Financial Statements as of December 31, 2019 in thousand Pesos, on a comparative basis

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

FINANCIAL STATEMENTS as of December 31, 2019, on a comparative basis.

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

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

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

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

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

Controlling shareholder: Gasinvest S.A.
Registered address: Avda. Roque Sáenz Peña 938 – 3rd floor – City of Buenos Aires.
Main activity: investments in securities, real estate and financial activities.
Percentage of shares held by controlling shareholder: 56.354%.
Percentage of votes held by controlling shareholder: 56.354%.

Nominal Capital Structure (Note 15)

Classes of Shares	Subscribed and Paid-in	
	12.31.19	12.31.18
	Thousand $	
Book-entry class A common shares, of $1 par value each and entitled to one vote per share	179,264	179,264
Book-entry class B common shares, of $1 par value each and entitled to one vote per share[(1)]	172,235	172,235
Book-entry class C common shares, of $1 par value each and entitled to one vote per share[(2)]	87,875	87,875
Total	**439,374**	**439,374**

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

Juan José Valdez Follino
Regular Statutory Auditor

Emilio Daneri Conte-Grand
President

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

As required under applicable statutory and legal provisions, the Board of Directors of Transportadora de Gas del Norte S.A., hereinafter "TGN" or "the Company", herein submits to the Shareholders, for their consideration, the Annual Report, the Report on Code of Corporate Governance, Balance Sheet, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity, Statement of Cash Flows, Notes, Overview and Additional Information to the Notes required under Title IV, Chapter III, Article 12 of the National Securities Commission ("CNV") regulations, for the twenty-eighth fiscal year running from January 1, 2019 to December 31, 2019, which information should be jointly read, reviewed and interpreted in order to have a full picture of relevant corporate matters during the year.

BOARD AND SUPERVISORY COMMITTEE

	Regular Directors	**Alternate Directors**
Chairman:	Emilio Daneri Conte-Grand	Carlos Bautista
Assistant Chairman:	Néstor Raffaeli	-
	Luis Alberto Santos	Martín Novillo
	Ricardo Markous	Fernando Moreno
	Ignacio Casares	Carlos Guillermo Pappier
	Angel Carlos Rabuffetti	Juan José Mata
	Jorge Dimopulos	Marcelo Brichetto
	Diego Blasco	Gustavo Kopyto
	Juan Pablo Freijo	Emilio Nadra
	Enrique Waterhouse	Asunción Arias
	Hugo Vivot	Rufino Arce
	Sergio Revilla Cornejo	Pablo Mautone
	Alberto Saggese	Roberto Helbling
	Martín Molina	Pablo Mineo Tsutsumi Acuña

Regular Statutory Auditors	**Alternate Statutory Auditors**
Pablo Lozada	Marcelo Urdampilleta
Juan José Valdez Follino	Andrea Barbagelata
Oscar Piccinelli	Graciela Gazzola

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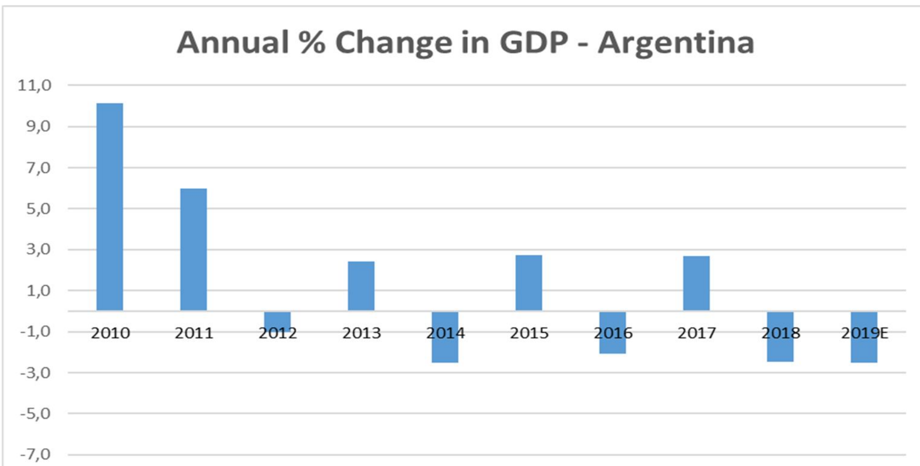
ANNUAL REPORT OF TRANSPORTADORA DE GAS DEL NORTE S.A. FOR THE TWENTY-EIGHTH FISCAL YEAR BEGINNING ON JANUARY 1, 2019 AND ENDING ON DECEMBER 31, 2019.

1 – ECONOMIC CONTEXT

After a Gross Domestic Product 2.5% decline in 2018, the Argentine economy continued to be in recession in 2019, with the country's GDP dropping an estimated 2.6%[1]. The exchange rate (AR$ for US dollars) raised by 58.9%[2], which contributed to an increased retail price inflation that reached 53.8%[3], the highest rate for the last 28 years.

Based on International Monetary Fund[4] ("IMF") estimates, the world will grow 2.9%, with developed economies growing at a rate of 1.7% while emerging economies will do so at a rate of 3.7%.

Here is how Argentina's GDP has evolved in the last ten years:



In early 2019 the Argentine economy continued to see the impact of the succession of devaluations occurred in 2018. The first currency exchange crisis took place in May 2018 when the economy stopped having access to external financing sources. The second shock occurred by late August 2018 when the exchange rate (AR$ for United States dollars) doubled.

In order to support the economy in an election year, the national government took, between March and May 2019, the following measures, among others:

- Freezing of utility rates for the remainder of 2019;
- Price restraints on products comprised in the market basket;
- Granting of subsidized loans; and
- Plans for Small and Medium Companies, aimed at settling tax liabilities.

These measures, along with the interim exchange rate stability, helped to stay on a track of low inflation track which in July saw its lowest monthly rate since May 2018. Furthermore, even if the balance of trade performed better in the first half, it continued to show a deficit of 3.4% of the GDP in July 2018 – June 2019 period.

1 Econviews January 2020

2 Banco Nación Argentina

3 National Institute of Statistics and Census

4 IMF WEO REPORT January 2020

The balance of trade deficit which, until the first quarter of 2018, was basically funded with private financing, came to be covered first with disbursements of the IMF loan granted in 2018, and then with international reserves. Indeed, between June 2018 and July 2019, the international entity granted Argentina an almost US$ 45 billion funding.

However, after the ruling party lost the primary elections held in August, the capital flight surged and the local currency depreciated by 35% only in that month. In such scenario, the sixth disbursement from the IMF for about US$ 5.4 billion that should have occurred by late September, did not take place. Thus, the capital flight came to have a direct impact on international reserves which went from as high as US$ 77.5 billion in April 2019 to US$ 43.5 billion by the time of presidential elections held in October.

Against such an economic backdrop, by late August the Ministry of Economy announced the "reprofiling" of Treasury bills, aimed at extending their maturity in light that external financing had virtually come to a halt.

Accordingly, the Central Bank of Argentina ("BCRA") stepped in to get hold of the exchange market in order to avoid another surge in the exchange rate, to then impose a strong restriction on the purchase of foreign currency for hoarding purposes.

Recession and inflation continue to have a very negative impact on social variables. Unemployment has continued to rise, take home pay has rapidly deteriorated, and poverty has expanded.

Renegotiating the sovereign debt stands out as one of the main challenges for the new administration that took power in December 2019, because as early as in the first half of 2020 the government shall face net maturities for almost US$ 23 billion on account of principal and interest, and shall have to renegotiate the agreement with the IMF as no voluntary financing will be available on capital markets. Finding a way out to the sovereign debt issue will also allow several Provinces to figure out how to approach their own negotiations with their various debt holders.

The new administration leaders, while establishing initial contact with foreign creditors and the IMF themselves, have implemented a set of measures aimed at creating an impact on aggregate demand. On the one hand, a growth in consumption is promoted through policies designed to expand household income (government wage increases, social subsidies, food assistance, etc.) while on the other hand, a stringent fiscal policy has been put in place both in terms of government expenditures and revenues. From the expenditure perspective, the government has frozen pension benefits adjustment and has flattened the pension benefit pyramid, simultaneously imposing additional tax burden by, among other measures:

- Establishing new employer's social security contribution rates;
- Increasing taxes on exports;
- Raising the "Personal Property" tax rate (with a special focus on assets located abroad);
- Charging a 30% tax on the purchase of foreign currency for hoarding purposes, travels abroad, and other foreign currency expenses (the COUNTRY tax);
- Suspending the implementation of the Fiscal Consensus until December 31, 2020.

Against such a complex scenario, 2020 projections for Argentina include a GDP drop of 0.4%, a 45% inflation rate, and an exchange rate of $80 per dollar[5].

[5] Econviews January 2020

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2 – GAS INDUSTRY IN ARGENTINA

Unlike other countries in the region, the natural gas is the predominant energy source in Argentina, representing almost 50% of the energy matrix.

Primary Energy Supply by Source (2018)

	Oil	Natural Gas	Coal	Nuclear	Hydroelectricity	Renewable	TOTAL
USA	40.0%	30.5%	13.8%	8.4%	2.8%	4.5%	100.0%
Canada	31.9%	28.9%	4.2%	6.6%	25.4%	3.0%	100.0%
Mexico	44.3%	41.2%	6.4%	1.6%	3.9%	2.6%	100.0%
Total average North America	38.7%	33.5%	8.1%	5.5%	10.7%	3.4%	100.0%
Argentina	35.4%	49.2%	1.4%	1.8%	11.1%	1.0%	100.0%
Brazil	45.7%	10.4%	5.3%	1.2%	29.5%	7.9%	100.0%
Chile	45.3%	13.8%	19.2%	0.0%	13.1%	8.8%	100.0%
Colombia	35.3%	23.9%	12.5%	0.0%	27.3%	1.0%	100.0%
Ecuador	69.3%	3.4%	0.0%	0.0%	26.6%	0.7%	100.0%
Peru	45.9%	22.4%	3.5%	0.0%	25.8%	2.4%	100.0%
Trinidad & Tobago	13.8%	86.2%	0.0%	0.0%	0.0%	0.0%	100.0%
Venezuela	30.2%	44.4%	0.2%	0.0%	25.2%	0.0%	100.0%
Other South and Central America	63.4%	6.3%	4.0%	0.0%	20.7%	5.6%	100.0%
Total average South and Central America	42.7%	28.9%	5.1%	0.3%	19.9%	3.1%	100.0%

Source: BP Statistical Review of World Energy.

In late 2018 (most recently published data) proven natural gas reserves amounted to approximately 370 thousand MMm3 and, as of that date, the reserve horizon was 7.5 years, considering 2019 estimated production. Additionally, in accordance with data published by the Argentine Oil and Gas Institute (IAPG), probable reserves, as of that date, represented 50% of proven reserves.

With a share that has been growing year after year, non-conventional reservoirs currently account for over 40% of proven and probable reserves, most notably "Vaca Muerta" geologic formation in Neuquina basin. According to the US Energy Information Administration estimates, technically recoverable non-conventional gas resources in Argentina amount to 802 trillion cubic feet, of which almost three quarters pertain to Neuquina basin. Said potential is equivalent to 40 times Argentina's proven reserves.

Natural Gas in Argentina. Production, Imports and Consumption

Following a 21% drop in gas production between 2004 and 2014, the industry started to recover showing a cumulative increase of 19% against 2014. Note that while total gas production showed a year-on-year increase of 4.8% in 2019[6], production of non-conventional resources – shale and tight gas – grew by approximately 25%, showing the importance of this type of reservoirs as part of gas resources in Argentina. Said increase in total gas production was led by Neuquina basin which contributed 4.9% to total production, and 23.5% to non-conventional production. Even though Austral basin production volumes were significantly lower, said basin proved to be the most dynamic in terms of non-conventional gas production, with a year-on-year increase of 40%.

[6] Actual data for November 2018 – October 2019 rolling year.

Even though gas imports still account for a large share of Argentina's supply, that share has reduced in recent years as a result of an increase in local production. Liquefied natural gas ("LNG") imports through the regasification tanker located in the district of Escobar, in the Province of Buenos Aires, totaled 1,739 MMm3 in 2019, i.e. 7% lower than 2018 volumes. Additionally, as from October 2018 the operation of the regasification tanker located in the locality of Bahía Blanca, also in the Province of Buenos Aires, was discontinued, while in 2019 no gas volumes were imported from localities of Mejillones and Quinteros, both in Chile ("Chile"). On their part, imports from the Plurinational State of Bolivia ("Bolivia") totaled 4,989 MMm3, which means a year-on-year decrease of 17%. Consequently, total imports during 2019 dropped by 31% with respect to the previous year. In particular, imports from Bolivia were significantly reduced as from October 2018 when selling prices to non-distributor users charged by Integración Energética Argentina S.A. ("IEASA"), became in line with import costs. In February 2019, IEASA renegotiated contractual volumes under its agreement with the Bolivian state-owned oil company YPFB, by reducing for two years committed "take or pay" quantities to 11 MMm3/d for January to April and October to December periods, to 16 MMm3/d for May and September, and to 18 MMm3/d for June to August. Simultaneously, export volumes significantly increased as from October 2018 when local producers were again allowed to export gas against no import-back commitment. So, gas exports in 2019[7] reached 1,867 MMm3, i.e., a 310% increase as compared to 2018.

NATURAL GAS – 2018 Reserves and 2019 Production [MMm3]

Basin	Proven Reserves	Probable Reserves	Proven + 50% Probable	Production	Horizon: (Proven Reserves/Production) [Years]
Austral	107,739	67,667	141,572	11,897	9.1
San Jorge Gulf	43,798	17,087	52,342	4,766	9.2
Neuquina & Cuyana	204,282	101,237	254,901	30,753	6.6
Northwest	14,862	1,341	15,533	1,877	7.9
TOTAL ARGENTINA	**370,681**	**187,332**	**464,348**	**49,293**	**7.5**

Source: Argentine Oil & Gas Institute.
(*) 2019 Production: covers production from November 2018 to October 2019, at actual calories.

From the privatization of the natural gas utility service in late 1992 to 2019[8] there was an accumulated growth in domestic demand of approximately 109%, with a relevant 220% growth in demand for compressed natural gas ("CNG") and a 73% growth in industrial demand. Also, the electricity generation segment showed a 160% rise due to a greater demand and growth of the thermoelectricity sector.

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[7] Actual data for December 2018 to November 2019 rolling year.
[8] Actual data for October 2018 to September 2019 rolling year.

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Domestic Gas Demand – [MMm3/d]

	1993 to 1997 (4)	1998 to 2002 (4)	2003 to 2007 (4)	2008 to 2012 (4)	2013	2014	2015	2016	2017	2018	2019 (5)
Residential (1)	16.5	18.8	22	27.2	31.6	30.4	30.9	32.6	29.3	29.1	28
Commercial	2.5	2.7	3.1	3.5	3.9	3.6	3.7	3.8	3.5	3.4	3.8
Industrial (2)	20.9	23	27.7	29.3	30	30.1	30.7	29.2	30.6	31.9	31.6
Electricity Generators	19.8	25.6	29.2	35.5	39.6	39.8	40.9	43.6	47.3	47.1	42.3
CNG	2.8	4.6	8.1	7.4	7.6	7.8	8.1	7.7	7.0	6.6	6.7
Official Entities	0.9	0.9	1.1	1.2	1.2	1.2	1.2	1.3	1.2	1.2	1.2
PTR + Patagonian Gas Pipelines (3)	8.5	10.7	18.9	18.1	15.7	17.2	16.4	15.4	15.8	15.6	15.7
Subtotal Commercial Use	**71.9**	**86.5**	**110.2**	**122.2**	**129.7**	**130.3**	**131.7**	**133.6**	**134.5**	**134.9**	**129.1**
Fuel gas and withheld at gas pipeline	8.4	13.3	15.7	17.7	17.1	17.3	18.3	19.5	19.5	14.6	14.4
Total demand	**80.2**	**99.8**	**125.9**	**139.8**	**146.8**	**147.6**	**150.0**	**153.1**	**154.1**	**149.5**	**143.5**

(1) Includes Sub-distributors.
(2) Does not include Cerri Plant comprised in Plant Thermal Reduction ("PTR")
(3) Includes volume used in PTR (Mega, Refinor, Cerri, Tierra del Fuego, etc.) and Patagonian gas pipelines.
(4) Five-year average.
(5) 2019, considering data for October 2018-September 2019 rolling year.
Sources: ENARGAS and Argentina's Secretary of Energy

Residential gas demand dropped by 4% in 2019. Demand from commercial users grew by 10% with respect to previous year. The industrial sector dropped at a year-on-year rate of 1%. As for CNG, demand increased by 2% as compared to 2018. Finally, gas demand for power generation has reverted its path of growth since 2015, with a 10% decrease during this year. This is explained by the greater efficiency by plant achieved by the thermoelectricity sector, incorporation of new and more efficient units, higher amounts of renewable energies being dispatched, and nuclear generation stability.

Gas Supply in Argentina by Source

The National Government entered into agreements to import natural gas from Bolivia, which represented 9.2% of the total volume used in 2019, meaning a 10.5% drop with respect to previous year. Additionally, in 2008, a LNG regasification tanker was connected to Bahia Blanca node (Province of Buenos Aires), providing injections that contributed to cover the decline in domestic gas supply over those years. In order to increase the supply for winter peak demand in areas of Greater Buenos Aires and the City of Buenos Aires, a second regasification tanker was installed in the district of Escobar (Province of Buenos Aires) in 2011 to inject gas into a facility operated by YPF S.A. ("YPF"), which was in turn connected to Argentina's main gas pipeline system. As mentioned earlier, by late 2018 the operation of the regasification tanker located in Bahía Blanca was discontinued. On the other hand, regasification operations in Escobar accounted for 3.2% of the total volume of gas used in Argentina in 2019. Finally, unlike the last three years, imports from Chile were not needed to support annual demand.

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Gas Supply by Source

Source		Annual Volume (MMm3) 2013	2014	2015	2016	2017	2018	2019
Production from Argentine Basins (1)	AUSTRAL	10,514	10,015	9,654	10,592	10,682	11,521	11,897
	SAN JORGE GULF	5,234	5,302	5,715	5,704	5,348	4,948	4,766
	NEUQUINA and CUYANA	22,700	23,274	24,684	26,021	26,226	28,443	30,755
	NORTHWEST	3,260	2,893	2,852	2,671	2,401	2,109	1,877
Imports from Bolivia (2)		5,719	6,013	5,977	5,767	6,618	6,014	4,989
LNG injection (2)	BAHIA BLANCA	3,296	3,261	3,095	2,230	2,213	1,691	-
	ESCOBAR	2,706	2,653	2,473	2,592	2,258	1,876	1,739
Imports from Chile (2)		-	-	-	357	275	214	-

Sources:
(1) National Secretary of Energy. Gross production.
(2) Daily reports - ENARGAS
(*) 2019 covers volumes from November 2018 to October 2019.

3 – REGULATORY ASPECTS

TGN has been awarded a license (the “License”) to render the natural gas utility service, which includes an exclusive right to operate the two TGN-owned gas pipelines existing in the North and Mid-west regions of Argentina. As a provider of an essential utility service, TGN is subject to governmental regulation based on Act No. 24,076 (the “Natural Gas Act"), the enforcement authority of which is the National Gas Regulatory Entity (“ENARGAS”).

Effects of the Economic Emergency on the License

The License went through a process of renegotiation under the Public Emergency Law No. 25,561 enacted in January 2002 (“LEP”), which further established the pesification of rates for natural gas transportation destined to the local market, and repealed the Producer Price Index based semiannual rate adjustment mechanism. Against such legal framework, and after more than thirteen years of rate freezing, in March 2017 the Company executed with the National Executive Branch (“PEN”) an agreement for renegotiating its License (the “Comprehensive Agreement”) which was ratified and came into force through Decree No. 251 dated March 27, 2018. This put an end to the renegotiation process under the LEP. The Comprehensive Agreement provisions cover the contractual period from January 6, 2002 to the end of the life of the License.

The Comprehensive Agreement requires the Company to indemnify and hold the National Government harmless from and against arbitration awards obtained prior to its date of execution by former shareholders CMS and Total. The amount of said indemnity, to be determined, will not include any proportional reduction percentage that could have been established under the respective settlement agreements, will exclude amounts on account of default interest accrued against the National Government, and will be calculated at present value. By way of reference, these are the amounts established in the arbitration awards: CMS Gas Transmission Company vs Argentina (case ARB/01/8, with award in favor of CMS for US$ 133.2 million, dated May 12, 2005), and Total S.A. vs Argentina (case ARB/04/1, with award in favor of Total for US$ 85.2 million, dated November 27, 2013). The indemnity, for such amounts to be defined as above mentioned, shall be borne by TGN exclusively through sustainable investments, additional to those established by ENARGAS as mandatory investments in gas pipelines and ancillary facilities in “Neuquina basin”. These investments will not be reflected in the Company’s rate base.

The Comprehensive Agreement further established the rules applicable to the five-year TGN rate review, which came into force in March 2018 for the 2017-2021 period.

Following the Public Emergency Law No. 27,541, the Social Solidarity and Productive Reactivation Law (the “Solidarity Law”), enacted in December 2019, empowered the PEN to maintain natural gas rates that are under federal jurisdiction, and to start renegotiating the comprehensive rate review in force, or else a rate review of an exceptional nature, in the terms of the Gas Act, for a maximum term of up to one hundred and eighty days, aimed at reducing the actual rate burden on households, commercial and industrial users in 2020. The PEN is further empowered to administratively intervene ENARGAS for a one-year term.

2017 Comprehensive Rate Review

Between April 2014 and December 2017 TGN obtained successive interim rate increases until March 2018 when ENARGAS aproved the rate tables comprised in the Comprehensive Rate Review (“CRR”) undertaken by said entity effective March 2016. The CRR further establishes that between April 1, 2017 and March 31, 2022 the Company shall undertake a Mandatory Investment Plan (“MIP”) for approximately $ 5.6 billion, with said amount to be adjusted in the same proportion as TGN rates. The Company is required to make the committed investment and also to execute works established in the MIP.

The regulatory framework applicable to the industry allows for non-automatic, semiannual rate adjustments by the cost of service, in order to maintain the economic-financial balance and quality of service.

In June 2019, the Government Secretary of Energy (“the Secretary of Energy”) established, through Resolution 336/2019, on an exceptional basis, for the benefit of residential users of natural gas and undiluted propane through networks, a 22% payment deferral for invoices issued from July 1, 2019 to October 31, 2019. Said deferral will be recovered from invoices already issued and to be issued as from December 1, 2019, along five monthly, equal consecutive periods. The financial cost of the 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 interest rate for 30 or 35 day term deposits for $ 20 million and higher amounts, published by the BCRA. On August 23, 2019, the Secretary of Energy through Resolution 488/2019, established the procedure for distributors to defer payment to transporters, as well as the methodology for calculating and paying applicable interest. According to said resolution, distributors must disclose to transporters and ENARGAS, in the form of a sworn statement, the amounts to be deferred, and ENARGAS in turn must forward the so compiled information to the Secretary of Energy, which will be the one responsible for calculating and issuing interest payment orders to licensees within 30 business days from the relevant deferral month end. As of today, the amount deferred by distributors in their payments to TGN as shown in the respective sworn statements, has reached $ 406.7 million. The reporting and interest calculation process is delayed, with no interest payment orders having been issued as of today.

In September 2019, the Secretary of Energy passed Resolution 521/2019 (amended by Resolution 751/2019) deferring the semiannual rate adjustment that should have been applied effective October 1, 2019, until February 1, 2020, and further established that licensees would be compensated with the MIP review to the extent of the lower revenues derived from said measure. Consequently, between October and December 2019 the Company submitted proposals to ENARGAS for adjusting the MIP for an amount of $ 459.2 million (at December 2016 currency).

However, upon enactment of the Solidarity Law, the new administration that took power in December 2019 announced its intention to suspend rate adjustments for natural gas and electricity transportation and distribution utility services under federal jurisdiction for 180 days, to start renegotiating the CRR in place since 2017, or embark on a rate review on an exceptional basis.

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4 – FINANCIAL POSITION

Loans

As of year-end, TGN total financial debt amounted to $ 7,239.8 million, and consisted of a loan in US dollars and a loan in Pesos. A detailed description of the loans follows:

- Loan in US dollars: this is a syndicated loan taken in October 2017 with Industrial and Commercial Bank of China Limited (Dubai Branch), Citibank N.A. and Itaú Unibanco S.A. (Nassau Branch), originally contracted for US$ 220 million, and having a residual balance of US$ 110 million as of year-end. The original principal amount is due as follows:

Date	Description Principal	Percentage
April 2020	Principal Payment	25%
October 2020	Principal Payment	25%

During 2019, TGN has paid principal for US$ 110 million, and interest for US$ 14.6 million in due time and manner, thereby reducing the outstanding balance of said loan to a half. As of year-end, the interest rate reached 5.93%.

- Loan in Pesos: this loan relates to a disbursement made by Banco Macro for $ 600 million at a "BADLAR + 12%" rate that was due and paid in January 2020. During 2019, TGN paid $64.4 million on account of interest.

Notes Program

The creation of a global program for the issuance of simple non-convertible unsecured and unsubordinated notes for up to US$ 600 million or the equivalent thereof in other currencies, was approved at the Ordinary and Extraordinary Shareholders Meeting held on March 30, 2017, which program is currently readily available. The public offering of notes to be issued under the program has been authorized by the National Securities Commission ("CNV") Resolution No.19,474/18 dated April 19, 2018, and updated on April 23, 2019.

5 – TGN'S ACTIVITY

With a 6,806 km gas pipeline network, TGN provides the natural gas transportation service via high-pressure gas pipelines in the Central and Northern regions of Argentina.

Through its two main gas pipelines, *North*ern and *Central West*, TGN supplies gas to eight of the nine gas distributors as well as to several power plants and industries across fifteen Argentine provinces. TGN system is connected to "*GasAndes*" and "*NorAndino"* gas pipelines, built in due course to transport gas to the Central and Northern regions of Chile, respectively; to the "Entrerriano" Gas Pipeline, which transports gas to the Province of Entre Ríos and the Uruguayan coastline, to Transportadora de Gas del Mercosur S.A pipeline and to the *"Northeastern pipeline"* ("GNEA").

Since the beginning of its operations in 1992, TGN has, on its own and in association with third parties, expanded its transportation capacity from 22.6 MMm3/d to 59.7 MMm3/d, representing a 164% increase. These expansions, as well as the great number of maintenance and integrity works, required investments by TGN for US$ 1,439 million. In physical terms, those expansions required the installation of 2,619 km of new gas pipelines, the construction of eight new compressor plants and the installation of twenty-one turbo-compressors, which added 216,250 HP of installed capacity.

In 2019, TGN became the successful bidder in the tender conducted by IEASA for the provision of operation and maintenance services for GNEA. So, said service began to be provided in September 2019.

New Corporate Identity

Considering that TGN business strategy, its values, what it is, how it does it and what it aspires to be and do, were not fully aligned with the branding strategy, efforts started in April that came up with a new corporate identity, in line with the new context and challenges required to be faced by the Company. Effective December 16, 2019, TGN has a new isotype and the corporate slogan now is “Force in Motion” as a distinctive statement that reflects all strengths and attributes inherent to a brand in permanent evolution.

6 – OPERATIONAL HIGHLIGHTS

Gas Transportation

- The volume of gas received and transported by TGN during 2019 fiscal year reached 18,836 MMm3, that is, an average of 51.6 MMm3/d, distributed as follows: 27.8 MMm3/d, Central West pipeline, 18.0 MMm3/d, Northern pipeline, and 5.8 MMm3/d, were delivered in the Province of Buenos Aires.

- Maximum daily injection values at intake were 33.8 MMm3 in Central West pipeline and 25.1 MMm3 in Northern pipeline.

- As regards the Northern pipeline, average injection by local producers was 4.0 MMm3/d, while the rest was injection of gas imported from Bolivia, which reached an average of 14.0 MMm3/d, in volumes of around 18 MMm3/d during winter months and 10.5 MMm3/d during all other months.

- As to injection received in the Province of Buenos Aires, a total volume of 1,739 MMm3 of LNG was received in the district of Escobar, mostly during the months of May and August. In turn, TGS injected a total of 380 MMm3 in the district of General Rodríguez. It is worth mentioning that during 2019 no LNG was injected in Bahía Blanca and therefore part of the gas injected in the district of Escobar was delivered to TGS to meet residential demand in the area covered by said transporter.

- For temperatures similar to those in previous year, there was approximately a 5% reduction in residential consumption and also a lower demand from both industries and thermal power plants. Volumes exported through Gasandes and Norandino gas pipelines reached 1,150 MMm3 and 10 MMm3, respectively.

Integrity of Facilities

- The annual cathodic protection indicator required by ENARGAS was met, with positive results in the audits performed.

- Pipeline in-line inspection programs were carried out, consisting of running specific tools along 1,197 km. of pipelines, inspecting pipes with different technologies for a more in-depth detection of threats and system georeferencing.

- The new “Part G” of NAG 100 continued to be implemented along 20% of the pipeline system, as required under said standard. This standard also requires that the level of risk present around gas pipelines be reviewed, in order to take appropriate risk mitigation steps; 70% of the pipeline system has already been inspected.

- The program for the reestablishment of the maximum allowable operating pressure (“MAOP”) has been completed along approximately 50% of the proposed Northern pipeline sections, through coordination and local implementation with own staff.

- Efforts continued toward the acquisition of new data analysis tools and technologies, the implementation of data collection devices (tablets and cell phones) to conduct field surveys (such as, “sensitive areas”, “river crossings” and “erosions”), and further implementing the interaction of GIS and SAP software, and the use of software such as Power BI.

- Based on lessons learned, the discipline of fracture mechanics and study of materials resistance was adopted. Nondestructive tests were conducted using new technologies and a new tool for the study of materials was introduced as part of the in-line inspection plan. Several integrity inspection efforts were also undertaken.

- Integrity and engineering staff were trained and certified by means of various actions, such as: (i) executing an agreement for a Gas Specialization course with Buenos Aires University Oil and Gas Institute, (ii) obtaining international qualification for integrity engineers through ROSEN, and (iii) attendance and active participation at national and international conferences.
- The implementation of the "Damage Prevention Program" in compliance with API 1,162 standard continued, with a focus on outreaching different audiences and strengthening the relationship among pipeline operators.

Projects and Works on Gas Pipelines, Meter and Regulating Stations and Compressor Plants

As part of the CRR, TGN continued with the investment projects comprised in the Mandatory Investment Plan (MIP), mainly focusing on the transportation system integrity and reliability. Also, during 2019 ENARGAS confirmed compliance with 2017 and 2018 mandatory investments.

Operation and Maintenance

During 2019, as part of the ongoing improvement process, TGN's safety culture was intensified through the following activities:

  - "<u>Exchange Sessions": "Strengthening Our Safety Culture</u>"; with the participation of all Section Heads, Assistant Managers, Managers and Chief Officers. At said sessions the safety matters and recent changes in that field were reviewed, toward achieving a common culture and adopting specific action plans.

  - "<u>Project Safety Session</u>"; with the participation of Project Managers, where commitments around the safety culture for "Works and Projects" were defined.

  - "<u>Workshop – Safety Session with Contractor Companies</u>"; with the participation of CEOs and safety managers from main contractors. During this session the value of safety was pondered, risk management approaches were analyzed and shared safety culture visions were discussed and agreed.

  - "<u>TGN Safety Week – 2019</u>"; this activity was led by TGN Chief Officers and Managers, who visited 17 sites, in addition to the Main Offices to share a safety message across the whole organization. 608 employees took part and 1,400 hours of training were given so that the concept of prevention takes root as part of the Company's culture.

- In order to promote new businesses, TGN increased its footprint in the Province of Neuquén by inaugurating the "Comahue Regional Department". Neuquén Operating Center was also inaugurated and San José and Neuquén divisions were set up.

- GNEA operation and maintenance services started. This system comprises 1,719 km of piping, 73 meter and regulating stations, four new sections and a headcount of approximately fifteen people. With the award of this new contract, TGN became the largest pipeline operator in South America, operating a system of more than 11,000 km.

- In order to draw in new talents, a five-year master agreement was executed with Tucumán National University – School of Exact Sciences and Technology, which allows the possibility of receiving interns from various careers such as Electronic, Electrical, Mechanical, Industrial, Chemical, Civil, IT, Surveying, Geodetic and Geophysical Engineering, among others.

- 39 technical audits at direct customers facilities, including physical inspections and review of maintenance records were conducted, and the pertinent reports were submitted to ENARGAS, as provided in accordance with applicable legislation.

7 – SETTLEMENT AGREEMENTS WITH CUSTOMERS – PENDING CONTROVERSIES WITH FOREIGN CUSTOMERS

In 2004, as a result of an increased domestic demand for gas and a simultaneous drop in production and reserves, the National Government adopted measures, still in force, to ensure that natural gas supply be primarily allocated to meet domestic demand. This involved restrictions on gas exports, which significantly affected sales of gas transportation services to foreign destinations and caused a steady decline in the use of firm gas transportation services. Although TGN was able to enter into settlement agreements with some foreign customers for the early termination of contracts in exchange for a monetary compensation (which early termination nevertheless has caused a negative net effect on TGN's expected cash flows), two legal disputes with YPF and the Chilean distributor Metrogas S.A., which are described in Notes 20.1.4 and 20.1.5 respectively, to the Company's Financial Statements as of December 31, 2019, remain unsettled.

8 – QUALITY, SAFETY, HEALTH AND ENVIRONMENT

- The regular Integrated Management System ("SIG") certification audit was conducted as per ISO 9.001 and 14.001 and OHSAS 18.001 Standards.
- The safety, health and environment prevention culture program continued to be implemented. Some activities to be highlighted include awareness workshops with the Company's and contractors' leaders to reinforce a prevention culture at all TGN levels.
- In terms of Occupational Health, regional doctors were recruited to take care of local operating staff needs. Professionals were also hired to handle the new business and GNEA requirements.
- In terms of Quality, the annual plan for integrated audits and work and project inspection plan were developed to assure the implementation of TGN standards. Additionally, the vendor development program continued, as well as the design of quality standards for execution of major overhauls.
- Indicators established under ENARGAS Resolution No. 818/2019, NAG 148 and NAG 126 have been fully (100%) complied with (noise at compressor plants and regulating stations), and the polluting gas emission indicator has been 99.3% complied with.

9 – HUMAN RESOURCES

Development

The Development area promotes several activities aimed at training, retaining and motivating human resources to achieve business success, now and in the future. The most outstanding activities during the fiscal year include:

- "Exchange Sessions and Integration Sessions", were conducted as usual, led by the Operations Department and General Management Department, respectively. In the Operations area, the cornerstone was the "Safety Culture". On its part, the General Management Department proposed the motto "*Leading with Uncertainty*", where the agenda included working on the new set of competences established for the organization and reviewing the different context-related aspects.
- The Administration and Finance Department conducted the first Integration Session where all participants worked on competences related to "Team Work" and "Leadership".
- The "2018 Performance Management" process, consisting of various stages and concluding with the setting of annual objectives, was performed. Changes were proposed for the "2019 Performance Management" process for non-unionized staff.
- Together with the "Labor Relations" Department, efforts were made to redesign the performance management process for unionized staff, which included reviewing and adjusting the process stages as well as redesigning the set of specific competences for said staff.

- The "Technical Career" process was launched. This involved communicating the policy and making presentations to Technical and Maintenance managerial staff.

- The "People Review" process was conducted; this effort includes a number of meetings with area leaders designed at defining specific development actions targeted at key people and a succession plan for TGN main positions.

- The 2019 "Young Professionals Program" came to an end. The group successfully completed the one-and-a-half-year program with a graduation ceremony. Once again, this program has been useful tool for the ongoing talent attraction for the organization.

Internal Communication

In the firm belief that internal communication is the responsibility of each member of TGN's family, the "Internal Communications" department within the Human Resources Department was formally created. This is a specialized area aimed at cooperating and advising on communication matters.

Compensation

Salary negotiations for 2019 started immediately after the close of 2018 salary negotiations, at which a 46.5% salary increase was agreed for unionized employees. Several salary agreements were executed, totaling, through December 2019, a 45% salary increase. The agreement also included the payment of a remunerative annual bonus of $ 44,880 which was paid on January 6, 2020.

Non-unionized employees obtained a salary increase in line with industry reference pay levels (source: MERCER) and positions such as Department Heads, Assistant Managers, Managers and Chief Officers received a lower increase. This allowed the Company to remain competitive against comparable markets.

Training

Training employees continues to be an ongoing priority for TGN through the design and implementation of highly specific training programs in order to become a reliable provider for the development of energy projects. To such end, various training activities were conducted at the Knowledge Transfer Center, encouraging "Technical Leaders" to take an active part in the design of education solutions.

In line with our goal to strengthen professional competences and skills for future staff, the Young Professionals program edition launched in 2018 was completed. The team of engineers tackled managerial issues, as well as operations, maintenance and integrity activities.

The "Ethics and Anticorruption" virtual course was designed and implemented in conjunction with the Compliance Department, to teach how to appropriately construe the Code of Ethics and Anticorruption Policy. This course was mandatory for all employees and also for all Board of Directors and Supervisory Committee members. A 100% compliance was achieved.

Recruitment

During the fiscal year more than 75 vacancies have been filled, of which 46% are new positions. Most of the new hires went to the Operations Department.

Additionally, ties with universities were strengthened by executing internship agreements with Tucumán National University and Buenos Aires Technological Institute (ITBA), attending job fairs and industry conferences, and also visiting different schools and universities (National Technological University, Comahue National University, among others).

Jointly with the Public Affairs Department, efforts were made to increase our social media presence to boost TGN's employer brand, thus bringing the organizational culture closer to new talents.

10 – CORPORATE SOCIAL RESPONSIBILITY

Social Responsibility is, for TGN, a part of the sustainable development concept, and consists of embedding social and environmental variables into its operational practices. In this connection, TGN intends to maximize the sustainability of the gas transportation service and scale up its contribution to the national energy development.

To strengthen bonds with stakeholders, particularly neighbor communities, TGN supported its “RONDA” corporate volunteer program. The involvement of volunteers in community actions leads to projects that contribute to the common good, add value to TGN’s services and motivate employees to channel their vocational desires and concerns about their own communities.

Project Risk Management

Practices and actions aimed at preventing the occurrence of damage to people in areas of high social conflict were implemented through partnerships with public sector institutions, grassroots organizations and other private players. Due diligence processes were conducted for each project in order to assess risks, design manners of intervention and implement conflict prevention and mitigation actions.

Value Chain Program – Development of Local Suppliers

The “Value Chain” program has a ten-year history in the development of local suppliers. This program was designed to favor the development of people capable of providing services through the creation of small companies. During 2019 a completely new program was designed and implemented for already established suppliers. This program focused on learning objectives so that suppliers could understand the main gas industry practices (production, transportation and distribution), risk assessment techniques, implementation of business strategies and analysis of different cost and risk-based contracting modalities.

JUNTOS Program – Damage Prevention

The objective of this program is to raise awareness among children and adults about the importance of preventing damages in gas pipelines and other facilities. Working together with the educational community, and particularly with children and young people, we seek to engage surface owners, communities, companies, city councils and other players in order to avoid activities that may endanger the normal operation of pipelines. This program started in 2017 in the North-West region of Argentina. During 2019, more than 50 workshops were conducted in different provinces.

Science Club

This program aims at promoting learning through play and experimentation. It is sponsored by the “Organization of Ibero-American States” (OEI) and supported by the Ministries of Education from concerned provinces. This activity was implemented at schools in towns close to gas pipelines in the provinces of Salta, San Luis and Mendoza. It was conducted at six schools with the participation of 375 students.

Encouraging Reading: 20-20 Reading Program

The program aims at promoting the practice of reading among children. It focuses on the reading habit and how prone students are to reading. This program was implemented in 2019 in various localities of the Province of Salta.

Civil Society Organizations and Private Social Investment: NGO Contributions

The first seminar on “Civil Society Organizations and Private Social Investment” was conducted at TGN’s Main Offices by the end of 2019, as part of a broader program to train those TGN employees who work for Civil Society Organizations. These organizations are a liaison between States and the private sector.

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11 – COMPENSATION POLICY

The Board of Directors' compensation is determined by the Shareholders' Meeting for each fiscal year.

The compensation policy for Company's managers and chief officers establishes a monthly fixed basic compensation and a variable additional amount payable on an annual basis. The fixed component is based on the level of responsibility inherent to the position and market values, in accordance with TGN's Compensation Policy that contains salary guidelines for all non-unionized staff.

The variable component consists of an additional amount based on performance and achievement of the objectives set for the year. Said compensation is fixed according to the new Performance Bonus Policy and applies to all non-unionized staff.

The Company's policy does not foresee stock option or other plans for its personnel.

12 – DECISION-MAKING POLICY

The Company Bylaws establishes that the Board of Directors of the Company shall consist of 14 regular directors and an equal number of alternate directors, and shall be responsible for TGN's management and administration. The directors' term of office is one year from their appointment by the Shareholders' Meeting. Of the 14 directors: (i) nine regular directors and their respective alternates are elected by Class A shares at a Special Class A Shareholders' Meeting; (ii) four regular directors and their respective alternates are elected by Class B shares at a Special Class B Shareholders' Meeting, and (iii) one regular director and his or her respective alternate are elected by Class C shares at a Special Class C Shareholders' Meeting. Of these, at least one Class A director and one Class B director shall be independent as per Capital Market Act No. 26,831 (as amended by Act No. 27,440, the "Capital Market Act") and applicable CNV regulations. The director appointed by Class C shareholders shall not have such status.

TGN's controlling company, Gasinvest, has the right to appoint the majority of regular and alternate directors (the nine appointed by Class A). Compañía General de Combustibles S.A. and Tecpetrol Internacional SL, who jointly hold 100 % of Gasinvest common shares, have entered into a Shareholders' Agreement ("the Agreement") in order to regulate certain aspects related to their indirect participation in TGN, such as the number of directors that each shareholder may appoint, and the decisions and actions that must be agreed upon unanimously.

The Agreement establishes that the following actions and decisions must be unanimously agreed upon by Compañía General de Combustibles S.A. and Tecpetrol Internacional SL:

i. amendments to TGN's bylaws or equivalent documents,
ii. any consolidation or merger of TGN with another company,
iii. adoption of annual activity plans, investment plans and financial plans,
iv. budgets and any amendment thereto,
v. increase or decrease in number of members on TGN's Board of Directors and/or any other Company committee,
vi. issuance or redemption of TGN shares,
vii. TGN's dissolution, liquidation or bankruptcy proceedings,
viii. declaration or payment of dividends or other distribution by TGN that is not consistent with the dividend policy established in the activity plan,
ix. any investment by TGN in another company,
x. execution by TGN of any agreement which involves total payments or the purchase or sale by TGN of assets that, valued at their book value, exceed US$ 3 million in one or more transactions within a six-month period,
xi. any material changes in TGN's management, and
xii. selection of TGN's independent auditor.

Additionally, a supplementary shareholders' agreement establishes that all contracts for the supply of goods and/or services must comply with mechanisms that assure a plurality of technically and economically qualified bidders to ensure that contracts are carried out on an arm's-length basis, in observance of TGN's organization and management policies and standards.

Also, contracts for the acquisition of goods and/or services with a company and/or its controlling and/or controlled companies that together exceed the amount of US$ 4 million must be approved by the Board of Directors.

The internal supervision of the Company's affairs is performed by a Supervisory Committee consisting of three regular and three alternate statutory auditors: (i) two regular members and their alternates are appointed at a Special Class A and Class B Shareholders' Meeting, acting jointly, of which at least one regular member must be independent; and (ii) a regular member and his or her alternate are appointed at a Special Class C Shareholders' Meeting. Supervisory Committee meetings are held with the presence of an absolute majority of members, and decisions are adopted by a majority of present votes, without prejudice to the rights of the dissenting statutory auditor. The members of the Supervisory Committee have the duty and right to attend Board and Shareholders' Meetings, call such meetings, request that items be included on the agenda and, in general, supervise all matters related to the Company and its compliance with the law and Bylaws.

13 – AUDIT COMMITTEE

Pursuant to the provisions of the Public Offering Transparency Regime set forth in the Capital Market Act and regulations thereunder, companies that offer their shares to the public must set up an Audit Committee made up by at least three Board members, a majority of which must be independent as required by CNV regulations.

During the fiscal year, TGN's Audit Committee performed the functions entrusted to it by the law and its internal regulations, in line with an Annual Plan submitted to the Board of Directors and the Supervisory Committee. The audit report forms part of the Company's annual financial statements.

14 – COMPANY'S INTERNAL CONTROL

The Internal Audit Department, which gives advice to the Board of Directors, is responsible for regularly reviewing internal control systems in order to enhance the quality of processes, their documentation and reporting. Internal control is a process carried out by the Management Department and the rest of personnel, designed to provide a reasonable degree of assurance that the objectives of the organization will be met, considering the effectiveness and efficiency of operations, reliability of financial information and compliance with applicable laws and standards. In this regard, the Internal Audit Department carries out procedures to comply with the "Annual Internal Audit Plan", which is intended to monitor critical and significant operating, equity, legal, regulatory and IT-related risks. TGN's Audit Committee is informed by the Internal Audit Department about identified internal control weaknesses, as well as corrective actions taken.

Since November 2018, the Company has a Compliance Department, which is an autonomous area with sufficient resources, and reports directly to the Audit Committee or Supervisory Committee, as the case may be. This department is led by a Compliance Officer appointed by the Board. The Compliance Officer functionally reports to the Board through the Audit Committee, and hierarchically to the Chief Executive Officer.

15 – DISCLOSURE OF THE COMPANY'S BALANCES AND TRANSACTIONS WITH ITS CONTROLLING COMPANY, FOREIGN RELATED COMPANIES, OTHER RELATED PARTIES AND KEY MANAGEMENT PERSONNEL

Balances and transactions between the Company and its controlling company, foreign related companies, other related parties and key management personnel are presented in Note 26 to TGN's financial statements for the fiscal year ended December 31, 2019. Individuals comprised in Section 72 of the Capital Market Act have been included as related parties.

16 – OUTLOOK

As mentioned earlier (See Note 3 – *2017 Comprehensive Rate Review* in this Report), the Solidarity Law empowered the PEN to maintain those natural gas rates under federal jurisdiction and to start renegotiating the comprehensive rate review in force, or embark on a rate review on an exceptional basis, in the terms of the Gas Act, for a maximum term of up to 180 days, aimed at reducing the rate burden on household, commercial and industrial users in 2020. The PEN is further empowered to administratively intervene ENARGAS for a one-year term.

The Company believes that rates resulting from any of said processes will be maintained at constant values in the course of time to be able to meet pipeline operation and maintenance expenses and investments. However, the outcome of the rate renegotiation or review foreseen in the Solidarity Law may significantly differ from current estimates, and results from the next five-year rate review cannot be anticipated.

Finally, worth mentioning is the fact that the Company operates within an economic context where main variables have recently experienced a strong volatility. The price of the main listed companies' shares, sovereign bonds and the Argentine Peso, has dropped substantially. Against such backdrop, and also pursuant to the Solidarity Law, the new administration that took office in December 2019, tightened currency exchange restrictions, embarked on the public debt renegotiation, increased the tax burden, established price agreements, and stopped adjusting retirement and pension benefits.

The Management Department permanently monitors how previously mentioned events evolve in order to determine possible actions to be adopted and identify eventual impacts on the Company's equity and financial position.

17 – PROFIT ALLOCATION PROPOSAL

Fiscal year 2019 resulted in a profit of $ 4,255,060 thousand, while retained earnings as of December 31, 2019 as shown in the Statement of Changes in Shareholders' Equity, amounted to a profit of $ 7,141,804 thousand. Consequently, the Board of Directors proposes the Shareholders that above mentioned retained earnings for an amount of $ 7,141,804 thousand (net of the Compensation Bonus for Employees and compensation to Directors and Statutory Auditors), be allocated to the Optional Reserve for Working Capital and Liquidity Coverage, in order to meet expenses and investments necessary for the provision of the service and fulfillment of the corporate purpose.

Additionally, the Board proposes payment of: (i) a Compensation Bonus for Employees equivalent to 0.25% of the after-tax profit for the fiscal year for an amount of $ 10,638 thousand; (ii) a compensation of $ 22,837 thousand to Board members, and (iii) a compensation of $ 6,545 thousand to Supervisory Committee members.

The Board of Directors thanks customers, suppliers and third parties in general, and the personnel of the Company for their support and cooperation during this fiscal year.

City of Buenos Aires, March 6, 2020

Emilio Daneri Conte-Grand
President

Juan José Valdez Follino
Regular Statutory Auditor

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ANNEX
REPORT ON THE CODE OF CORPORTE GOVERNANCE

A) THE ROLE OF THE BOARD

Principles

I. The company should be led by a professional and qualified Board which will be responsible for laying the necessary bases to assure the sustainable success of the company. The Board is responsible for running the company's affairs and protecting the interests of all its shareholders.

II. The Board shall be responsible for determining and promoting the corporate culture and values. The Board shall assure compliance with the highest ethical and integrity standards according to the best interest of the company.

III. The Board shall assure the implementation of a strategy that is inspired by the company's vision and mission, and is aligned with the corporate culture and values. The Board shall constructively interact with management in order to assure a proper development, execution, supervision and alignment of the company's strategy.

IV. The Board shall continuously control and supervise the company's affairs, making sure that management takes actions addressed toward implementation of the strategy and business plan approved by the Board.

V. The Board shall have such mechanisms and policies in place as may be required for the performance of its duties and those of each of its members in an efficient and effective manner.

1. The Board promotes an ethical organizational culture and establishes the company's vision, mission and values.

Transportadora de Gas del Norte S.A. ("the Company" or "TGN") has a Board which, as a body responsible for the Company's administration, approves the Company's policies relating to corporate governance and performs its duties in accordance with the law and generally accepted ethical principles, within a transparent framework, by avoiding or managing any conflict of interest, creating and promoting an ethical organizational culture, establishing and sharing the Company's vision, mission and culture with all stakeholders. Such vision, mission and culture are available on TGN's website. In turn, TGN has a Board-approved Code of Ethics, which covers: (i) Social Responsibility; (ii) Corporate Principles; (iii) Ethical Values; and (iv) Behavioral Guidelines. Such Code establishes the values that must be observed by the Company and its employees when making decisions and taking actions. It also serves as a basis for assessing conducts within TGN. The Code of Ethics applies to TGN Board, Supervisory Committee and all TGN staff and that of its controlled companies. It also applies to relationships with contractors, subcontractors, suppliers, customers, public officers, shareholders and investors, and third parties in general. The Code is available to all TGN associates and the public in general through the Company's website.

2. The Board establishes the company's general strategy and approves the strategic plan prepared by the management department. In so doing, the Board takes into consideration environmental, social and corporate governance factors. The Board supervises its implementation through the use of key performance indicators and having in mind the best interest of both the company and all its shareholders.

As the body responsible for the Company's administration, the Board approves and supervises compliance with TGN policies and strategies, subject to control by the shareholders. Thus, as part of the annual budget, the Board approves TGN business plan and management objectives for each fiscal year, having regard for environmental, social and corporate governance factors, with the relevant policies being approved by the Board. Additionally, TGN issues the "Annual Sustainability Report" that follows international standards in GRI G3 Guidelines (*Global Reporting Initiative)*. This report is published on an annual basis in the United Nations website and is supervised by an external consultant who makes improvement recommendations. The Sustainability Report is also available on TGN website and includes, among other topics, measures adopted toward a greater transparency in social responsibility actions, and summarizes actions related to environmental protection adopted during the year.

3. The Board supervises the management department and makes sure the latter develops, implements and maintains an adequate internal control system with clear reporting lines.

The Board monitors the performance of the management department as part of the Company's overall performance control. The non-executive Board holds regular meetings to assess how the management department develops and implements the Company's strategy. Directors, managers and statutory auditors are informed on an ongoing basis about all relevant business issues, the knowledge of which is necessary for the performance of their duties. The Company's Board monitors compliance with the annual budget and business plan, based on monthly management control reports and other reports issued by the management department when discussing the interim and annual financial statements. The internal control system, supervised by the Board, is a process aimed at providing a reasonable degree of assurance as to whether the company's objectives are met, considering the efficiency and effectiveness of operations, the reliability of financial information and compliance with standards and applicable laws.

4. The Board designs structures and practices concerning corporate governance, designates who will be responsible for their implementation, monitors their effectiveness and recommends changes where necessary.

As the body responsible for the Company's administration, the Board approves corporate governance policies and monitors compliance therewith. TGN Board shares the principles reflected in the Code of Corporate Governance of the National Securities Commission ("CNV") and, as required by said entity, issues a Report on the Code of Corporate Governance every year for its disclosure to the public.

5. The Board members have time enough to perform their duties in a professional and efficient manner. The Board and its committees have clearly established organizational and procedural rules that are published in the Company's website.

TGN Board members have sound professional and academic backgrounds and proven track records in executive positions at local and international companies, particularly within the energy sector. Based on the above, though the Board does not consider it necessary to formalize policies or mechanisms concerning the fulfillment of their duties, each Board member serves in accordance with TGN Corporate Bylaws and applicable legal provisions.

B) CHAIRMAN OF THE BOARD AND CORPORATE SECRETARY

Principles

VI. The Chairman of the Board is responsible for assuring fulfillment of the Board's duties and for leading its members. The Chairman shall create a positive work dynamics and promote a constructive participation among its members, and shall also assure that Board members are provided with the necessary elements and information for decision making. The same applies to the Chairmen of each Board committee regarding their specific duties.

VII. The Chairman of the Board shall lead processes and establish structures designed so that Board members fulfill their duties in a committed, objective and competent manner, and the Board as a whole performs to the best of its ability and in line with the Company's needs.

VIII. The Chairman of the Board shall see that the Board in its entirety gets involved in and is responsible for the appointment of a successor to the general manager.

6. The Chairman of the Board is responsible for properly arranging the Board meetings, preparing the agenda with the cooperation of all other members, and assuring that members receive relevant materials in sufficient advance in order to participate in meetings in an efficient and informed manner. The same applies to committee chairmen concerning their own meetings.

The Chief Legal Officer, upon prior consultation with the Chairman of the Board and Chief Executive Officer, shall prepare the agenda for each board meeting and shall, within the statutory term, distribute to Board members supporting documentation about issues to be dealt with so that they are duly informed in advance to the meeting. TGN has an Audit Committee the Secretary of which performs identical duties for said Committee meetings.

7. The Chairman of the Board supervises the proper internal operation of the Board through the implementation of formal annual assessment processes.

Even if TGN Board does not have a formal assessment procedure in place, the Board performance is reviewed and assessed annually at the shareholders meeting held following the end of each fiscal year. The Chairman of the Board makes sure that the managing body performs in accordance with the provisions contained in Law 19,550.

8. The Chairman of the Board creates a working space that is both positive and constructive for all Board members and makes sure that they receive continuous training in order to keep themselves updated and be able to properly perform their duties.

As mentioned in item 5, TGN Board members have sound professional and academic backgrounds and proven track records in executive positions at local and international companies. Accordingly, the Board does not deem it necessary to implement a training plan for its members for the time being. This notwithstanding, the Board members perform their duties in cooperation with each other thereby boosting each individual contribution.

9. The Corporate Secretary supports the Chairman in effectively administering the Board and assists with communications among shareholders, Board and the Management Department.

The duties typically attributed to a corporate secretary are performed by the Chief Legal Officer who, additionally, is the Market Relations Officer. Communication among shareholders, the Board and the Management Department is fluid and permanent. Directors and Managers are constantly updated about relevant business aspects, with managerial officers often participating in board meetings. On their part, shareholders have all relevant information about the Company that is available through CNV Financial Information Highway.

10. The Chairman of the Board assures that all its members participate in the development and approval of a succession plan for the Company's Chief Executive Officer.

The appointment of a successor to the Company's Chief Executive Officer is the responsibility of the Board.

C) COMPOSITION, NOMINATION AND SUCCESSION OF BOARD MEMBERS

Principles

IX. The Board shall have adequate levels of independence and diversity so that its members are able to make decisions in the best interest of the Company, avoiding groupthink and decision making by individuals or prevailing groups within the Board.

X. The Board shall assure that the Company has formal procedures in place for proposing and nominating candidates to hold positions on the Board as part of a succession plan.

11. The Board has at least two members with independent status in accordance with the criteria currently established by the National Securities Commission.

In accordance with the criteria established by the CNV, TGN Board currently has the required number of independent directors to serve on its Audit Committee.

12. The Company has a Nomination Committee consisting of at least three (3) members and chaired by an independent director. When chairing the Nomination Committee, the Chairman of the Board shall refrain from participating in discussions concerning the designation of a successor to his/her own position.

The Company does not deem it necessary to have a nomination committee. Board members are designated at a shareholders meeting in accordance with the provisions of Law 19,550.

13. The Board, through the Nomination Committee, develops a succession plan for its members that dictates the process for preselecting candidates to fill in vacancies and takes into consideration the non-binding recommendations made by its members, the Chief Executive Officer and shareholders.

Not applicable; please refer to item 12 above.

14. The Board implements an orientation program for its newly elected members.

Even though the Company does not have a formal orientation program for new Board members, the new directors designated by the shareholders take part in induction meetings with the general management department and senior managers to receive the information they need for the fulfillment of their duties.

D) REMUNERATION

Principles

XI. The Board shall establish remuneration incentives in order to align the management department – led by the general manager – and the Board itself with the company's long term interests so that all directors fulfill their duties toward all shareholders on an equitable basis.

15. The Company has a Remuneration Committee consisting of at least three (3) members. All these members are either independent or non-executive.

Although TGN does not have a Remuneration Committee, Directors' fees are established by the shareholders in accordance with the Company's interests and market practices.

16. The Board, through the Remuneration Committee, establishes a remuneration policy for the general manager and Board members.

Not applicable; please refer to item 15 above.

E) CONTROL ENVIRONMENT

Principles

XII. The Board shall assure the existence of a control environment, consisting of internal controls developed by the management, internal audit, risk management, regulatory compliance and external audit departments, establishing those lines of defense necessary to assure integrity in both the company's operations and financial reports.

XIII. The Board shall assure the existence of a comprehensive risk management system to help the management department and Board to efficiently direct the Company towards achievement of its strategic objectives.

XIV. The Board shall assure the existence of an individual or department (depending on the size and complexity of the business, the nature of its operations, and risks faced) responsible for the company's internal audit. Audit members responsible for reviewing and auditing the Company's internal controls, corporate governance processes and risk management system, shall be independent and objective and shall have clearly established reporting lines.

XV. The Board's Audit Committee shall consist of qualified and experienced members, and shall perform its duties in a transparent and independent manner.

XVI. The Board shall establish appropriate procedures to supervise the independent and effective performance on the part of External Auditors.

17. The Board determines the Company's risk appetite and further supervises and assures the existence of a comprehensive risk management system to identify, review, determine the course of action and monitor the risks faced by the Company, including – among others – environmental, social and business risks in the short and long term.

When making any decision, the Board first identifies the associated risks, and then determines its probability of occurrence and potential impact, thus determining the risk to be assumed by the Company with each decision. There also exists a Risk Management Committee within the Steering Committee. Said committee monthly monitors how the integral risk matrix approved by the Board has evolved. The main risk factors are associated with failures, ruptures or incidents occurring in gas transportation facilities. In such cases, mitigation measures consist of a work program aimed at assuring the safe provision of the service in accordance with the industry's best practices.

18. The Board monitors and reviews the effectiveness of the independent internal audit function and assures resources for the implementation of a risk-based annual audit plan and a direct reporting line to the Audit Committee.

TGN has an Internal Audit department, the members of which are independent from all other operating areas and shareholders or related entities, and are hierarchically and functionally accountable to the general manager and the Board, respectively, directly reporting to the Chairman of the Board and the Audit Committee, which reviews their performance. This department supervises compliance with procedures related to internal control in accordance with three-year plans. The head of this department is independent. The Audit Committee further establishes its annual plan considering the nature of the business and the environment where the business is conducted (including risks inherent to the Company's business and risks incurred in its operations).

19. The internal auditor or members of the internal audit department are independent and highly qualified.

As mentioned in item 18 above, the members of the Internal Audit Department are independent from all other operating areas and shareholders or related entities, and are hierarchically and functionally accountable to the Chief Executive Officer and the Board, respectively, directly reporting to the Chairman of the Board and the Audit Committee. Its members are highly qualified professionals with university education in their field.

20. The Board has an Audit Committee that has regulations in place. The committee is mostly made up and chaired by independent directors and does not include the Chief Executive Officer. Most of its members have professional experience in financial and accounting areas.

The Audit Committee, designated by the Board, is made up by three regular directors, the majority of them being independent, in accordance with the criteria established in the CNV Regulations, and knowledgeable in business, financial or accounting areas. The Chief Executive Officer does not form part of the Committee. The Audit Committee has regulations in place, which are available at CNV's Financial Information Highway.

21. The Board, in consultation with the Audit Committee, approves a policy for selecting and monitoring external auditors, that establishes the indicators to be taken into account when making the recommendation to the shareholders about retaining or replacing the external auditor.

External auditors are designated by the shareholders, usually upon motion of the controlling shareholder, though the Company's external accounting audit firm applies procedures to assure the qualification, independence and performance of its members, all of which is supervised by TGN Audit Committee.

F) ETHICS, INTEGRITY AND COMPLIANCE

Principles

XVII. The Board shall design and establish appropriate structures and practices to promote a culture of ethics, integrity and compliance that allows preventing, detecting and addressing serious corporate or personal misconducts.

XVIII. The Board shall assure the adoption of formal mechanisms to prevent or otherwise address any conflicts of interest as may occur in the course of administering and running the Company. Formal procedures shall be established to assure that transactions between related parties are made in the best interest of the Company and that all shareholders receive an equal treatment.

22. The Board approves a Code of Ethics and Conduct that reflects ethics and integrity values and principles, as well as the Company's culture. The Code of Ethics and Conduct is communicated and applies to all directors, managers and employees of the Company.

TGN has a Code of Ethics approved by the Board and published in its website. The Code covers social responsibility, corporate principles, ethical values and behavioral guidelines. This Code establishes the values that must be observed by the Company and its employees when making decisions and taking actions. It also serves as a basis for assessing conducts within TGN. The Code of Ethics applies to TGN Board, Supervisory Committee and all TGN staff and that of its controlled companies. It also applies to relationships with contractors, subcontractors, suppliers, customers, public officers, shareholders and investors, and third parties in general.

23. The Board establishes and regularly reviews, based on the Company's risks, size and financial resources, an Ethics & Integrity Program. The program is visibly and unequivocally supported by the Management department which designates an internal party responsible for developing, coordinating, supervising and reviewing the program in terms of efficiency on a regular basis. The program provides for: (i) period training for directors, managers and employees about ethics, integrity and compliance issues; (ii) internal channels for reporting irregularities, open to third parties and adequately advertised; (iii) a policy for protecting reporters against retaliation; and an internal investigation system that respects the rights of suspected subjects and imposes effective penalties for breach of the Code of Ethics and Conduct; (iv) integrity policies for bidding procedures; (v) mechanisms for regular review of risks, monitoring and evaluation of the Program; and (vi) procedures for vetting the integrity and track records of third parties or business partners (including due diligence for determining the existence of irregularities, unlawful actions or vulnerabilities during corporate transformation and acquisition processes), including suppliers, distributors, service providers, agents and intermediaries.

TGN has an Integrity Program approved by the Board, which has been developed based on three levels of action: "prevent", "detect" and "respond". These levels of action cover in turn five blocks: "leadership", "risk assessment", "standards and controls", "communication and training" and "monitoring and response". TGN conducts compliance risk assessments once a year. The Company has clearly defined policies for its associates and executives in matters of anti-corruption, hiring processes for intermediary third parties and business partners, participation in public tenders, conflicts of interest, gifts, representation, accommodation and travel expenses, donations, memberships and sponsorships, among others.

The Integrity Program is strongly supported by the Board. Its implementation is the responsibility of the Compliance Officer designated by the Board, who reports to the Board through the Audit Committee, and is hierarchically accountable to the Chief Executive Officer.

TGN offers confidential communication lines for those who may feel under pressure or receive unethical instructions from their seniors, or those who would like to report some violation of the law or non-compliance with procedures within the Company. The Transparent Line offers the possibility of reporting these situations in an anonymous and gratuitous basis, 24 hours a day, with the assurance of no retaliation for such reporting.

24. The Board assures the existence of formal mechanisms to prevent and address conflicts of interest. In the case of transactions between related parties, the Board approves a policy that establishes the role to be played by each corporate body and defines how those transactions that are prejudicial to the company or only to certain investors are identified, handled and disclosed.

The Integrity Program contains specific provisions to prevent and address conflicts of interest, and to handle transactions with related parties that are subject to the supervision of the Audit Committee as required by the CNV Regulations.

G) PARTICIPATION BY SHAREHOLDERS AND STAKEHOLDERS

Principles

XIX. The Company shall treat all Shareholders on an equitable basis. It shall assure equal access to relevant non-confidential information to enable decision-making by the Company's shareholders.

XX. The Company shall promote active and informed participation by all Shareholders, particularly regarding the Board's composition.

XXI. The Company shall have a transparent Dividend Distribution Policy that is in line with the strategy.

XXII. The Company shall have the interests of its stakeholders in mind.

25. The Company's website discloses financial and non-financial information, providing Investors with a timely and equal access. The website has a specialized area for addressing queries from Investors.

TGN website at www.tgn.com.ar has a specific section designed to provide investors with financial and non-financial information, assuring them a timely and equal access. It also offers a query channel especially dedicated to the investor public. Notwithstanding the above, TGN complies with its market reporting duties through the CNV Financial Information Highway and Bolsas y Mercados Argentinos ("ByMA") digital platform. Said website has a link to the CNV website, and another link to the National Regulatory Gas Entity's website. The Company answers specific queries from investors through the Market Relations Officer.

26. The Board shall assure the existence of a procedure for identifying and classifying stakeholders and a communication channel for them.

TGN adopts, through its Integrated Management System, reasonable measures to identify its stakeholders and maintain communication channels with them.

27. The Board sends to Shareholders, prior to their Meeting, an "interim information package" that allows Shareholders – through a formal communication channel – to submit non-binding feedback and share views different from recommendations made by the Board, which, when submitting the final information package, shall expressly refer to any such feedback received as it may deem necessary.

The Board believes that CNV Financial Information Highway and ByMA digital platform are the suitable means for all shareholders to receive the same information in terms of quality, quantity and timelines. All relevant information about the Company, which should be disclosed to the market according to regulations, is made available to the public when required to be disclosed.

28. The Company's Bylaws establishes that Shareholders may receive information packages for their Meetings through virtual means and may attend Meetings through the use of electronic communication means that allow for the simultaneous transmission of audio, images and words, thus assuring all participants an equal treatment.

Shareholders meetings are held as provided under Law 19,550. The Company's Bylaws does not provide for attendance at Shareholders Meetings through the use of virtual means. Access to information by shareholders is made as described in items 25 and 27 above.

29. The Dividend Distribution Policy is in line with the strategy, and clearly establishes the criteria, frequency and conditions under which dividends shall be distributed.

As TGN does not have an established dividend policy, the distribution of dividends shall be subject, among other things, to the results of its operations, investment requirements, availability of funding for investment projects and their associated cost, existing legal and contractual restraints, future perspectives, and any other factor as may be deemed relevant by the Board and approved by shareholders at an ordinary shareholders meeting.

City of Buenos Aires, March 6, 2020

Emilio Daneri Conte-Grand
President

Juan José Valdez Follino
Regular Statutory Auditor

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

	Note	12.31.2019	12.31.2018
ASSETS			
Non-current assets			
Property, plant and equipment, net	**6**	49,052,559	54,701,024
Investments in affiliated companies, net	**7**	60,390	43,082
Materials and spare parts, net	**11**	844,112	764,623
Other accounts receivable	**12**	7,705	15,361
Trade accounts receivable, net	**13**	5,097,238	4,945,262
Investments at amortized cost	**9**	11,010	29,819
Total non-current assets		55,073,014	60,499,171
Current assets			
Materials and spare parts		170,159	85,774
Derivative financial instruments	**9**	79,904	-
Other accounts receivable, net	**12**	432,087	466,699
Trade accounts receivable, net	**13**	2,955,785	2,194,628
Investments at amortized cost	**9**	1,574,091	3,769,608
Investments at fair value	**9**	229,666	558,954
Cash and cash equivalents	**14**	2,123,765	3,602,826
Total current assets		7,565,457	10,678,489
Total assets		62,638,471	71,177,660

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

	Note	12.31.2019	12.31.2018
SHAREHOLDERS' EQUITY			
Common stock	**15**	439,374	439,374
Common stock integral adjustment		13,626,363	13,626,363
Property, plant and equipment revaluation allowance		17,378,824	22,182,800
Statutory reserve		2,813,149	199,587
Optional reserve for working capital and liquidity coverage		1,307,044	-
Voluntary reserve for future dividends		232,937	-
Other reserves		(5,343)	(2,127)
Retained earnings		7,141,804	8,284,242
Total shareholders' equity		42,934,152	44,730,239
LIABILITIES			
Non-current liabilities			
Deferred income tax liability	**8**	8,934,048	9,854,657
Loans	**16**	-	6,363,462
Lease debts	**18.1**	10,255	-
Other debts	**18**	47,036	50,317
Trade accounts payable	**19**	267,236	372,874
Total non-current liabilities		9,258,575	16,641,310
Current liabilities			
Contingencies	**20**	155,145	255,357
Loans	**16**	7,239,781	6,527,625
Lease debts	**18.1**	6,025	-
Salaries and social security contributions		384,958	351,869
Income tax	**8**	1,358,283	1,358,075
Taxes payable	**17**	192,516	225,667
Other debts	**18**	97,140	108,357
Trade accounts payable	**19**	1,011,896	979,161
Total current liabilities		10,445,744	9,806,111
Total liabilities		19,704,319	26,447,421
Total liabilities and shareholders' equity		62,638,471	71,177,660

The accompanying notes 1 to 29 are an integral part of these financial statements.

Juan José Valdez Follino
Regular Statutory Auditor

Emilio Daneri Conte-Grand
President

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STATEMENTS OF COMPREHENSIVE INCOME FOR FISCAL YEARS ENDED DECEMBER 31, 2019 AND 2018 (in thousand pesos)

	Note	12.31.2019	12.31.2018
Revenues	**21**	17,791,538	18,247,678
Cost of service	**22**	(9,940,426)	(9,243,178)
Gross profit		**7,851,112**	**9,004,500**
Selling expenses	**22**	(733,002)	(808,558)
Administrative expenses	**22**	(1,375,519)	(1,500,664)
Income before other net income and expenses		**5,742,591**	**6,695,278**
Other net income and expenses	**23**	207,071	(167,282)
Income before financial income		**5,949,662**	**6,527,996**
Net financial income			
Other net financial income	**24**	90,544	(3,104,619)
Financial income	**24**	1,068,629	238,280
Financial costs	**24**	(841,044)	(637,043)
Gain on monetary position	**24**	(744,651)	906,496
Net financial loss (income)		**(426,522)**	**(2,596,886)**
Income from investments in affiliated companies	**7**	22,651	13,988
Income before income tax		**5,545,791**	**3,945,098**
Income tax			
Current	**8**	(1,494,547)	(656,321)
Special	**8**	-	(984,300)
Deferred	**8**	203,816	3,421,079
Subtotal income tax		**(1,290,731)**	**1,780,458**
Income for the fiscal year		**4,255,060**	**5,725,556**
Items that will be reclassified through profit or loss			
Affiliated companies' financial statements currency translation adjustment	**7**	(5,343)	6,672
Items that will not be reclassified through profit or loss			
Property, plant and equipment revaluation allowance	**2.6**	(2,179,436)	5,129,160
Other comprehensive income for fiscal year(1)		**(2,184,779)**	**5,135,832**
Comprehensive income for the year		**2,070,281**	**10,861,388**
Net income (loss) per share, basic and diluted	**25**	9.6844	13.0312

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

The accompanying notes 1 to 29 are an integral part of these financial statements.

Juan José Valdez Follino
Regular Statutory Auditor

Emilio Daneri Conte-Grand
President

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STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR FISCAL YEARS ENDED DECEMBER 31, 2019 AND 2018 (in thousand pesos)

ITEM	Common stock	Common stock integral adjustment	Property, plant and equipment revaluation allowance	Statutory reserve	Optional reserve for working capital and liquidity coverage	Voluntary reserve for future dividends	Other reserves	Retained earnings	Total shareholders' equity
Balances as of December 31, 2017	**439,374**	**13,626,363**	**19,336,996**	**-**	**-**	**-**	**(8,799)**	**1,237,002**	**34,630,936**
Resolution at Ordinary Shareholders' Meeting dated April 12, 2018:									
Reinstatement of Statutory Reserve	-	-	-	199,587	-	-	-	(199,587)	-
Distribution of dividends in cash	-	-	-	-	-	-	-	(762,085)	(762,085)
Profit for fiscal year	-	-	-	-	-	-	-	5,725,556	5,725,556
Other comprehensive income	-	-	2,845,804	-	-	-	6,672	2,283,356	5,135,832
Balances as of December 31, 2018	**439,374**	**13,626,363**	**22,182,800**	**199,587**	**-**	**-**	**(2,127)**	**8,284,242**	**44,730,239**
Resolution at Ordinary Shareholders' Meeting dated April 10, 2019:									
Reimbursement of Statutory Reserve	-	-	-	2,613,562	-	-	-	(2,613,562)	-
Creation of Voluntary Reserve for future dividends	-	-	-	-	-	934,609	-	(934,609)	-
Creation of Optional Reserve for working capital and liquidity coverage	-	-	-	-	1,307,044	-	-	(1,307,044)	-
Distribution of Dividends in cash	-	-	-	-	-	-	-	(3,164,696)	(3,164,696)
Absorption of Other reserves	-	-	-	-	-	-	2,127	(2,127)	-
Distribution of Voluntary Reserve for future dividends	-	-	-	-	-	(701,672)	-	-	(701,672)
Profit for the fiscal year	-	-	-	-	-	-	-	4,255,060	4,255,060
Other comprehensive income	-	-	(4,803,976)	-	-	-	(5,343)	2,624,540	(2,184,779)
Balances as of December 31, 2019	**439,374**	**13,626,363**	**17,378,824**	**2,813,149**	**1,307,044**	**232,937**	**(5,343)**	**7,141,804**	**42,934,152**

The accompanying notes 1 to 29 are an integral part of these financial statements.

Juan José Valdez Follino
Regular Statutory Auditor

Emilio Daneri Conte-Grand
President

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STATEMENTS OF CASH FLOWS FOR FISCAL YEARS ENDED DECEMBER 31, 2019 AND 2018 (in thousand pesos)

	Note	12.31.2019	12.31.2018
Profit for fiscal year		4,255,060	5,725,556
Adjustments to cash generated by (used in) operating activities:			
Property, plant and equipment depreciation	**6**	5,637,476	5,209,251
Residual value of property, plant and equipment written-off	**6**	23,375	7,379
Income tax	**8**	1,290,731	(1,780,458)
Accrued interest generated by liabilities	**24**	1,117,734	931,903
Accrued interest generated by assets	**24**	(171,551)	(179,564)
Increase in allowances and provisions (net of recoveries)		(116,941)	2,653,500
Income from derivative financial instruments	**24**	(420,515)	-
Exchange rate differences and other net financial income		(5,432,619)	368,759
Loss from investments in affiliated companies	**7**	(22,651)	(13,988)
Net changes in operating assets and liabilities:			
Decrease (increase) in trade accounts receivable		1,819,292	(1,375,199)
Decrease in other accounts receivable		103,927	158,346
Increase in materials and spare parts		(85,504)	(347,160)
Decrease in trade accounts payable		(254,686)	(85,769)
Increase in salaries and social security contributions		33,089	34,338
Decrease in taxes payable		(1,249,219)	(215,670)
Increase in derivative financial instruments		340,611	-
(Decrease) in other debts		(27,667)	(127,916)
Decrease in contingencies		(100,212)	-
Income tax payment		(311,275)	-
Net cash flow generated by operating activities		**6,428,455**	**10,963,308**
Acquisition of property, plant and equipment	**6**	(2,772,582)	(3,450,147)
Subscriptions net of recovery of investments at amortized cost and investments at fair value (non-cash equivalents)		5,993,631	(3,882,631)
Principal received from investments at amortized cost and investments at fair value		8,375	15,658
Interest received from investments at amortized cost and investments at fair value		11,865	27,624
Net cash flow used in investing activities		**3,241,289**	**(7,289,496)**
Loans obtained	**16.2**	648,945	-
Principal paid on loans	**16.2**	(6,704,802)	-
Interest paid on loans	**16.2**	(749,628)	(616,851)
Interest paid on surety bonds	**16.2**	(90,161)	-
Dividend payment in cash		(3,866,368)	(762,084)
Lease payment		(8,841)	-
Net cash flow used in financing activities		**(10,770,855)**	**(1,378,935)**
Net (Decrease) increase in cash and cash equivalents		**(1,101,111)**	**2,294,877**
Cash and cash equivalents at the beginning of fiscal year		3,602,826	1,079,979
Financial income generated by cash		(377,950)	227,970
Cash and cash equivalents at the end of fiscal year	**14**	**2,123,765**	**3,602,826**
Transactions not affecting cash:			
Right-of-use on property, plant and equipment through leases	**6**	**(29,305)**	**-**

The accompanying notes 1 to 29 are an integral part of these financial statements.

Juan José Valdez Follino
Regular Statutory Auditor

Emilio Daneri Conte-Grand
President

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

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

1 – OVERVIEW

1.1 - Incorporation of the Company

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

1.2 – The effect of the economic emergency on the License

The License has been subject to a renegotiation process under the Public Emergency Law 25,561 ("LEP"), enacted in January 2002, which further 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. Under said legal framework and after more than thirteen years of rate freezing, the Company entered into with the 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, which came into force in March 2018 for the 2017 – 2021 period, established rules for the conduct of TGN rate review. See Note 1.3.3 to these financial statements as of December 31, 2019.

Following the Public Emergency Law No. 27,541, the Social Solidarity and Productive Reactivation Law (the "Solidarity Law"), enacted in December 2019, empowered the PEN to maintain natural gas rates that are under federal jurisdiction, and to start renegotiating the comprehensive rate review in force, or else a rate review of an exceptional nature, in the terms of the Gas Act, for a maximum term of up to 180 days, aimed at reducing the actual rate burden on household, commercial and industrial users in 2020. The PEN is further empowered to administratively intervene ENARGAS for a one-year term.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

1 – OVERVIEW (Cont.)

1.3 - Regulatory framework

1.3.1 - General

The Natural Gas Act and its regulations, together with the License, the Transfer Agreement, the Bidding Terms and Conditions for the privatization of Gas del Estado S.E. 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 – 2017 comprehensive rate review

From April 2014 to December 2017 TGN received successive interim rate increases until March 2018 when ENARGAS approved the rates resulting from the Comprehensive Rate Review ("CRR") conducted by ENARGAS starting in March 2016. Additionally, the CRR provides that 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.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

1 – OVERVIEW (Cont.)

1.3 - Regulatory framework (Cont.)

1.3.3 – 2017 comprehensive rate review (Cont.)

In June 2019, the Government Energy Secretariat ("the Energy Secretariat") established, through Resolution 336/2019, on an exceptional basis, for the benefit of residential users of natural gas and undiluted propane through networks, a 22% payment deferral for invoices issued from July 1, 2019 to October 31, 2019. Said deferral will be recovered from invoices already issued and to be issued as from December 1, 2019, along five monthly, equal consecutive periods. The financial cost of the deferral shall be borne by the National Government by way of subsidy through payment of interest to distributors, sub-distributors, transporters and producers, based on the interest rate for 30- or 35-day term deposits for $ 20 million and higher amounts, published by the Central Bank of Argentina ("BCRA"). On August 23, 2019, the Energy Secretariat through Resolution 488/2019, established the procedure for distributors to defer payment to transporters, as well as the methodology for calculating and paying applicable interest. According to said resolution, distributors must disclose to transporters and ENARGAS, in the form of a sworn statement, the amounts to be deferred, and ENARGAS in turn must forward the so compiled information to the Energy Secretariat, which will be the one responsible for calculating and issuing interest payment orders to licensees within 30 business days from the relevant deferral month end. As of today, the amount deferred by distributors in their payments to TGN, as shown in the respective sworn statements, has reached $ 406.7 million. The reporting and interest calculation process is delayed, with no interest payment orders having been issued as of today.

In September 2019, the Energy Secretariat passed Resolution 521/2019 (amended by Resolution 751/2019) deferring the semiannual rate adjustment that should have been applied effective October 1, 2019, until February 1, 2020, and further established that licensees would be compensated with the MIP review to the extent of the lower revenues derived from said measure. Consequently, between October and December 2019 the Company submitted proposals to ENARGAS for adjusting the MIP for an amount of $ 459.2 million (at December 2016 currency).

However, upon enactment of the Solidarity Law, the new administration that took power in December 2019 announced its intention to suspend rate adjustments for natural gas and electricity transportation and distribution utility services under federal jurisdiction for 180 days, to start renegotiating the CRR in place since 2017, or embark on a rate review on an exceptional basis.

1.4 – Current economic context

In addition to the rate issue mentioned earlier, worth noting is the fact that the Company operates within a complex economic context where main variables have recently experienced a strong volatility. Domestically, in particular, the price of the main listed companies' shares, sovereign bonds and the Argentine peso, has dropped substantially. Certain events occurred in 2019 are described below:

1 – OVERVIEW (Cont.)

1.4 – Current economic context (Cont.)

- During the first half of the year, the Gross Domestic Product dropped 2.5% on a year-on-year basis.

- The Consumer Price Index ("CPI") reached 53.83% according to data published by the National Institute of Statistics and Census ("INDEC").

- The Peso depreciation following August primary presidential elections triggered a flight of US dollar deposits from the financial system, with a resulting drop in reserves maintained by BCRA, and an increase in the reference interest rate, which jumped to over 80% during the year. As of year-end, the interest rate used as a reference for monetary policy purposes, ended up at 55%.

After taking office on December 10, 2019, the new National Administration implemented, in light of the prevailing circumstances, a number of measures. Said measures are summarized below:

- A scheme toward settlement of tax, social security and customs debts was put in place for "Micro, Small and Medium Companies".

- The schedule for alignment of employer social security contribution rates was suspended.

- The PEN was empowered to establish mandatory minimum salary increases for private-sector workers (while payment of relevant federal social contributions resulting from such salary increases or collective bargaining agreements has been temporarily exempted).

- The Gross Income tax rate reduction - that had been established under Law 27,430 - was suspended until fiscal years beginning on January 1, 2021, with the 30% rate, as well as the 7% dividend rate associated therewith, being maintained.

- As for the tax inflation adjustment, the government established that any adjustment so determined in respect of the first and second fiscal years starting as from January 1, 2019, be allocated as follows: one-sixth during said fiscal period, and the remaining five-sixths during the immediately following five fiscal periods in equal shares. It further established that that provision does not prevent from also computing the remaining one-thirds relating to previous periods in accordance with the previous version of article 194 of the Income Tax Law ("LIG").

- A new tax was established: the "Tax to Promote Argentina Inclusion and Solidarity – PAIS") on certain foreign currency transactions by local residents during five fiscal periods.

- An increase in the export withholding rate (except for hydrocarbon and mining products) as well as in the Personal Property Tax rate was established.

- The Value Added Tax on products comprised in the market basket was reinstated and pension benefits adjustment was suspended.

1 - OVERVIEW (Cont.)

1.4 – Current economic context (Cont.)

- Additionally, the National Government submitted a bill containing a proposal for renegotiating the foreign debt with international creditors, that was enacted in February 2020.

The Company's Management Department permanently monitors how variables affecting its business evolve in order to determine possible actions to be adopted and identify potential impacts on its equity and financial position. The Company's financial statements should be read in light of these circumstances.

1.5 - Decrease in revenues from gas transportation for export

In 2004, as a result of an increased domestic demand for gas and a simultaneous drop in production and reserves, the National Government adopted measures, still in force, to ensure that natural gas supply be primarily allocated to meet domestic demand. This involved restrictions on gas exports, which significantly affected sales of gas transportation services to foreign destinations and caused a steady decline in the use of firm gas transportation services. Although TGN was able to enter into settlement agreements with some foreign customers for the early termination of transportation contracts in exchange for economic compensation (which nevertheless have caused a negative net effect on TGN's expected cash flows), two legal disputes with YPF S.A. ("YPF") and the Chilean distributor Metrogas S.A. ("Metrogas"), which are described in Notes 20.1.4 and 20.1.5 respectively, to these financial statements, remain unsettled.

2 - PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

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 years' financial statements have been reclassified in order to compare them to these financial statements.

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

2.1 – Use of estimates and accounting policies

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

The accounting policies applied in preparing these financial statements are consistent with those applied in preparing the financial statements for fiscal year ended December 31, 2018, except for "derivative financial instruments" (See Note 2.7.4) and the adoption of new standards described in Note 2.19.

2.2 – Going Concern

As of the date of these 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 financial statements.

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

In turn, Law No. 27,468 (published in Official Gazette on December 4, 2018), amended article 10 of Law 23,928 as amended, by repealing all statutory or regulatory pieces of legislation that established or authorized price adjustment based on price increases, currency restatement, cost variation or other forms of boosting debts, taxes, prices or rates for goods, works or services. This does not apply to financial statements in respect of which the provisions of article 62 in fine of the General Company Law No 19,550 (as restated in 1984) as amended will continue to apply. Said legislation also repealed Decree No. 1269/2002 dated July 16, 2002 as amended, and delegated to PEN, through its supervisory entities, the power to establish the date as from which said provisions will apply to financial statements filed with it. Therefore, CNV instructed, through General Resolution 777/2018 (published in Official Gazette on December 28, 2018), that issuing entities subject to its supervision restate their annual, interim or special financial statements closed after December 31, 2018 in constant currency as per IAS 29. Therefore, these financial statements as of December 31, 2019 have been restated.

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

2.3 - Measuring Unit (Cont.)

Pursuant to IAS 29 any entity reporting its financial statements in the currency of a hyperinflationary economy shall report them in the measuring unit current as of the date of those financial statements. All such amounts in the balance sheet as are not reported in terms of the measuring unit as of the date of the financial statements shall be adjusted by applying a general price index. All items in the statement of income shall be reported in terms of the measuring unit adjusted as of the date of the financial statements, by applying the general Price index variation experienced since the date when income and expenses were originally recognized in the financial statements.

The inflation adjustment to initial balances was determined considering the indexes established by FACPCE on the basis of price indexes published by INDEC. The average price index variation for fiscal year ended December 31, 2019 was 53.83%.

The main procedures for the inflation adjustment above mentioned are as follows:

- Monetary assets and liabilities reported at the financial statements closing currency are not restated as they are already stated in terms of the measuring unit current at the date of said financial statements.
- Non-monetary assets and liabilities reported at cost as of the date of the financial statements, and equity items, are restated by applying relevant adjustment rates.
- All statement of comprehensive income items are adjusted by applying relevant conversion factors.
- The effect of inflation on the Company’s net monetary position is shown in the statement of comprehensive income, under “Net financial income”, more specifically under “Gain/loss on monetary position”.
- Comparative figures have been adjusted for inflation following the same procedure described in the preceding items.

In initially applying the inflation adjustment, equity items have been restated as follows:

- Common stock has been restated as from the later of subscription date or date of last inflation-adjustment. The resulting amount has been reflected under “Common stock integral adjustment”.
- Other comprehensive income has been restated as from each accounting entry date.
- Other reserves under the statement of income have not been restated initially.

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

2.4 - Investments in affiliated companies

Affiliated companies are all entities over which the Company exerts a significant influence. Investments in affiliated companies are valued using the equity method of accounting. Investments in affiliated companies Comgas Andina S.A. ("COMGAS") and Companhia Operadora do Rio Grande do Sul ("COPERG") have been valued at equity value, on the basis of their financial statements (see Note 7 to these financial statements).

2.5 - Functional currency

(a) Functional and reporting currency

The Company's functional and reporting currency is the Argentine peso. The Argentine peso is the currency that best reflects the economic substance of the Company's relevant circumstances and underlying events taken as a whole. However, there are affiliated companies with a functional currency other than the peso, which are valued on an equity interest basis (see Note 7 to these financial statements).

(b) Transactions and balances

Foreign currency transactions are converted into the functional currency based on the exchange rate prevailing at the date of the transactions or at the date of the financial statements in the case of accounts receivable or payable. Gains or losses resulting from exchange rates in force as at the date of the transaction and those in force at year end for foreign currency denominated assets and liabilities are recorded in the statement of comprehensive income. Exchange differences (gains or losses) are reported in the statement of comprehensive income under "Financial income" and "Financial costs", respectively.

(c) Affiliated companies

The results of operations and financial position of affiliated companies, which have a functional currency different from TGN's reporting currency, and none of which operates in hyperinflationary economy, are converted into the reporting currency as follows:

(a) Assets and liabilities are converted at the exchange rates prevailing at the closing date of financial statements;
(b) Income and expenses are converted at the monthly average exchange rate, except where such exchange rate does not reasonably reflect the cumulative effect of exchange rates prevailing at the date of each transaction, in which event they are converted at the exchange rate in force at the date of each transaction; and
(c) All resulting exchange rate differences are reported under other comprehensive income.

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

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 plots of land, buildings and civil construction works, gas inventory and the SCADA system; and (ii) 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 proportional 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 method. Said valuation method has been categorized as per IFRS 13 within Level 3 of the fair value hierarchy. 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 and which are the main factors that might affect the value of revalued assets in future periods: (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 the inflation rate, devaluation rate, etc. The Company believes that any sensitivity analysis involving relevant modifications to above mentioned factors, could result in significant changes.

Discounted cash flows used cover a period of 18 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 or decrease in the book value of an asset as a consequence of a revaluation is reported under "Other comprehensive income for fiscal year", net of the associated deferred tax, which amounts to $ 610,065. 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 allowance".

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.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 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.)

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 December 31, 2019:

Revalued Assets	Residual book value as of 12/31/2019 (cost model)	Higher value	Fair value as of 12/31/2019 (revaluation model)
Gas pipelines and branch lines	17,101,896	18,735,454	35,837,350
Compressor plants	2,578,606	2,412,435	4,991,041
Meter and regulating stations	303,895	361,094	664,989
SCADA System	162,318	442,068	604,386
Gas inventory	241,648	587,765	829,413
Lands	5,783	36,572	42,355
Buildings and civil construction works	522,273	406,134	928,407
Other technical installations	218,367	273,309	491,676
Subtotal essential assets	**21,134,786**	**23,254,831**	**44,389,617**
Lands	1,997	22,027	24,024
Buildings and civil construction works	166,520	111,899	278,419
Subtotal non-essential assets	**168,517**	**133,926**	**302,443**
Total Revalued Assets	**21,303,303**	**23,388,757**	**44,692,060**

Cumulative depreciation as of the revaluation date is offset against the gross book value of the asset. Depreciation, based on a component criterion, 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 and 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

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 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.)

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 allowance" 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 allowance", and the excess will be attributed to income for the fiscal year.

Changes in "Property, plant and equipment revaluation allowance" during 2019 fiscal year are described below:

Balance as of December 31, 2018	22,182,800
Reversal during 2019 fiscal year	(2,624,540)
Impairment during 2019 fiscal year	(2,179,436)
Balance as of December 31, 2019	17,378,824

Non-essential assets not subject to revaluation have been valued using the "cost model" foreseen in IAS 16 ("Property, plant and equipment"), upon acquisition, considering the purchase or construction cost, including material, labor and indirect costs and are then adjusted for inflation as provided in IAS 29. Depreciation is calculated using the straight-line method, applying annual depreciation rates sufficient to extinguish their original values at the end of their useful lives. In determining the useful lives ENARGAS regulations have been considered, among other parameters.

	Years of estimated remaining useful life
Building installations	21
Machinery, equipment and tools	5
Other technical installations	4
Communication equipment and devices	4
Vehicles	4
Furniture and fixtures	6
Rights-of-use	3-5
Works in progress	n/a

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

2.6 – Property, plant and equipment (Cont.)

The depreciation charge for each fiscal year is recognized under Income. The residual value and useful life of an asset are reviewed, at least, as of each fiscal year end, and if expectations differ from previous estimates, changes are reported as a change in an accounting estimate as provided under IAS 8 ("Accounting Policies, Changes in Accounting Estimates and Errors"). Assets are impaired to reflect their recoverable amount if the carrying residual value exceeds the estimated recoverable amount.

Gains and losses derived from the sale of assets are determined by comparing income received with their carrying residual value and reported in the statement of comprehensive income under "Other net income and expenses" (See Note 23 to these financial statements).

The Company has considered as part of the acquisition price of "Property, plant and equipment" items, net cost of third-party funding in the case of long-term construction works, until their start-up. The above-mentioned amounts are reported net of cumulative depreciations. Subsequent costs are recognized only when they are likely to generate future economic benefits for the Company and can be reasonably measured.

2.7 – Financial Instruments

2.7.1 – Recognition and Valuation

All financial instruments have been recognized or derecognized on the trade date, i.e. the date on which the Company purchases or sells said instruments. Financial assets are initially measured at fair value, net of transaction costs, except for those financial assets classified at fair value into profit or loss, where transaction costs are recorded as a financial expense in the statement of comprehensive income.

Investments are derecognized when the right to receive their cash flows expire or is transferred and the Company substantially ceases to have all the risks and rewards derived from ownership. Trade accounts receivable and other accounts receivable are valued at amortized cost applying the effective interest rate method.

Profits and losses from changes in the fair value of financial assets at fair value through profit or loss are included in the statement of comprehensive income under "Net Financial Income", in the fiscal year in which the aforementioned changes take place.

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

2.7 – Financial Instruments (Cont.)

2.7.2 - Classification

The Company classifies its financial instruments into the following categories: financial assets at fair value through profit or loss, financial assets at amortized cost and financial liabilities at amortized cost. This classification depends on the Company's business model to manage financial assets and the characteristics of the contractual cash flows thereof.

The Company has a policy approved by the Board, which describes the criteria to value its investments in financial assets and establishes monitoring mechanisms to be followed by the General Management Department, as to the proper application of said criteria.

2.7.2.1 – Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value included within this category are mutual funds and certain government bonds.

2.7.2.2 – Financial Assets at Amortized Cost

The following items have been included in this category: cash and cash equivalents, term deposits, dollar denominated government bonds, bonds, trade accounts receivable and "other accounts receivable".

2.7.2.3 – Financial Liabilities at Amortized Cost

The Company has determined that all financial liabilities are valued at amortized cost using the effective interest rate method.

2.7.3 - Impairment

As of the date of issue of each of its Financial Statements, the Company makes an estimate of the impairment of its financial assets, based on the expected loss model, where impairment is recognized during the life of the financial asset, considering historical loss data and reasonable estimates of future economic conditions.

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

2.8 - Materials and Spare Parts

Materials and spare parts are recorded at their historical cost adjusted for inflation, as provided in IAS 29. This cost is calculated according to the “Weighted Average Price” method. The breakdown of materials and spare parts into current and non-current has been performed based on the estimated utilization schedule. An allowance for slow-moving and obsolete materials and spare parts is determined for those slow-moving or obsolete assets. Considering the economic and financial projections prepared by the Company based on its best estimate, the book value of materials and spare parts does not exceed their recoverable value.

2.9 – Trade Accounts Receivable and Other Accounts Receivable

Trade accounts receivable represent amounts due from customers for services rendered by the Company in the normal course of its business. If said amounts are expected to be received within one year or less, they are classified as current assets. Otherwise, they are disclosed as non-current assets. Non-current trade accounts receivable are principally related to customers in dispute described in Notes 20.1.4 and 20.1.5 to these financial statements, and have been valued according to the best estimate of receivables.

Other accounts receivable has been valued at amortized cost applying the effective interest rate method, net of an allowance for doubtful accounts. To estimate expected credit losses, the Company applies IFRS 9. Said standard requires that a loss allowance be established during the full lifetime of trade accounts receivable. The expected credit loss to be recognized is calculated based on a percentage of bad debts across due dates of each trade account receivable. To measure the expected credit loss, trade accounts receivable have been grouped based on their credit risk and time elapsed since due. Book value of trade accounts receivable and other accounts receivable does not present material differences when compared to their fair value.

2.10 – Cash and Cash Equivalents

This item includes available cash, bank deposits and other short-term liquid investments originally falling due within three months or less. Available cash, bank deposits and term deposits are valued at their amortized cost. Mutual funds are valued at their fair value. Note 14 to these financial statements provides a breakdown of cash and cash equivalents.

2.11 – Common Stock

Common shares are recorded at their nominal value. The difference between common stock stated in constant currency and its historical nominal value is shown under “Common stock adjustment” in the statement of changes in shareholders’ equity.

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

2.12 Trade Accounts Payable and Other Debts

Trade accounts payable represent payment obligations for goods or services purchased from suppliers in the normal course of the Company's business. Trade accounts payable and other debts are classified as current or non-current liabilities depending on when the Company's liabilities become due. Trade accounts payable and other debts have been valued at their amortized cost, using the effective interest rate method. Book value of trade accounts payable and other debts do not present material differences when compared to their fair value.

2.13 - Loans

Loans have been valued at their amortized cost. Any difference between loans received (net of transaction costs) and amounts repaid is recognized in the statement of comprehensive income, using the effective interest rate method. Loans are classified as current or non-current liabilities, depending on when principal and interest payments become due.

2.14 – Income Tax

(a) Income Tax

The tax charge for the year comprises both current and deferred tax. The tax is recognized under the statement of comprehensive income, except to the extent related to items recognized under Other comprehensive income, in which case it is recognized under Other comprehensive income.

Current income tax is calculated in accordance with legislation approved as of the date of these financial statements. Positions taken as reflected in tax returns are periodically reviewed where applicable tax regulations are subject to interpretation, and if necessary, provisions are established for estimated amounts likely to be paid.

Deferred income tax is recognized in accordance with the balance sheet method, based on temporary differences resulting between tax bases for assets and liabilities and carrying amounts. It is calculated using tax rates and legislation approved as of the date of these financial statements, expected to be applicable when the deferred income tax asset is realized or the deferred income tax liability is paid.

Deferred income tax assets are recognized only to the extent future tax benefits are likely to be available so that temporary differences may be used.

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

2.14 – Income Tax (Cont.)

Deferred income tax assets and liabilities are offset because it is allowed under the law, they derive from the same entity's income tax, are subject to the same tax authority, and are reported to the latter on a net basis.

On December 29, 2017 the National Executive Branch enacted Law 27,430 – Income Tax. This law has introduced several changes regarding income tax treatment, including gradual tax rate reductions for Argentine companies from 35% to 30% for fiscal years beginning on January 1, 2018 until December 31, 2019, and a further reduction to 25% for fiscal years beginning on January 1, 2020, included. However, the Solidarity Law has postponed the application of the 25% rate for fiscal years beginning on January 1, 2021.

(b) Tax on dividends

Law 27,430, above mentioned, has additionally introduced a tax on dividends or retained earnings, applicable among others, to Argentine companies or permanent establishments either of individuals, undivided estates or foreign beneficiaries, on the following premises:

(i) dividends derived from earnings accrued during fiscal years beginning January 1, 2018 up to December 31, 2019, shall be subject to a 7% withholding tax; and

(ii) dividends derived from earnings in fiscal years beginning on January 1, 2020 onwards shall be subject to a 13% withholding tax.

However, the Solidarity Law has postponed the application of the 13% rate, establishing its effective date for fiscal periods beginning January 1, 2021.

Dividends derived from earnings accrued up to fiscal year prior to that beginning on January 1, 2018 will continue to be subject, as to all their recipients, to a 35% withholding tax over the excess of retained earnings that are tax-free distributable (transition period for matching tax).

2.15 - Contingencies

Provisions for labor, civil and administrative lawsuits are recognized when the Company has a legal or constructive liability as a result of past events, and it is likely that an outflow of cash will be required to settle said liability in an amount that can be accurately estimated. Provisions for contingencies are measured at the estimated present value of cash disbursements expected to be required to settle said liability.

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

2.16 – Revenue Recognition

As from January 1, 2018, the Company has applied IFRS 15 "Revenue from Contracts with Customers".

Consequently, revenues from firm and interruptible transportation services and operation and maintenance contracts are recognized at the present value of the amounts received or to be received, net of value added tax, withholdings and discounts. Firm transportation revenues are recognized based on the contracted capacity reserved, regardless of actual usage. Interruptible transportation revenues are recognized based on the volumes of natural gas delivered. Operation and maintenance revenues are recognized when services are provided.

IFRS 15 sets up a five step model to recognize and measure revenues: i) identify the contract with the customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when or as the entity satisfies a performance obligation.

According to the basic rules of the License, the Company transfers the turnover tax and tax on bank transactions, related to regulated services, to customers via increases in monthly billings.

Revenues from management fees in connection with works within the gas trust program (see Note 28 to these financial statements) are recognized based on work progress.

2.16.1 - Interest

Interest income is recognized based on the proportion of time elapsed, using the effective interest rate method and the original contractual rate associated with the underlying instrument or loan.

2.17 –Related Party Transactions

Related party transactions with controlling company, affiliated companies and other related parties are entered into according to current market conditions. Individuals and companies comprised in Law N° 26,831, Section 72, have been included as related parties.

2.18 - Commitments

As of the date of these Financial Statements, the Company has committed disbursements (see Notes 1.2, 1.3.3. and 6.1 to these Financial Statements).

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

2.19 – Changes in Interpretation and Accounting Standards

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

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

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

- Changes in 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. Said change is effective for reporting periods beginning on or after January 1, 2019. The adoption of this standard has had no impact on the TGN's financial position or results of operations.

- Changes in 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. They include long-term interest which, in substance, forms part of the entity's net investment in the associate or joint venture. Entities will apply IFRS 9 to such long-term interest before applying IAS 28. Said change is effective for 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.

In addition to the above mentioned, on January 1, 2019 the following standards and interpretations were adopted with no significant impact on the Company's financial statements:

- IFRIC 23 "Uncertainty Over Income Tax Treatments".

- Annual Improvements to IFRSs - 2015-2017 Cycle.

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

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

b) New accounting standards, amendments and interpretations issued and not yet effective for the current fiscal year

There are no additional new accounting standards, interpretations and/or amendments issued and not yet effective for the current fiscal year which may have a significant impact on the Company's financial statements.

2.20 – Changes in Accounting Policies

The Company has adopted IFRS 16 "Leases" as of January 1, 2019, but has not altered comparative balances for fiscal year 2018, as allowed under the transition provisions of said standard.

As a result of IFRS 16 adoption, the Company has recognized a lease debt related to leases that had been classified as operating leases under the previous standard (IAS 17). Said liability has been measured at the present value of payments remaining to be made under the lease contracts, discounted considering the discount rate implicit in those contracts, if this rate can be determined, or the weighted average incremental interest rate as of January 1, 2019. The average interest rate applied was 11.4% p.a. As of the date of IFRS 16 adoption, the Company did not have leases classified as finance leases under the previous standard.

(i) Practical expedients used

In initially applying IFRS 16, the Company has adopted the following practical expedients allowed under the standard:

- Apply a single discount rate for a lease portfolio with similar characteristics,
- Recognize operating leases with a remaining period shorter than twelve months as of January 1, 2019 as short-erm leases,
- Exclude initial direct costs for measuring the right-of-use asset as of the initial adoption date, and
- Use all information available as of the valuation date to determine the term of the lease when the contract provides for extension or termination options.

The Company has also made the decision not to revalue if a contract is or contains a lease as of the initial adoption date. For those contracts signed prior to the transition date, the Company maintained the valuation made under IAS 17 and Interpretation 4.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

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

2.20 – Changes in Accounting Policies (Cont.)

(ii) Measurement of lease liabilities

Leases reported as of December 31, 2018 discounted at the incremental interest rate as of the initial adoption date	25,032
Contracts revalued as leases	-
Lease debt recognized as of January 1, 2019	**25,032**
Current lease debt	12,691
Non-current lease debt	12,341

(iii) Measurement of lease asset

The right-of-use asset was measured at an amount equal to the lease debt amount.

(iv) Adjustments recognized in the balance sheet as of January 1, 2019

The change in the accounting policy has impacted on the following items in the balance sheet as of January 1, 2019:

- Property, plant and equipment – Right-of-Use: increase by 25,032.
- Lease debt: increase by 25,032.

3 – FINANCIAL RISK MANAGEMENT

3.1 – Financial Risk Factors

The Company's activities expose it to various financial risks: capital risk, market risk (including currency risks, price risks, interest rate risks on fair value and cashflows), credit risk and liquidity risk. The Company has an investment policy that provides a conceptual framework within which investments and fund placements are made, minimizing exposure to capital risk, maximizing return based on specific market characteristics, and maintaining liquidity levels necessary for its normal operation.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

3 – FINANCIAL RISK MANAGEMENT (Cont.)

3.2 – Capital Risk Management

The following table shows the Company's capitalization as of December 31, 2018 and December 31, 2017:

	12.31.2019	12.31.2018
Current Loans	7,239,781	6,527,625
Non-Current Loans	-	6,363,462
Total Loans	7,239,781	12,891,087
Common Stock	439,374	439,374
Common Stock integral adjustment	13,626,363	13,626,363
Statutory reserve	2,813,149	199,587
Optional reserve for working capital and liquidity coverage	1,307,044	-
Voluntary reserve for future dividends	232,937	-
Property, Plant and Equipment Revaluation Allowance	17,378,824	22,182,800
Other Reserves	(5,343)	(2,127)
Retained Earnings	7,141,804	8,284,242
Total Shareholders' Equity	42,934,152	44,730,239
Total Capitalization	50,173,933	57,621,326

3.3.1 – 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 $ 6.6 million, provided 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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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 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

	12.31.19				12.31.18		
	Amount and type of foreign currency (1)		Current trading price in $	Amount in local currency (1)	Amount and type of foreign currency (1)		Amount in local currency (1)
ASSETS							
NON-CURRENT ASSETS							
Trade accounts receivable							
Trade accounts receivable with third parties	US$	189,378	59.69	11,303,964	US$	189,378	10,924,677
Total non-current assets				**11,303,964**			**10,924,677**
CURRENT ASSETS							
Other accounts receivable							
Other sundry accounts receivable	US$	736	59.69	43,932	US$	673	38,823
Guarantee deposits - rentals	US$	250	59.69	14,929			-
Other receivables with controlling company	US$	4	59.69	253	US$	4	237
Other receivables with affiliated companies	US$	11	59.69	638	US$	2	102
	R$	106	14.10	1,488	R$	116	1,650
				61,240			40,812
Trade accounts receivable							
Trade accounts receivable with third parties	US$	188	59.69	11,232	US$	852	49,149
Trade accounts receivable with related parties	US$	118	59.69	7,029	US$	75	4,338
Trade accounts receivable with affiliated companies	US$	11	59.69	664	US$	28	1,626
	R$	41	14.10	577	R$	23	326
				19,502			55,439
Derivative financial instruments							
Derivative financial instruments	US$	1,339	59.69	79,904			-
				79,904			-
Investments at amortized cost							
Government bonds in US$– Commercial papers				-	US$	19,231	1,109,387
Government bonds in US$ - T-BILLS	US$	24,461	59.69	1,460,075	US$	45,881	2,646,754
Government bonds in US$ - Letes	US$	1,764	59.69	105,303			-
				1,565,378			3,756,141
Investments at fair value							
Mutual funds in US$	US$	985	59.69	58,773	US$	3,318	191,405
Government bonds in US$	US$	2,863	59.69	170,893	US$	6,371	367,549
				229,666			**558,954**
Cash and cash equivalents							
Term deposits in US$	US$	5,522	59.69	329,613	US$	50,438	2,909,626
Mutual funds in US$	US$	27,601	59.69	1,647,507			-
Bank balances	US$	501	59.69	29,894	US$	10,342	596,621
				2,007,014			3,506,247
Total current assets				**3,962,704**			**7,917,593**
Total assets				**15,266,668**			**18,842,270**

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

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3 – FINANCIAL RISK MANAGEMENT (Cont.)

Foreign Currency denominated Assets and Liabilities (Cont.)

	12.31.19				12.31.18		
	Amount and type of foreign currency [1]		Current trading price in $	Amount in local currency [1]	Amount and type of foreign currency [1]		Amount in local currency [1]
LIABILITIES							
NON-CURRENT LIABILITIES							
Loans							
Syndicated Loan				-	US$	109,725	6,363,462
				-			**6,363,462**
Total Non-Current Liabilities							
CURRENT LIABILITIES							
Trade accounts payable							
Suppliers - goods and services	US$	1,201	59.89	71,953	US$	702	252,291
	£	188	78.7074	14,801	£	353	26,045
Unbilled Goods and Services	US$	6,769	59.89	405,393	US$	8,037	466,103
	£	39	78.7074	3,062	£	172	12,687
	€	24	67.2265	1,618	€	30	1,997
				496,827			759,123
Loans							
Syndicated loan	US$	110,866	59.89	6,639,781	US$	112,554	6,527,546
				6,639,781			6,527,546
Total Current Liabilities				**7,136,608**			**7,286,669**
Total Liabilities				**7,136,608**			**13,650,131**

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

[1] Does not include allowances, provisions for contingencies or discounts at present value.

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

3 – FINANCIAL RISK MANAGEMENT (Cont.)

3.3.2 – Price risks

The Company is exposed to the risk of price fluctuations in investments held and classified in its balance sheet as at fair value through profit or loss. To manage the exposure to price risks, the Company has a diversified portfolio. Portfolio diversification is subject to the restrictions established in TGN´s investment policy.

The potential impact on the statement of comprehensive income and the statement of changes in shareholders' equity resulting from each percentage point increase or decrease in the average fair value of the investment portfolio, would approximately represent a gain or loss, as applicable, of $ 19.8 million, provided the other economic-financial variables affecting the Company remain stable. This sensitivity analysis is based on reasonable assumptions and information. Yet, actual results might significantly differ from said analysis.

3.3.3 – Interest rate risks on fair value and cash flows

The Company's financial liabilities denominated in foreign currency amount to US$ 110.9 million, which accrue a 6 months LIBO interest rate plus a 4% margin, increased by 0.25% as from May 2020.

The potential impact on the statement of comprehensive income and the statement of changes in shareholders' equity resulting from each percentage point increase or decrease in LIBO rate for liabilities denominated in foreign currency mentioned in the first paragraph, would approximately represent a gain or loss, as applicable, of $ 0.4 million, provided the other economic-financial variables affecting the Company remain stable. This sensitivity analysis is based on reasonable assumptions and information. Yet, actual results might significantly differ from said analysis.

Additionally, the Company took a peso denominated loan with Banco Macro for $ 600 million at a "BADLAR + 12%" rate that was due and paid in full in January 2020.

3.4 – Credit risks

The credit risk related to investments arises from the credit rating of the financial instrument and the counterparty where such instrument is deposited. The Company's investment policy establishes minimum levels of credit rating for financial instruments and counterparties, according to the type of instrument, currency and marketplace. The Company must transact business with financial institutions with high credit ratings and/or a strong market presence. Diversification restrictions are set, both by instrument and institution.

As to customers, independent risk ratings are used, where available, or otherwise, a customer's credit rating considering its financial position, experience and other factors is assessed. If it is determined that the customer represents a risk in terms of payment or compliance with obligations, actions to eventually mitigate such risks are considered (basically payment guarantees). The credit risk associated with export customers is described in Note 1.5 to these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

3 – FINANCIAL RISK MANAGEMENT (Cont.)

3.4 – Credit risks (Cont.)

Short- and medium-term cash flow forecasting is performed on a regular basis to ensure that sufficient cash is available to meet the Company's operation and maintenance requirements.

3.5 – Liquidity risks

The Company invests cash surplus in interest-bearing accounts, term deposits, mutual funds, government bonds and securities, choosing instruments with adequate maturity dates or sufficient liquidity. The table below breaks down liabilities by the term remaining to elapse to maturity, counted as from the date of the Financial Statements.

As of December 31, 2019	Less than 3 months	Between 3 months and a year	Between 1 and 2 years	More than 2 years	Past due/-Without term
Loans	600,000	6,659,317	-	-	-
Other liabilities (except Contingencies, Deferred income tax liabilities, Salaries and social security contributions, Income tax and Taxes payable)	324,685	66,809	76,354	152,708	819,032

As of December 31, 2018	Less than 3 months	Between 3 months and a year	Between 1 and 2 years	More than 2 years	Past due/-Without term
Loans	-	7,112,149	6,711,722	-	-
Other liabilities (except Contingencies, Deferred income tax liabilities, Salaries and social security contributions, Income tax and Taxes payable)	98,755	34,957	93,219	279,656	1,004,122

3.6 – Fair value estimate

Different valuation levels for financial instruments carried at fair value have been defined as follows:

* Level 1: Quoted prices in active markets for identical assets.
* Level 2: Information, other than the quoted price included in Level 1 that can be confirmed for the asset, either directly (i.e., prices) or indirectly (i.e., derived from prices).
* Level 3: Information on the asset that cannot be confirmed in the market (i.e., non-observable data).

As of this date, the Company has no financial instruments valued as established in level 3.

3 – FINANCIAL RISK MANAGEMENT (Cont.)

3.6 – Fair value estimate (Cont.)

The value of financial instruments traded on active markets is based on the quoted market prices at the date of the Financial Statements. The quoted market price used for financial assets held by the Company is the ask price as of December 31, 2019. These instruments are included in Level 1 and comprise investments in mutual funds, government bonds and derivative financial instruments. The following table shows the Company's Level 1 and 2 assets, measured at fair value as of December 31, 2019 and 2018:

	12.31.2019	12.31.2018
Financial assets at fair value:		
Mutual funds in $	99,700	-
Mutual funds in US$	1,706,280	191,405
Government bonds in US$	170,893	367,549
Derivative financial instruments	79,904	-
Total financial assets at fair value	2,056,777	558,954

4 – CRITICAL ACCOUNTING ESTIMATES

In preparing these Financial Statements the Company's Board is required to make estimates that affect the valuation of contingent assets and liabilities disclosed as of their date of issue, the allowance for doubtful accounts and disputed amounts (see Notes 2.9, 20.1.4 and 20.1.5 to these financial statements), depreciation and recoverable value of assets (see Note 2.6 to these financial statements), allowance for slow-moving or obsolete materials (see Note 2.8 to these financial statements), income tax charge (see Note 2.14 to these financial statements), as well as income and expenses recorded in the pertinent fiscal year. However, actual results may significantly differ from the estimates used in the preparation of these Financial Statements.

5 – 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);

	12.31.2019	12.31.2018
Revenues	17,791.5	18,247.7
Operating costs	(6,411.5)	(6,343.1)
Management EBITDA	11,380.0	11,904.6
Acquisition of "Property, plant and equipment"	2,801.8	3,450.1

5 – BUSINESS SEGMENT INFORMATION (Cont.)

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

	12.31.2019	12.31.2018
Management EBITDA in million pesos	11,380.0	11,904.6
“Property, plant and equipment” depreciation	(5,637.5)	(5,209.3)
Other net income and expenses	207.1	(167.3)
Net financial income	(426.5)	(2,596.9)
Income (loss) from investments in affiliated companies	22.7	14.0
Income before income tax	5,545.8	3,945.1

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

6 – PROPERTY, PLANT AND EQUIPMENT

	12.31.2019										Net book value	
	Cost of acquisition						Depreciation					
	At the beginning of fiscal year	Additions	Disposals	Transfers	Impairment Revaluation	At the end of fiscal year	At the beginning of fiscal year	Fiscal year	Disposals	At the end of fiscal year	12.31.2019	12.31.2018
Essential assets:												
Gas pipelines and branch lines	40,919,128	-	-	1,192,560	(2,246,525)	39,865,163	-	4,027,813	-	4,027,813	35,837,350	40,919,128
Compressor plants	6,076,580	-	(17,276)	414,518	(307,693)	6,166,129	-	1,180,971	(5,883)	1,175,088	4,991,041	6,076,580
Meter and regulating stations	616,577	-	-	138,725	(37,138)	718,164	-	53,175	-	53,175	664,989	616,577
SCADA system	796,649	-	(1,223)	(20,586)	(38,889)	735,951	-	131,776	(211)	131,565	604,386	796,649
Gas inventory	881,536	-	-	-	(52,123)	829,413	-	-	-	-	829,413	881,536
Lands	45,032	-	-	-	(2,677)	42,355	-	-	-	-	42,355	45,032
Buildings and civil construction works	1,026,197	-	-	10,312	(58,470)	978,039	-	49,632	-	49,632	928,407	1,026,197
Other technical installations	474,973	-	-	150,486	(26,950)	598,509	-	106,833	-	106,833	491,676	474,973
Sub-total essential assets	**50,836,672**	**-**	**(18,499)**	**1,886,015**	**(2,770,465)**	**49,933,723**	**-**	**5,550,200**	**(6,094)**	**5,544,106**	**44,389,617**	**50,836,672**
Other revalued assets												
Lands	25,468	-	-	-	(1,444)	24,024	-	-	-	-	24,024	25,468
Buildings and civil construction works	306,106	-	-	-	(17,592)	288,514	-	10,095	-	10,095	278,419	306,106
Sub-total other revalued assets	**331,574**	**-**	**-**	**-**	**(19,036)**	**312,538**	**-**	**10,095**	**-**	**10,095**	**302,443**	**331,574**
Total revalued assets	**51,168,246**	**-**	**(18,499)**	**1,886,015**	**(2,789,501)**	**50,246,261**	**-**	**5,560,295**	**(6,094)**	**5,554,201**	**44,692,060**	**51,168,246**
Non-essential assets:												
Building installations	70,610	-	-	-	-	70,610	29,255	3,310	-	32,565	38,045	41,355
Machinery, equipment and tools	314,701	44,341	(3,210)	-	-	355,832	295,986	8,988	(3,117)	301,857	53,975	18,715
Other technical installations	414,941	5,402	(14,758)	-	-	405,585	396,658	10,371	(14,729)	392,300	13,285	18,283
Communication equipment and devices	43,671	2,003	(15)	-	-	45,659	41,692	1,609	(15)	43,.286	2,373	1,979
Vehicles	310,288	68,012	(21,675)	-	-	356,625	200,866	30,468	(19,532)	211,802	144,823	109,422
Furniture and fixtures	182,376	2,128	(976)	-	-	183,528	156,119	10,739	(873)	165,985	17,543	26,257
Right-of-use (Note 18.1)	-	29,305	-	-	-	29,305	-	11,696	-	11,696	17,609	-
Works in progress	3,316,767	2,650,696	(8,602)	(1,886,015)	-	4,072,846	-	-	-	-	4,072,846	3,316,767
Sub-total non-essential assets	**4,653,354**	**2,801,811**	**(49,236)**	**(1,886,015)**	**-**	**5,519,990**	**1,120,576**	**77,181**	**(38,266)**	**1,159,491**	**4,360,499**	**3,532,778**
Balance as of December 31, 2019	**55,821,600**	**2,801,887**	**(67,735)**	**-**	**(2,789,501)**	**55,766,251**	**1,120,576**	**5,637,476**	**(44,360)**	**6,713,692**	**49,052,559**	
Balance as of December 31, 2018	**50,656,699**	**3,450,147**	**(28,027)**	**-**	**6,895,467**	**60,974,286**	**1,084,659**	**5,209,251**	**(20,648)**	**6,273,262**		**54,701,024**

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

6 – PROPERTY, PLANT AND EQUIPMENT

	12.31.2018										Net book value
	Cost of acquisition						Depreciation				
	At the beginning of fiscal year	Additions	Disposals	Transfers	Revaluation	At the end of fiscal year	At the beginning of fiscal year	Fiscal year	Disposals	At the end of fiscal year	12.31.2018
Essential assets:											
Gas pipelines and branch lines	37,721,589	-	-	1,307,837	5,515,033	44,544,459	-	3,625,331	-	3,625,331	40,919,128
Compressor plants	5,945,891	-	(7,498)	523,058	817,828	7,279,279	-	1,207,829	(5,130)	1,202,699	6,076,580
Meter and regulating stations	574,858	-	(48)	11,007	83,103	668,920	-	52,391	(48)	52,343	616,577
SCADA system	814,465	2,048	-	-	107,372	923,885	-	127,236	-	127,236	796,649
Gas inventory	762,723	-	-	-	118,813	881,536	-	-	-	-	881,536
Lands	38,266	-	-	-	6,766	45,032	-	-	-	-	45,032
Buildings and civil construction works	911,921	-	-	-	146,095	1,058,016	-	31,819	-	31,819	1,026,197
Other technical installations	491,770	13,874	-	8,592	64,017	578,253	-	103,280	-	103,280	474,973
Sub-total essential assets	**47,261,483**	**15,922**	**(7,546)**	**1,850,494**	**6,859,027**	**55,979,380**	**-**	**5,147,886**	**(5,178)**	**5,142,708**	**50,836,672**
Other revalued assets											
Lands	22,688	-	-	-	2,780	25,468	-	-	-	-	25,468
Buildings and civil construction works	282,424	-	-	-	33,660	316,084	-	9,978	-	9,978	306,106
Sub-total other revalued assets	**305,112**	**-**	**-**	**-**	**36,440**	**341,552**	**-**	**9,978**	**-**	**9,978**	**331,574**
Total revalued assets	**47,566,595**	**15,922**	**(7,546)**	**1,850,494**	**6,895,467**	**56,320,932**	**-**	**5,157,864**	**(5,178)**	**5,152,686**	**51,168,246**
Non-essential assets:											
Building installations	70,611	-	-	-	-	70,611	26,415	2,841	-	29,256	41,355
Machinery, equipment and tools	308,829	7,686	(1,814)	-	-	314,701	291,180	6,432	(1,626)	295,986	18,715
Other technical installations	420,174	1,196	(6,429)	-	-	414,941	393,849	9,178	(6,369)	396,658	18,283
Communication equipment and devices	42,424	1,303	(57)	-	-	43,670	40,882	866	(57)	41,691	1,979
Vehicles	274,639	44,340	(8,690)	-	-	310,289	178,661	29,353	(7,147)	200,867	109,422
Furniture and fixtures	180,410	2,307	(342)	-	-	182,375	153,672	2,717	(271)	156,118	26,257
Works in progress	1,793,017	3,377,393	(3,149)	(1,850,494)	-	3,316,767	-	-	-	-	3,316,767
Sub-total non-essential assets	**3,090,104**	**3,434,225**	**(20,481)**	**(1,850,494)**	**-**	**4,653,354**	**1,084,659**	**51,387**	**(15,470)**	**1,120,576**	**3,532,778**
Balance as of December 31, 2018	**50,656,699**	**3,450,147**	**(28,027)**	**-**	**6,895,467**	**60,974,286**	**1,084,659**	**5,209,251**	**(20,648)**	**6,273,262**	**54,701,024**

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

6 – PROPERTY, PLANT AND EQUIPMENT (Cont.)

6.1 – Commitments

As of December 31, 2019, the Company has firm contractual commitments with suppliers for the acquisition of Property, plant and equipment for $ 841,356.

7 – INVESTMENTS IN AFFILIATED COMPANIES

	12.31.2019	12.31.2018
Balance at the beginning of fiscal year	43,082	22,422
Income from investments in affiliated companies [(1)]	17,308	20,660
Balance at the end of fiscal year	60,390	43,082

[(1)] Includes $ (5,343) and $ 6,672 that have been charged to “Other comprehensive income” in the Statement of comprehensive income, as of December 31, 2019 and 2018, respectively.

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

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

7 – 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		Information on issuer							
							Main Activity	Most Recent Financial Statements						
	Shares	Face Value			12.31.19	12.31.18		Date	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	57,902	43,082	Gas pipeline operation and maintenance service	12.31.19	82	-	118,085	118,167	49.0
Companhia Operadora do Rio Grande do Sul	Common	(2) 1 per share	49	0.1	2,488	2,835	Gas pipeline operation and maintenance service	12.31.19	1	3,761	1,315	5,077	49.0
Investment allowance						(2,835)							
Total					**60,390**	**43,082**							

(1) Chilean pesos
(2) Brazilian Reais

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

8 – 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:

	12.31.2019	12.31.2018
Deferred income tax assets:		
Deferred income tax assets to be recovered after 12 months	227,260	275,965
Deferred income tax assets to be recovered within 12 months	59,175	193,169
	286,435	469,134
Deferred income tax liabilities:		
Deferred income tax liabilities to be recovered after 12 months	(8,118,104)	(8,722,688)
Deferred income tax liabilities to be recovered within 12 months	(1,102,379)	(1,601,103)
	(9,220,483)	(10,323,791)
Deferred income tax liabilities (net)	(8,934,048)	(9,854,657)

Deferred tax assets and liabilities, excluding the settlement of balances, is 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
Balance as of December 31, 2017	123,109	119,302	54,783	655,703	47,159	6,029	1,006,085
Charged to statement of comprehensive income	54,741	88,043	11,920	(655,703)	(32,962)	(2,990)	(536,951)
Balance as of December 31, 2018	177,850	207,345	66,703	-	14,197	3,039	469,134
Charged to statement of comprehensive income	(102,538)	(46,894)	(26,598)	-	(5,721)	(948)	(182,699)
Balance as of December 31, 2019	75,312	160,451	40,105	-	8,476	2,091	286,435

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
Balance as of December 31, 2017	(4,950,096)	(788,163)	(6,778,476)	1,221	-	(12,515,514)
Charged to statement of comprehensive income	3,410,248	(374,280)	(832,150)	(12,095)	-	2,191,723
Balance as of December 31, 2018	(1,539,848)	(1,162,443)	(7,610,626)	(10,874)	-	(10,323,791)
Charged to statement of comprehensive income	187,833	(13,190)	1,600,598	(19,665)	(652,268)	1,103,308
Balance as of December 31, 2019	(1,352,015)	(1,175,633)	(6,010,028)	(30,539)	(652,268)	(9,220,483)

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

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

8 – 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:

	12.31.2019	12.31.2018
Income before income tax	5,545,791	3,945,098
Statutory income tax rate	30%	30%
Income tax charge determined by applying statutory tax rate to the income for the fiscal year	(1,663,737)	(1,183,529)
Exceptions to statutory income tax rate:		
- Equity items inflation adjustment	(2,109,753)	(1,418,898)
- Deferred tax liabilities inflation adjustment at beginning	549,696	1,068,683
- Income from investments in affiliated companies	5,642	3,590
- Adjustment to income tax provision balance	66,319	7,424
- Change in income tax rate [1]	67,342	(280,033)
- Special tax – Law 27,430 – Chapter X – art. 1	-	(984,300)
- Tax inflation adjustment – Title VI and updates art 89 – Income Tax Law	(802,791)	-
- Tax revaluation – Law 27,430 – Chapter X – art. 1	2,136,874	4,574,842
- Non-deductible items	(1,615)	(7,321)
- Untaxed items	461,292	-
Total income tax charge	(1,290,731)	1,780,458

[1] Derived from applying changes in income tax rate to the deferred tax assets and liabilities, as provided under law 27,430, based on the year in which their realization is expected to occur.

Law 27,430 establishes that the tax inflation adjustment provided for in Title VI of the LIG be applied to the first, second and third fiscal years as from its effective date (in 2018), provided the CPI 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 CPI cumulative variation recorded in the first fiscal year did not exceed 55%. However, as of the date of issue of these financial statements and according to the information published by INDEC the CPI exceeded 30%. The tax inflation adjustment has consequently been calculated and reflected in the current and deferred income tax provision, considering that the Solidarity Law established, as a temporary measure, that any resulting adjustment, either gain or loss, for the first and second fiscal years as from January 1, 2019, shall be allocated as follows: one-sixth during said fiscal period and the remaining five-sixths during the immediately following five fiscal periods in equal shares.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

9 – INVESTMENTS

	12.31.2019	12.31.2018
Non-Current:		
Financial Assets at amortized cost:		
VRD bonds in $	11,010	29,819
Total financial assets at amortized cost	**11,010**	**29,819**
Current:		
Financial Assets at amortized cost:		
Government bonds in US$ - Commercial papers	-	1,109,387
Government bonds in US$ - T-BILLS	1,460,075	2,646,754
Government bonds in US$ - Letes	105,303	-
VRD bonds in $	8,713	13,467
Total financial assets at amortized cost	**1,574,091**	**3,769,608**
Current:		
Financial assets at fair value:		
Mutual funds in US$	58,773	191,405
Government bonds in US$	170,893	367,549
Total financial assets at fair value	**229,666**	**558,954**

Derivative Financial Instruments:

As of December 31, 2019, the Company has US dollar exchange rate forward positions due in January 2020 for US$ 9.6 million ($ 59.41 per dollar) and in February 2020 for US$ 17 million ($ 61.28 per dollar). Those positions have been valued at the exchange rate in force at fiscal year end at the futures market.

10 – FINANCIAL INSTRUMENTS BY CATEGORY

	12.31.2019	12.31.2018
Financial assets at fair value(1)**:**		
Current:		
Classified as "Investments at fair value":		
Mutual funds in US$	58,773	191,405
Government bonds in US$	170,893	367,549
Subtotal	229,666	558,954
Classified as "Cash and cash equivalents":		
Mutual funds in $ (Note 14)	99,700	-
Mutual funds in US$ (Note 14)	1,647,507	-
Subtotal	1,747,207	-
Derivative financial instruments (3)	79,904	-
Subtotal	79,904	-
Total financial assets at fair value - Current	**2,056,777**	**558,954**

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

10 – FINANCIAL INSTRUMENTS BY CATEGORY (Cont.)

	12.31.2019	12.31.2018
Financial assets at amortized cost:		
Current:		
Classified as “Investments at amortized cost”:		
Government bonds in US$ - Commercial papers	-	1,109,387
Government bonds in US$ - T-BILLS	1,460,075	2,646,754
Government bonds in US$ - Letes	105,303	-
VRD bonds in $	8,713	13,467
Subtotal	1,574,091	3,769,608
Classified as “Cash and cash equivalents”:		
Cash and banks (Note 14)	46,945	693,200
Term deposits in US$ (2) (Note 14)	329,613	2,909,626
Subtotal	376,558	3,602,826
Classified as “Trade accounts receivable” and “Other accounts receivable”	3,067,576	2,281,714
Total financial assets at amortized cost - Current	**5,018,225**	**9,654,148**
Non-Current:		
Classified as “Investments at amortized cost”:		
VRD bonds in $	11,010	29,819
Subtotal	11,010	29,819
Classified as “Trade accounts receivable” and “Other accounts receivable”	5,104,943	4,960,623
Total financial assets at amortized cost – Non-Current	**5,115,953**	**4,990,442**
Financial liabilities at amortized cost:		
Current:		
Loans	7,239,781	6,527,625
Trade accounts payable, other debts and lease debt	1,115,061	1,087,518
Total financial liabilities at amortized cost – Current	**8,354,842**	**7,615,143**

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

10 – FINANCIAL INSTRUMENTS BY CATEGORY (Cont.)

	12.31.2019	12.31.2018
Non-Current:		
Loans	-	6,363,462
Trade accounts payable, other debts and lease debt	324,527	423,191
Total financial liabilities at amortized cost – Non-Current	**324,527**	**6,786,653**

(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 financial statements. The quoted market price used for financial assets held by the Company is the ask price as of December 31, 2019 and 2018.

(2) Investments originally falling due within three months or less are classified as "Cash and cash equivalents" in the balance sheet. A breakdown of this account is presented in Note 14 to these 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.

Credit rating of the financial assets is as follows:

	12.31.2019	12.31.2018
AAA	3,173,738	2,646,756
AA	18,811	-
A	73,505	191,404
A-1	329,614	4,019,015
B	-	367,546
CC	276,196	-
Other financial assets without credit rating	8,319,091	7,978,823
Total	12,190,955	15,203,544

11 – MATERIALS & SPARE PARTS

Non-Current		
Spare parts and consumables	1,330,088	1,326,557
Allowance for slow-moving and obsolete materials	(485,976)	(561,934)
Total non-current materials and spare parts	844,112	764,623

Changes in allowance for slow-moving and obsolete materials:

Balance as of December 31, 2017	403,285
– Increases, net of gain on monetary position	158,649
Balance as of December 31, 2018	561,934
– Recoveries, net of loss on monetary position	(75,958)
Balance as of December 31, 2019	485,976

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

11 – MATERIALS & SPARE PARTS (Cont.)

The Company recognizes an allowance for slow-moving or obsolete materials and spare parts, for those slow-moving or obsolete assets, considering the economic-financial projections prepared on a best estimate basis.

12 – OTHER ACCOUNTS RECEIVABLE

	12.31.2019	12.31.2018
Non-current		
Other	7,705	15,361
Total other accounts receivable – Non-current	7,705	15,361
Current		
Key management personnel (Note 26)	30,459	32,909
Prepaid expenses and advances	326,282	342,928
Attachments, guarantee court deposits and expenses to be recovered	50	77
Assistance fees – controlling shareholder (Note 26)	253	237
Other receivables – affiliated companies (Note 26)	2,126	1,752
Other receivables – other related parties (Note 26)	-	40,590
Service projects to be invoiced	12,775	14,039
Guarantee deposits - rentals	14,929	-
Allowance for doubtful accounts	(6,970)	(9,376)
Other trade receivables	52,183	43,543
Total other accounts receivable - Current	432,087	466,699

. Changes in the allowance are as follows:

Balances as of December 31, 2017	16,171
– Increases	16,909
– Accounts received	(18,869)
– Loss on monetary position	(4,835)
Balances as of December 31, 2018	9,376
– Increases	676
– Loss on monetary position	(3,082)
Balances as of December 31, 2019	6,970

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

13 – TRADE ACCOUNTS RECEIVABLE

	12.31.2019	12.31.2018
Non-current		
Trade accounts receivable - third parties	11,303,964	10,943,726
Allowance for doubtful accounts and disputed amounts	(6,206,726)	(5,998,464)
Total trade accounts receivable – Non-current	5,097,238	4,945,262
Current		
Trade accounts receivable - third parties	2,833,895	2,328,560
Trade accounts receivable – other related parties (Note 26)	455,350	445,656
Trade accounts receivable – affiliated companies (Note 26)	1,241	1,952
Less: Allowance for doubtful accounts and disputed amounts	(334,701)	(581,540)
Total trade accounts receivable - Current	2,955,785	2,194,628

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

Balances as of December 31, 2017	3,989,223
– Increases, net of gain on monetary position	2,009,241
Balances as of December 31, 2018	5,998,464
– Increases, net of gain on monetary position	208,262
Balance as of December 31, 2019	6,206,726

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

Balances as of December 31, 2017	113,136
– Increases	584,393
– Loss on monetary position	(115,989)
Balances as of December 31, 2018	581,540
– Recoveries	(69,087)
– Loss on monetary position	(177,752)
Balance as of December 31, 2019	334,701

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 said standard, 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.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

13 – TRADE ACCOUNTS RECEIVABLE (Cont.)

Aging of trade accounts receivable at nominal value is as follows:

	12.31.2019	12.31.2018
To become due	1,569,442	1,679,693
Past due from 0 to 6 months	1,330,686	781,419
Past due for more than 6 months	11,694,322	11,258,782
Total	14,594,450	13,719,894

The maximum credit risk exposure at the date of issue of these Financial Statements is the book value of each type of trade accounts receivable and other accounts receivable. The values recorded for the Company's accounts receivable at nominal value are stated in the following currencies:

	12.31.2019	12.31.2018
Argentine Pesos	3,270,984	2,739,779
US Dollars	11,323,466	10,980,115
Total	14,594,450	13,719,894

14 – CASH AND CASH EQUIVALENTS

Cash and banks (1)	46,945	693,200
Mutual funds in $	99,700	-
Mutual funds in US$	1,647,507	-
Term deposits in US$	329,613	2,909,626
Total	2,123,765	3,602,826

(1) As of December 31, 2019 and 2018, 29,894 and 596,621, respectively, denominated in foreign currency, are included. See Note 3 to these financial statements.

15 – 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.

15 – COMMON STOCK (Cont.)

15.1 - 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.

15.2 – 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.

16 - LOANS

On October 26, 2017, TGN entered into a loan with the Industrial and Commercial Bank of China Limited (Dubai Branch), Citibank N.A. and Itaú Unibanco S.A. (Nassau Branch) ("the Syndicated Loan"). The terms and conditions of this loan are described below.

16.1 – Terms and conditions of the Syndicated Loan

The Syndicated Loan has been contracted for a principal amount of US$ 220 million, a term of 36 months, payable on four equal and consecutive bi-annual installments of US$ 55 million each, as from the 18th month. Interest accrues on a bi-annual basis at LIBOR plus an annual nominal margin of 3.00% during the first six-month period, 3.25% during the second six-month period, 3.50% during the third six-month period, 3.75% during the fourth six-month period, 4.00% during the fifth six-month period and 4.25% during the sixth six-month period. The Syndicated Loan includes financial covenants that are generally used in this type of transactions, including non-payment of dividends, unless: (i) the License Comprehensive Agreement has been passed by the National Congress and ratified by the National Executive Branch and the CRR is in force and approved by the enforcement authority, and (ii) the Net Financial Debt / EBITDA ratio does not exceed 2.25:1.00 after dividends are paid. As of the date hereof, the Company has complied with the covenants set forth in the Syndicated Loan. The Syndicated Loan is governed and construed in accordance with to the Law of New York and is subject to the jurisdiction of the courts of the Southern District of the City of New York.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

16 – LOANS (Cont.)

16.1 – Terms and conditions of the Syndicated Loan (Cont.)

As of the date of issue of these financial statements, principal and interest due on the Syndicated Loan amount to US$ 110.9 million.

Additionally, on October 21, 2019, the Company took a ninety-day peso denominated loan with Banco Macro for $ 600 million, at nominal value, at a monthly interest rate of "BADLAR + 12%". This loan was paid in full on January 21, 2020.

16.2 – Changes in Loans

	12.31.2019	12.31.2018
Balance at the beginning of fiscal year	12,891,087	9,263,732
Accrual of interest on Syndicated Loan	813,213	800,536
Exchange rate difference on Syndicated Loan	5,022,676	8,164,753
Payment of principal and interest on Syndicated Loan	(7,454,430)	(616,851)
Accrual of interest on Surety bonds	90,161	-
Payment of interest on Surety bonds	(90,161)	-
Loan with Banco Macro	648,945	-
Loss on monetary position	(4,681,710)	(4,721,083)
Balance at the end of fiscal year	7,239,781	12,891,087

17 – TAXES PAYABLE

Value Added Tax	91,802	122,614
Turnover Tax	1,637	2,560
Tax withholdings and receipts from third parties	99,077	100,493
Total taxes payable	192,516	225,667

18 – OTHER DEBTS AND LEASES

OTHER DEBTS:

Non-current		
Allowance for easements	47,036	50,317
Total other debts – Non-current	47,036	50,317
Current		
Allowance for easements	17,756	26,634
Key management personnel (Note 26)	30,500	32,937
Contractual liabilities	20,619	521
Various fees payable	22,232	37,952
Other debts and customer's guarantees	6,033	10,313
Total other debts - Current	97,140	108,357

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

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18 – OTHER DEBTS AND LEASES (Cont.)

Changes in contractual liabilities	12.31.2019	12.31.2018
Balance of contractual liabilities at the beginning of fiscal year	521	771
Advances from customers	26,579	-
Consumptions	(3,790)	-
Loss on monetary position	(2,691)	(250)
Balance of contractual liabilities at the end of fiscal year	20,619	521

18.1 - LEASES

Information on leases under which the Company acts as lessee is described below:

(i) Amounts accounted for in the balance sheet

	12.31.2019	01.01.2019
Right-of-use		
Buildings - Offices	17,609	25,032
Lease debt		
Current	6,025	12,691
Non-current	10,255	12,341

(ii) Amounts accounted for in the statement of income

	12.31.2019
Right-of-use depreciation	(11,696)
Interest and exchange differences	(8,889)

(iii) The Company's lease transactions and their reporting under IFRS 16

The Company leases operating bases and other plots of land. Lease contracts are made for fixed three to five-year periods, but may provide for extension options.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

18 – OTHER DEBTS AND LEASES (Cont.)

18.1 – LEASES (Cont.)

Effective January 1, 2019 leases are recognized as a right-of-use asset, and a liability is recorded on the date when the leased asset is available for use by the Company.

Lease liabilities include the net present value of payments to be made.
Right-of-use assets are measured at cost; this means:

- initial lease liability,
- payments made on or before commencement date, and
- initial direct cost.

Right- of-use assets are depreciated on a straight-line basis throughout the lesser of the useful life of the asset or lease term.

19 – TRADE ACCOUNTS PAYABLE

	12.31.2019	12.31.2018
Non-current		
AES Argentina Generación S.A.	267,236	372,874
Total trade accounts payable – Non current	267,236	372,874
Current		
Suppliers – goods and services	100,874	87,215
AES Argentina Generación S.A.	41,358	50,494
Unbilled goods and services	869,664	841,452
Total trade accounts payable - Current	1,011,896	979,161

20 - CONTINGENCIES

Provision for labor, civil and administrative lawsuits	Non-current	Current
Balance as of December 31, 2017	57,965	155,202
– Recoveries / Increases	11,316	175,727
– Decreases (payments / uses)	(50,575)	(37,807)
– Loss on monetary position	(18,706)	(37,765)
Balance as of December 31, 2018	-	255,357
– Increases, net of recoveries	-	540
– Decreases (payment / uses)	-	(42,417)
– Loss on monetary position	-	(58,335)
Balance as of December 31, 2019	-	155,145

20 – CONTINGENCIES (Cont.)

20.1 – 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, 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 issue of these Financial Statements. Following there is a summary of the most significant claims and legal actions, including those brought by and against TGN.

20.1.1 – Fines imposed by ENARGAS

As of the date of issue of these Financial Statements there are four fines imposed by ENARGAS for a total amount of $ 45 thousand, which have been appealed by the Company. (See Note 20 to these financial statements).

20.1.2 – Tax assessments related to payments to Note Holders

Since December 2004, TGN is engaged in litigation with Administración Federal de Ingresos Públicos ("AFIP"). The case is pending before the National Tax Court ("TFN"). This controversy arises from a Value Added Tax assessment made on the interest paid to the International Finance Corporation as a result of the notes issued by TGN in accordance with Law No. 23,576. According to TGN, the claim might amount to $ 21.5 million approximately. In June 2016, the Company requested the TFN to make the case file available for the parties to present their final arguments, which was allowed and carried out in June 2018. (See Note 20 to these financial statements).

20.1.3 – Tax assessments related to useful lives for tax purposes

In late December 2005 TGN was notified of two resolutions whereby AFIP assessed income tax differences for 1999 to 2002 fiscal periods. The total amount claimed is $ 21.2 million, including interest at that date and a fine of 70% of the tax assessed. The tax authorities' claim is supported on the fact that all of the Company´s essential assets must be fully depreciated at the end of the License, considering its 45-year term, according to AFIP. In February 2006 TGN challenged said tax assessments by filing the pertinent appeals with the National Tax Court, which are still pending resolution. In June 2016, the Company requested the National Tax Court to make the case file available for the parties to present their final arguments, which was allowed and carried out in June 2018.

20 – CONTINGENCIES (Cont.)

20.1.4 – Pending judicial disputes with YPF

On April 20, 2009 TGN filed a legal action against YPF in order to (i) demand compliance with the transportation contract for export 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 should 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.

20.1.5 – 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 announced that the case was closed in order to render judgement. 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 is deemed time-barred.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

20 – CONTINGENCIES (Cont.)

20.1 – Legal matters (Cont.)

20.1.5 – 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.

21 - REVENUES

	12.31.2019	12.31.2018
Gas transportation service	17,139,598	17,653,903
Gas pipeline operation and maintenance and other services	651,940	593,775
Total revenues	17,791,538	18,247,678

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

22 – EXPENSES BY NATURE

Item	Cost of service	Selling expenses	Administrative expenses	Total as of 12.31.2019	Total as of 12.31.2018
Directors' fees	-	-	28,366	**28,366**	**51,589**
Supervisory Committee's fees	-	-	7,620	**7,620**	**6,816**
Fees for professional services	94,363	3,938	118,890	**217,191**	**167,176**
Salaries, wages and other personnel benefits	1,150,395	28,818	434,380	**1,613,593**	**1,526,317**
Social security contributions	209,818	6,045	87,800	**303,663**	**306,157**
Materials and spare parts	522,545	142	5,412	**528,099**	**469,040**
Third party services and supplies	115,601	307	5,243	**121,151**	**113,731**
Maintenance and repair of property, plant and equipment	1,952,665	2,525	33,432	**1,988,622**	**1,879,892**
Travel expenses	155,617	3,222	22,757	**181,596**	**179,705**
Freight and transportation	25,819	2	162	**25,983**	**26,813**
Post and telecommunication expenses	8,382	496	7,037	**15,915**	**15,952**
Insurance	98,748	10	9,664	**108,422**	**92,636**
Office supplies	22,011	2,264	29,462	**53,737**	**42,587**
Rentals	32,993	550	9,067	**42,610**	**40,599**
Easements	36,350	-	-	**36,350**	**53,041**
Taxes, rates and contributions	4,370	633,121	476,465	**1,113,956**	**1,277,301**
Property, plant and equipment depreciation	5,546,325	5,250	85,901	**5,637,476**	**5,209,251**
Doubtful accounts	-	46,130	-	**46,130**	**49,860**
Lawsuits	-	-	540	**540**	**31,994**
Slow-moving and obsolete materials and spare parts	(75,958)	-	-	**(75,958)**	**(33,434)**
Other	40,382	182	13,321	**53,885**	**45,377**
Balance as of December 31, 2019	**9,940,426**	**733,002**	**1,375,519**	**12,048,947**	**-**
Balance as of December 31, 2018	**9,243,178**	**808,558**	**1,500,664**	**-**	**11,552,400**

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

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23 – OTHER NET INCOME AND EXPENSES

	12.31.2019	12.31.2018
Commercial compensation	335	40,015
Disposal of property, plant and equipment, net	9,167	9,767
Compensation for damages adjustment (1)	(91,706)	(238,769)
Other sales, loss recovery and other, net	289,275	21,705
Total other net income and expenses	207,071	(167,282)

(1) During fiscal years ended December 31, 2019 and December 31, 2018, the Company has recognized losses for $ 91.7 million and $ 238.8 million, respectively, in relation to the compromise and settlement agreement entered into with AES Argentina Generación S.A. in 2012 (and subsequently amended in 2014). These losses are the result of measuring the liability with AES Argentina Generación S.A. based on the Access and Use Charge (CAU) in force in each of said fiscal years.

24 – NET FINANCIAL INCOME

	12.31.2019	12.31.2018
Other net financial income		
Foreign exchange gains	6,001,644	5,366,699
Foreign exchange losses	(5,911,100)	(8,471,318)
Total other net financial income	90,544	(3,104,619)
Financial income		
Interest	171,551	179,564
Income from changes in fair values	434,474	45,308
Income from derivative financial instruments	420,515	-
Discounts obtained	42,089	13,408
Total financial income	1,068,629	238,280
Financial costs		
Interest	(1,117,734)	(931,903)
Interest compounded on property, plant and equipment (1)	304,139	315,058
Loss from discount at present value	(5,108)	(6,766)
Banking and financial fees, expenses and taxes	(22,341)	(13,432)
Total financial costs	(841,044)	(637,043)
Gain on monetary position	(774,651)	906,496
Total net financial income	(426,522)	(2,596,886)

(1) The monthly effective compound interest rate used is 0.79%.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

25 – NET EARNINGS PER SHARE

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

26 – RELATED PARTIES

Transactions with related parties are as follows:

	12.31.2019	12.31.2018
Controlling company		
Other net income and expenses		
Gasinvest S.A.	807	995
Total other net income and expenses	807	995
Affiliated companies		
Revenues		
Comgas Andina S.A.	7,957	5,667
Companhia Operadora do Rio Grande do Sul	1,312	1,192
Total revenues	9,269	6,859
Recovery of expenses		
Comgas Andina S.A.	594	422
Companhia Operadora do Rio Grande do Sul	154	-
Total recovery of expenses	748	422
Other related parties		
Revenues		
Litoral Gas S.A.	2,661,778	2,881,186
Ternium Argentina S.A.	377,011	408,270
Compañía General de Combustibles S.A.	17,766	-
Siderca S.A.	246,976	399,043
Transportadora de Gas del Mercosur S.A.	57,337	41,962
Tecpetrol S.A.	79,219	-
Gasoducto Gasandes Argentina S.A.	12,663	8,847
Total revenues	3,452,750	3,739,308

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

26 – RELATED PARTIES (Cont.)

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

Other related parties (Cont.)	12.31.2019	12.31.2018
Other net income and expenses		
Gasoducto Gasandes Argentina S.A.	369	1,371
Total other income and expenses	369	1,371
Recovery of expenses		
Gasinvest S.A.	1,209	813
Transportadora de Gas del Mercosur S.A.	4,613	3,704
Total recovery of expenses	5,822	4,517
Acquisition of materials and property, plant and equipment		
Siat S.A.	(132,616)	(181,936)
Total acquisition of materials and property, plant and equipment	(132,616)	(181,936)
Key management personnel		
Board of Directors' fees	(28,366)	(51,589)
Supervisory Committee's fees	(7,620)	(6,816)

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

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26 – RELATED PARTIES (Cont.)

Balances with related parties are as follows:

Trade accounts receivable	12.31.2019	12.31.2018
Other related parties		
Transportadora de Gas del Mercosur S.A.	7,029	4,338
Litoral Gas S.A.	377,732	323,265
Ternium Argentina S.A.	26,487	47,128
Siderca S.A.	16,980	38,078
Tecpetrol S.A.	19,449	-
Compañía General de Combustibles S.A.	6,957	32,001
Gasoducto Gasandes Argentina S.A.	716	846
Total trade accounts receivable - other related parties	455,350	445,656
Accounts receivable – affiliated companies		
Comgas Andina S.A.	664	1,626
Companhia Operadora do Rio Grande do Sul	577	326
Total accounts receivable –affiliated companies	1,241	1,952
Other accounts receivable		
Assistance fee – controlling company		
Gasinvest S.A.	253	237
Total assistance fee – controlling company	253	237
Other accounts receivable – affiliated companies		
Comgas Andina S.A.	638	102
Companhia Operadora do Rio Grande do Sul	1,488	1,650
Total other accounts receivable – affiliated companies	2,126	1,752
Other accounts receivable – related parties		
Litoral Gas S.A.	-	182
Siat S.A.	-	40,408
Total other accounts receivable – related parties	-	40,590
Other accounts receivable - Key Management Personnel		
Board of Directors and Supervisory Committee’s fees paid in advance	30,459	32,909
Total other accounts receivable - Key Management Personnel	30,459	32,909

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

26 – RELATED PARTIES (Cont.)

Balances with related parties are as follows:

	12.31.2019	12.31.2018
Other debts		
Other debts - Key Management Personnel		
Provision for Directors and Supervisory Committee’s fees	(30,500)	(32,937)
Total other debts Key Management Personnel	(30,500)	(32,937)

Senior management compensation

The Board of Directors compensation is determined by the Shareholders' Meeting for each fiscal year. The compensation policy for Company’s managers establishes a monthly, fixed basic compensation, and an additional variable amount, payable on an annual basis. While the fixed component is established according to the level of responsibility inherent to the position and market values, the variable component consists of an additional amount based on performance and achievement of the year’s objectives. The Company’s policy does not establish option or other plans for its personnel.

27 - 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 financial statement. As of the date of issue of these financial statements, the trust has not been yet liquidated.

28 – 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.

29 – SUBSEQUENT EVENTS

As of the date of issue of these financial statements, the US dollar exchange rate published by Banco de la Nación Argentina amounts to 62.42 pesos per US dollar. See Note 3.1 to these financial statements, where the impact on the Company’s equity is described.

No events or circumstances have occurred subsequent to December 31, 2019 which 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 financial statements.

Juan José Valdez Follino
Regular Statutory Auditor

Emilio Daneri Conte-Grand
President

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OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2019 AND 2018

As required by the National Securities Commission ("CNV"), an overview of Transportadora de Gas del Norte S.A. ("TGN" or the "Company") revenues, financial position, certain economic-financial indicators and business prospects, that must be read in conjunction with the Company's Financial Statements for fiscal year ended December 31, 2019, additional information to the Notes required under Title IV, Chapter III, Section 12 of CNV's regulations is shown below, as well as relevant facts timely informed to the CNV.

I) ANALYSIS OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

Comprehensive income for fiscal year:

(in million pesos)

	Fiscal years ended 12.31.		
	2019	***2018***	***Variation***
Revenues			
Gas transportation service	*17,139.6*	*17,653.9*	*(514.3)*
Gas pipeline operation & maintenance and other services	*651.9*	*593.8*	*58.1*
Total revenues	***17,791.5***	***18,247.7***	***(456.2)***
Cost of service			
Operation and maintenance costs	*(4,394.1)*	*(4,167.2)*	*(226.9)*
Property, plant and equipment depreciation	*(5,546.3)*	*(5,076.0)*	*(470.3)*
Subtotal	***(9,940.4)***	***(9,243.2)***	***(697.2)***
Gross profit	***7,851.1***	***9,004.5***	***(1,153.4)***
Administrative and selling expenses	*(2,108.5)*	*(2,309.2)*	*200.7*
Income before other net income and expenses	***5,742.6***	***6,695.3***	***(952.7)***
Other net income and expenses	*207.1*	*(167.3)*	*374.4*
Income before financial income	***5,949.7***	***6,528.0***	***(578.3)***
Net financial income	*(426.5)*	*(2,596.9)*	*2,170.4*
Income from investments in affiliated companies	*22.7*	*14.0*	*8.7*
Income before income tax	***5,545.9***	***3,945.1***	***1,600.8***
Income tax	*(1,290.7)*	*1,780.5*	*(3,071.2)*
Income for fiscal year	***4,255.2***	***5,725.6***	***(1,470.4)***
Currency conversion of affiliated companies' financial statements	*(5.4)*	*6.7*	*(12.1)*
Property, plant and equipment revaluation allowance	*(2,179.4)*	*5,129.1*	*(7,308.5)*
Other comprehensive income for fiscal year	***(2,184.8)***	***5,135.8***	***(7,320.6)***
Comprehensive income for fiscal year	***2,070.4***	***10,861.4***	***(8,791.0)***
EBITDA (1)	***11,380.0***	***11,904.6***	***(524.6)***

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

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OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2019 AND 2018

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

(in million pesos)

	12.31.2019	12.31.2018
Total assets	***62,639***	***71,178***
Total liabilities	***19,705***	***26,448***
Shareholders' equity	***42,934***	***44,730***

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

The decrease in inflation adjusted revenues amounts to $ 456.2 million between fiscal years ended December 31, 2019 and 2018 is due to:

i. $ 985.4 million increase in revenues, as a result of an increase in export transportation and other services;

ii. $ 1,200 million decrease in revenues, as a result of the suspension of rate adjustments in an accelerated inflationary context. See Notes 1.2 and 1.3.3 to the Company's financial Statements for fiscal year ended December 31, 2019;

iii. $ 299.7 million of lower revenues from "interruptible" and "exchange and displacement" transportation services; and

iv. $ 58.2 million increase, net of inflation, in "*Gas pipeline operation and maintenance and other services*". During the year, TGN started to render operation and maintenance services at the new San José de Añelo Turbo Compressor Plant owned by Gas Pacífico S.A. and in certain sections of Northeast gas pipeline located in the provinces of Santa Fe and Chaco.

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OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2019 AND 2018

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

Cost of service

(in million Pesos)

Account	*Fiscal years ended 12.31.*		
	2019	*2018*	*Variation*
Fees for professional services	*94.4*	*74.5*	*19.9*
Salaries, wages and other personnel benefits and social security contributions	*1,360.2*	*1,310.7*	*49.5*
Materials and spare parts	*522.5*	*455.6*	*66.9*
Maintenance and repair of property, plant and equipment and third-party services and supplies	*2,068.3*	*1,949.5*	*118.8*
Post, telecommunications, transportation, freight and travel expenses	*189.8*	*190.0*	*(0.2)*
Insurance	*98.7*	*82.1*	*16.6*
Rentals and office supplies	*55.0*	*56.1*	*(1.1)*
Easements	*36.4*	*53.0*	*(16.6)*
Taxes, rates and contributions	*4.4*	*3.9*	*0.5*
Property, plant and equipment depreciation	*5,546.3*	*5,076.0*	*470.3*
Slow-moving and obsolete materials and spare parts	*(75.9)*	*(33.4)*	*(42.5)*
Other	*40.3*	*25.2*	*15.1*
Total	***9,940.4***	***9,243.2***	***697.2***
% of Cost of service on revenues	***55.9%***	***50.7%***	***5.2%***

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

i. $ 425.5 million increase in *Salaries, wages and other personnel benefits and social security contributions* (which adjusted for inflation amounts to $ 49.5 million). Said variation is explained by salary increases due to inflation adjustment ($ 354.3 million), higher headcount ($ 18.4 million), higher overtime and severance pays ($ 60 million) and other;

ii. $ 89.4 million increase in *Materials and spare parts* (which adjusted for inflation amounts to $ 66.9 million). Said variation is mainly due to higher costs in spare parts ($ 41 million), consumables ($ 28.6 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 changes in layout ($ 2.6 million), partially offset with lower costs in backfill and safety strip projects ($ 1.5 million) and changes in pipeline layout ($ 12.2 million);

iii. $ 650.2 million increase in *Maintenance and repair of property, plant and equipment and third-party services and supplies* (which adjusted for inflation amounts to $ 118.8 million). Said variation is mainly due to higher costs associated with cleaning and dismantling of facilities ($ 36.8 million), outsourced maintenance works ($ 88.4 million), anti-corrosion protection ($ 53.6 million), pipeline inspections ($ 208.1 million), river crossings ($ 106.9 million), cathodic protection ($ 39.2 million), pipe repairs ($ 27.3 million) and compression integrity at compressor plants ($ 14 million), partially offset with lower costs in backfill and safety strip projects ($ 39.7 million), overhauls ($ 56.9 million) and changes in pipeline layout ($ 67.2 million); and

iv. $ 1,681.71 million increase in *Property, plant and equipment depreciation* (which adjusted for inflation amounts to $ 470.3 million). Said variation is due to the higher "*Property, plant and equipment*" depreciation during the current fiscal year, as a result of the revaluation made as of December 31, 2018.

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OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2019 AND 2018

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

Administrative and selling expenses

(in million pesos)

Accounts	Fiscal years ended 12.31.		
	2019	2018	Variation
Salaries, wages and other personnel benefits and social security contributions	557.0	521.8	35.2
Property, plant and equipment depreciation	91.2	133.2	(42.0)
Fees for professional services	122.8	92.7	30.1
Taxes, rates and contributions	1,109.6	1,273.4	(163.8)
Post, telecommunications, transportation, freight and travel expenses	33.7	32.5	1.2
Maintenance and repair of property, plant and equipment and third-party services and supplies	41.5	44.1	(2.6)
Rentals and office supplies	41.3	27.1	14.2
Doubtful accounts	46.1	49.9	(3.8)
Lawsuits	0.5	32.0	(31.5)
Supervisory Committee's fees	7.6	6.8	0.8
Board of Directors' fees	28.4	51.6	(23.2)
Materials and spare parts	5.6	13.4	(7.8)
Insurance	9.7	10.6	(0.9)
Other	13.5	20.1	(6.6)
Total	**2,108.5**	**2,309.2**	**(200.7)**
% of Administrative and Selling expenses on revenues	**11.9%**	**12.7%**	**(0.8)%**

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

i. $ 182.7 million increase in *Salaries, wages and other personnel benefits and social security contributions* (which adjusted for inflation amounts to $ 35.2 million). Said variation is explained by salary increases due to inflation adjustment ($ 166.7 million), higher headcount ($ 15.6 million), higher overtime and severance pays ($ 9 million) and other;

ii. $ 230.3 million increase in *Taxes, rates and contributions* (which adjusted for inflation amounts to a $ 163.8 million decrease). Said variation is mainly due to higher costs associated with tax on bank transactions ($ 62.3 million), verification and control fee ($ 96.9 million) and turnover tax ($ 137.9 million);

iii. $ 5.4 million increase in *Property, plant and equipment depreciation* (which adjusted for inflation amounts to a $ 42 million decrease), due to the higher "*Property, plant and equipment*" depreciation during current fiscal year, as a result of the revaluation made as of December 31, 2018; and

iv. $ 20.3 million decrease in *Lawsuits* (which adjusted for inflation amounts to $ 31.5 million), as a consequence of adjusting provisions for contingencies to the current status of lawsuits and complaints in which the Company is involved.

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OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2019 AND 2018

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

Other net income and expenses

(in million pesos)

Accounts	***Fiscal years ended 12.31.***		
	2019	***2018***	***Variation***
Income for commercial compensation	*0.3*	*40.0*	*(39.7)*
Net income from disposal of property, plant and equipment	*9.2*	*9.8*	*(0.6)*
Compensation for damages adjustment and other adjustments	*197.6*	*(217.1)*	*414.7*
Total	***207.1***	***(167.3)***	***374.4***

The account with the most significant variation is "*Compensation for Damages and Other Adjustments*", as during fiscal year ended December 31, 2019 the Company has recognized losses for $ 68.9 million (which adjusted for inflation amounts to $ 91.7 million), in relation with the compromise and settlement agreement entered into with AES Argentina Generación S.A. ("AES") in 2012 (and subsequently amended in 2014). This loss has been the result of measuring the liability with AES based on the "access and use charge" in force in each fiscal year.

Net financial income

(in million pesos)

Accounts	***Fiscal years ended 12.31.***		
	2019	***2018***	***Variation***
Other net financial income:			
Exchange rate gain	*6,001.6*	*5,366.7*	*634.9*
Exchange rate loss	*(5,911.1)*	*(8,471.3)*	*2,560.2*
Total other net financial income	***90.5***	***(3,104.6)***	***3,195.1***
Financial income:			
Interest	*171.6*	*179.6*	*(8.0)*
Income due to changes in fair values	*434.5*	*45.3*	*389.2*
Income from derivative financial instruments	*420.5*	*-*	*420.5*
Discounts obtained	*42.1*	*13.4*	*28.7*
Total financial income	***1,068.7***	***238.3***	***830.4***
Financial costs:			
Interest	*(1,117.7)*	*(931.9)*	*(185.8)*
Expense due to discount at present value	*(5.1)*	*(6.8)*	*1.7*
Interest compounded on Property, plant and equipment	*304.1*	*315.1*	*(11.0)*
Banking, financial and other fees, expenses and taxes	*(22.4)*	*(13.4)*	*(9.0)*
Total financial costs	***(841.1)***	***(637.0)***	***(204.1)***
Gain on monetary position	***(744.6)***	***906.4***	***(1,651.0)***
Total net financial (loss) income	***(426.5)***	***(2,596.9)***	***2,170.4***

Net financial income for fiscal year ended December 31, 2019 showed a higher gain of $ 2,085.9 million (which adjusted for inflation amounts to $ 2,170.4 million), as compared to fiscal year ended December 31, 2018. Accounts with the most relevant variations between both fiscal years were:

OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2019 AND 2018

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

Net financial income (Cont.)

i. a lower loss of $ 206.4 million (which adjusted for inflation amounts to $ 2,560.2 million), on account of exchange rate differences on US dollar denominated liabilities;

ii. a higher gain of $ 1,447.6 million (which adjusted for inflation amounts to $ 634.9 million), on account of exchange rate differences on US dollar denominated assets;

iii. a higher gain of $ 299.7 million (which adjusted for inflation amounts to $ 193.8 million), associated with interest accrued during fiscal year;

iv. a higher gain of $ 422.5 million (which adjusted for inflation amounts to $ 389.2 million), due to changes in fair values accrued during fiscal year;

v. a lower gain of $ 31.2 million (which adjusted for inflation amounts to $ 11 million), in compound interest in connection with works the duration of which exceeds one year. The effective monthly compound rate used was 0.79%;

vi. a higher gain of $ 266.2 million (which adjusted for inflation amounts to $ 420.5 million) as a result of transactions with derivative instruments; and

vii. a lower gain of $ 1,651 million, due to the greater number of monetary assets exposed to inflation held in fiscal year 2019 as compared to 2018.;

Income tax

Income tax for fiscal year ended December 31, 2019 reported a higher charge of $ 3,071.2 million as compared to the previous year. Said variation is the result of a higher current tax charge of $ 838.2 million, due to a higher gain reported in fiscal year ended December 31, 2019, a lower gain on account of deferred income tax of $ 3,217.3 million, and a lower loss on account of the Special Tax charge of $ 984.3 million, as this charge has been recorded in previous fiscal year. These two latter resulting from the adoption, in fiscal year 2018, the Tax Revaluation, Law 27,430, Title X – Chapter 1.

Other comprehensive income for the fiscal year

"*Other comprehensive income for the fiscal year"* reported a higher loss of $ 7,320.6 million mainly due to the fact that during the current fiscal year an impairment on "*Property, plant and equipment*" items for an amount of $ 2,179.4 million was recorded, as compared to the revaluation for an amount of $ 5,129.1 million recorded in previous fiscal year. See Note 2.6 to the Company's financial statements for fiscal year ended December 31, 2019.

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OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2019 AND 2018

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

Summary of statement of cash flows

(in million pesos)

	Fiscal years ended 12.31.	
	2019	***2018***
Cash generated by operating activities	*4,020.1*	*11,811.9*
Income tax	*1,290.7*	*(1,780.5)*
Interest accrued on liabilities	*1,117.7*	*931.9*
Net cash flow generated by operating activities	***6,428.5***	***10,963.3***
Acquisition of property, plant and equipment	*(2,772.6)*	*(3,450.1)*
Subscriptions, net of recovery of investments at amortized cost and investments at fair value (non-cash equivalents)	*5,993.6*	*(3,882.6)*
Principal and interest received from investments at amortized cost and investments at fair value	*20.3*	*43.2*
Net cash flow generated by (used in) investing activities	***3,241.3***	***(7,289.5)***
Loans obtained	*648.9*	*-*
Principal paid on loans	*(6,704.8)*	*-*
Interest paid on loans	*(749.6)*	*(616.9)*
Interest paid on surety bonds	*(90.2)*	*-*
Dividend payment in cash	*(3,866.4)*	*(762.0)*
Lease payment	*(8.8)*	*-*
Net cash flow used in financing activities	***(10,770.9)***	***(1,378.9)***
Net (decrease) increase in cash and cash equivalents	***(1,101.1)***	***2,294.9***
Cash and cash equivalents at the beginning of fiscal year	***3,602.8***	***1,080.0***
Financial income generated by cash	***(377.9)***	***227.9***
Cash and cash equivalents at the end of fiscal year	***2,123.8***	***3,602.8***

Breakdown of cash and cash equivalents

(in million pesos)

Accounts	*Fiscal years ended 12.31.*	
	2019	***2018***
Cash and banks [(1)]	*46.9*	*693.2*
Term deposits in US$	*329.6*	*2,909.6*
Mutual funds in $	*99.7*	*-*
Mutual funds in US$	*1,647.6*	*-*
Cash and cash equivalents at the end of fiscal year	***2,123.8***	***3,602.8***

(1) As of December 31, 2019, and 2018 it includes \$ 29.9 million and \$ 596.6 million, respectively, denominated in foreign currency.

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OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2019 AND 2018

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

(in million pesos)

Items	*As of 12.31*	
	2019	***2018***
Non-current assets	*55,073*	*60,499*
Current assets	*7,566*	*10,679*
Total	***62,639***	***71,178***
Shareholders' equity	*42,934*	*44,730*
Non-current liabilities	*9,259*	*16,641*
Current liabilities	*10,446*	*9,807*
Subtotal liabilities	*19,705*	*26,448*
Total	***62,639***	***71,178***

III) COMPARATIVE COMPREHENSIVE INCOME FOR FISCAL YEARS ENDED DECEMBER 31, 2019 and 2018

(in million pesos)

Items	*As of 12.31*	
	2019	***2018***
Income before other net income and expenses	***5,742.6***	***6,695.3***
Other net income and expenses	*207.1*	*(167.3)*
Income before financial income	***5,949.7***	***6,528.0***
Net financial income	*(426.5)*	*(2,596.9)*
Income from investments in affiliated companies	*22.7*	*14.0*
Income before income tax	***5,545.9***	***3,945.1***
Income tax	*(1,290.7)*	*1,780.5*
Income for the year	***4,255.2***	***5,725.6***
Other comprehensive income for the year	*(2,184.8)*	*5,135.8*
Comprehensive income for the year	***2,070.4***	***10,861.4***

IV) COMPARATIVE STATISTICAL DATA FOR FISCAL YEARS ENDED DECEMBER 31, 2019 and, 2018

Dispatched volumes in million m3:

By type of transportation

	As of 12.31	
	2019	***2018***
Firm	*14,092*	*14,743*
Interruptible & exchange and displacement	*10,976*	*9,201*
Total	***25,068***	***23,944***

OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2019 AND 2018

IV) COMPARATIVE STATISTICAL DATA FOR FISCAL YEARS ENDED DECEMBER 31, 2019 and 2018 (Cont.)

By source

	As of 12.31	
	2019	***2087***
Northern Pipeline	*9,777*	*9,649*
Central West Pipeline	*11,415*	*14,295*
Final sections	*3,876*	-
Total	***25,068***	***23,944***

By destination

	As of 12.31	
	2019	***2018***
Domestic market	*23,909*	*23,816*
Export market	*1,159*	*128*
Total	***25,068***	***23,944***

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

	As of 12.31	
	2019	***2018***
Liquidity (1)	*0.7243*	*1.0889*
Solvency (2)	*2.1788*	*1.6912*
Equity Immobility (3)	*0.8792*	*0.8500*

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

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

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

OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2019 AND 2018

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

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.

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.

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 would remain unchanged until the end of said year.

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

In June 2019, the Government Energy Secretariat ("the Energy Secretariat") established, through Resolution 336/2019, on an exceptional basis, for the benefit of residential users of natural gas and undiluted propane through networks, a 22% payment deferral for invoices issued from July 1, 2019 to October 31, 2019. Said deferral will be recovered from invoices already issued and to be issued as from December 1, 2019, along five monthly, equal consecutive periods. The financial cost of the 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 interest rate for 30- or 35-day term deposits for $ 20 million and higher amounts, published by the Central Bank of Argentina. On August 23, 2019, the Energy Secretariat through Resolution 488/2019, established the procedure for distributors to defer payment to transporters, as well as the methodology for calculating and paying applicable interest. According to said resolution, distributors must disclose to transporters and ENARGAS, in the form of a sworn statement, the amounts to be deferred, and ENARGAS in turn must forward the so compiled information to the Energy Secretariat, which will be the one responsible for calculating and issuing interest payment orders to licensees within 30 business days from the relevant deferral month end. As of today, the amount deferred by distributors in their payments to TGN, as shown in the respective sworn statements, has reached $ 406.7 million. The reporting and interest calculation process is delayed, with no interest payment orders having been issued as of today.

In September 2019, the Energy Secretariat passed Resolution 521/2019 (amended by Resolution 751/2019) deferring the semiannual rate adjustment that should have been applied effective October 1, 2019, until February 1, 2020, and further established that licensees would be compensated with the MIP review to the extent of the lower revenues derived from said measure. Consequently, between October and December 2019 the Company submitted proposals to ENARGAS for adjusting the MIP for an amount of $ 459.2 million (at December 2016 currency).

However, upon enactment of the Social Solidarity and Productive Reactivation Law pursuant to the Public Emergency Law No. 27,541, the new administration that took power in December 2019 announced its intention to suspend rate adjustments for natural gas and electricity transportation and distribution utility services under federal jurisdiction for 180 days, to start renegotiating the CRR in place since 2017, or embark on a rate review on an exceptional basis.

OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2019 AND 2018

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

Finally, worth mentioning is the fact that the Company operates within an economic context where main variables have recently experienced a strong volatility. The price of the main listed companies' shares, sovereign bonds and the Argentine Peso, has dropped substantially. Against such backdrop, the new administration that took office in December 2019, tightened currency exchange restrictions, embarked on the public debt renegotiation, increased the tax burden, established price agreements, empowered the National Executive Branch to establish mandatory minimum salary increases for private-sector workers and stopped adjusting retirement and pension benefits, among other measures.

The Company's Management Department permanently monitors how previously mentioned events evolve in order to determine possible actions to be adopted and identify eventual impacts on the Company's equity and financial position.

City of Buenos Aires, March 6, 2020

Emilio Daneri Conte-Grand
President

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ADDITIONAL INFORMATION TO THE NOTES TO THE FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR FISCAL YEAR ENDED DECEMBER 31, 2019 (in thousand pesos, except as otherwise expressly stated).

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

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

Act No. 24,076 and its regulations, the Bidding Terms and Conditions for the privatization of Gas del Estado S.E. ("GdE"), the Transfer Agreement, the License and the resolutions adopted by the National Gas Regulatory Entity ("ENARGAS") establish the legal framework pursuant to which Transportadora de Gas del Norte S.A. ("TGN" or the "Company") carries out its business. The License, granted for an original term of 35 years, 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 TGN´s Financial Statements as of December 31, 2019 describes the Company's legal and regulatory matters.

2. Major changes in the Company's business activities or other similar circumstances that took place during the fiscal years covered by the Financial Statements which affect or could affect the ability to compare them with those submitted in previous or future fiscal years.:

See Notes 1.2; 1.3.3; 1.4; 16 and 20 to the Company's Financial Statements for year ended December 31, 2019.

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

	12.31.2019		
	Receivables (1)	**Loans (2)**	**Other Payables (3)**
Past due			
From 01.01.2009 to 12.31.2009	3,117,593	-	920
From 01.01.2010 to 12.31.2010	2,606,698	-	135
From 01.01.2011 to 12.31.2011	1,284,241	-	170
From 01.01.2012 to 12.31.2012	1,276,132	-	47
From 01.01.2013 to 12.31.2013	1,280,341	-	-
From 01.01.2014 to 12.31.2014	1,289,436	-	13
From 01.01.2015 to 12.31.2015	493,311	-	5
From 01.01.2016 to 12.31.2016	39,228	-	140
From 01.01.2017 to 12.31.2017	16,128	-	5,900
From 01.01.2018 to 12.31.2018	271,685	-	1,595
From 01.01.2019 to 03.31.2019	19,529	-	1,754
From 04.01.2019 to 06.30.2019	60,098	-	3,299
From 07.01.2019 to 09.30.2019	596,219	-	10,522
From 10.01.2019 to 12.31.2019	674,369	-	584,038

(1) Includes trade accounts receivable and other accounts receivable, at face value, and excludes allowances.
(2) Recorded at present value.
(3) Includes all non-financial liabilities, excluding contingencies and deferred tax liabilities.

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ADDITIONAL INFORMATION TO THE NOTES TO THE FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR FISCAL YEAR ENDED DECEMBER 31, 2019 (in thousand pesos, except as otherwise expressly stated).

	12.31.2019		
	Receivables (1)	**Loans (2)**	**Other payables (3)**
Without due date	357,611	-	2,036,428
To become due			
03.31.2020	1,658,593	600,000	434,508
06.30.2020	-	3,365,367	9,544
09.30.2020	-	-	9,544
12.31.2020	-	3,274,414	47,721
12.31.2021	-	-	38,177
12.31.2022	-	-	38,177
12.31.2023	-	-	38,177
12.31.2024	-	-	38,177
12.31.2025	-	-	38,177
12.31.2026	-	-	38,177
Total as of 12.31.2019	**15,041,212**	**7,239,781**	**3,375,345**

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

	12.31.2019		
	Receivables (1)	**Loans (2)**	**Other payables (3)**
In local currency	3,656,506	600,000	2,878,518
In foreign currency	11,384,706	6,639,781	496,827
In kind	-	-	-
Total as of 12.31.2019	**15,041,212**	**7,239,781**	**3,375,345**
Balances subject to adjustment clause	-	-	-
Balances not subject to adjustment clause	15,041,212	7,239,781	3,375,345
Total as of 12.31.2019	**15,041,212**	**7,239,781**	**3,375,345**
Interest bearing balances	610	7,168,364	78,070
Non-interest bearing balances	15,040,602	71,417	3,297,275
Total as of 12.31.2019	**15,041,212**	**7,239,781**	**3,375,345**

(1) Includes trade accounts receivable, and other accounts receivable at face value, and excludes allowances.
(2) Recorded at present value.
(3) Includes non-financial liabilities and excludes contingencies and deferred tax liabilities.

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

See Note 7 to the Company's Financial Statements as of December 31, 2019.

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ADDITIONAL INFORMATION TO THE NOTES TO THE FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR FISCAL YEAR ENDED DECEMBER 31, 2019 (in thousand pesos, except as otherwise expressly stated).

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

	Comgas Andina S.A.		Companhia Operadora do Rio Grande do Sul	
	Receivables	**Other payables**	**Receivables**	**Other payables**
Without due date	-	-	577	-
To become due				
From 01.01.2020 to 03.31.2020	1,302	-	1,488	-
Total as of 12.31.2019	**1,302**	**-**	**2,065**	**-**
In local currency	-	-	-	-
In foreign currency	1,302	-	2,065	-
In kind	-	-	-	-
Total as of 12.31.2019	**1,302**	**-**	**2,065**	**-**
Balances subject to adjustment clause	-	-	-	-
Balances not subject to adjustment clause	1,302	-	2,065	-
Total as of 12.31.2019	**1,302**	**-**	**2,065**	**-**
Interest bearing balances	-	-	-	-
Non-interest bearing balances	1,302	-	2,065	-
Total as of 12.31.2019	**1,302**	**-**	**2,065**	**-**

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 $ 486 million and are totally covered by an allowance. (See Note 11 to the Company's Financial Statements as of December 31, 2019).

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<u>ADDITIONAL INFORMATION TO THE NOTES TO THE FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR FISCAL YEAR ENDED DECEMBER 31, 2019 (in thousand pesos, except as otherwise expressly stated).</u>

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". Sources used to calculate those current values are included in Note 3.6 to the Company´s Financial Statements as of December 31, 2019.

9. Technically appraised Fixed Assets:

See Note 2.6 to the Company's Financial Statements as of December 31, 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 - Notes 2.8 and 2.6, respectively, to the Company's Financial Statements as of December 31, 2019.

ADDITIONAL INFORMATION TO THE NOTES TO THE FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR FISCAL YEAR ENDED DECEMBER 31, 2019 (in thousand pesos, except as otherwise expressly stated).

vi. Insurance:

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

Property Insured	Risks covered	Insured amount in thousands	Book value in thousand $
• Personal and real property allocated to the provision of service	Operational all risk and loss of profit.	US$ 90,000	44,647,994
	Third party Liability	US$ 220,000	
	Terrorism.	US$ 35,000	
• Machinery.	Machinery breakdown.	US$ 12,000	1,858,913
• Vehicles:			
- Management fleet.	Limited liability.	$ 10,000	8,309
	Total loss for car accident.	$ 29,823	
	Total or partial loss due to fire, robbery or theft.	$ 29,823	
- Operational fleet (cars and y pickups).	Limited liability.	$ 10,000	136,514
- Trucks and trailers.	Limited liability	$ 22,000	
• Personal property at Head Office and IT equipment.	Fire. Theft.	US$ 9,500 US$ 10	120,517
• Works in progress.	All risk, construction and assembly	US$ 22,500	4,072,846

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ADDITIONAL INFORMATION TO THE NOTES TO THE FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR FISCAL YEAR ENDED DECEMBER 31, 2019 (in thousand pesos, except as otherwise expressly stated).

vii. Positive and negative contingencies:

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

The allowances and provisions deducted from assets and included under liabilities amount to $ 6,879,228. The Financial Statements as of December 31, 2019 contain a breakdown of these allowances and provisions and their changes during the year.

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

None.

viii. Irrevocable advances toward future subscription of shares:

16. Status of capitalization process:

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

17. Unpaid cumulative dividends on preferred shares:

None.

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

At the Shareholders Meeting held on October 3, 2017, the Board was delegated the power to establish restrictions on payment of dividends (see Note 15.2 to the Company's Financial Statements as of December 31, 2017).

Juan José Valdez Follino Regular Statutory Auditor	Emilio Daneri Conte-Grand President

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REPORT OF INDEPENDENT ACCOUNTANTS

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

Report on the Financial Statements

We have audited the accompanying financial statements of Transportadora de Gas del Norte S.A. (hereinafter, the Company), which comprise the balance sheet as of December 31, 2019 and the statement of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, as well as a summary of significant accounting policies and other explanatory information.

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

Management's responsibilities

The Board of Directors of the Company is responsible for the preparation and reasonable presentation of these financial statements under International Financial Reporting Standards (IFRS) adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and incorporated into the regulations of the National Securities Commission (CNV), as approved by the International Accounting Standards Board (IASB). Further, the Board of Directors of the Company is also responsible for the existence of adequate internal control to prepare financial statements free of any material misstatements due to error or irregularities.

Auditors' responsibility

Our responsibility is to express an opinion on the accompanying financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs), as they were adopted in Argentina by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) through the Technical Pronouncement No. 32 and its Adoption Newsletters. These standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and other information disclosed in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and reasonable presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements mentioned in the first paragraph of this report present fairly, in all material respects, the financial position of Transportadora de Gas del Norte S.A. as of December 31, 2019, as well as the comprehensive income and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Report on compliance with current regulations

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

a) the financial statements of Transportadora de Gas del Norte S.A. are transcribed into the "Inventory and Balance Sheet" book and as regards those matters that are within our competence, they are in compliance with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission;

b) the financial statements of Transportadora de Gas del Norte S.A. arise from accounting records carried in all formal aspects in conformity with legal requirements which maintain the security and integrity conditions based on which they were authorized by the National Securities Commission;

c) we have read the Overview and the Additional Information to the notes to the 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 December 31, 2019 the debt accrued by Transportadora de Gas del Norte S.A. in favor of the Argentine Integrated Social Security System according to the Company's accounting records amounted to $48,937,940, none of which was claimable at that date.

e) as required by section 21, subsection e), Chapter III, Part VI, Title II of the rules issued by the National Securities Commission, we report that total fees for auditing and related services billed to the Company during the fiscal year ended December 31, 2019 account for:

    e.1) 78,4% of the total fees for services billed to the Company for all items during that fiscal year;
    e.2) 92,3% of the total fees for services for auditing and related services billed to the Company, its parent companies, subsidiaries and related companies during that year;
    e.3) 71,4% of the total fees for services billed to the Company, its parent companies, subsidiaries and related companies for all items during that year;

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f) we have applied for Transportadora de Gas del Norte S.A. the money laundering abatement and anti-terrorist financing procedures comprised in the professional standards issued by the Professional Council in Economic Sciences of the City of Buenos Aires.

Autonomous City of Buenos Aires, March 6, 2020

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. Tº 1 Fº 17

Dr. Ezequiel Luis Mirazón

Chartered Accountant (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 294, Subsection 5 of the Argentine General Company Law, we have reviewed the Financial Statements of Transportadora de Gas del Norte S.A. (hereinafter, the "Company" or "TGN"), which comprise the Balance Sheet, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity and Statement of Cash Flows for the year ended as of December 31, 2019, and supplemental Notes and Annexes, the Inventory, the Annual Report as well as the Additional Information required by the National Securities Commission Regulations.

Balances and other information for fiscal year 2018 and interim periods are an integral part of the aforementioned Financial Statements and therefore they should be considered in relation with these Financial Statements.

Management Responsibility

The preparation and presentation of said documents 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 significant distortions caused by errors or irregularities, 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 documents referred to in the first paragraph in accordance with Statutory Auditing Standards in force. Those standards require that the review is conducted in accordance with applicable auditing standards 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 insofar as formal and documentary aspects are concerned.

To carry out such work, we have also considered the review on the Financial Statements as of December 31, 2019 conducted by Independent Auditors and the Report by independent auditor. Ezequiel Luis Mirazón (CPA), Partner of Price Waterhouse & Co. S.R.L., dated March 6, 2020, issued in compliance with applicable auditing standards in Argentina. Our review included the verification of the work planning, scope, nature and timeliness of the procedures followed and the results of the audit conducted by said professional.

An audit involves performing procedures to obtain evidence about amounts and other disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the risk assessment of material misstatements in the Financial Statements, whether due to fraud or error. In making that risk assessment, the auditor must consider the internal control system in place for a fair preparation and presentation of the Financial Statements by the Company, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of significant estimates made by the Company's management, as well as the overall presentation of the Financial Statements.

We have not conducted any management control and therefore we have not evaluated business decisions and criteria 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 consider that the scope of our work and the Independent Auditor's Report provide us with a reasonable basis for our opinion, and in accordance with applicable regulations we inform that, in our opinion, the Financial Statements as of December 31, 2019, discussed and approved by the Company's Board on the date hereof, include all material facts and circumstances that have come to our knowledge.

Report on compliance with applicable regulations

a) The Financial Statements of Transportadora de Gas del Norte S.A. are recorded in the "Inventory and Balance Sheet" book and are in compliance with the provisions of the Argentine General Company Law and pertinent resolutions of the National Securities Commission. Accounting books and records are kept, in all formal respects, in accordance with applicable legislation, and have been approved by the CNV as they provide for a reasonable basis of assurance and integrity.

b) As regards the above mentioned Financial Statements and the Additional Information to their Notes required under Title IV, Chapter III, Section 12 of CNV regulations, we have no remarks to make in addition to the above stated.

c) The Board´s Annual Report for fiscal year ended December 31, 2019, contains the information required by Section 66 of the Argentine General Company Law, with the assertions related to the economic context in which the Company operated, the Company´s management and subsequent events included in that document, being the sole responsibility of the Company´s Board. Insofar as matters within our competence, accounting figures included in said document are derived from the Company´s accounting records and related documentation. In addition, we have reviewed the Report on the extent of compliance with the Code of Corporate Governance prepared by the Board of Directors, and we have no material remarks to make.

d) We have complied with the requirements of Section 294 of the Argentine General Company Law, having regularly participated in Board and Audit Committee´s meetings and having exercised, where relevant, the powers vested on us by said piece of legislation and the Company´s Bylaws.

e) As required by the National Securities Commission regulations (as amended in 2013), we have reviewed the Independent Auditor's Report issued by the external auditor, from which it is derived that:

   i) The accounting policies applied to prepare the Financial Statements as of December 31, 2019 are in accordance with applicable professional accounting standards; and

   ii) The independent auditors have conducted their audit applying auditing standards established by the Argentine Federation of Professional Councils in Economic Sciences, which call for objectivity and independence.

f) We have applied anti-money laundering and counter-terrorist financing procedures set forth in the relevant professional standards issued by the Professional Council in Economic Sciences of the City of Buenos Aires.

City of Buenos Aires, March 6, 2020.

By the Supervisory Committee

Dr. Juan José Valdez Follino
Regular Statutory Auditor