to be defined, will not include the proportional composition stated or that will be stated in the respective payment agreements, will exclude the amounts corresponding to interests related to the National State's payment delay and will be calculated at its present value. As a reference, the amounts stated in the awards are: CMS Gas Transmission Company v. Argentine Republic (Case No. ARB/01/8 in favor of CMS for US\$ 133.2 million, dated May 12, 2005) and Total S.A. v. Argentine Republic (Case No. ARB/04/1 in favor of Total for US\$ 85.2 million, dated November 27, 2013).

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

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

During October, 2017, the ENARGAS called a public hearing that will be carried out on November 17, 2017, to consider a new temporary gas carriage rate increase to be applied by the Company, on account of the final increase that will be set, once the Comprehensive Agreement is ratified.

## **Transportadora de Gas del Norte S.A.**

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

#### 2 - PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

These interim condensed financial statements for the nine-month period ended September 30, 2017 have not been audited. The Management of the Company estimates that they include all the necessary adjustments to reasonably present the results of each period. The results for the nine-month period ended September 30, 2017 do not necessarily reflect the proportion of the Company's results for the full year.

In addition, the mentioned financial statements have been prepared in accordance with the International Accounting Standard 34 ("Interim financial reporting").

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 International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("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 should be read in conjunction with the Company's financial statements as of December 31, 2016, issued in accordance with IFRS. Additionally, these interim condensed financial statements have been prepared following the same accounting policies used in the preparation of the Company's financial statements as of December 31, 2016. Furthermore, the provisions of ENARGAS Resolution No. 1,660/00 (as amended by Resolution No. 1,903/00) regulating certain valuation and disclosure criteria for the regulated natural gas carriage and distribution activity have been applied. These criteria are similar to those established by IFRS.

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

##### 2.1 - Accounting estimates and policies

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

Accounting estimates and policies applied by the Company during the nine-month period ended September 30, 2017 are consistent with those applied during the fiscal year ended December 31, 2016.

##### 2.2 – Financial reporting in hyperinflationary economies

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

As of September 30, 2017, it is not possible to determine the accumulated inflation rate corresponding to the three-year period ended on that date using the official National Statistics and Census Institute ("INDEC") database, due to

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the fact that during October 2015 that office discontinued the calculation of its “Internal Wholesale Price Index”, which was again calculated as from January 2016.

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

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

#### 2.3 Changes in interpretations and accounting standards

##### **a) New standards, amendments and interpretations mandatory for fiscal years commenced January 1<sup>st</sup>, 2017:**

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

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

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

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

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

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

IFRS 15 - “Revenue from Contracts with Customers”: It was published in May 2014 and it is effective for fiscal years beginning on or after January 1<sup>st</sup>, 2018. This standard specifies how and when an entity will recognize

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revenues, as well as the additional information the Company shall disclose in the financial statements. The standard provides a single, principle-based five-step model to be applied to all contracts with customers.

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

### 3 - FINANCIAL RISK MANAGEMENT

As for financial risk analysis, as of September 30, 2017, except for what is mentioned in Note 3.1 below, there are no significant variations in relation to what has been mentioned in Note 3 to the Company's financial statements as of December 31, 2016.

#### 3.1 - Currency risks

The potential impact on the statement of comprehensive income and the statement of changes in shareholders' equity resulting from each percentage point of devaluation of the peso against the US dollar would account for an approximate loss of \$ 22 million, provided that the other economic and financial variables affecting the Company remain stable. This sensitivity analysis is based on reasonable information and assumptions. Yet, actual results might differ significantly from such analysis.

##### 3.1.1 – Hedge transactions regarding currency risk – Financial liabilities' interest payments

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

For the mentioned hedge future contracts, TGN documented at the inception of these transactions the relationship between hedging instruments and hedged items, as well as its objective, which is no other than hedging the exchange rate risk that would generate a variation in that rate, in order to honor its financial obligations related to the Step-up Notes. At December 31, 2016, the effective portion of designated cash flow hedges amounts to \$ 1.5 million and is included in Other Reserves in equity. At September 30, 2017, the mentioned hedge instruments have fallen due and were fully cancelled.

### 4 - BUSINESS SEGMENT INFORMATION

Segment reporting is presented in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The Company's General Director has been identified as CODM. The management information used by the CODM in decision making is prepared on a quarterly basis and in millions of pesos and



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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>09.30.2017</u>	<u>09.30.2016</u>
Revenues	2,642.2	1,202.9
Operating costs	(1,464.8)	(1,028.7)
Management EBITDA	<u>1,177.4</u>	<u>174.2</u>
Purchases of property, plant and equipment	<u>479.0</u>	<u>265.2</u>

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

	<u>09.30.2017</u>	<u>09.30.2016</u>
Management EBITDA in millions of pesos	1,177.4	174.2
Property, plant and equipment depreciation	(140.0)	(116.8)
Other net income and expenses	60.0	(75.4)
Net financial results	(169.3)	(412.6)
Results from investments in affiliate companies	2.0	(1.2)
Result before income tax	<u>930.1</u>	<u>(431.8)</u>

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### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

#### 5 – PROPERTY, PLANT AND EQUIPMENT

	09.30.2017										Net book value		
	Original values					Depreciation							
	At the beginning of the year	Increases	Disposals	Transfers	At the end of the period / year	At the beginning of the year	For the period / year	Disposals	Transfers	At the end of the period / year	09.30.2017	12.31.2016	09.30.2016
Land	3,401	-	-	-	3,401	-	-	-	-	-	3,401	3,401	3,401
Buildings and constructions	79,567	-	-	1,240	80,807	32,671	1,211	-	41	33,923	46,884	46,896	47,295
Installations	11,927	-	-	(1,892)	10,035	1,605	319	-	(69)	1,855	8,180	10,322	10,442
Gas pipelines	2,176,984	-	(58)	-	2,176,926	1,105,248	46,662	(46)	-	1,151,864	1,025,062	1,071,736	1,088,040
Investments in pipeline maintenances	307,396	-	-	134,512	441,908	105,579	34,579	-	-	140,158	301,750	201,817	170,096
High-pressure branch lines	29,584	-	-	-	29,584	644	742	-	-	1,386	28,198	28,940	4,454
Compressor plants	1,055,164	-	(206)	13,953	1,068,911	782,403	41,674	(118)	(12)	823,947	244,964	272,761	280,229
High-pressure control and/or measurement stations	86,097	-	-	-	86,097	61,352	1,793	-	-	63,145	22,952	24,745	25,292
Other technical installations	52,800	-	-	171	52,971	43,544	1,332	-	-	44,876	8,095	9,256	9,747
Machinery, equipment and tools	34,598	245	(225)	-	34,618	28,220	1,359	(220)	30	29,389	5,229	6,378	6,466
IT and telecommunication systems	114,108	4,320	(1,597)	-	116,831	68,251	6,419	(1,596)	262	73,336	43,495	45,857	38,386
Vehicles	34,341	-	(173)	-	34,168	24,333	2,731	(142)	-	26,922	7,246	10,008	10,720
Furniture and office supplies	13,698	377	(18)	-	14,057	10,703	345	(12)	-	11,036	3,021	2,995	2,834
Assets held at third-parties facilities	14,464	-	(855)	(79)	13,530	10,814	835	(824)	(252)	10,573	2,957	3,650	3,727
Work in process	217,096	474,087	-	(147,905)	543,278	-	-	-	-	-	543,278	217,096	235,641
Gas stock	54,054	-	-	-	54,054	-	-	-	-	-	54,054	54,054	54,054
Total as of September 30, 2017	4,285,279	479,029	(3,132)	-	4,761,176	2,275,367	140,001	(2,958)	-	2,412,410	2,348,766	-	-
Total as of December 31, 2016	3,964,119	328,610	(7,450)	-	4,285,279	2,119,920	159,251	(3,804)	-	2,275,367	-	2,009,912	-
Total as of 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

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#### 5.1 – Commitments

As of September 30, 2017, the Company possesses contractual commitments with suppliers for the acquisition of Property, plant and equipment items for 590,007.

#### 6 - INVESTMENTS IN AFFILIATE COMPANIES

	<u>09.30.2017</u>	<u>12.31.2016</u>
Balances at the beginning of the fiscal year	5,364	18,488
Dividends distribution	-	(14,917)
Results from investments in affiliate companies <sup>(1)</sup>	<u>3,159</u>	<u>1,793</u>
Balances at the end of the period / fiscal year	<u>8,523</u>	<u>5,364</u>

<sup>(1)</sup> Includes 1,132 that have been charged to “Other comprehensive income” in the interim condensed statement of comprehensive income, as of September 30, 2017.

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### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

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

Issuer	Characteristics of the instruments		Amount	Cost value	Book value as of		Information on the issuer						
	Shares	Face value			09.30.17	12.31.16	Main activity	Latest financial statements					
								Date	Capital stock and capital adjustment	Other reserves	Retained earnings	Shareholders' equity	Percentage of direct holding
Comgas Andina S.A.	Common	<sup>(1)</sup> 1 per share	490	246	8,523	5,364	Operation and maintenance services of gas pipelines	09.30.17	34	-	17,360	17,394	49.0
Companhía Operadora do Rio Grande do Sul	Common	<sup>(2)</sup> 1 per share	49	0.1	861	698	Operation and maintenance services of gas pipelines	12.31.16	1	1,354	402	1,757	49.0
Impairment of investment					(861)	(698)							
Total					8,523	5,364							

(1) Chilean pesos

(2) Brazilian reais

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### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

#### 7 - INCOME TAX

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

	<u>09.30.2017</u>	<u>12.31.2016</u>
Deferred income tax assets	601,382	899,804
Deferred income tax liabilities	(625,550)	(596,886)
Deferred income tax net (liability) asset	<u>(24,168)</u>	<u>302,918</u>

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

Deferred income tax assets	Trade accounts payable, financial liabilities and other debts	Materials and spare parts	Other accounts receivable	Contingencies	Tax-loss carryforward	Total
Balances at December 31, 2015	73,203	88,757	1,543	45,250	506,389	715,142
Charged to statement of comprehensive income	15,184	22,778	1,210	39,825	105,412	184,409
Balances at December 31, 2016	88,387	111,535	2,753	85,075	611,801	899,551
Charged to statement of comprehensive income	(30,695)	15,635	910	(12,869)	(271,150)	(298,169)
Balances at September 30, 2017	57,692	127,170	3,663	72,206	340,651	601,382

Deferred income tax liabilities	Property, plant and equipment	Trade accounts receivable	Investments at fair value	Board of directors' fees	Total
Balances at December 31, 2015	(272,629)	(282,507)	328	461	(554,347)
Charged to statement of comprehensive income	11,480	(49,872)	(3,686)	(208)	(42,286)
Balances at December 31, 2016	(261,149)	(332,379)	(3,358)	253	(596,633)
Charged to statement of comprehensive income	8,696	(40,637)	3,353	(329)	(28,917)
Balances at September 30, 2017	(252,453)	(373,016)	(5)	(76)	(625,550)

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>09.30.2017</u>	<u>09.30.2016</u>
Result before income tax	930,196	(431,792)
Statutory income tax rate	35%	35%
Income tax charge determined by applying statutory tax rate to the result for the period	<u>(325,569)</u>	<u>151,127</u>
Exceptions at statutory income tax rate:		
- Results from investments in affiliate companies	709	(405)
- Adjustment to income tax provision	(5,833)	2,398
- Others	<u>3,607</u>	<u>2,155</u>
Total income tax charge	<u>(327,086)</u>	<u>155,275</u>

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### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

Below there is a detail of the breakdown of the minimum presumed income tax credits accumulated at September 30, 2017:

<u>Fiscal year</u>	<u>Amount</u>	<u>Fiscal year of expiration</u>
2007	1,230	2017
Allowance for doubtful recoverability	(1,230)	n/a
2008	6,797	2018
2009	436	2019
2011	21,413	2021
2013	20,320	2023
2014	21,630	2024
2015	20,342	2025
2016	22,716	2026
2017 three quarters (estimated)	23,377	2027
Balance as of September 30, 2017 (Note 10)	137,031	

Below there is a detail of the breakdown of the tax-loss carryforwards accumulated by the Company as of September 30, 2017:

<u>Fiscal year</u>	<u>Amount</u>	<u>Fiscal year of expiration</u>
2013	19,480	2018
2014	229,756	2019
2015	1,204,441	2020
2016 (according to tax return)	277,660	2021
2017 three quarters (estimated)	(758,048)	n/a
Balance as of September 30, 2017	973,289	

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

### 8 - FINANCIAL INSTRUMENTS BY CATEGORY

	<u>09.30.2017</u>	<u>12.31.2016</u>
<b>Financial assets at fair value <sup>(1)</sup>:</b>		
Classified as "Investments at fair value":		
Government bonds in US\$	58,001	34,201
LEBAC bonds	132,181	-
Government bonds in \$	196,274	67,095
Subtotal	386,456	101,296
Classified as "Cash and cash equivalents":		
Mutual funds in \$ (Note 12)	156,805	152,734
Mutual funds in US\$ (Note 12)	6,084	-
LEBAC bonds <sup>(2)</sup> (Note 12)	-	13,537
Subtotal	162,889	166,271
<b>Total financial assets at fair value – Current</b>	<b>549,345</b>	<b>267,567</b>

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### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

	09.30.2017	12.31.2016
<b>Financial assets at amortised cost:</b>		
<b>Current:</b>		
Classified as “Investments at amortised cost”:		
VRD bonds in \$	8,640	8,731
Subtotal	8,640	8,731
Classified as “Cash and cash equivalents”:		
Cash and banks (Note 12)	15,690	34,038
Time deposits in US\$ <sup>(2)</sup> (Note 12)	55,108	50,556
Subtotal	70,798	84,594
Classified as “Trade accounts receivable” and “Other accounts receivable”	629,445	476,516
<b>Total financial assets at amortised cost – Current</b>	<b>708,883</b>	<b>569,841</b>
<b>Non-Current:</b>		
Classified as “Investments at amortised cost”:		
Other investments in US\$	6,653	6,237
VRD bonds in \$	29,852	36,133
Subtotal	36,505	42,370
Classified as “Trade accounts receivable” and “Other accounts receivable”	1,338,159	1,123,749
<b>Total financial assets at amortised cost – Non-Current</b>	<b>1,374,664</b>	<b>1,166,119</b>
<b>Financial liabilities at amortised cost:</b>		
<b>Current:</b>		
Loans	3,569,968	482,615
Trade accounts payable, other debts and taxes payable	362,200	281,207
<b>Total financial liabilities at amortised cost – Current</b>	<b>3,932,168</b>	<b>763,822</b>
<b>Non-Current:</b>		
Loans	-	2,945,213
Trade accounts payable, other debts and taxes payable	415,769	397,114
<b>Total financial liabilities at amortised cost – Non-Current</b>	<b>415,769</b>	<b>3,342,327</b>

<sup>(1)</sup> 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, 2017 and December 31, 2016.

<sup>(2)</sup> 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.

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### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

#### 9 - MATERIALS AND SPARE PARTS

	<u>09.30.2017</u>	<u>12.31.2016</u>
Non-current		
Spare parts and consumption materials	200,812	184,322
Allowance for slow-moving and obsolescence	(101,472)	(95,582)
Total non-current materials and spare parts	<u>99,340</u>	<u>88,740</u>

#### 10 - OTHER ACCOUNTS RECEIVABLE

Non-current		
Minimum presumed income tax (Note 7)	137,031	131,000
Sundry	3,735	1,934
Total other accounts receivable - Non-current	<u>140,766</u>	<u>132,934</u>
Current		
Commercial indemnifications and accidents recoveries	12,362	12,737
Tax credits	489	7,696
Key management personnel (Note 23)	7,385	7,876
Prepaid expenses and advances	106,716	13,834
Guarantees granted in relation to hedge operations (Note 3.3.1)	-	9,874
Assistance fees - controlling shareholder (Note 23)	70	58
Other receivables - affiliate companies (Note 23)	1,120	1,578
Other receivables - related parties (Note 23)	8,883	7,971
Allowance for doubtful accounts	(6,638)	(6,334)
Receivables from sundry sales and others	50,642	5,033
Total other accounts receivable – Current	<u>181,029</u>	<u>60,323</u>

#### 11 - TRADE ACCOUNTS RECEIVABLE

Non-current		
Trade accounts receivable with third parties	3,302,557	2,993,879
Discount at present value	(338,536)	(376,925)
Allowance for doubtful accounts and disputed amounts	(1,629,597)	(1,495,139)
Total trade accounts receivable - Non-current	<u>1,334,424</u>	<u>1,121,815</u>
Current		
Trade accounts receivable with third parties	578,022	436,686
Trade accounts receivable with related parties (Note 23)	174,382	122,574
Allowance for doubtful accounts and disputed amounts	(173,503)	(121,405)
Total trade accounts receivable - Current	<u>578,901</u>	<u>437,855</u>

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

	<u>09.30.2017</u>	<u>12.31.2016</u>
Balances at the beginning of the year	1,616,544	1,258,824
Increases (net of recoveries)	186,556	357,720
Balances at the end of the period / year	<u>1,803,100</u>	<u>1,616,544</u>



## Transportadora de Gas del Norte S.A.

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

#### 12 - CASH AND CASH EQUIVALENTS

	<u>09.30.2017</u>	<u>12.31.2016</u>
Cash and banks	15,690	34,038
Mutual funds in \$	156,805	152,734
Mutual funds in US\$	6,084	-
Time deposits in US\$	55,108	50,556
LEBAC bonds in \$	-	13,537
Total	<u>233,687</u>	<u>250,865</u>

#### 13 - COMMON STOCK AND RESERVES

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

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

#### 14 - LOANS

Note 15 to the financial statements for the fiscal year ended December 31, 2016 discloses information on the terms and conditions of the Step-Up Notes and the Five-Year Negotiable Obligations issued by the Company ("the Existing Negotiable Obligations").

On October 3, 2017, TGN's Board of Directors decided to exercise the redemption right (without premium payment) in relation to the Existing Negotiable Obligations, setting the effective redemption date on November 13, 2017. The Company shall pay the redemption price (face value plus accrued contractual interest) of the Existing Negotiable Obligations at that date, using the funds obtained from a syndicated loan that was executed on October 26, 2017, with the Industrial and Commercial Bank of China Limited (Dubai Branch), Citibank N.A. and Itaú Unibanco S.A. (Nassau Branch) ("the Syndicated Loan"). The terms and conditions of this loan are described below on this Note.

In view of the above, the Company has valued its Existing Negotiable Obligations' liability at its redemption price. Likewise, that liability has been entirely disclosed as current in the interim condensed balance sheet.

##### 14.1 – Terms and conditions of the Syndicated Loan

The Syndicated Loan's principal amounts to US\$ 220 million for a term of 36 months, payable on four equal and consecutive bi-annual installments of US\$ 55 million each, as from the 18<sup>th</sup> month. It will accrue bi-annual interest at LIBOR rate plus an additional nominal margin of 3.00% during the first six-month period, 3.25% during the second six-month period, 3.50% during the third six-month period, 3.75% during the fourth six-month period, 4.00% during the fifth six-month period and 4.25% during the sixth six-month period. The Syndicated Loan includes financial covenants that are generally used in this type of operations, including the commitment not to distribute dividends, unless: (i) the Comprehensive Agreement has been passed by the National Congress and ratified by the PEN and the CRR remains in force and approved by the enforcement authority, and (ii) the Net Financial Debt / EBITDA ratio does not exceeds 2.25:1.00 after the dividends are paid. The Syndicated Loan is

## Transportadora de Gas del Norte S.A.

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

ruled and construed according to the Law of New York and submitted to the jurisdiction of the courts of the South District of the City of New York.

#### 15 - OTHER DEBTS

	<u>09.30.2017</u>	<u>12.31.2016</u>
Non-current		
Provision for easements	22,654	49,977
Total other debts - Non-current	<u>22,654</u>	<u>49,977</u>
Current		
Section 9.6.2 - Basic rules of the License	13,285	14,899
Provision for easements	8,134	6,523
Provision for court fees	58,627	22,233
Key management personnel (Note 23)	7,403	7,894
Advanced collections	1,063	1,061
Verification and control rate	7,823	1,335
Provision for imposed fines	6,012	-
Sundry debts and customer's warrants	1,182	1,044
Total other debts – Current	<u>103,529</u>	<u>54,989</u>

#### 16 - TRADE ACCOUNTS PAYABLE

Non-current		
AES Argentina Generación S.A.	116,411	125,850
Other related parties (Note 23)	299,358	271,264
Total trade accounts payable - Non-current	<u>415,769</u>	<u>397,114</u>
	<u>09.30.2017</u>	<u>12.31.2016</u>
Current		
Suppliers - purchases and services	75,216	155,063
AES Argentina Generación S.A.	13,634	13,634
Other related parties (Note 23)	28	4,084
Unbilled services and purchases	218,173	126,369
Total trade accounts payable – Current	<u>307,051</u>	<u>299,150</u>

#### 17 - CONTINGENCIES

Provisions for labor, civil and administrative litigation lawsuits	<u>Non-current</u>	<u>Current</u>
Balances at December 31, 2015	74,023	26,916
– Increases, net of recoveries	8,732	16,791
– Decreases (payments / consumptions)	-	(12,357)
– Transfers	(57,597)	57,597
Balances at December 31, 2016	<u>25,158</u>	<u>88,947</u>
– Increases, net of recoveries	(700)	27,329
– Decreases (payments / consumptions)	-	(43,014)
Balances at September 30, 2017	<u>24,458</u>	<u>73,262</u>

## **Transportadora de Gas del Norte S.A.**

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

The Company is party to several legal proceedings and complaints that have arisen in the ordinary course of its business. In Note 18 to the Company's financial statements corresponding to the fiscal year ended December 31, 2016, there is a summary of the most significant claims and legal actions, including those against TGN as well as those in which the Company acts as a claimant. Except for what is mentioned in Notes 17.1 and 17.2, no significant events in relation to these complaints and legal actions have arisen during the nine-month period ended September 30, 2017 and up to the date of issuance of these interim condensed financial statements.

#### 17.1 – Previous administrative claim against the National Government and subsequent legal actions for damages

In relation to what has been mentioned in Note 18.1.6 to the Company's financial statements as of December 31, 2016 and in line with Note 1.1 to these interim condensed financial statements, as a condition precedent to the ratification of the Comprehensive Agreement, TGN requested a stay of the proceedings filed against the National Government claiming damages suffered by the Company as a result of the pesification and subsequent freezing of its rates.

It is worth mentioning that on May 8, 2017, TGN was notified about the first instance court ruling that rejected the complaint. That ruling was appealed by the Company, notwithstanding the mentioned request for a stay of the proceedings and the possible abandonment to be issued in relation to the Comprehensive Agreement, as described in the next paragraph.

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

#### 17.2 - Actions for refund with AFIP-DGI

As mentioned in Note 18.1.7 to the Company's financial statements as of December 31, 2016, regarding the refund claim filed by TGN before the AFIP-DGI for the Minimum Presumed Income Tax for fiscal year 2009, the AFIP sustained the aforementioned claim in June 2017 for a principal amount of \$ 16.8 million plus the interest set forth in Resolution No. 314/04 of the former Ministry of Economy and Production. During August 2017 the principal amount mentioned before was credited and during September 2017 the Company received a credit amounting to \$ 1.8 million for the interest in accordance to the mentioned Resolution No. 314/04. In connection with the interest, the Company had filed an administrative litigation claim requesting the unlawfulness and unconstitutionality of Section 4 of Resolution No. 314/14 of the former Ministry of Economy and Production and, that an interest rate be applied to compensate the Company for the unjustified payment of the tax.

In July, 2017, and according to AFIP General Instruction N° 2/17, TGN claimed before the AFIP-DGI the refund of \$ 21,413,042.19 regarding the Minimum Presumed Income Tax for fiscal year 2011, plus interests, due to the fact that in that fiscal year the Company reported both accounting and tax losses.

## Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

### 18 - REVENUES

	<u>Nine-month period ended</u>		<u>Three-month period ended</u>	
	<u>09.30.2017</u>	<u>09.30.2016</u>	<u>09.30.2017</u>	<u>09.30.2016</u>
Gas carriage service	2,502,521	1,083,790	971,799	282,258
Gas pipelines operation and maintenance and other services	<u>139,690</u>	<u>119,058</u>	<u>55,389</u>	<u>54,486</u>
Total revenues	<u>2,642,211</u>	<u>1,202,848</u>	<u>1,027,188</u>	<u>336,744</u>

## Transportadora de Gas del Norte S.A.

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

#### 19 - EXPENSES BY NATURE

Item	Cost of services		Selling expenses		Administrative expenses		Total as of 09.30.2017	Total as of 09.30.2016
	2017	2016	2017	2016	2017	2016		
Board of Director's fees	-	-	-	-	3,835	2,914	3,835	2,914
Statutory auditors committee's fees	-	-	-	-	2,450	1,957	2,450	1,957
Fees for professional services	9,885	11,041	122	19	19,141	12,970	29,148	24,030
Salaries, wages and other personnel benefits	311,653	233,951	4,708	3,040	95,607	72,669	411,968	309,660
Social security contributions	63,889	47,468	1,004	688	20,674	16,947	85,567	65,103
Technical assistance fees	10,428	9,739	-	-	-	-	10,428	9,739
Consumption of materials and spare parts	62,477	40,599	2	10	386	260	62,865	40,869
Third party services and supplies	30,888	24,677	132	100	1,369	1,034	32,389	25,811
Maintenance and repair of property, plant and equipment	416,711	248,394	306	177	6,830	4,714	423,847	253,285
Travel expenses	37,345	28,389	195	86	4,549	3,677	42,089	32,152
Freight and transportation	5,071	4,182	-	-	21	17	5,092	4,199
Post and telecommunications expenses	3,124	1,623	166	76	1,923	1,195	5,213	2,894
Insurance	20,254	16,820	2	2	2,103	1,352	22,359	18,174
Office supplies	4,330	3,392	89	26	4,213	2,488	8,632	5,906
Rentals	7,061	3,758	71	53	1,091	888	8,223	4,699
Easements	(9,761)	13,897	-	-	-	-	(9,761)	13,897
Taxes, rates and contributions	1,264	712	114,597	50,330	111,462	49,673	227,323	100,715
Property, plant and equipment depreciation	136,515	115,175	31	234	3,455	1,401	140,001	116,810
Doubtful accounts	-	-	51,572	79,987	-	-	51,572	79,987
Contingencies	-	-	-	-	28,863	16,727	28,863	16,727
Slow-moving and obsolete materials and spare parts	5,895	10,835	-	-	-	-	5,895	10,835
Others	3,530	3,102	34	47	3,250	1,966	6,814	5,115
<b>Total as of September 30, 2017</b>	<b>1,120,559</b>	<b>-</b>	<b>173,031</b>	<b>47</b>	<b>311,222</b>	<b>-</b>	<b>1,604,812</b>	<b>-</b>
<b>Total as of September 30, 2016</b>	<b>-</b>	<b>817,754</b>	<b>-</b>	<b>134,875</b>	<b>-</b>	<b>192,849</b>	<b>-</b>	<b>1,145,478</b>

## Transportadora de Gas del Norte S.A.

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

Item	Three-month period ended September 30						Three-month period ended 09.30.2017	Three-month period ended 09.30.2017
	Cost of services		Selling expenses		Administrative expenses			
	2017	2016	2017	2016	2017	2016		
Board of Director’s fees	-	-	-	-	1,307	1,213	1,307	1,213
Statutory auditors committee’s fees	-	-	-	-	816	814	816	814
Fees for professional services	2,348	5,278	8	11	8,396	5,690	10,752	10,979
Salaries, wages and other personnel benefits	113,182	93,664	1,714	1,272	36,258	29,784	151,154	124,720
Social security contributions	23,978	20,011	402	321	8,310	7,216	32,690	27,548
Technical assistance fees	3,621	3,301	-	-	-	-	3,621	3,301
Consumption of materials and spare parts	28,943	14,012	-	-	131	60	29,074	14,072
Third party services and supplies	11,149	9,581	63	44	657	463	11,869	10,088
Maintenance and repair of property, plant and equipment	217,872	122,865	119	59	2,910	1,424	220,901	124,348
Travel expenses	14,295	10,079	26	8	1,840	1,098	16,161	11,185
Freight and transportation	2,037	1,706	-	-	17	12	2,054	1,718
Post and telecommunications expenses	1,142	469	65	28	633	433	1,840	930
Insurance	7,335	6,180	1	1	587	448	7,923	6,629
Office supplies	1,796	1,037	48	11	1,448	894	3,292	1,942
Rentals	2,759	1,298	25	25	409	322	3,193	1,645
Easements	(22,523)	4,632	-	-	-	-	(22,523)	4,632
Taxes, rates and contributions	317	243	47,016	13,749	45,195	15,344	92,528	29,336
Property, plant and equipment depreciation	48,748	40,914	10	83	1,228	497	49,986	41,494
Doubtful accounts	-	-	8,601	49,829	-	-	8,601	49,829
Contingencies	-	-	-	-	1,560	2,927	1,560	2,927
Slow-moving and obsolete materials and spare parts	(1,644)	2,515	-	-	-	-	(1,644)	2,515
Others	1,776	847	-	7	1,846	624	3,622	1,478
Total for the three-month period ended September 30, 2017	457,131	-	58,098	-	113,548	-	628,777	-
Total for the three-month period ended September 30, 2016	-	338,632	-	65,448	-	69,263	-	473,343

## Transportadora de Gas del Norte S.A.

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017, 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>09.30.2017</u>	<u>09.30.2016</u>	<u>09.30.2017</u>	<u>09.30.2016</u>
Income from commercial indemnifications	358	10,833	284	2,534
Compensation for damages adjustment <sup>(1)</sup>	-	(109,879)	-	-
Net income from sundry sales, accidents recoveries and others	<u>59,682</u>	<u>23,683</u>	<u>37,973</u>	<u>18,142</u>
Total other net income and expenses	<u>60,040</u>	<u>(75,363)</u>	<u>38,257</u>	<u>20,676</u>

<sup>(1)</sup> During the nine-month period ended September 30, 2016, the Company has recognized losses for \$ 109.9 million, in relation to the compromise and settlement agreement entered into with AES Argentina Generación S.A. in 2012 (and lately modified in 2014) These losses are the result of measuring the liability with AES Argentina Generación S.A. on the basis of the gas carriage rates (CAU) in force in that period.

#### 21 - NET FINANCIAL RESULTS

	<u>Nine-month period ended</u>		<u>Three-month period ended</u>	
	<u>09.30.2017</u>	<u>09.30.2016</u>	<u>09.30.2017</u>	<u>09.30.2016</u>
Generated by exchange rate differences				
Income on exchange rate variation	154,748	271,172	73,952	27,331
Expenses on exchange rate variation	<u>(341,963)</u>	<u>(572,491)</u>	<u>(162,625)</u>	<u>(69,308)</u>
Total financial results generated by exchange rate differences	<u>(187,215)</u>	<u>(301,319)</u>	<u>(88,673)</u>	<u>(41,977)</u>
Financial income				
Interest	45,823	39,798	26,701	9,178
Results on discounting at present value	36,541	26,150	16,036	26,150
Results from changes in fair values	31,071	19,529	17,984	11,272
Allowances recovered and others	<u>1,589</u>	<u>1,924</u>	<u>996</u>	<u>602</u>
Total financial income	<u>115,024</u>	<u>87,401</u>	<u>61,717</u>	<u>47,202</u>
Financial expenses				
Interest	(82,580)	(190,256)	49,283	(70,646)
Results on discounting at present value	-	(5,306)	-	(1,202)
Commissions, expenses and taxes on banking and financial operations, and others	<u>(14,499)</u>	<u>(3,162)</u>	<u>(369)</u>	<u>(1,135)</u>
Total financial expenses	<u>(97,079)</u>	<u>(198,724)</u>	<u>48,914</u>	<u>(72,983)</u>
Total net financial results	<u>(169,270)</u>	<u>(412,642)</u>	<u>21,958</u>	<u>(67,758)</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, 2017 and 2016, by the weighted average of outstanding ordinary shares, which made a total of 439,373,939 shares at those dates. At September 30, 2017 and 2016 there are neither negotiable obligations nor other debt securities convertible into shares, so no diluted earnings per share have been disclosed. Basic earnings per share are calculated by dividing the net income attributable to the Company equity holders by the weighted average number of ordinary shares outstanding during the period. The Company does not have preferred shares or debt convertible to shares, so the basic earnings per share are equal to the diluted earnings per share.

## Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

### 23 - RELATED PARTIES

The transactions performed between related parties are the following:

	<u>09.30.2017</u>	<u>09.30.2016</u>
<b>Controlling shareholder</b>		
<u>Other net income and expenses</u>		
Gasinvest S.A.	162	130
<u>Total other net income and expenses</u>	162	130
<b>Affiliate companies</b>		
<u>Revenues</u>		
Comgas Andina S.A.	1,702	900
Companhia Operadora do Rio Grande do Sul	250	225
<u>Total revenues</u>	1,952	1,125
<u>Recovery of expenses</u>		
Comgas Andina S.A.	324	-
<u>Total recovery of expenses</u>	324	-
<b>Other related parties</b>		
<u>Revenues</u>		
Litoral Gas S.A.	430,774	173,937
Siderar S.A.	61,324	31,582
Siderca S.A.	37,330	20,683
Transportadora de Gas del Mercosur S.A.	9,757	8,641
Gasoducto Gasandes Argentina S.A.	1,758	2,574
<u>Total revenues</u>	540,943	237,417
<u>Cost of services</u>		
Tecpetrol S.A.	(1,875)	(1,731)
Compañía General de Combustibles S.A.	(1,875)	(1,731)
Litoral Gas S.A.	-	(1,079)
<u>Total cost of services</u>	(3,750)	(4,541)
<u>Administrative expenses</u>		
Cainzos, Fernández & Premrou Soc. Civ.	(2,352)	(1,027)
<u>Total administrative expenses</u>	(2,352)	(1,027)
<u>Other net income and expenses</u>		
Gasoducto Gasandes Argentina S.A.	473	106
Tecpetrol S.A.	-	182
Compañía General de Combustibles S.A.	-	184
<u>Total other net income and expenses</u>	473	472
<u>Financial income</u>		
Transportadora de Gas del Mercosur S.A.	2,832	2,156
Litoral Gas S.A.	-	1,885
<u>Total financial income</u>	2,832	4,041



## Transportadora de Gas del Norte S.A.

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

	<u>09.30.2017</u>	<u>09.30.2016</u>
<u>Financial expenses (interest)</u>		
Tecpetrol S.A.	(2,576)	(1,366)
Compañía General de Combustibles S.A.	(2,578)	(1,366)
VR Global Partners L.P.	(10,824)	(7,764)
<u>Total financial expenses</u>	<u>(15,978)</u>	<u>(10,496)</u>
<u>Recovery of expenses</u>		
Transportadora de Gas del Mercosur S.A.	762	1
<u>Total recovery of expenses</u>	<u>762</u>	<u>1</u>
<u>Dividends collection</u>		
Comgas Andina S.A.	-	2,331
<u>Total dividends collection</u>	<u>-</u>	<u>2,331</u>
<u>Purchase of materials, spare parts and property, plant and equipment items</u>		
Siat S.A.	(42,059)	(13,879)
Siderca S.A.	-	(638)
Litoral Gas S.A.	(38)	(1,362)
<u>Total purchase of materials, spare parts and property, plant and equipment items</u>	<u>(42,097)</u>	<u>(15,879)</u>
<b>Key management personnel</b>		
Board of Directors' fees	(3,835)	(2,913)
Statutory auditors committee's fees	(2,450)	(1,957)

Balances with related parties are the following:

	<u>09.30.2017</u>	<u>12.31.2016</u>
<b>Trade accounts receivable</b>		
<u>Other related parties</u>		
Transportadora de Gas del Mercosur S.A.	70,942	50,407
Litoral Gas S.A.	87,796	62,578
Siderar S.A.	9,694	5,660
Siderca S.A.	5,719	3,717
Gasoducto Gasandes Argentina S.A.	231	212
<u>Total other related parties</u>	<u>174,382</u>	<u>122,574</u>
<b>Other accounts receivable</b>		
<u>Assistance fees - controlling shareholder</u>		
Gasinvest S.A.	70	58
<u>Total assistance fees - controlling shareholder</u>	<u>70</u>	<u>58</u>
<u>Other receivables - affiliate companies</u>		
Comgas Andina S.A.	618	1,025
Companhia Operadora do Rio Grande do Sul	502	553
<u>Total other receivables - affiliate companies</u>	<u>1,120</u>	<u>1,578</u>

## Transportadora de Gas del Norte S.A.

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

	<u>09.30.2017</u>	<u>12.31.2016</u>
<u>Other receivables - related parties</u>		
Litoral Gas S.A.	118	118
Southern Cone Energy Holding Company Inc.	111	-
Transportadora de Gas del Mercosur S.A.	51	7
Siat S.A.	8,603	7,846
<u>Total other receivables - related parties</u>	<u>8,883</u>	<u>7,971</u>
<u>Key management personnel</u>		
Fees to the Board of Directors and to the statutory auditors committee paid in advance	7,385	7,876
<u>Total key management personnel</u>	<u>7,385</u>	<u>7,876</u>
<b>Loans</b>		
<u>Other related parties</u>		
VR Global Partners L.P.	171,020	156,990
<u>Total other related parties</u>	<u>171,020</u>	<u>156,990</u>
<b>Trade accounts payable</b>		
<u>Other related parties</u>		
Transportadora de Gas del Mercosur S.A.	28	28
Litoral Gas S.A.	-	368
Siat S.A.	-	656
Tecpetrol S.A.	149,539	137,017
Compañía General de Combustibles S.A.	149,819	137,279
<u>Total other related parties</u>	<u>299,386</u>	<u>275,348</u>
<b>Other debts</b>		
<u>Key management personnel</u>		
Provision for fees to the Board of Directors and to the statutory auditors committee	7,403	7,894
<u>Total key management personnel</u>	<u>7,403</u>	<u>7,894</u>

### 24 - SUBSEQUENT EVENTS

As of the date of issuance of these interim condensed financial statements, the US dollar exchange rate published by Banco de la Nación Argentina amounts to 17.65 pesos by each US dollar. Refer to Note 3.1, which explains the impact on the Company's equity.

Except for what is mentioned in Note 14, subsequent to September 30, 2017, 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 TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017 (in thousands of pesos, except where specifically mentioned).

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

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

The Natural Gas Act and its regulations, the Specifications for the privatization of Gas del Estado S.E. ("GdE"), the Transfer Contract, the License and the resolutions issued by the ENARGAS make up the regulatory framework in which the Company conducts its operations. The License, granted for a term of 35 years with an option to extend it for a ten year-term, may be revoked by the PEN upon ENARGAS's recommendation in case the Company expressly fails to comply with its obligations. If the License is officially and finally revoked, the Company may be forced to cease operating the assets transferred by GdE to the Company and transfer them to the National State or the entity the National State so appointed. Note 1 to TGN's interim condensed financial statements as of September 30, 2017 describes the Company's legal and regulatory aspects.

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

See Notes 1.3.5; 2; 15 and 18 to the Company's financial statements as of December 31, 2016 and Note 1.1 to the Company's interim condensed financial statements as of September 30, 2017.

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

	09.30.2017		
	Receivables <sup>(1)</sup>	Loans <sup>(2)</sup>	Other payables <sup>(3)</sup>
Past due			
From 10.01.2006 up to 09.30.2007	84,868	-	3,902
From 10.01.2007 up to 09.30.2008	207,394	-	247
From 10.01.2008 up to 09.30.2009	470,565	-	8,414
From 10.01.2009 up to 09.30.2010	658,522	-	12,166
From 10.01.2010 up to 09.30.2011	509,654	-	29,939
From 10.01.2011 up to 09.30.2012	369,797	-	49,014
From 10.01.2012 up to 09.30.2013	369,966	-	205,186
From 10.01.2013 up to 09.30.2014	384,144	-	31,194
From 10.01.2014 up to 09.30.2015	233,536	-	11,730
From 10.01.2015 up to 09.30.2016	26,287	-	31,638
From 10.01.2016 up to 12.31.2016	-	-	9,920
From 01.01.2017 up to 03.31.2017	3,671	-	3,639
From 04.01.2017 up to 06.30.2017	13,679	-	8,315
From 07.01.2017 up to 09.30.2017	321,698	-	44,578

(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 TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017 (in thousands of pesos, except where specifically mentioned).

	<b>09.30.2017</b>		
	<b>Receivables <sup>(1)</sup></b>	<b>Loans <sup>(2)</sup></b>	<b>Other payables <sup>(3)</sup></b>
Without due date	649,121	-	347,667
To be due			
12.31.2017	18,100	3,569,968	143,387
09.30.2018	18,987	-	15,731
09.30.2019	24,779	-	15,731
09.30.2020	19,639	-	15,731
09.30.2021	2,670	-	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
12.31.2027	-	-	3,147
<b>Total at 09.30.2017</b>	<b>4,387,077</b>	<b>3,569,968</b>	<b>1,066,786</b>

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

	<b>09.30.2017</b>		
	<b>Receivables <sup>(1)</sup></b>	<b>Loans <sup>(2)</sup></b>	<b>Other payables <sup>(3)</sup></b>
In local currency	910,411	-	1,063
In foreign currency	3,368,532	3,569,968	437,926
In-kind	108,134	-	627,797
<b>Total at 09.30.2017</b>	<b>4,387,077</b>	<b>3,569,968</b>	<b>1,066,786</b>
Balances subject to adjustment	-	-	-
Balances not subject to adjustment	4,387,077	3,569,968	1,066,786
<b>Total at 09.30.2017</b>	<b>4,387,077</b>	<b>3,569,968</b>	<b>1,066,786</b>
Interest bearing balances	4,149	3,569,968	127,753
Non-interest bearing balances	4,382,928	-	939,033
<b>Total at 09.30.2017</b>	<b>4,387,077</b>	<b>3,569,968</b>	<b>1,066,786</b>

(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, 2017.

## Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED BY TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017 (in thousands of pesos, except where specifically mentioned).

### 5.1. Balances (positive and/or negative) by affiliate company, 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	-	-	-	-
Without due date	-	-	414	-
To be due				
From 10.01.2017 up to 12.31.2017	618	-	88	-
<b>Total at 09.30.2017</b>	<b>618</b>	<b>-</b>	<b>502</b>	<b>-</b>
In local currency	-	-	-	-
In foreign currency	618	-	502	-
In-kind	-	-	-	-
<b>Total at 09.30.2017</b>	<b>618</b>	<b>-</b>	<b>502</b>	<b>-</b>
Balances subject to adjustment	-	-	-	-
Balances not subject to adjustment	618	-	502	-
<b>Total at 09.30.2017</b>	<b>618</b>	<b>-</b>	<b>502</b>	<b>-</b>
Interest bearing balances	-	-	-	-
Non-interest bearing balances	618	-	502	-
<b>Total at 09.30.2017</b>	<b>618</b>	<b>-</b>	<b>502</b>	<b>-</b>

### 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 \$ 101.5 million and are totally written-off. (Refer to Note 9 to the Company's interim condensed financial statements as of September 30, 2017).

### iii. Current values:

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

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

### 9. Technically appraised fixed assets:

None.

## **Transportadora de Gas del Norte S.A.**

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED BY TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017 (in thousands of pesos, except where specifically mentioned).

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

None.

### **iv. Equity investments in other companies:**

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

None.

### **v. Recoverable values:**

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

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

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

## Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED BY TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017 (in thousands of pesos, except where specifically mentioned).

### vi. Insurance:

#### 13. Insurance covering the Company's tangible assets:

Property insured	Risks covered	Amount insured in thousands	Book value in thousands of \$
• Personal and real property allocated to the provision of services, except for machinery and equipment.	All physical risks and loss of profits.  Liability insurance.	US\$ 87,000  US\$ 80,000	251,506
• Compressor plants.	Terrorism.	US\$ 35,000	244,964
• Machinery.	Machinery breakdown.	US\$ 10,000	92,874
• Automobiles:  - Management's fleet.	Limited liability insurance.  Total loss car accident.	\$ 6,000  \$ 10,154	816
- Operational fleet (cars and pick-ups).	Total or partial loss due to fire, robbery or theft.	\$ 0	6,430
	Limited liability insurance.	\$ 6,000	
- Trucks and trailers.	Limited liability insurance.	\$ 18,000	-
• Personal property located in Head Office and IT equipments.	Fire of contents. Theft.	US\$ 8,650 US\$ 10	10,454

### vii. Positive and negative contingencies:

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

Allowances and provisions balances amount to 2,011,021. 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 1<sup>st</sup> 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 TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017 (in thousands of pesos, except where specifically mentioned).

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

#### **16. Status of the capitalization process:**

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

#### **17. Unpaid cumulative dividends of preferred shares:**

None.

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

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

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

On October 6, 2016 the MINEM issued its Resolution N° 212/16 approving new natural gas prices in the access points to the carriage systems. Likewise, the ENARGAS issued its Resolution I/4053 re-establishing the 289.2% temporary increase in TGN's rates as from October 7, 2016. The ENARGAS maintained the prohibition to distribute dividends without prior authorization (refer to Note 1.1 to the Company's interim condensed financial statements as of September 30, 2017).

Autonomous City of Buenos Aires, November 8, 2017

Emilio Daneri Conte-Grand  
President



## **Transportadora de Gas del Norte S.A.**

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED BY TITLE IV, CHAPTER III, SECTION 1<sup>ST</sup> OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017 (in thousands of pesos, except where specifically mentioned).

### **ANNEX A – PROPERTY, PLANT AND EQUIPMENT**

See Note 5 to the Company's interim condensed financial statements as of September 30, 2017.

### **ANNEX B - INTANGIBLE ASSETS**

Not applicable.

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

See Note 6 to the Company's interim condensed financial statements as of September 30, 2017.

### **ANNEX D - OTHER INVESTMENTS**

	<u>09.30.2017</u>	<u>12.31.2016</u>
Mutual funds in \$	156,805	152,734
LEBAC bonds in \$	132,181	13,537
Mutual funds in US\$	6,084	-
Government bonds in US\$	58,001	34,201
Government bonds in \$	196,274	67,095
VRD bonds in \$	8,640	8,731
Time deposits in US\$	55,108	50,556
<b>Total current</b>	<b>613,093</b>	<b>326,854</b>
Other investments in US\$	6,653	6,237
VRD bonds in \$	29,852	36,133
<b>Total non-current</b>	<b>36,505</b>	<b>42,370</b>

### **ANNEX F - COST OF PRODUCTS SOLD OR SERVICES PROVIDED**

See Note 19 to the Company's interim condensed financial statements at September 30, 2017.

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

See Note 19 to the Company's interim condensed financial statements at September 30, 2017.

## Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED BY TITLE IV, CHAPTER III, SECTION 1<sup>ST</sup> OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017 (in thousands of pesos, except where specifically mentioned).

### ANNEX E - ALLOWANCES AND PROVISIONS

Description	09.30.17					12.31.16
	Balances at the beginning of the fiscal year	Increases (net of recoveries)	Transfers	Decreases (payment / usage)	Balances at the end of the period	Balances at the end of the fiscal year
<b>Deducted from assets</b>						
<b>Non-current assets</b>						
Investments in affiliate companies						
Impairment of investment in affiliate companies	698	163	-	-	861	698
<b>Materials and spare parts</b>						
Allowance for slow-moving and obsolete materials and spare parts	95,582	5,890 (1)	-	-	101,472	95,582
<b>Other accounts receivable</b>						
Allowance for receivables from actions for refund	12,174	207 (2)	-	(11,151)	1,230	12,174
<b>Trade accounts receivables</b>						
Allowance for doubtful accounts and disputed amounts	1,495,139	134,458 (3)	-	-	1,629,597	1,495,139
<b>Current assets</b>						
<b>Other accounts receivable</b>						
Allowance for doubtful accounts	6,334	304 (4)	-	-	6,638	6,334
<b>Trade accounts receivables</b>						
Allowance for doubtful accounts and disputed amounts	121,405	51,268 (4)	-	830	173,503	121,405
<b>Total allowances deducted from assets</b>	<b>1,731,332</b>	<b>192,290</b>	<b>-</b>	<b>(10,321)</b>	<b>1,913,301</b>	<b>1,731,332</b>
<b>Included in liabilities</b>						
<b>Non-current liabilities</b>						
<b>Contingencies</b>						
Provisions for labor, civil and contentious lawsuits	25,158	(700) (5)	-	-	24,458	25,158
<b>Current liabilities</b>						
<b>Contingencies</b>						
Provisions for labor, civil and contentious lawsuits	88,947	27,329 (6)	-	(43,014)	73,262	88,947
<b>Total provisions included in liabilities</b>	<b>114,105</b>	<b>26,629</b>	<b>-</b>	<b>(43,014)</b>	<b>97,720</b>	<b>114,105</b>
<b>Total at 09.30.17</b>	<b>1,845,437</b>	<b>218,919</b>	<b>-</b>	<b>(53,335)</b>	<b>2,011,021</b>	<b>-</b>
<b>Total at 12.31.16</b>	<b>1,459,613</b>	<b>399,147</b>	<b>-</b>	<b>(13,323)</b>	<b>-</b>	<b>1,845,437</b>

(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, 2017).

(2) Charged to Administrative expenses - Contingencies (Note 19 to Company's interim condensed financial statements as of September 30, 2017).

(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, 2017).

(4) Charged to Selling expenses - Doubtful accounts (Note 19 to the Company's interim condensed financial statements as of September 30, 2017).

(5) Charged to Net financial results - Financial expenses – Results on discounting at present value (Note 21 to the Company's interim condensed financial statements as of September 30, 2017).

(6) (1,327) 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, 2017), and 28,656 to Administrative expenses - Contingencies (Note 19 to Company's interim condensed financial statements as of September 30, 2017).

## Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED BY TITLE IV, CHAPTER III, SECTION 1<sup>ST</sup> OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017 (in thousands, except where specifically mentioned).

### ANNEX G - ASSETS AND LIABILITIES IN FOREIGN CURRENCY

	09.30.17			12.31.16	
	Foreign currency class and amount <sup>(1)</sup>	Exchange rate in \$	Amount in local currency <sup>(1)</sup>	Foreign currency class and amount <sup>(1)</sup>	Amount in local currency <sup>(1)</sup>
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Investments in affiliate companies</b>					
Comgas Andina S.A.	\$ch 313,115	0.027	8,523	\$ch 232,208	5,364
Companhia Operadora do Rio Grande do Sul	R\$ 193	4.45	861	R\$ 166	698
			9,384		6,062
<b>Trade accounts receivable</b>					
Trade accounts receivable with third parties	US\$ 189,378	17.21	3,259,195	US\$ 189,378	2,990,279
			3,259,195		2,990,279
<b>Investments at amortised cost</b>					
Other investments	US\$ 387	17.21	6,653	US\$ 395	6,237
			6,653		6,237
<b>Total non-current assets</b>			<b>3,275,232</b>		<b>3,002,578</b>
<b>CURRENT ASSETS</b>					
<b>Other accounts receivable</b>					
Commercial indemnifications	US\$ 718	17.21	12,362	US\$ 807	12,737
Prepaid expenses and advances			-	US\$ 541	8,542
			-	£ 8	156
			-	€ 1	17
Other receivables – affiliate companies			-	US\$ 72	1,139
	\$ch 22,704	0.027	618		-
	R\$ 113	4.45	502	R\$ 105	439
			13,482		23,030
<b>Trade accounts receivable</b>					
Trade accounts receivable with third parties	US\$ 1,402	17.21	24,132	US\$ 302	4,769
Trade accounts receivable with related parties	US\$ 4,168	17.21	71,723	US\$ 3,160	49,893
			95,855		54,662
<b>Investments at fair value</b>					
Government bonds	US\$ 3,370	17.21	58,001	US\$ 2,166	34,201
			58,001		34,201
<b>Investments at amortized cost</b>					
Time deposits	US\$ 3,202	17.21	55,108		-
			55,108		-
<b>Cash and cash equivalents</b>					
Mutual funds	US\$ 354	17.21	6,084		-
Time deposits			-	US\$ 3,202	50,556
Balances in bank accounts	US\$ 503	17.21	8,653	US\$ 1,566	24,733
			14,737		75,289
<b>Total current assets</b>			<b>237,183</b>		<b>187,182</b>
<b>Total assets</b>			<b>3,512,415</b>		<b>3,189,760</b>

## 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 1<sup>ST</sup> OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017 (in thousands, except where specifically mentioned).

	09.30.17			12.31.16	
	Foreign currency class and amount <sup>(1)</sup>	Exchange rate in \$	Amount in local currency <sup>(1)</sup>	Foreign currency class and amount <sup>(1)</sup>	Amount in local currency <sup>(1)</sup>
<b>LIABILITIES</b>					
<b>NON-CURRENT LIABILITIES</b>					
<b>Loans</b>					
Step-up Notes					
Principal			-	US\$ 150,066	2,384,549
Interests			-	US\$ 9,485	150,717
Capitalized interests			-	US\$ 25,799	409,947
			-		2,945,213
<b>Trade accounts payable</b>					
Other related parties	US\$ 16,154	17.31	279,626	US\$ 16,139	256,449
<b>Total non-current liabilities</b>			<b>279,626</b>		<b>3,201,662</b>
<b>CURRENT LIABILITIES</b>					
<b>Trade accounts payable</b>					
Suppliers – purchases and services	US\$ 2,805	17.31	48,555	US\$ 7,556	120,065
	£ 65	21.66	1,408	£ 64	1,257
Unbilled services and purchases	US\$ 5,968	17.31	103,306	US\$ 5,322	84,567
	£ 148	23.03	3,408	£ 14	275
	€ 80	20.29	1,623	€ 1	17
			158,300		206,181
<b>Loans</b>					
Step-up Notes					
Principal	US\$ 150,066	17.31	2,597,642		-
Capitalized interests	US\$ 25,799	17.31	446,582		-
Five-Year Negotiable Obligations					
Principal	US\$ 19,544	17.31	338,309	US\$ 19,544	310,554
Capitalized interests	US\$ 10,828	17.31	187,435	US\$ 10,828	172,061
			3,569,968		482,615
<b>Total current liabilities</b>			<b>3,728,268</b>		<b>688,796</b>
<b>Total liabilities</b>			<b>4,007,894</b>		<b>3,890,458</b>

US\$: US Dollars

\$ ch: Chilean Pesos

R\$: Brazilian Reais

£: Pound sterling

€: Euro

<sup>(1)</sup> 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°  
Ciudad Autónoma de Buenos Aires  
CUIT No. 30-65786305-6

### **Introduction**

We have reviewed the accompanying interim condensed balance sheet of Transportadora de Gas del Norte S.A. (the “Company” or “TGN”) as of September 30, 2017, the related interim condensed statement of operations for the nine and three months period then ended, the interim condensed statements of changes in equity and cash flow for the nine months period then ended, and the selected explanatory notes.

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

### **Management Responsibility**

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

### **Scope of our review**

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

## **Conclusion**

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

## **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 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, 2017 in favor of the Argentine Integrated Social Security System, as shown by the Company's accounting records, amounted to \$ 14.126.756 and was not claimable at that date.

Autonomous City of Buenos Aires, November 8, 2017

PRICE WATERHOUSE & CO. S.R.L.

by \_\_\_\_\_ (Partner)  
Carlos N. Martínez

## **STATUTORY AUDIT COMMITTEE'S REPORT**

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

### **Documents reviewed**

In accordance with the provisions of Section 63, subsection b, of the Buenos Aires Stock Exchange Listing Rules, we have reviewed the accompanying interim condensed balance sheet of Transportadora de Gas del Norte S.A. (the "Company" or "TGN") as of September 30, 2017, the related interim condensed statement of operations for the nine and three months period then ended, the interim condensed statements of changes in equity and cash flow for the nine months period then ended, and the selected explanatory notes.

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

### **Management Responsibility**

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

### **Statutory Audit Committee's Responsibility**

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

To carry out such work, we also considered the Review Report on the Interim Condensed Financial Statements by independent auditor Carlos N. Martínez (CPA), Partner of Price Waterhouse & Co. S.R.L., dated November 8, 2017, issued in compliance with current standards in Argentina for the "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." That review included the verification of the works' planning, scope, nature and opportunity of the procedures used and the results of the review performed by that professional.

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

### **Conclusion**

We consider that the scope of our work and the Independent Auditor's report provide us with a reasonable basis for our opinion and, in compliance with applicable regulations, we report that the Interim Condensed Financial Statements as of September 30, 2017, considered and approved on this date by the Company's Board of Directors, contemplate all significant facts and circumstances of which we are aware.

#### **Report on compliance with current regulations**

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

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

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

Autonomous City of Buenos Aires, November 8, 2017

By Statutory Audit Committee

Dr. Juan José Valdez Follino  
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