



*TRANSPORTADORA
DE GAS DEL NORTE S.A.*

Interim Condensed Financial Statements as of September 30, 2019 in thousand Pesos, on a comparative basis

INDEX

General Information about the Company
Interim Condensed Balance Sheet
Interim Condensed Statement of Comprehensive Income
Interim Condensed Statement of Changes in Shareholders' Equity
Interim Condensed Statement of Cash Flows

Notes to the Financial Statements:

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

Overview

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

Review Report on the Interim Condensed Financial Statements

Report from the Supervisory Committee

TRANSPORTADORA DE GAS DEL NORTE S.A.

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

INTERIM CONDENSED FINANCIAL STATEMENTS for the nine-month period ended September 30, 2019, on a comparative basis.

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

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

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

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

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

Controlling shareholder: Gasinvest S.A.

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

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

Percentage of shares held by controlling shareholder: 56.354%.

Percentage of votes held by controlling shareholder: 56.354%.

Nominal Capital Structure (Note 14)

Classes of Shares	Subscribed and Paid-in	
	09.30.19	12.31.18
	Thousand \$	
Book-entry class A common shares, of \$1 par value each and entitled to one vote per share	179,264	179,264
Book-entry class B common shares, of \$1 par value each and entitled to one vote per share ⁽¹⁾	172,235	172,235
Book-entry class C common shares, of \$1 par value each and entitled to one vote per share ⁽²⁾	87,875	87,875
Total	439,374	439,374

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

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

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Transportadora de Gas del Norte S.A.

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

	Note	<u>09.30.2019</u>	<u>12.31.2018</u>
ASSETS			
Non-current assets			
Property, plant and equipment, net	5	45,524,514	48,962,751
Investments in affiliated companies, net	6	56,759	38,563
Materials and spare parts, net	10	804,434	684,412
Other accounts receivable	11	20,244	13,750
Trade accounts receivable, net	12	4,900,829	4,426,492
Investments at amortized cost	8	13,103	26,691
Total non-current assets		<u>51,319,883</u>	<u>54,152,659</u>
Current assets			
Materials and spare parts		104,510	76,776
Derivative financial instruments		547,705	-
Other accounts receivable, net	11	475,386	417,741
Trade accounts receivable, net	12	2,609,517	1,964,406
Investments at amortized cost	8	3,357,970	3,374,167
Investments at fair value	8	220,125	500,318
Cash and cash equivalents	13	2,339,231	3,224,881
Total current assets		<u>9,654,444</u>	<u>9,558,289</u>
Total assets		<u>60,974,327</u>	<u>63,710,948</u>

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Transportadora de Gas del Norte S.A.

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

	Note	<u>09.30.2019</u>	<u>12.31.2018</u>
SHAREHOLDERS' EQUITY			
Common stock	14	439,374	439,374
Common stock integral adjustment		12,150,832	12,150,832
Property, plant and equipment revaluation surplus		17,029,525	19,855,770
Statutory reserve		2,518,043	178,650
Optional reserve		1,169,931	-
Voluntary reserve for future dividends		836,566	-
Other reserves		2,674	(1,904)
Retained earnings		4,889,484	7,415,202
Total shareholders' equity		<u>39,036,429</u>	<u>40,037,924</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liability	7	8,480,674	8,820,879
Loans	15	3,159,907	5,695,919
Lease debts		13,199	-
Other debts	17	45,232	45,039
Trade accounts payable	18	276,781	333,759
Total non-current liabilities		<u>11,975,793</u>	<u>14,895,596</u>
Current liabilities			
Contingencies	19	154,165	228,569
Loans	15	6,595,076	5,842,861
Lease debts		5,850	-
Salaries and social security contributions		251,797	314,955
Income tax		1,566,046	1,215,610
Taxes payable	16	227,025	201,994
Other debts	17	119,714	96,990
Trade accounts payable	18	1,042,432	876,449
Total current liabilities		<u>9,962,105</u>	<u>8,777,428</u>
Total liabilities		<u>21,937,898</u>	<u>23,673,024</u>
Total liabilities and shareholders' equity		<u>60,974,327</u>	<u>63,710,948</u>

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

Juan José Valdez Follino
Regular Statutory Auditor

Emilio Daneri Conte-Grand
President

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Transportadora de Gas del Norte S.A.

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

	Note	Nine-month period ended		Three-month period ended	
		09.30.2019	09.30.2018	09.30.2019	09.30.2018
Revenues	20	12,250,660	12,507,749	4,178,835	4,655,000
Cost of service	21	(6,678,728)	(5,798,186)	(1,889,060)	(2,250,241)
Gross profit		5,571,932	6,709,563	2,289,775	2,404,759
Selling expenses	21	(493,219)	(406,899)	(205,119)	(86,001)
Administrative expenses	21	(883,411)	(1,048,449)	(314,257)	(473,847)
Income before other net income and expenses		4,195,302	5,254,215	1,770,399	1,844,911
Other net income and expenses	22	(86,726)	(120,172)	(16,677)	92,003
Income before financial income		4,108,576	5,134,043	1,753,722	1,936,914
Net financial income					
Other net financial income	23	6,929	(2,912,624)	(6,000)	(847,241)
Financial income	23	799,827	166,858	683,146	8,982
Financial expenses	23	(265,144)	(576,653)	107,531	(213,541)
Gain/(Loss) on monetary position	23	(305,821)	730,986	(432,740)	240,039
Net financial income/(loss)		235,791	(2,591,433)	351,937	(811,761)
Income/(Loss) from investments in affiliated companies	6	15,522	4,322	7,554	(2,591)
Income before income tax		4,359,889	2,546,932	2,113,213	1,122,562
Income tax					
Current	7	(1,638,400)	(182,648)	(380,409)	(112,939)
Special	7	5,599	-	(699)	-
Deferred	7	10,474	(603,067)	(371,119)	(217,093)
Subtotal income tax		(1,622,327)	(785,715)	(752,227)	(330,032)
Income for the period		2,737,562	1,761,217	1,360,986	792,530
Items that will be reclassified through profit or loss					
Affiliated companies' financial statements currency translation adjustment	6	2,674	6,101	1,887	249
Items that will not be reclassified through profit or loss					
Property, plant and equipment revaluation surplus	2.6	(909,024)	-	(909,024)	-
Other comprehensive income/(loss) for the period⁽¹⁾		(906,350)	6,101	(907,137)	249
Comprehensive income for the period		1,831,212	1,767,318	453,849	792,779
Net income per share, basic and diluted	24	6.2306	4.0085	3.0976	1.8038

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

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

Juan José Valdez Follino
Regular Statutory Auditor

Emilio Daneri Conte-Grand
President

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Transportadora de Gas del Norte S.A.

INTERIM CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018 (in thousand pesos)

ITEM	Common stock	Common stock integral adjustment	Property, plant and equipment revaluation surplus	Statutory reserve	Voluntary reserve for future dividends	Optional reserve	Other reserves	Retained earnings	Total shareholders' equity
Balances as of December 31, 2017	439,374	12,150,832	17,308,497	-	-	-	(7,876)	1,107,237	30,998,064
Resolution at Ordinary Shareholders' Meeting dated April 12, 2018:									
Reinstatement of Statutory Reserve	-	-	-	178,650	-	-	-	(178,650)	-
Distribution of dividends in cash	-	-	-	-	-	-	-	(682,140)	(682,140)
Profit for the nine-month period ended September 30, 2018	-	-	-	-	-	-	-	1,761,217	1,761,217
Other comprehensive income	-	-	(1,455,420)	-	-	-	6,101	1,455,420	6,101
Balances as of September 30, 2018	439,374	12,150,832	15,853,077	178,650	-	-	(1,775)	3,463,084	32,083,242
Profit for the complementary three-month period ended December 31, 2018	-	-	-	-	-	-	-	3,363,712	3,363,712
Other comprehensive income	-	-	4,002,693	-	-	-	(129)	588,406	4,590,970
Balances as of December 31, 2018	439,374	12,150,832	19,855,770	178,650	-	-	(1,904)	7,415,202	40,037,924
Resolution at Ordinary Shareholders' Meeting dated April 10, 2019:									
Reinstatement of Statutory Reserve	-	-	-	2,339,393	-	-	-	(2,339,393)	-
Creation of Voluntary Reserve for future dividends	-	-	-	-	836,566	-	-	(836,566)	-
Creation of Optional Reserve	-	-	-	-	-	1,169,931	-	(1,169,931)	-
Distribution of Dividends in cash ⁽¹⁾	-	-	-	-	-	-	-	(2,832,707)	(2,832,707)
Absorption of Other reserves	-	-	-	-	-	-	1,904	(1,904)	-
Profit for the nine-month period ended September 30, 2019	-	-	-	-	-	-	-	2,737,562	2,737,562
Other comprehensive income	-	-	(2,826,245)	-	-	-	2,674	1,917,221	(906,350)
Balances as of September 30, 2019	439,374	12,150,832	17,029,525	2,518,043	836,566	1,169,931	2,674	4,889,484	39,036,429

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

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

Juan José Valdez Follino
Regular Statutory Auditor

Emilio Daneri Conte-Grand
President

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Transportadora de Gas del Norte S.A.

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

	Note	<u>09.30.2019</u>	<u>09.30.2018</u>
Profit for the period		2,737,562	1,761,217
Adjustments to cash generated by (used in) operating activities:			
Property, plant and equipment depreciation	5	4,217,283	3,328,681
Residual value of property, plant and equipment written-off	5	19,604	6,005
Income tax	7	1,622,327	785,715
Income tax payment		(182,210)	-
Accrued interest generated by liabilities	23	597,283	574,722
Accrued interest generated by assets	23	(145,955)	(108,770)
Increase in allowances and provisions (net of recoveries)		326,197	3,230,312
Income from derivative financial instruments	23	(748,950)	-
Exchange rate differences and other net financial income		(719,104)	1,905,278
Loss from investments in affiliated companies	6	(15,522)	(4,322)
Net changes in operating assets and liabilities:			
Decrease (increase) in trade accounts receivable		486,200	(3,270,306)
(Increase) decrease in other accounts receivable		(22,548)	135,538
Increase in materials and spare parts		(80,965)	(29,736)
Decrease (increase) in trade accounts payable		(85,688)	411,109
Decrease in salaries and social security contributions		(63,158)	(48,675)
Decrease in taxes payable		(1,098,777)	(30,799)
Increase in derivative financial instruments		201,245	-
Increase (decrease) in other debts		22,917	(113,244)
(Decrease) increase in contingencies		(74,404)	48,971
Net cash flow generated by operating activities		<u>6,993,337</u>	<u>8,581,696</u>
Acquisition of property, plant and equipment	5	(2,094,994)	(2,047,036)
Subscriptions net of recovery of investments at amortized cost and investments at fair value (non-cash equivalents)		411,540	(823,443)
Principal received from investments at amortized cost and investments at fair value		6,281	9,644
Interest received from investments at amortized cost and investments at fair value		8,698	14,788
Net cash flow used in investing activities		<u>(1,668,475)</u>	<u>(2,846,047)</u>
Principal and interest paid on loans	15	(3,248,386)	(205,029)
Payment of dividends in cash		(2,832,707)	(682,140)
Lease payment		(5,360)	-
Net cash flow used in financing activities		<u>(6,086,453)</u>	<u>(887,169)</u>
Net (decrease) increase in cash and cash equivalents		<u>(761,591)</u>	<u>4,848,480</u>
Cash and cash equivalents at the beginning of fiscal year		3,224,881	966,686
Financial income/loss generated by cash		(124,059)	520,794
Cash and cash equivalents at the end of the period	13	<u>2,339,231</u>	<u>6,335,960</u>
Transactions not affecting cash:			
Right of use on property, plant and equipment through leases	5	<u>23,185</u>	<u>-</u>

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

Transportadora de Gas del Norte S.A.

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

1 – OVERVIEW

1.1 - Incorporation of the Company

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

1.2 – The economic emergency and renegotiation of the License

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

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

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

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

Transportadora de Gas del Norte S.A.

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

1 – OVERVIEW (Cont.)

1.3 - Regulatory framework

1.3.1 - General

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

1.3.2 - Rates

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

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

1.3.3 – Comprehensive rate review

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

The regulatory framework provides for non-automatic bi-annual transportation rate procedures for rate reviews, due to changes experienced in the cost of the service, in order to maintain the economic-financial balance and quality of the service.

Transportadora de Gas del Norte S.A.

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

1 – OVERVIEW (Cont.)

1.3 - Regulatory framework (Cont.)

1.3.3 – Comprehensive rate review (Cont.)

In June 2019, the Government Energy Secretariat (the "Energy Secretariat") through Resolution 336/2019 established, on an exceptional basis, for the benefit of residential natural gas and propane users, including through networks, a 22% deferral in payment for bills issued from July 1, 2019 to October 31, 2019. Said deferral will be recovered through bills to be issued starting December 1, 2019 and thereafter along five equal consecutive monthly periods. The financial cost associated with such deferral shall be borne by the National Government by way of subsidy through payment of interest to distributors, subdistributors, transporters and producers, based on the rate for term deposits for \$ 20 million and above, at 30 or 35 day terms published by Central Bank of the Argentine Republic. On August 23, 2019, the Energy Secretariat, under Resolution 488/19, established the procedure by which distributors roll over part of the deferral in payment to transporters, as well as the methodology for calculating and paying applicable interest. Under said resolution, distributors must inform, by way of affidavit, the amounts to be deferred to transporters and ENARGAS and, in turn ENARGAS shall forward compiled information to the Energy Secretariat, with the latter having to estimate and issue interest-related payment orders to licensees within an expected term of 30 business days counted from the relevant deferral month. As of today, the amount deferred by distributors in their payments to TGN as per respective affidavits is \$ 831.6 million. (Said amount includes interim amounts for October subject to confirmation). The interest reporting and calculation process is delayed, with no interest payment order having been issued so far.

In September 2019, under Resolution 521/2019, the Energy Secretariat deferred the bi-annual rate adjustment that should have been applied as from October 1, 2019 to January 1, 2020 and further provided to compensate licensees by adjusting the Mandatory Investment Plan accordingly. Therefore, in October this year, the Company submitted a proposal to the ENARGAS for the readjustment of mandatory investments for an amount of \$341.2 million (at December 2016 currency).

1.3.4 – Current economic context

The Company operates within an economic context where the main variables have recently been highly volatile as a result of political and economic events both at national and international level. Particularly, at the domestic market, the stock of main publicly traded companies, government bonds and the Argentine peso, has experienced a significant drop. Against such a backdrop, the National Government has adopted economic measures such as: certain restrictions on the exchange market, payment deferral for certain public debt instruments (LETES, LECAPS, LELINK and LECER), temporary deferral of semiannual natural gas transportation and distribution rate adjustment, changes to the fourth bracket income tax and moratoria for Small & Medium Enterprises, among others.

The Company's Management regularly monitors how all those events above mentioned evolve in order to determine possible actions to be adopted and identify potential impacts on the Company's economic and financial position required to be disclosed in future financial statements. These interim condensed financial statements should be read in the light of these circumstances.

Transportadora de Gas del Norte S.A.

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

2 - PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

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

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

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

2.1 – Use of estimates and accounting policies

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

The accounting policies applied in preparing these interim condensed financial are consistent with those applied in preparing the financial statements for fiscal year ended December 31, 2018, except for "derivative financial instruments" (See Note 2.5 to these interim condensed financial statements) and the adoption of new standards described in Notes 2.3 and 2.4.

2.2 – Going Concern

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

2.3 – Measuring Unit

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

Transportadora de Gas del Norte S.A.

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

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

2.3 – Measuring Unit (Cont.)

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

The inflation adjustment to initial balances was determined considering the indexes established by FACPCE on the basis of price indexes published by the National Institute of Statistics and Census ("INDEC"). The average price index variation for the nine-month period ended September 30, 2019 was 37.7%, while the year-on-year variation amounted to 53.5%.

2.4 – Changes in Interpretation and Accounting Standards

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

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

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

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

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

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

Transportadora de Gas del Norte S.A.

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

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

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

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

- IFRIC 23 “Uncertainty over Income Tax Treatments”.

- Annual Improvements to IFRS 2015-2017 Cycle.

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

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

2.5 – Derivative financial instruments – Initial recognition and subsequent measurement

Derivative financial instruments used by the Company are initially recognized at their fair values as of the date of the derivative contract, and are subsequently again measured at their fair value. Derivatives are accounted for as financial assets when their fair value is positive and as financial liabilities when their fair value is negative. Any gain or loss as a result of changes in derivatives’ fair value is directly recognized through profit or loss.

2.6 – Property, plant and equipment

The Company uses, between the two models foreseen in IAS 16 (“Property, plant and equipment”), the “revaluation model” for valuating: (i) its essential assets which include Gas Pipelines and Branch Lines, Compressor Plants, Meter and Regulating Stations, other technical installations, certain Lands, Buildings and civil construction works, gas inventory and SCADA system; and (ii) other assets subject to revaluation, including all other Lands and Buildings and civil construction works (collectively, “Revalued Assets”).

Revaluation shall be conducted as often as necessary so that the book value will not significantly differ from the fair value of assets as of the date of each measurement. Cumulative depreciation as of each revaluation date shall be restated in proportion to the change in the gross book value of the asset, so that the book value after revaluation is equal to its revalued amount.

To measure the fair value of Revalued Assets the “income approach” established by IFRS 13 (“Fair Value Measurement”) is used as valuation technique. The Company uses a discounted cash flow model based on estimates about future performance of certain inputs that are sensitive to the fair value determination process: (i) firm transportation capacity contracted and transportation volumes sold under interruptible and exchange and displacement modalities; (ii) gas transportation rates; (iii) operation and maintenance expenses; (iv) mandatory investments agreed with ENARGAS; (v) weighted discount rate; and (vi) macro-economic variables, such as inflation rate, devaluation rate, etc.

Transportadora de Gas del Norte S.A.

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

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

2.6 – Property, plant and equipment (Cont.)

Discounted cash flows used cover a period of 19 years, i.e. the years remaining to elapse until the due date of the initial 35-year License period (to take place in 2027) plus the ten-year extension period the Company may apply for (National Executive Branch Decree 2255/92). Additionally, TGN has reflected under discounted cash flows an additional amount foreseen in the License upon expiration thereof, when the Company will be entitled to receive the lesser of the residual value of essential assets or the amount resulting from a new tender, net of expenses and taxes paid by the successful bidder. This latter amount has been recognized by the Company as a perpetual income as of that date.

The increase in the book value of an asset as a consequence of a revaluation is reported under “Other comprehensive income”, net of the associated deferred tax. When the book value of an asset is impaired as a result of a revaluation, said impairment will be reported under the income for the year to the extent it exceeds the balance standing in the “Property, plant and equipment revaluation surplus”.

As required under CNV regulations for valuation of items of Property, plant and equipment at fair value, the Company entrusts said valuation to independent external experts, who act as advisors to the Board, with the latter being ultimately responsible for said valuation.

Based on the measurement made in accordance with the revaluation model, the following differences have been identified with respect to book values measured by the cost model, for Revalued Assets as of September 30, 2019:

Revalued Assets	Residual book value as of 09/30/2019 (cost model)	Higher value, net of impairment	Fair value as of 09/30/2019 (revaluation model)
Gas pipelines and branch lines	14,680,887	18,186,628	32,867,515
Compressor plants	2,037,869	2,396,668	4,434,537
Meter and regulating stations	133,223	351,169	484,392
SCADA System	141,261	440,680	581,941
Lands	5,176	34,314	39,490
Buildings and civil construction works	467,856	391,080	858,936
Gas inventory	216,298	547,968	764,266
Other technical installations	69,296	274,798	344,094
Subtotal essential assets	17,751,866	22,623,305	40,375,171
Lands	1,788	18,561	20,349
Buildings and civil construction works	150,467	108,713	259,180
Subtotal other revalued assets	152,255	127,274	279,529
Total Revalued Assets	17,904,121	22,750,579	40,654,700

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Transportadora de Gas del Norte S.A.

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

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

2.6 – Property, plant and equipment (Cont.)

Depreciation, based on a component criterion, started to be recorded as of October 1, 2019, and is calculated using the straight-line method based on the remaining useful life as of the revaluation date:

	Years of estimated remaining useful life
Gas pipelines and branch lines	3 & 18
Compressor plants	18
Meter and regulating stations	18
SCADA System	8
Gas inventory	n/a
Lands	n/a
Buildings and civil construction works	27
Other technical installations	4

The depreciation charge in each fiscal year is recognized under Income for the fiscal year, except where reported under other assets' book value. "Property, plant and equipment revaluation allowance" reported under Shareholders' Equity decreases due to the use, retirement and disposal of Revalued Assets with a counter-entry in "Retained earnings" under Shareholders' Equity, with no negative impact on the income for the fiscal year. As for depreciation charges, the amount to be transferred to the account "Property, plant and equipment revaluation surplus" will be equal to the difference between depreciation calculated on the revalued asset and depreciation that would have been estimated on the basis of its initial cost, net of the deferred tax effect. If an impairment loss occurs, it shall be immediately recorded under income for the fiscal year unless the asset is accounted for under the revaluation method, in which event the impairment loss shall be treated as a decrease in the account "Property, plant and equipment revaluation surplus", and the excess will be allocated to income for the fiscal year.

Changes in "Property, plant and equipment revaluation surplus" during 2019 are described below:

Balance as of December 31, 2018	19,855,770
Reversal during 2019 fiscal year	(1,917,221)
Impairment during 2019 fiscal year	(909,024)
Balance as of September 30, 2019	<u>17,029,525</u>

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Transportadora de Gas del Norte S.A.

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

3 – FINANCIAL RISK MANAGEMENT

Except as mentioned in Note 1.3.4 and Note 3.1. below, as of September 30, 2019 no significant variations in financial risks have been identified with respect to Note 3 to the Company's Financial Statements as of December 31, 2018.

3.1 – Currency Risks

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

The potential impact on the statement of comprehensive income and the statement of changes in shareholders' equity resulting from each percentage point of depreciation or appreciation of the peso against the US dollar would account for an approximate loss or profit, as applicable, of \$ 12.5 million, provided that the other economic and financial variables affecting the Company remain stable. This sensitivity analysis is based on reasonable assumptions and information. Yet, actual results might significantly differ from such analysis.

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Transportadora de Gas del Norte S.A.

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

3 – FINANCIAL RISK MANAGEMENT (Cont.)

Foreign Currency denominated Assets and Liabilities

	09.30.19			12.31.18	
	Amount and type of foreign currency ⁽¹⁾	Current trading price in \$	Amount in local currency ⁽¹⁾	Amount and type of foreign currency ⁽¹⁾	Amount in local currency ⁽¹⁾
ASSETS					
NON-CURRENT ASSETS					
Trade accounts receivable					
Trade accounts receivable with third parties	US\$ 189,378	57.39	10,868,403	US\$ 189,378	9,778,651
			10,868,403		9,778,651
Total non-current assets			10,868,403		9,778,651
CURRENT ASSETS					
Other accounts receivable					
Commercial compensations and other	US\$ 511	57.39	29,317	US\$ 937	48,383
Collateral posted on derivative instruments	US\$ 1,059	57.39	60,756		-
Other receivables with controlling companies	US\$ 4	57.39	235	US\$ 4	212
Other receivables with affiliated companies	R\$ 106	12.8	1,351	US\$ 2	91
				R\$ 116	1,477
			91,659		50,163
Trade accounts receivable					
Trade accounts receivable with third parties	US\$ 1,341	57.39	76,960	US\$ 852	43,994
Trade accounts receivable with related parties			-	US\$ 75	3,883
Trade accounts receivable with affiliated companies	US\$ 15	57.39	838	US\$ 34	1,746
			77,798		49,623
Investments at amortized cost					
Government bonds in US\$ - Commercial papers	US\$ 15,986	57.39	917,416	US\$ 19,231	993,010
Government bonds in US\$ - T-BILLS	US\$ 39,871	57.39	2,288,171	US\$ 45,881	2,369,103
Government bonds in US\$ - Letes	US\$ 2,504	57.39	143,679		-
			3,349,266		3,362,113
Investments at fair value					
Mutual funds in US\$	US\$ 1,433	57.39	82,246	US\$ 3,318	171,326
Government bonds in US\$	US\$ 2,402	57.39	137,879	US\$ 6,371	328,992
			220,125		500,318
Cash and cash equivalents					
Term deposits in US\$	US\$ 5,490	57.39	315,085	US\$ 50,438	2,604,400
Mutual Funds in US\$	US\$ 30,623	57.39	1,757,426		-
Bank balances	US\$ 1,134	57.39	65,104	US\$ 10,342	534,034
			2,137,615		3,138,434
Total current assets			5,876,463		7,100,651
Total assets			16,744,866		16,879,302

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Transportadora de Gas del Norte S.A.

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

3 – FINANCIAL RISK MANAGEMENT (Cont.)

Foreign Currency denominated Assets and Liabilities (Cont.)

	09.30.19			12.31.18	
	Amount and type of foreign currency ⁽¹⁾	Current trading price in \$	Amount in local currency ⁽¹⁾	Amount and type of foreign currency ⁽¹⁾	Amount in local currency ⁽¹⁾
LIABILITIES					
NON-CURRENT LIABILITIES					
Loans					
Syndicated Loan	US\$ 54,869	57.59	3,159,907	US\$ 109,725	5,695,919
Total Non-Current Liabilities			3,159,907		5,695,919
CURRENT LIABILITIES					
Trade accounts payable					
Suppliers - goods and services	US\$ 3,364	57.59	193,734	US\$ 702	36,418
	£ 188	70.8357	13,321	£ 353	23,313
Unbilled Goods and Services	US\$ 7,086	57.59	408,083	US\$ 8,037	417,208
	£ 39	70.8357	2,756	£ 172	11,356
	€ 18	62.8422	1,109	€ 30	1,787
			619,003		490,082
Loans					
Syndicated loan	US\$ 114,518	57.59	6,595,076	US\$ 112,554	5,842,790
			6,595,076		5,842,790
Total Current Liabilities			7,214,079		6,332,872
Total Liabilities			10,373,986		12,028,791

US\$: US Dollars

£: Pound sterling

€: Euros

R\$: Brazilian Reais

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

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

Transportadora de Gas del Norte S.A.

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

4 – BUSINESS SEGMENT INFORMATION

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

	<u>09.30.2019</u>	<u>09.30.2018</u>
Revenues	12,250.7	12,507.7
Operating costs	(3,838.1)	(3,924.9)
Management EBITDA	<u>8,412.6</u>	<u>8,582.8</u>
Acquisition of “Property, plant and equipment”	<u>2,118.2</u>	<u>2,047.0</u>

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

	<u>09.30.2019</u>	<u>09.30.2018</u>
Management EBITDA in million pesos	8,412.6	8,582.8
“Property, plant and equipment” depreciation	(4,217.2)	(3,328.6)
Other net income and expenses	(86.7)	(120.2)
Net financial income/(loss)	235.8	(2,591.4)
Income (loss) from investments in affiliated companies	<u>15.5</u>	<u>4.3</u>
Income before income tax	<u>4,360.0</u>	<u>2,546.9</u>

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

Transportadora de Gas del Norte S.A.

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

5 – PROPERTY, PLANT AND EQUIPMENT

	09.30.2019										PP&E, net			
	Original Value						Depreciation				09.30.2019	12.31.2018	09.30.2018	
	At the beginning of fiscal year	Additions	Disposals	Transfers	Impairments /Revaluations	At the end of period	At the beginning of fiscal year	Period	Disposals	At the end of period				
Essential assets:														
Gas pipelines and branch lines	36,626,610	-	-	260,146	(1,066,296)	35,820,460	-	2,952,945	-	2,952,945	32,867,515	36,626,610	32,190,722	
Compressor plants	5,439,131	-	(15,646)	95,552	(143,866)	5,375,171	-	945,789	(5,155)	940,634	4,434,537	5,439,131	4,733,069	
Meter and regulating stations	551,896	-	-	-	(15,715)	536,181	-	51,789	-	51,789	484,392	551,896	491,297	
SCADA system	713,078	-	(1,169)	-	(18,879)	693,030	-	111,290	(201)	111,089	581,941	713,078	684,044	
Gas inventory	789,060	-	-	-	(24,794)	764,266	-	-	-	-	764,266	789,060	784,318	
Lands	40,771	-	-	-	(1,281)	39,490	-	-	-	-	39,490	40,771	40,415	
Buildings and civil construction works	918,546	-	-	-	(27,866)	890,680	-	31,744	-	31,744	858,936	918,546	932,157	
Other technical installations	425,148	-	-	-	(11,163)	413,985	-	69,891	-	69,891	344,094	425,148	406,539	
Sub-total essential assets	45,504,240	-	(16,815)	355,698	(1,309,860)	44,533,263	-	4,163,448	(5,356)	4,158,092	40,375,171	45,504,240	40,262,561	
Other revalued assets														
Lands	21,009	-	-	-	(660)	20,349	-	-	-	-	20,349	21,009	22,589	
Buildings and civil construction works	275,250	-	-	-	(8,408)	266,842	-	7,662	-	7,662	259,180	275,250	279,248	
Sub-total other revalued assets	296,259	-	-	-	(9,068)	287,191	-	7,662	-	7,662	279,529	296,259	301,837	
Total revalued assets	45,800,499	-	(16,815)	355,698	(1,318,928)	44,820,454	-	4,171,110	(5,356)	4,165,754	40,654,700	45,800,499	40,564,398	
Non-essential assets:														
Building installations	63,203	-	-	-	-	63,203	26,187	2,021	-	28,208	34,995	37,017	15,821	
Machinery, equipment and tools	281,688	20,402	(1,960)	-	-	300,130	264,936	6,034	(1,960)	269,010	31,120	16,752	8,869	
Other technical installations	371,413	898	(14,695)	-	-	357,616	355,048	6,962	(14,694)	347,316	10,300	16,365	11,928	
Communication equipment and devices	39,090	339	(15)	-	-	39,414	37,318	1,080	(15)	38,383	1,031	1,772	623	
Vehicles	277,738	31,018	(4,038)	-	-	304,718	179,795	20,454	(4,038)	196,211	108,507	97,943	58,277	
Furniture and fixtures	163,246	655	(442)	-	-	163,459	139,742	2,193	(356)	141,579	21,880	23,504	5,525	
Right of use	-	23,185	-	-	-	23,185	-	7,429	-	7,429	15,756	-	-	
Works in progress	2,968,299	2,041,682	(8,058)	(355,698)	-	4,646,225	-	-	-	-	4,646,225	2,968,899	2,418,719	
Sub-total non-essential assets	4,164,677	2,118,179	(29,208)	(355,698)	-	5,897,950	1,003,026	46,173	(21,063)	1,028,136	4,869,814	3,162,252	2,519,762	
Balances as of September 30, 2019	49,965,176	2,118,179	(46,023)	-	(1,318,928)	50,718,404	1,003,026	4,217,283	(26,419)	5,193,890	45,524,514	-	-	
Balances as of December 31, 2018	45,342,686	3,088,218	(25,087)	-	6,172,115	54,577,932	970,876	4,662,788	(18,483)	5,615,181	-	48,962,751	-	
Balances as of September 30, 2018	45,342,686	2,047,036	(22,811)	-	-	47,366,911	970,876	3,328,681	(16,806)	4,282,751	-	-	43,084,160	

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Transportadora de Gas del Norte S.A.

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

5 – PROPERTY, PLANT AND EQUIPMENT (Cont.)

5.1 – Commitments

As of September 30, 2019, the Company has firm contractual commitments with suppliers for the acquisition of Property, plant and equipment for \$ 1,670,365.

6 – INVESTMENTS IN AFFILIATED COMPANIES

	<u>09.30.2019</u>	<u>12.31.2018</u>
Balance at the beginning of fiscal year	38,563	20,070
Income from investments in affiliated companies ⁽¹⁾	<u>18,196</u>	<u>18,493</u>
Balance at the end of period	<u>56,759</u>	<u>38,563</u>

⁽¹⁾ Includes \$ 2,674 and \$ 5,972 that have been charged to “Other comprehensive income” in the Interim Condensed Statement of Comprehensive Income, as of September 30, 2019 and December 31, 2018, respectively.

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Transportadora de Gas del Norte S.A.

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

6 – INVESTMENTS IN AFFILIATED COMPANIES (Cont.)

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

Issuer	Description		Amount	Cost	Book value as of		Main Activity	Information on issuer					
	Shares	Face Value			09.30.19	12.31.18		Date	Most Recent Financial Statements				
									Capital Stock and Capital Adjustment	Other Reserves	Retained Earnings	Shareholders' Equity	Percentage of Direct Interest
Comgas Andina S.A.	Common	(1) 1 per share	490	246	54,588	38,563	Gas pipeline operation and maintenance service	09.30.19	82	-	111,322	111,404	49.0
Companhia Operadora do Rio Grande do Sul	Common	(2) 1 per share	49	0.1	2,171	2,538	Gas pipeline operation and maintenance service	09.30.19	1	3,761	669	4,431	49.0
Allowance for loss on investments					-	(2,538)							
Total					56,759	38,563							

- (1) Chilean pesos
(2) Brazilian Reais

Transportadora de Gas del Norte S.A.

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

7 – INCOME TAX

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

	<u>09.30.2019</u>	<u>12.31.2018</u>
Deferred income tax assets:		
Deferred income tax assets to be recovered after 12 months	195,886	247,015
Deferred income tax assets to be recovered within 12 months	146,912	172,905
	<u>342,798</u>	<u>419,920</u>
Deferred income tax liabilities:		
Deferred income tax liabilities to be recovered after 12 months	(7,861,083)	(7,807,656)
Deferred income tax liabilities to be recovered within 12 months	(962,389)	(1,433,143)
	<u>(8,823,472)</u>	<u>(9,240,799)</u>
Deferred income tax liabilities (net)	<u>(8,480,674)</u>	<u>(8,820,879)</u>

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

Deferred income tax assets	Trade accounts payable and financial liabilities	Materials and spare parts	Contingencies	Tax Loss	Other debts	Other accounts receivable	Total
Balances as of December 31, 2017	110,195	106,787	49,036	586,918	42,212	5,396	900,544
Charged to statement of comprehensive income	48,998	78,807	10,670	(586,918)	(29,504)	(2,677)	(480,624)
Balances as of December 31, 2018	159,193	185,594	59,706	-	12,708	2,719	419,920
Charged to statement of comprehensive income	(6,098)	(58,903)	(19,895)	-	3,791	3,983	(77,122)
Balances as of September 30, 2019	153,095	126,691	39,811	-	16,499	6,702	342,798

Deferred income tax liabilities	Property, plant and equipment	Trade accounts receivable	Revaluation of Property, plant and equipment ⁽¹⁾	Investments at fair value	Tax inflation adjustment	Total
Balances as of December 31, 2017	(4,430,819)	(705,483)	(6,067,397)	1,093	-	(11,202,606)
Charged to statement of comprehensive income	3,052,505	(335,016)	(744,855)	(10,827)	-	1,961,807
Balances as of December 31, 2018	(1,378,314)	(1,040,499)	(6,812,252)	(9,734)	-	(9,240,799)
Charged to statement of comprehensive income	100,504	(194,208)	1,089,316	(97,309)	(480,976)	417,327
Balances as of September 30, 2019	(1,277,810)	(1,234,707)	(5,722,936)	(107,043)	(480,976)	(8,823,472)

⁽¹⁾ As of September 30, 2019, included net of revaluation balance of "Property, plant and equipment" under Shareholders' Equity.

Transportadora de Gas del Norte S.A.

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

7 – INCOME TAX (Cont.)

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

	<u>09.30.2019</u>	<u>09.30.2018</u>
Income before income tax	4,359,889	2,546,932
Statutory income tax rate	30%	30%
Income tax charge determined by applying statutory tax rate to the income for the period	<u>(1,307,967)</u>	<u>(764,080)</u>
Exceptions to statutory income tax rate:		
- Equity items inflation adjustment	(1,517,627)	(968,048)
- Deferred tax liabilities inflation adjustment at beginning	384,913	725,515
- Income from investments in affiliated companies	4,136	930
- Adjustment to income tax provision balance	66,319	7,411
- Change in income tax rate ⁽¹⁾	51,662	212,765
- Special tax – Law 27,430 – Chapter X – art. 1	5,599	-
- Tax revaluation – Law 27,430 – Chapter X – art.1	1,461,698	-
- Tax inflation adjustment – Income Tax Law – Title VI – art. 94 and subsequent ones	(769,559)	-
- Non-deductible items	<u>(1,501)</u>	<u>(208)</u>
Total income tax charge	<u>(1,622,327)</u>	<u>(785,715)</u>

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

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

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

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

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

Transportadora de Gas del Norte S.A.

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

7 – INCOME TAX (Cont.)

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

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

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

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

8 – INVESTMENTS

Non-Current:	<u>09.30.2019</u>	<u>12.31.2018</u>
Investments at amortized cost:		
VRD bonds in \$	13,103	26,691
Total investments at amortized cost	13,103	26,691
 Current:		
Investments at amortized cost:		
Government bonds in US\$ - Commercial papers	917,416	993,010
Government bonds in US\$ - T-BILLS	2,288,171	2,369,103
Government bonds in US\$ - Letes	143,679	-
VRD bonds in \$	8,704	12,054
Total investments at amortized cost	3,357,970	3,374,167
 Investments at fair value:		
Mutual funds in US\$	82,246	171,326
Government bonds in US\$	137,879	328,992
Total investments at fair value	220,125	500,318

Transportadora de Gas del Norte S.A.

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

9 – FINANCIAL INSTRUMENTS BY CATEGORY

	<u>09.30.2019</u>	<u>12.31.2018</u>
Financial assets at fair value ⁽¹⁾:		
Current:		
Classified as “Investments at fair value”:		
Mutual funds in US\$	82,246	171,326
Government bonds in US\$	137,879	328,992
Subtotal	<u>220,125</u>	<u>500,318</u>
Classified as “Cash and cash equivalents”:		
Mutual funds in \$ (Note 13)	192,048	-
Mutual funds in US\$ (Note 13)	1,757,426	-
Subtotal	<u>1,949,474</u>	<u>-</u>
Derivative financial instruments ⁽³⁾	547,705	-
Subtotal	<u>547,705</u>	<u>-</u>
Total financial assets at fair value - Current	<u>2,717,304</u>	<u>500,318</u>
Financial assets at amortized cost:		
Current:		
Classified as “Investments at amortized cost”:		
Government bonds in US\$ - Commercial papers	917,416	993,010
Government bonds in US\$ - T-BILLS	2,288,171	2,369,103
Government bonds in US\$ - Letes	143,679	-
VRD bonds in \$	8,704	12,054
Subtotal	<u>3,357,970</u>	<u>3,374,167</u>
Classified as “Cash and cash equivalents”:		
Cash and banks (Note 13)	74,672	620,481
Term deposits in US\$ ⁽²⁾ (Note 13)	315,085	2,604,400
Subtotal	<u>389,757</u>	<u>3,224,881</u>
Classified as “Trade accounts receivable” and “Other accounts receivable”	2,754,783	2,042,357
Total financial assets at amortized cost - Current	<u>6,502,510</u>	<u>8,641,405</u>
Non-Current:		
Classified as “Investments at amortized cost”:		
VRD bonds in \$	13,103	26,691
Subtotal	<u>13,103</u>	<u>26,691</u>
Classified as “Trade accounts receivable” and “Other accounts receivable”	4,921,073	4,430,885
Total financial assets at amortized cost – Non-Current	<u>4,934,176</u>	<u>4,457,576</u>

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Transportadora de Gas del Norte S.A.

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

9 – FINANCIAL INSTRUMENTS BY CATEGORY (Cont.)

	<u>09.30.2019</u>	<u>12.31.2018</u>
Financial liabilities at amortized cost:		
Current:		
Loans	6,595,076	5,842,861
Trade accounts payable, other debts and lease debt	1,167,996	973,439
Total financial liabilities at amortized cost – Current	7,763,072	6,816,300
Non-Current:		
Loans	3,159,907	5,695,919
Trade accounts payable, other debts and lease debt	335,212	378,798
Total financial liabilities at amortized cost – Non-Current	3,495,119	6,074,717

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

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

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

10 – MATERIALS & SPARE PARTS

	<u>09.30.2019</u>	<u>12.31.2018</u>
Non-Current		
Spare parts and consumables	1,242,275	1,187,398
Allowance for slow-moving and obsolete materials	(437,841)	(502,986)
Total non-current materials and spare parts	804,434	684,412

Changes in allowance for slow-moving and obsolete materials:

Balance as of December 31, 2017	532,852
– Recoveries, net of gain on monetary position	(63,395)
Balance as of September 30, 2018	469,457
– Increases, net of gain on monetary position	33,529
Balance as of December 31, 2018	502,986
– Recoveries, net of gain on monetary position	(65,145)
Balance as of September 30, 2019	437,841

Transportadora de Gas del Norte S.A.

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

11 – OTHER ACCOUNTS RECEIVABLE

	<u>09.30.2019</u>	<u>12.31.2018</u>
Non-current		
Other	20,244	13,750
Total other accounts receivable – Non-current	<u>20,244</u>	<u>13,750</u>
Current		
Key management personnel (Note 25)	22,017	29,457
Prepaid expenses and advances	332,835	306,954
Attachments, guarantee court deposits and expenses to be recovered	50	69
Assistance fees – controlling shareholder (Note 25)	235	212
Collateral posted on derivative instruments	60,756	-
Other receivables – affiliated companies (Note 25)	1,351	1,568
Other receivables – other related parties (Note 25)	-	59,605
Transactions on behalf of third parties	25,431	12,566
Guarantee deposits - rentals	14,354	-
Allowance for doubtful accounts	(6,735)	(8,393)
Other trade receivables	25,092	15,703
Total other accounts receivable - Current	<u>475,386</u>	<u>417,741</u>

Changes in the allowance are as follows:

Balances as of December 31, 2017	14,475
– Increases, net of gain on monetary position	13,472
– Accounts received	(16,890)
– Loss on monetary position	2,079
Balances as of September 30, 2018	<u>13,136</u>
– Recoveries, net of loss on monetary position	(3,387)
– Loss on monetary position	(1,356)
Balances as of December 31, 2018	<u>8,393</u>
– Increases, net of gain on monetary position	394
– Loss on monetary position	(2,052)
Balance as of September 30, 2019	<u>6,735</u>

Transportadora de Gas del Norte S.A.

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

12 – TRADE ACCOUNTS RECEIVABLE

	<u>09.30.2019</u>	<u>12.31.2018</u>
Non-current		
Trade accounts receivable - third parties	10,868,395	9,795,702
Allowance for doubtful accounts and disputed amounts	<u>(5,967,566)</u>	<u>(5,369,210)</u>
Total trade accounts receivable – Non-current	<u>4,900,829</u>	<u>4,426,492</u>
Current		
Trade accounts receivable - third parties	2,712,770	2,112,933
Trade accounts receivable – other related parties (Note 25)	211,088	370,262
Trade accounts receivable – affiliated companies (Note 25)	838	1,746
Less: Allowance for doubtful accounts and disputed amounts	<u>(315,179)</u>	<u>(520,535)</u>
Total trade accounts receivable - Current	<u>2,609,517</u>	<u>1,964,406</u>

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

Balances as of December 31, 2017	3,570,743
– Increases, net of gain on monetary position	<u>3,235,297</u>
Balances as of September 30, 2018	6,806,040
– Recoveries, net	<u>(1,436,830)</u>
Balances as of December 31, 2018	5,369,210
– Increases, net of gain on monetary position	<u>598,356</u>
Balance as of September 30, 2019	<u>5,967,566</u>

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

Balances as of December 31, 2017	101,268
– Increases, net of gain on monetary position	128,150
– Loss on monetary position	<u>(43,915)</u>
Balances as of September 30, 2018	185,503
– Increases, net of gain on monetary position	354,181
– Loss on monetary position	<u>(19,149)</u>
Balances as of December 31, 2018	520,535
– Recoveries, net of loss on monetary position	<u>(79,317)</u>
– Loss on monetary position	<u>(126,039)</u>
Balance as of September 30, 2019	<u>315,179</u>

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

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Transportadora de Gas del Norte S.A.

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

13 – CASH AND CASH EQUIVALENTS

	<u>09.30.2019</u>	<u>12.31.2018</u>
Cash and banks ⁽¹⁾	74,672	620,481
Mutual funds in \$	192,048	-
Mutual funds in US\$	1,757,426	-
Term deposits in US\$	315,085	2,604,400
Total	<u>2,339,231</u>	<u>3,224,881</u>

⁽¹⁾ As of September 30, 2019, and December 31, 2018, 65,104 and 534,034, respectively, denominated in foreign currency, are included. See Note 3 to these interim condensed financial statements.

14 – COMMON STOCK

The nominal common stock, of \$ 439,373,939, is represented by 179,264,584 book-entry Class A common shares, of \$ 1 par value each and entitled to 1 vote per share, 172,234,601 book-entry Class B common shares, of \$1 par value each and entitled to 1 vote per share, and 87,874,754 book-entry Class C common shares, of \$ 1 par value each and entitled to 1 vote per share. All issued shares are subscribed and paid-in. Class B shares are admitted for listing on Bolsas y Mercados Argentinos S.A. (“BYMA”). Class C shares are listed on BYMA.

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

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

14.2 – Restriction on distribution of profits

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

Transportadora de Gas del Norte S.A.

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

15 – LOANS

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

With respect to the Syndicated Loan, as of the date of issue of these interim condensed financial statements, US\$ 110 million and US\$ 12.4 million were paid on account of principal and interest, respectively.

Additionally, during October this year, the Company contracted short-term debt in pesos, mainly through overdrafts in banking accounts, loans and other, for a total of \$3,185 million and at a term of 30 days in average. The average rate was 67%.

15.1– Changes in Loans

	<u>09.30.2019</u>	<u>09.30.2018</u>
Balance at the beginning of fiscal year	11,538,780	8,291,943
Accrual of interest on Syndicated Loan	488,178	440,344
Exchange rate difference on Syndicated Loan	4,191,227	7,720,063
Principal and interest paid on Syndicated Loan	(3,248,386)	(205,029)
Loss on monetary position	(3,214,816)	(2,016,305)
Balance at the end of period	<u>9,754,983</u>	<u>14,231,016</u>

16 – TAXES PAYABLE

	<u>09.30.2019</u>	<u>12.31.2018</u>
Value Added Tax	122,342	109,753
Turnover Tax	12,074	2,291
Tax withholdings and receipts from third parties	92,609	89,950
Total taxes payable	<u>227,025</u>	<u>201,994</u>

17 – OTHER DEBTS

Non-current		
Allowance for easements	45,232	45,039
Total other debts – Non-current	<u>45,232</u>	<u>45,039</u>
Current		
Allowance for easements	18,518	23,839
Key management personnel (Note 25)	22,058	29,482
Advances	24,130	467
Various fees payable	48,975	33,971
Other debts and customer's guarantees	6,033	9,231
Total other debts – Current	<u>119,714</u>	<u>96,990</u>

Transportadora de Gas del Norte S.A.

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

18 – TRADE ACCOUNTS PAYABLE

	<u>09.30.2019</u>	<u>12.31.2018</u>
Non-current		
AES Argentina Generación S.A.	276,781	333,759
Total trade accounts payable – Non current	<u>276,781</u>	<u>333,759</u>
Current		
Suppliers – goods and services	206,592	78,070
AES Argentina Generación S.A.	41,358	45,197
Accounts payable with other related parties (Note 25)	88,092	-
Unbilled goods and services	<u>706,390</u>	<u>753,182</u>
Total trade accounts payable – Current	<u>1,042,432</u>	<u>876,449</u>

19 – CONTINGENCIES

	<u>Non-current</u>	<u>Current</u>
Provision for labor, civil and administrative lawsuits		
Balance as of December 31, 2017	51,884	155,202
–Increases, net of recoveries	11,295	147,156
– Decreases (payment / uses)	(50,480)	(32,800)
--Loss on monetary position	<u>(12,699)</u>	<u>(37,986)</u>
Balance as of September 30, 2018	-	231,572
– Increases, net of recoveries	-	36,617
– Decreases (payment / uses)	-	(9,062)
– Loss on monetary position	-	(30,558)
Balance as of December 31, 2018	-	228,569
– Recoveries, net	-	24,441
– Decreases (payment / uses)	-	(9,035)
– Loss on monetary position	-	(89,810)
Balance as of September 30, 2019	<u>-</u>	<u>154,165</u>

19.1 – Legal matters

The Company is party to several legal proceedings and claims that have arisen in the ordinary course of its business. Although there can be no assurance as to the ultimate disposition of these matters due to their complexity and current status, it is the opinion of the Company's Board, based upon the estimates described in Note 4 to the Company's Financial Statements as of December 31, 2018, that the expected outcome of these claims and legal actions, individually or in the aggregate, would not have a material effect on the Company's financial position or results of operations in excess of the provisions recorded by the Company. However, the actual future outcome of these claims could differ from the estimates and assessments performed as of the date of issuance of these interim condensed financial statements. Following there is a summary of the most significant developments concerning the Company's legal matters during the nine-month period ended September 30, 2019.

Transportadora de Gas del Norte S.A.

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

19 – CONTINGENCIES (Cont.)

19.1 – Legal matters (Cont.)

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

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

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

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

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

19.1.2 – Pending judicial disputes with Chilean Distributor Metrogas

In April 2009, Metrogas filed a declaratory action against TGN to obtain a court statement on the inapplicability of the US\$ denominated rate provided for in the gas transportation contract, if gas is not actually transported. In October 2019, the court summoned records to pronounce judgement. Subsequently, in September 2009, Metrogas informed its unilateral decision to terminate its firm gas transportation contract with TGN and claimed from TGN approximately US\$ 238 million for damages allegedly suffered by Metrogas for TGN’s alleged failure to deliver such gas volumes which, according to Metrogas, would have been confirmed and injected by its producers / suppliers.

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

Transportadora de Gas del Norte S.A.

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

19 – CONTINGENCIES (Cont.)

19.1 – Legal matters (Cont.)

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

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

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

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

On December 15, 2014, TGN filed with AFIP an action for refund amounting to \$ 7.9 million for 2008 fiscal year Income Tax, overpaid for having computed the tax without applying the inflation adjustment method and without restating the fixed asset depreciation, plus interest accrued in favor of the Company. The action for refund was supported on the inapplicability of the prohibition contained in Section 39 of Law 24,073 and Section 4 of the LEP, as it is contrary to the provisions of Title VI of the Income Tax Law, which set forth the inflation adjustment method and other restatement requirements thereunder foreseen and not repealed, such as the fixed assets depreciation. As a result of those regulations, case law and rulings issued by the National Supreme Court (“CSJN”), the Company paid for fiscal year 2008 the income tax at a clearly confiscatory effective rate. Further, on December 15, 2014, TGN filed and action for refund with AFIP in connection with 2008 fiscal year Minimum Presumed Income Tax (“IGMP”) for \$ 6.8 million, plus interest accrued in favor of the Company. This action for refund was supported on the fact that the Company had reported accounting and tax losses (the latter due to the tax adjustment for inflation and other restatements mentioned in the preceding paragraph) in said fiscal year and consequently, in view of CSJN precedents in this respect, there was no such minimum income presumed under the income tax law. However, having exercised the tax revaluation option referred to in Note 7 to these interim condensed financial statements, on March 27, 2019 the Company has been forced to drop the above mentioned claims.

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Transportadora de Gas del Norte S.A.

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

20 - REVENUES

	<u>For the nine-month period as of</u>		<u>For the three-month period as of</u>	
	<u>09.30.2019</u>	<u>09.30.2018</u>	<u>09.30.2019</u>	<u>09.30.2018</u>
Gas transportation service	11,844,707	12,132,619	4,021,332	4,520,144
Gas pipeline operation and maintenance and other services	405,953	375,130	157,503	134,856
Total revenues	<u>12,250,660</u>	<u>12,507,749</u>	<u>4,178,835</u>	<u>4,655,000</u>

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Transportadora de Gas del Norte S.A.

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

21 – EXPENSES BY NATURE

Item	For the nine-month period as of 09.30						Total as of 09.30.2019	Total as of 09.30.2018
	Cost of service		Selling expenses		Administrative expenses			
	2019	2018	2019	2018	2019	2018		
Directors' fees	-	-	-	-	19,254	29,317	19,254	29,317
Supervisory Committee's fees	-	-	-	-	5,100	14,561	5,100	14,561
Fees for professional services	54,456	36,539	1,785	682	73,080	62,153	129,321	99,374
Salaries, wages and other personnel benefits	709,031	699,569	18,413	19,840	274,886	254,634	1,002,330	974,043
Social security contributions	134,260	138,623	3,733	3,103	54,829	54,089	192,822	195,815
Materials and spare parts	384,057	248,829	111	104	3,042	7,487	387,210	256,420
Third party services and supplies	77,514	70,244	192	362	3,760	3,729	81,466	74,335
Maintenance and repair of property, plant and equipment	947,187	1,120,721	2,004	709	22,280	15,325	971,471	1,136,755
Travel expenses	102,033	93,092	1,944	1,307	14,133	16,009	118,110	110,408
Freight and transportation	16,463	16,124	1	-	114	37	16,578	16,161
Post and telecommunication expenses	5,289	6,089	324	355	3,915	3,620	9,528	10,064
Insurance	67,401	54,461	7	5	6,633	4,802	74,041	59,268
Office supplies	12,214	13,091	1,827	360	19,907	13,222	33,948	26,673
Rentals	19,632	19,330	348	395	4,380	4,537	24,360	24,262
Easements	30,153	22,917	-	-	-	-	30,153	22,917
Taxes, rates and contributions	3,481	2,351	434,768	484,795	287,356	459,579	725,605	946,725
Property, plant and equipment depreciation	4,155,991	3,238,505	4,060	2,287	57,232	87,889	4,217,283	3,328,681
Doubtful accounts	-	-	23,605	(107,501)	-	-	23,605	(107,501)
Lawsuits	-	-	-	-	24,440	3,287	24,440	3,287
Slow-moving and obsolete materials and spare parts	(65,145)	9,447	-	-	-	-	(65,145)	9,447
Other	24,711	8,254	97	96	9,070	14,172	33,878	22,522
Balances as of September 30, 2019	6,678,728	-	493,219	-	883,411	-	8,055,358	-
Balances as of September 30, 2018	-	5,798,186	-	406,899	-	1,048,449	-	7,253,534

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Transportadora de Gas del Norte S.A.

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

21 – EXPENSES BY NATURE (Cont.)

Item	For the three-month period as of 09.30						Total as of 09.30.2019	Total as of 09.30.2018
	Cost of service		Selling expenses		Administrative expenses			
	2019	2018	2019	2018	2019	2018		
Directors' fees	-	-	-	-	6,234	3,209	6,234	3,209
Supervisory Committee's fees	-	-	-	-	1,643	1,813	1,643	1,813
Fees for professional services	26,145	17,418	1,199	648	24,831	24,790	52,175	42,856
Salaries, wages and other personnel benefits	261,855	241,120	6,367	7,311	97,148	94,837	365,370	343,268
Social security contributions	51,584	48,588	1,305	1,627	21,260	18,883	74,149	69,098
Materials and spare parts	128,356	90,607	9	70	1,450	1,200	129,815	91,877
Third party services and supplies	26,335	21,114	75	120	845	1,235	27,255	22,469
Maintenance and repair of property, plant and equipment	314,442	535,708	275	213	7,801	6,777	322,518	542,698
Travel expenses	34,717	32,582	591	403	5,360	5,992	40,668	38,977
Freight and transportation	4,640	8,077	1	-	102	8	4,743	8,085
Post and telecommunication expenses	1,487	2,063	91	113	1,100	1,161	2,678	3,337
Insurance	23,789	15,797	3	2	2,167	1,329	25,959	17,128
Office supplies	3,572	4,904	1,661	91	8,958	4,866	14,191	9,861
Rentals	8,927	7,865	155	188	1,535	1,913	10,617	9,966
Easements	10,872	1,164	-	-	-	-	10,872	1,164
Taxes, rates and contributions	1,061	571	155,014	174,842	94,688	262,278	250,763	437,691
Property, plant and equipment depreciation	984,454	1,214,704	27,921	1,270	6,731	37,424	1,019,106	1,253,398
Doubtful accounts	-	-	10,415	(100,929)	-	-	10,415	(100,929)
Lawsuits	-	-	-	-	30,583	883	30,583	883
Slow-moving and obsolete materials and spare parts	(4,367)	5,487	-	-	-	-	(4,367)	5,487
Other	11,191	2,472	37	32	1,821	5,249	13,049	7,753
Balances for the three-month period as of September 30, 2019	1,889,060	-	205,119	-	314,257	-	2,408,436	-
Balances for the three-month period as of September 30, 2018	-	2,250,241	-	86,001	-	473,847	-	2,810,089

Transportadora de Gas del Norte S.A.

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

22 – OTHER NET INCOME AND EXPENSES

	<u>Nine-month period as of</u>		<u>Three-month period as of</u>	
	<u>09.30.2019</u>	<u>09.30.2018</u>	<u>09.30.2019</u>	<u>09.30.2018</u>
Commercial compensation	301	10,652	-	9,895
Disposal of property, plant and equipment, net	(13,822)	6,906	865	2,509
Readjustment for compensation for damages	(82,086)	(71,663)	-	10,112
Other sales, loss recovery and other, net	8,881	(66,067)	(17,542)	69,487
Total other net income and expenses	<u>(86,726)</u>	<u>(120,172)</u>	<u>(16,677)</u>	<u>92,003</u>

23 – NET FINANCIAL INCOME

	<u>Nine-month period as of</u>		<u>Three-month period as of</u>	
	<u>09.30.2019</u>	<u>09.30.2018</u>	<u>09.30.2019</u>	<u>09.30.2018</u>
Other net financial income				
Foreign exchange gains	4,492,775	5,950,754	2,977,290	3,801,589
Foreign exchange losses	(4,485,846)	(8,863,378)	(2,983,290)	(4,648,830)
Total other net financial income	<u>6,929</u>	<u>(2,912,624)</u>	<u>(6,000)</u>	<u>(847,241)</u>
Financial income				
Interest	145,955	108,770	42,678	41,302
Income from changes in fair values	(116,802)	50,690	(160,610)	(36,300)
Income from derivative financial instruments	748,950	-	789,896	-
Discounts obtained and other financial income	21,724	7,398	11,182	3,980
Total financial income	<u>799,827</u>	<u>166,858</u>	<u>683,146</u>	<u>8,982</u>
Financial expenses				
Interest	(597,283)	(574,722)	(186,027)	(220,102)
Interest capitalized on property, plant and equipment ⁽¹⁾	359,672	24,645	300,843	15,385
Expense from discount at present value	(16,652)	(21,265)	(6,040)	(7,832)
Banking and financial fees, expenses and taxes	(10,881)	(5,311)	(1,245)	(992)
Total financial expenses	<u>(265,144)</u>	<u>(576,653)</u>	<u>107,531</u>	<u>(213,541)</u>
Gain on monetary position	<u>(305,821)</u>	<u>730,986</u>	<u>(432,740)</u>	<u>240,039</u>
Total net financial income	<u>235,791</u>	<u>(2,591,433)</u>	<u>351,937</u>	<u>(811,761)</u>

(1) The monthly effective compound interest rate used is 1.64%.

Transportadora de Gas del Norte S.A.

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

24 – NET EARNINGS PER SHARE

Earnings per common share have been calculated by dividing the income for the nine-month periods ended September 30, 2019 and 2018, by the weighted average of outstanding common shares, which as at said dates totaled 439,373,939 shares. As of September 30, 2019 and 2018 there are neither notes nor other debt securities convertible into shares, for which reason no diluted earnings per share have been disclosed. Basic earnings per share are calculated by dividing profits attributable to the Company's equity holders by the weighted average number of common shares outstanding during the fiscal year. The Company has no preferred shares or debt convertible into shares, so the basic earnings per share are equal to the diluted earnings per share.

25 – RELATED PARTIES

Transactions with related parties are as follows:

	<u>09.30.2019</u>	<u>09.30.2018</u>
Controlling company		
<u>Other net income and expenses</u>		
Gasinvest S.A.	533	672
<u>Total other net income and expenses</u>	533	672
Affiliated companies		
<u>Revenues</u>		
Comgas Andina S.A.	5,264	3,575
Companhia Operadora do Rio Grande do Sul	1,031	805
<u>Total revenues</u>	6,295	4,380
<u>Recovery of expenses</u>		
Comgas Andina S.A.	532	377
Companhia Operadora do Rio Grande do Sul	138	-
<u>Total recovery of expenses</u>	670	377
Other related parties		
<u>Revenues</u>		
Litoral Gas S.A.	1,854,046	1,919,337
Ternium Argentina S.A.	263,539	273,213
Siderca S.A.I.C.	173,627	284,006
Compañía General de Combustibles S.A.	2,404	-
Transportadora de Gas del Mercosur S.A.	39,137	27,529
Gasoducto Gasandes Argentina S.A.	8,985	6,335
Tecpetrol S.A.	19,277	-
<u>Total revenues</u>	2,361,015	2,510,420

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Transportadora de Gas del Norte S.A.

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

25 – RELATED PARTIES (Cont.)

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

	<u>09.30.2019</u>	<u>09.30.2018</u>
<u>Recovery of expenses</u>		
Gasinvest S.A.	1,073	-
Transportadora de Gas del Mercosur S.A.	4,129	3,316
<u>Total recovery of expenses</u>	<u>5,202</u>	<u>3,316</u>
<u>Acquisition of materials and property, plant and equipment</u>		
Siat S.A.	(107,682)	(152,081)
<u>Total acquisition of materials and property, plant and equipment</u>	<u>(107,682)</u>	<u>(152,081)</u>
Key management personnel		
Board of Directors' fees	(19,254)	(29,317)
Supervisory Committee's fees	(5,100)	(14,561)

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Transportadora de Gas del Norte S.A.

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

25 – RELATED PARTIES (Cont.)

Balances with related parties are as follows:

	<u>09.30.2019</u>	<u>12.31.2018</u>
Trade accounts receivable		
<u>Other related parties</u>		
Transportadora de Gas del Mercosur S.A.	-	3,883
Tecpetrol S.A.	7,209	-
Litoral Gas S.A.	203,879	289,354
Ternium Argentina S.A.	-	42,184
Siderca S.A.I.C.	-	34,082
Gasoducto Gasandes Argentina S.A.	-	759
<u>Total trade accounts receivable - other related parties</u>	<u>211,088</u>	<u>370,262</u>
<u>Accounts receivable – affiliated companies</u>		
Comgas Andina S.A.	639	1,453
Companhia Operadora do Rio Grande do Sul	199	293
<u>Total other accounts receivable –affiliated companies</u>	<u>838</u>	<u>1,746</u>
Other accounts receivable		
<u>Assistance fee – controlling company</u>		
Gasinvest S.A.	235	212
<u>Total assistance fee – controlling company</u>	<u>235</u>	<u>212</u>
<u>Other accounts receivable – affiliated companies</u>		
Comgas Andina S.A.	-	91
Companhia Operadora do Rio Grande do Sul	1,351	1,477
<u>Total other accounts receivable – affiliated companies</u>	<u>1,351</u>	<u>1,568</u>
<u>Other accounts receivable – related parties</u>		
Litoral Gas S.A.	-	163
Siat S.A.	-	36,169
Compañía General de Combustibles S.A.	-	23,273
<u>Total other accounts receivable – related parties</u>	<u>-</u>	<u>59,605</u>
<u>Key management personnel</u>		
Board of Directors and Supervisory Committee’s fees paid in advance	22,017	29,457
<u>Total key management personnel</u>	<u>22,017</u>	<u>29,457</u>

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Transportadora de Gas del Norte S.A.

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

25 – RELATED PARTIES (Cont.)

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

	<u>09.30.2019</u>	<u>12.31.2018</u>
Trade accounts payable		
<u>Other related parties</u>		
Siat	88,092	-
<u>Total other related parties</u>	88,092	-
Other debts		
<u>Key management personnel</u>		
Provision for Directors and Supervisory Committee's fees	22,058	29,482
<u>Total key management personnel</u>	22,058	29,482

26 - FINANCIAL TRUSTS FOR EXPORT MARKET EXPANSION

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

Transportadora de Gas del Norte S.A.

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

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

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

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

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

28 – SUBSEQUENT EVENTS

As of the date of issuance of these interim condensed financial statements, the US dollar exchange rate published by Banco de la Nación Argentina amounts to 59.65 pesos per US dollar. See Note 3.1 to these interim condensed financial statements, where the impact on the Company's equity is described.

On October 8, 2019, in exercise of the powers vested by the Shareholders' Meeting, the Company's Board approved the distribution of the "Voluntary Reserve for Future Dividends" as a cash dividend for an amount of \$648.7 million. Said payment was made on October 16, 2019.

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

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

As required by the National Securities Commission (“CNV”), an overview of Transportadora de Gas del Norte S.A. (“TGN” or the “Company”) revenues, financial position, certain economic-financial indicators and business prospects, that must be read in conjunction with the Company’s Interim Condensed Financial Statements for the nine-month period ended September 30, 2019, accompanying additional information to the Notes required under Title IV, Chapter III, Section 12 of CNV’s regulations, relevant facts timely informed to the CNV, and the Company’s Financial Statements for the fiscal year ended December 31, 2018.

D) ANALYSIS OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

Comprehensive income for the period:

	<i>(in million pesos)</i>		
	Nine-month period ended 09.30.		
	2019	2018	Variation
Revenues			
Gas transportation service	11,844.7	12,132.6	(287.9)
Gas pipeline operation & maintenance and other services	406.0	375.1	30.9
Total revenues	12,250.7	12,507.7	(257.0)
Cost of service			
Operation and maintenance costs	(2,522.7)	(2,559.7)	37.0
Property, plant and equipment depreciation	(4,156.0)	(3,238.5)	(917.5)
Subtotal	(6,678.7)	(5,798.2)	(880.5)
Administrative and selling expenses	(1,376.6)	(1,455.3)	78.7
Income before other net income and expenses	4,195.4	5,254.2	(1,058.8)
Other net income and expenses	(86.7)	(120.2)	33.5
Income before financial income	4,108.7	5,134.0	(1,025.3)
Net financial income	235.8	(2,591.4)	2,827.2
Income from investments in affiliated companies	15.5	4.3	11.2
Income before income tax	4,360.0	2,546.9	1,813.1
Income tax	(1,622.3)	(785.7)	(836.6)
Income for the period	2,737.7	1,761.2	976.5
Currency conversion of affiliated companies’ financial statements	2.7	6.1	(3.4)
Property, plant and equipment revaluation surplus	(909.2)	-	(909.2)
Other comprehensive income for the period	(906.5)	6.1	(912.6)
Comprehensive income for the period	1,831.2	1,767.3	63.9
EBITDA ⁽¹⁾	8,412.6	8,582.8	(170.2)

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

Transportadora de Gas del Norte S.A.

OVERVIEW FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018

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

	<i>(in million pesos)</i>	
	<i>09.30.2019</i>	<i>12.31.2018</i>
<i>Total assets</i>	<i>60,974</i>	<i>63,711</i>
<i>Total liabilities</i>	<i>21,938</i>	<i>23,673</i>
<i>Shareholders' equity</i>	<i>39,036</i>	<i>40,038</i>

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

Revenues

Revenue decrease adjusted for inflation amounts to \$ 257 million between the nine-month periods ended September 30, 2019 and 2018 is due to:

- i.* \$ 134.6 million increase in revenues, mainly as a result of an increase in transportation service for export;
- ii.* \$ 422.5 million of lower volume in interruptible transportation and exchange and displacement; and
- iii.* \$ 30.9 million increase in *Gas pipeline operation and maintenance and other services.*

Transportadora de Gas del Norte S.A.**OVERVIEW FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018****I) ANALYSIS OF COMPREHENSIVE INCOME AND FINANCIAL POSITION (Cont.)***Cost of service*

<i>Account</i>	<i>(in million Pesos)</i>		
	<i>Nine-month period ended 09.30.</i>		
	<i>2019</i>	<i>2018</i>	<i>Variation</i>
<i>Fees for professional services</i>	54.5	36.5	18.0
<i>Salaries, wages and other personnel benefits and social security contributions</i>	843.3	838.2	5.1
<i>Materials and spare parts</i>	384.1	248.8	135.3
<i>Maintenance and repair of property, plant and equipment and third-party services and supplies</i>	1,024.7	1,190.9	(166.2)
<i>Post, telecommunications, transportation, freight and travel expenses</i>	123.8	115.3	8.5
<i>Insurance</i>	67.4	54.5	12.9
<i>Rentals and office supplies</i>	31.8	32.4	(0.6)
<i>Easements</i>	30.2	22.9	7.3
<i>Taxes, rates and contributions</i>	3.5	2.4	1.1
<i>Property, plant and equipment depreciation</i>	4,156.0	3,238.5	917.5
<i>Slow-moving and obsolete materials and spare parts</i>	(65.1)	9.4	(74.5)
<i>Other</i>	24.5	8.4	16.1
Total	6,678.7	5,798.2	880.5
<i>% of Cost of service on revenues</i>	54.5%	46.4%	

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

- i. \$ 257.6 million increase in *Salaries, wages and other personnel benefits and social security contributions* (which adjusted for inflation amounts to \$ 5.1 million). Said variation is explained by salary increases due to inflation adjustment (\$ 203.3 million), higher headcount (\$ 11 million), higher overtime charges and severance pays (\$ 31.7 million) and other;
- ii. \$ 91.5 million increase in *Materials and spare parts* (which adjusted for inflation amounts to \$ 135.3 million). Said variation is mainly due to higher costs during the period associated with spare parts (\$ 36.3 million), consumables (\$ 22.8 million), communication projects (\$ 6 million), compression integrity at compressor plants (\$ 4.9 million), safety integrity at compressor plants (\$ 7.4 million), cathodic protection (\$ 9.5 million) and layout (\$ 2.6 million), partially offset with lower costs in backfill and safety strip projects (\$ 1.5 million) and other pipeline projects (\$ 2.1 million);
- iii. \$ 141.1 million increase in *Maintenance and repair of property, plant and equipment and third-party services and supplies* (which adjusted for inflation amounts to a \$ 166.2 million decrease). Said variation is mainly due to higher costs during the period associated with cleaning and dismantling of facilities (\$ 22.3 million), outsourced maintenance works (\$ 47.4 million), pipeline inspections (\$ 40.6 million), cathodic protection (\$ 39.2 million), pipe repairs (\$ 27.3 million) and compression integrity at compressor plants (\$ 37.6 million), partially offset with lower costs in backfill and safety strip projects (\$ 39.7 million) and overhauls (\$ 56.9 million);
- iv. \$ 1,347.1 million increase in *Property, plant and equipment depreciation* (which adjusted for inflation amounts to \$ 917.5 million). Said variation is due to the higher "Property, plant and equipment" depreciation during the current period, as a result of the revaluation made as of December 31, 2018; and
- v. \$ 25.5 million decrease in *Slow-moving and obsolete materials and spare parts* (which adjusted for inflation amounts to \$ 74.5 million). Said variation is mainly due to a lower allowance for obsolete materials during the period.

Transportadora de Gas del Norte S.A.**OVERVIEW FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018****I) ANALYSIS OF COMPREHENSIVE INCOME AND FINANCIAL POSITION (Cont.)***Administrative and selling expenses*

<i>Accounts</i>	<i>(in million pesos)</i>		
	<i>Nine-month period ended 09.30.</i>		
	<i>2019</i>	<i>2018</i>	<i>Variation</i>
<i>Salaries, wages and other personnel benefits and social security contributions</i>	351.9	331.6	20.3
<i>Property, plant and equipment depreciation</i>	61.3	90.2	(28.9)
<i>Fees for professional services</i>	74.9	62.9	12.0
<i>Taxes, rates and contributions</i>	722.1	944.4	(222.3)
<i>Post, telecommunications, transportation, freight and travel expenses</i>	20.4	21.3	(0.9)
<i>Maintenance and repair of property, plant and equipment and third-party services and supplies</i>	28.2	20.1	8.1
<i>Rentals and office supplies</i>	26.5	18.3	8.2
<i>Doubtful accounts</i>	23.6	(107.5)	131.1
<i>Lawsuits</i>	24.4	3.3	21.1
<i>Supervisory Committee's fees</i>	5.1	14.6	(9.5)
<i>Board of Directors' fees</i>	19.3	29.3	(10.0)
<i>Materials and spare parts</i>	3.2	7.6	(4.4)
<i>Insurance</i>	6.6	4.8	1.8
<i>Other</i>	9.1	14.4	(5.3)
Total	1,376.6	1,455.3	(78.7)
% of Administrative and Selling expenses on revenues	11.2%	11.6%	

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

- i. \$ 118.8 million increase in *Salaries, wages and other personnel benefits and social security contributions* (which adjusted for inflation amounts to \$ 20.3 million). Said variation is explained by salary increases due to inflation adjustment (\$ 102.7 million), higher headcount (\$ 10.7 million), higher overtime charges and severance pays (\$ 2.2 million) and other;
- ii. \$ 89.4 million increase in *Taxes, rates and contributions* (which adjusted for inflation amounts to a \$ 222.3 million decrease). Said variation is mainly due to a higher cost associated with tax on bank transactions (\$ 27.9 million) and turnover tax (\$ 100.7 million), partially offset with other taxes, rates and contributions (\$ 38 million);
- iii. \$ 94.3 million increase in *Doubtful accounts* (which adjusted for inflation amounts to \$ 131.1 million). Said variation is due to higher allowances set up during the period.
- iv. \$ 27.3 million increase in *Fees for professional services* (which adjusted for inflation amounts to \$ 12 million). Said variation is mainly due to higher project costs related to TGN's future new corporate offices (\$ 14.2 million), and other;
- v. \$ 1.7 million increase in *Property, plant and equipment depreciation* (which adjusted for inflation amounts to \$ 28.9 million), due to the higher "*Property, plant and equipment*" depreciation during the current period, as a result of the revaluation made as of December 31, 2018; and
- vi. \$ 22.7 million increase in *Lawsuits* (which adjusted for inflation amounts to \$ 21.1 million), as a result of the adjustment in the provision for contingencies to reflect the current status of suits and complaints to which the Company is a party.

Transportadora de Gas del Norte S.A.**OVERVIEW FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018****I) ANALYSIS OF COMPREHENSIVE INCOME AND FINANCIAL POSITION (Cont.)***Net financial income*

<i>Accounts</i>	<i>(in million pesos)</i>		
	<i>Nine-month period ended 09.30.</i>		
	<i>2019</i>	<i>2018</i>	<i>Variation</i>
<i>Other net financial income:</i>			
<i>Exchange rate gain</i>	4,492.8	5,950.8	(1,458.0)
<i>Exchange rate loss</i>	(4,485.8)	(8,863.4)	4,377.6
<i>Total other net financial income</i>	7.0	(2,912.6)	2,919.6
<i>Financial income:</i>			
<i>Interest</i>	146.0	108.8	37.2
<i>Income due to changes in fair values</i>	(116.8)	50.7	(167.5)
<i>Income from derivative financial instruments</i>	749.0	-	749.0
<i>Discounts obtained and other financial income</i>	21.7	7.4	14.3
<i>Total financial income</i>	799.9	166.9	633.0
<i>Financial expenses:</i>			
<i>Interest</i>	(597.3)	(574.7)	(22.6)
<i>Expense due to discount at present value</i>	(16.7)	(21.3)	4.6
<i>Interest capitalized on Property, plant and equipment</i>	359.7	24.6	335.1
<i>Banking, financial fees, expenses and taxes</i>	(10.9)	(5.3)	(5.6)
<i>Total financial expenses</i>	(265.2)	(576.7)	311.5
<i>Gain on monetary position</i>	(305.9)	731.0	(1,036.9)
<i>Total net financial (loss) income</i>	235.8	(2,591.4)	2,827.2

Net financial income for the period ended September 30, 2019 showed a higher gain of \$ 2,441.2 million (which adjusted for inflation amounts to \$ 2,827.2 million), as compared to the period ended September 30, 2018. Accounts with the most relevant variations between both periods were:

- i. a lower loss of \$ 1,405.2 million (which adjusted for inflation amounts to \$ 4,377.6 million), on account of exchange rate differences on US dollar denominated liabilities;
- ii. a lower gain of \$ 265 million (which adjusted for inflation amounts to a \$ 1,458 million higher loss), on account of exchange rate differences on US dollar denominated assets;
- iii. a higher gain of \$ 102.1 million (which adjusted for inflation amounts to \$ 14.6 million), associated with interest accrued during the period;
- iv. a higher gain of \$ 2.2 million (which adjusted for inflation amounts to a \$ 4.6 million higher gain), due to long-term payables being discounted at present value;
- v. a lower gain of \$ 139.4 million (which adjusted for inflation amounts to \$ 167.5 million), due to changes in fair values accrued during the period;
- vi. a higher gain of \$ 328.2 million (which adjusted for inflation amounts to \$ 335.1 million), in capitalized interest in connection with works the duration of which exceeds one year. The effective monthly compound rate used was 1.64%;

Transportadora de Gas del Norte S.A.OVERVIEW FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018I) ANALYSIS OF COMPREHENSIVE INCOME AND FINANCIAL POSITION (Cont.)

- vii. a higher gain of \$ 678 million (which adjusted for inflation amounts to \$ 749 million) in transactions with derivative instruments; and
- viii. a lower gain on monetary position of \$ 1,036.9 million, due to the greater number of monetary assets exposed to inflation held in the current period as compared to the same period in 2018.

Income tax

Income tax for the nine-month period ended September 30, 2019 reported a higher charge of \$ 836.6 million as compared to the same period in previous year. Said variation is the result of a higher current tax charge of \$ 1,455.6 million, due to a higher gain reported in the nine-month period ended September 30, 2019, offset by a lower deferred income tax charge and special tax of \$ 619 million.

Other comprehensive income for the period

During the period an impairment on Property, plant and equipment items for an amount of \$ 909.2 million was recorded. See Note 2.6 to the Company's interim condensed financial statements for the nine-month period ended September 30, 2019,

Summary of statement of cash flows

	<i>(in million pesos)</i>	
	<i>Nine-month period ended 09.30.</i>	
	2019	2018
<i>Cash generated by operating activities</i>	4,773.7	7,221.3
<i>Income tax</i>	1,622.3	785.7
<i>Interest accrued on liabilities</i>	597.3	574.7
<i>Net cash flow generated by operating activities</i>	6,993.3	8,581.7
<i>Acquisition of property, plant and equipment</i>	(2,095.0)	(2,047.0)
<i>Subscriptions, net of recovery of investments at amortized cost and investments at fair value (non-cash equivalents)</i>	411.5	(823.4)
<i>Principal and interest received from investments at amortized cost and investments at fair value</i>	15.0	24.4
<i>Net cash flow used in investing activities</i>	(1,668.5)	(2,846.0)
<i>Capital and interest paid on Syndicated Loan</i>	(3,248.4)	(205.0)
<i>Payment of dividend in cash</i>	(2,832.7)	(682.1)
<i>Lease payment</i>	(5.4)	-
<i>Net cash flow used in financing activities</i>	(6,086.5)	(887.1)
<i>Net (decrease) increase in cash and cash equivalents</i>	(761.7)	4,848.6
<i>Cash and cash equivalents at the beginning of fiscal year</i>	3,224.9	966.7
<i>Financial income/loss generated by cash</i>	(124.0)	520.8
<i>Cash and cash equivalents at the end of period</i>	2,339.2	6,336.1

Transportadora de Gas del Norte S.A.

OVERVIEW FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018

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

Breakdown of cash and cash equivalents

<i>Accounts</i>	<i>(in million pesos)</i>	
	<i>Nine-month period ended 09.30.</i>	
	<i>2019</i>	<i>2018</i>
<i>Cash and banks</i>	74.7	1,256.0
<i>Term deposits in US\$</i>	315.1	5,016.2
<i>Mutual funds in \$</i>	192.0	-
<i>Mutual funds in US\$</i>	1,757.4	63.9
<i>Cash and cash equivalents at the end of period</i>	2,339.2	6,336.1

(1) As of September 30, 2019, and 2018 it includes \$ 65.1 million and \$ 1,103.8 million, respectively, denominated in foreign currency.

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

<i>Items</i>	<i>(in million pesos)</i>	
	<i>As of 09.30.</i>	
	<i>2019</i>	<i>2018</i>
<i>Non-current assets</i>	51,320	49,029
<i>Current assets</i>	9,654	10,551
<i>Total</i>	60,974	59,580
<i>Shareholders' equity</i>	39,036	32,083
<i>Non-current liabilities</i>	11,976	21,665
<i>Current liabilities</i>	9,962	5,832
<i>Subtotal liabilities</i>	21,938	27,497
<i>Total</i>	60,974	59,580

III) COMPARATIVE COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 and 2018

<i>Items</i>	<i>(in million pesos)</i>	
	<i>As of 09.30.</i>	
	<i>2019</i>	<i>2018</i>
<i>Income before other net income and expenses</i>	4,195.4	5,254.2
<i>Other net income and expenses</i>	(86.7)	(120.2)
<i>Income before financial income</i>	4,108.7	5,134.0
<i>Net financial income/(loss)</i>	235.8	(2,591.4)
<i>Income from investments in affiliated companies</i>	15.5	4.3
<i>Income before income tax</i>	4,360.0	2,546.9
<i>Income tax</i>	(1,622.3)	(785.7)
<i>Income for the period</i>	2,737.7	1,761.2
<i>Other comprehensive income for the period</i>	(906.5)	6.1
<i>Comprehensive income for the period</i>	1,831.2	1,767.3

Transportadora de Gas del Norte S.A.

OVERVIEW FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018

IV) COMPARATIVE STATISTICAL DATA FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 and, 2018

Dispatched volumes in million m3:

	By type of transportation	
	As of 09.30.	
	2019	2018
Firm	10,759	11,302
Interruptible & exchange and displacement	8,475	7,396
Total	19,234	18,698

	By source	
	As of 09.30.	
	2019	2018
Northern Pipeline	6,719	7,728
Central West Pipeline	8,350	10,970
Final Sections	4,165	-
Total	19,234	18,698

	By destination	
	As of 09.30.	
	2019	2018
Domestic market	18,383	18,679
Export market	851	19
Total	19,234	18,698

V) COMPARATIVE RATIOS AS OF SEPTEMBER 30, 2019 and 2018

	As of 09.30.	
	2019	2018
Liquidity (1)	0.9691	1.8092
Solvency (2)	1.7794	1.1668
Equity Immobility (3)	0.8417	0.8229

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

Transportadora de Gas del Norte S.A.

OVERVIEW FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018

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

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

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

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

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

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

Transportadora de Gas del Norte S.A.

OVERVIEW FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018

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

Business prospects for this fiscal year (Cont.):

In April 2019, the national government announced that after the coming into effect of the rate tables applicable as from April 1, 2019, the natural gas utility rates will not be adjusted until the end of the current year. Additionally, in September 2019, the Government Energy Secretariat (the "Energy Secretariat"), by means of resolution 521/2019, deferred the bi-annual rate adjustment that should have been applied as from October 1, 2019 to January 1, 2020 and further provided to compensate licensees by adjusting the Mandatory Investment Plan accordingly. Consequently, in October this year, the Company presented ENARGAS with a proposal for adjusting mandatory investments for an amount of \$ 341.2 million (stated in December 2016 currency).

In June 2019, the Energy Secretariat through Resolution 336/2019 established, on an exceptional basis, for the benefit of residential natural gas and propane users, including through networks, a 22% deferral in payment for bills issued from July 1, 2019 to October 31, 2019. Said deferral will be recovered through bills to be issued starting December 1, 2019 and thereafter along five equal consecutive monthly periods. The financial cost associated with such deferral shall be borne by the National Government by way of subsidy through payment of interest to distributors, subdistributors, transporters and producers, based on the rate for term deposits for \$ 20 million and above, at 30 or 35 day terms published by Central Bank of the Argentine Republic. On August 23, 2019, the Energy Secretariat, under Resolution 488/19, established the procedure by which distributors roll over part of the deferral in payment to transporters, as well as the methodology for calculating and paying applicable interest. Under said resolution, distributors must inform, by way of affidavit, the amounts to be deferred to transporters and ENARGAS and, in turn ENARGAS shall forward compiled information to the Energy Secretariat, with the latter having to estimate and issue interest-related payment orders to licensees within an expected term of 30 business days counted from the relevant deferral month. As of today, the amount deferred by distributors in their payments to TGN as per respective affidavits is \$ 831.6 million. (Said amount includes interim amounts for October subject to confirmation). The interest reporting and calculation process is delayed, with no interest payment order having been issued so far.

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

Finally, as described in Note 1.3.4 to the interim condensed financial statements as at September 30, 2019, note that the Company operates within an economic context where main variables have recently been highly volatile as a result of political and economic events both at national and international level. Particularly, at the domestic market, the stock of main publicly traded companies, government bonds and the Argentine peso has experienced a significant drop. Against such a backdrop, the National Government has adopted economic measures such as: certain restrictions on the exchange market, payment deferral for certain public debt instruments (LETES, LECAPS, LELINK and LECER), temporary deferral of semiannual gas transportation and distribution rate adjustment, changes to fourth bracket income tax and moratoria for Small & Medium Enterprises, among others. Even though the Company's Management regularly monitors how all those events above mentioned evolve in order to determine possible actions to be adopted, the economic-financial impact derived from such circumstances could be substantial.

City of Buenos Aires, November 7, 2019

Emilio Daneri Conte-Grand
President

Transportadora de Gas del Norte S.A.

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

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

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

Act No. 24,076 and its regulations, the Bidding Terms and Conditions for the privatization of Gas del Estado S.E. ("GdE"), the Transfer Agreement, the License and the resolutions adopted by the National Gas Regulatory Entity ("ENARGAS") establish the legal framework pursuant to which the Company carries out its business. The License, granted for an initial term of 35 years, which expires in December 2027, with an option for a ten year extension, may be revoked by the National Executive Branch upon ENARGAS' recommendation in case the Company fails to comply with the duties thereunder expressly established. If the License is revoked, the Company may be forced to cease operating the assets received from GdE and transfer them to the National Government or any designee thereof. Note 1 to the Company's interim condensed financial statements as of September 30, 2019 describes the Company's legal and regulatory matters.

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

See Notes 1.3.3; 1.3.4; 2.3; 2.5; 2.6; 15 and 19 to the Company's interim condensed financial statements for the nine-month period ended September 30, 2019.

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

	09.30.2019		
	Receivables ⁽¹⁾	Loans ⁽²⁾	Other Payables ⁽³⁾
Past due			
From 10.01.2008 to 09.30.2009	2,543,431	-	5,385
From 10.01.2009 to 09.30.2010	2,192,247	-	5,184
From 10.01.2010 to 09.30.2011	1,696,293	-	12,738
From 10.01.2011 to 09.30.2012	1,225,585	-	466
From 10.01.2012 to 09.30.2013	1,229,800	-	79
From 10.01.2013 to 09.30.2014	1,235,613	-	92
From 10.01.2014 to 09.30.2015	758,829	-	6,978
From 10.01.2015 to 09.30.2016	56,530	-	26,927
From 10.01.2016 to 09.30.2017	55,699	-	23,428
From 10.01.2017 to 09.30.2018	146,125	-	80,560
From 10.01.2018 to 12.31.2018	35,756	-	7,783
From 01.01.2019 to 03.31.2019	21,144	-	10,291
From 04.01.2019 to 06.30.2019	72,869	-	52,035
From 07.01.2019 to 09.30.2019	977,169	-	464,119

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

(2) Recorded at present value.

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

Transportadora de Gas del Norte S.A.

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

	09.30.2019		
	Receivables ⁽¹⁾	Loans ⁽²⁾	Other payables ⁽³⁾
Without due date	2,437,642	-	2,085,483
To become due			
12.31.2019	158,429	3,427,626	461,115
03.31.2020	-	-	9,544
06.30.2020	-	3,167,450	9,544
09.30.2020	-	-	47,721
10.31.2020	-	3,159,907	-
09.30.2021	-	-	38,177
09.30.2022	-	-	38,177
09.30.2023	-	-	38,177
09.30.2024	-	-	38,177
09.30.2025	-	-	38,177
09.30.2026	-	-	38,177
09.30.2027	-	-	9,542
Total as of 09.30.2019	14,843,161	9,754,983	3,548,076

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

	09.30.2019		
	Receivables ⁽¹⁾	Loans ⁽²⁾	Other payables ⁽³⁾
In local currency	3,805,301	-	2,929,073
In foreign currency	11,037,860	9,754,983	619,003
In kind	-	-	-
Total as of 09.30.2019	14,843,161	9,754,983	3,548,076
Balances subject to adjustment clause	-	-	-
Balances not subject to adjustment clause	14,843,161	9,754,983	3,548,076
Total as of 09.30.2019	14,843,161	9,754,983	3,548,076
Interest bearing balances	505	9,494,807	60,573
Non-interest bearing balances	14,842,656	260,176	3,487,503
Total as of 09.30.2019	14,843,161	9,754,983	3,548,076

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

(2) Recorded at present value.

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

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

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

Transportadora de Gas del Norte S.A.

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

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

	Comgas Andina S.A.		Companhia Operadora do Rio Grande do Sul	
	Receivables	Other payables	Receivables	Other payables
Without due date	-	-	199	-
To become due				
From 10.01.2019 to 12.31.2019	639	-	1,351	-
Total as of 09.30.2019	639	-	1,550	-
In local currency	-	-	-	-
In foreign currency	639	-	1,550	-
In kind	-	-	-	-
Total as of 09.30.2019	639	-	1,550	-
Balances subject to adjustment clause	-	-	-	-
Balances not subject to adjustment clause	639	-	1,550	-
Total as of 09.30.2019	639	-	1,550	-
Interest bearing balances	-	-	-	-
Non-interest bearing balances	639	-	1,550	-
Total as of 09.30.2019	639	-	1,550	-

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

None.

ii. Physical count of inventories:

7. Frequency and scope of physical count of inventories.

The physical count of all (100%) materials and spare parts is performed on an annual basis. Slow-moving and obsolete materials and spare parts amount to \$ 437.8 million and are totally covered by an allowance. (See Note 10 to the Company's interim condensed financial statements as of September 30, 2019.)

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Transportadora de Gas del Norte S.A.

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

iii. Current values:

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

The only assets the Company appraises using current values are disclosed under “Investments at fair value”. (See Note 8 to the Company’s interim condensed financial statements as of September 30, 2019.)

9. Technically appraised Fixed Assets:

See Note 2.6 to the Company’s interim condensed financial statements as of September 30, 2019.

10. Value of Obsolete Fixed Assets:

None.

iv. Equity Investments in Other Companies:

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

None.

v. Recoverable Values:

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

-Materials and spare parts & Property, plant and equipment: the recoverable value of said assets was determined based on their economic use (see Note 2.6 to the Company’s interim condensed financial statements as of September 30, 2019).

Transportadora de Gas del Norte S.A.

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

vi. Insurance:

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

Property Insured	Risks covered	Insured amount in thousands	Book value in thousand \$
<ul style="list-style-type: none"> • Personal and real property allocated to the provision of service 	Operational all risk and loss of profit	US\$ 90,000	40,642,999
	Third party Liability	US\$ 220,000	
	Terrorism	US\$ 35,000	
<ul style="list-style-type: none"> • Machinery 	Machinery breakdown	US\$ 10,000	1,593,504
<ul style="list-style-type: none"> • Vehicles: - Management fleet - Operational fleet (cars and y pickups) - Trucks and trailers 	Limited liability	\$ 10,000	7,676
	Total loss for car accident	\$ 31,033	
	Total or partial loss due to fire, robbery or theft	\$ 31,033	
	Limited liability	\$ 10,000	100,831
	Limited liability	\$ 22,000	
<ul style="list-style-type: none"> • Personal property at Head Office and IT equipment 	Fire Theft	US\$ 9,500 US\$ 10	66,944
<ul style="list-style-type: none"> • Works in progress 	All risk, construction and assembly	US\$ 52,000	4,646,225

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Transportadora de Gas del Norte S.A.

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

vii. Positive and negative contingencies:

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

The allowances and provisions deducted from assets and included under liabilities amount to \$ 6,881,486. The interim condensed financial statements as of September 30, 2019 contain a breakdown of these allowances and provisions and their changes during the period.

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

None.

viii. Irrevocable advances toward future subscription of shares:

16. Status of capitalization process:

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

17. Unpaid cumulative dividends on preferred shares:

None.

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

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

Juan José Valdez Follino
Regular Statutory Auditor

Emilio Daneri Conte-Grand
President



Free translation from the original in Spanish for publication in Argentina

REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

Introduction

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

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

Management's responsibilities

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

Scope of our review

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

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Conclusion

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

Report on compliance with regulations in force

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

- a) the interim condensed financial statements of Transportadora de Gas del Norte S.A. are transcribed into the "Inventory and Balance Sheet" book and in regards to those matters that are within our competence, they are in compliance with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission;
- b) the interim condensed financial statements of Transportadora de Gas del Norte S.A. arise from accounting records carried in all formal aspects in conformity with legal requirements;
- c) we have read the Overview and the Additional Information to the notes to the interim condensed financial statements required by section 12, Chapter III, Title IV of the regulations of National Securities Commission, on which we have no observations to make insofar as concerns matters within our field of competence;
- d) at September 30, 2019, the liabilities accrued by Transportadora de Gas del Norte S.A. in favor of the Argentine Integrated Social Security System according to the Company's accounting records and calculations amounted to \$ 25,691,441.05, none of which was claimable at that date.

Autonomous City of Buenos Aires, November 7, 2019

PRICE WATERHOUSE & CO. S.R.L.

(Socio)

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

REPORT FROM THE SUPERVISORY COMMITTEE

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

Documents reviewed

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

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

Management Responsibility

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

Supervisory Committee’s Responsibility

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

We have also examined the Review Report on the Interim Condensed Financial Statements by independent auditor Ezequiel Luis Mirazón (CPA), Partner of Price Waterhouse & Co. S.R.L., dated November 7, 2019, issued in compliance with standards applicable in Argentina for the “Review of Interim Financial Information developed by the Company’s Independent Auditor”. Our review included the verification of the work planning, scope, nature and timeliness of the procedures followed and the results of the review conducted by said professional.

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

Conclusion

We believe that the scope of our work and the Independent Auditor's Report provide a reasonable basis for our opinion, and in accordance with applicable regulations we inform that the Interim Condensed Financial Statements as of September 30, 2019, discussed and approved by the Company's Board on the date hereof, include all material facts and circumstances that have come to our knowledge.

Report on compliance with applicable regulations

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

City of Buenos Aires, November 7, 2019.

By the Supervisory Committee

Dr. Juan José Valdez Follino
Regular Statutory Auditor