TRANSPORTADORA DE GAS DEL NORTE S.A.

Financial Statements as of the year ended December 31, 2012, presented in comparative form

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

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

In compliance with the legal and bylaw provisions in force, the Board of Directors of Transportadora de Gas del Norte S.A., hereinafter "TGN" or "the Company", is pleased to submit for the shareholders' consideration the annual report, the report on the code of corporate governance, summary of information, balance sheet, statement of income, statement of changes in shareholders' equity, statement of cash flow, notes, other financial statement information and the additional information required by Section 68 of the Buenos Aires Stock Exchange Listing Rules, corresponding to the twenty-first fiscal year beginning January 1st, 2012 through December 31, 2012, whose information must be read, analyzed and interpreted jointly so as to have a comprehensive vision of the relevant corporate issues for the fiscal year.

BOARD OF DIRECTORS AND STATUTORY AUDITORS´ COMMITTEE

Regular directors:	**Alternate directors:**
Eduardo Ojea Quintana (Chairman)	Fernando Liguori
Santiago Marfort	Martín Novillo
Néstor Raffaeli	Carlos Gargiulo
Ricardo Markous	Carlos Rabuffetti
Eduardo Calvo	Humberto Fernández
Héctor Page	Ignacio Casares
Jorge Casagrande	Raúl Montalva
Marisa Basualdo	Claudia Elsholz
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Fernando Bonnet	Sergio Falzone
Marcelo Brichetto	Leonardo Fernández
Pablo Lozada	-
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Ernesto Guillermo Leguizamón	Alejandro Geretto

Regular statutory auditors´ committee:	**Alternate statutory auditors´ committee:**
Matías María Brea	Juan Carlos Pitrelli
Juan José Valdez Follino	Andrea Barbagelatta
Julio César Abínzano	Alberto Luis Tessadro

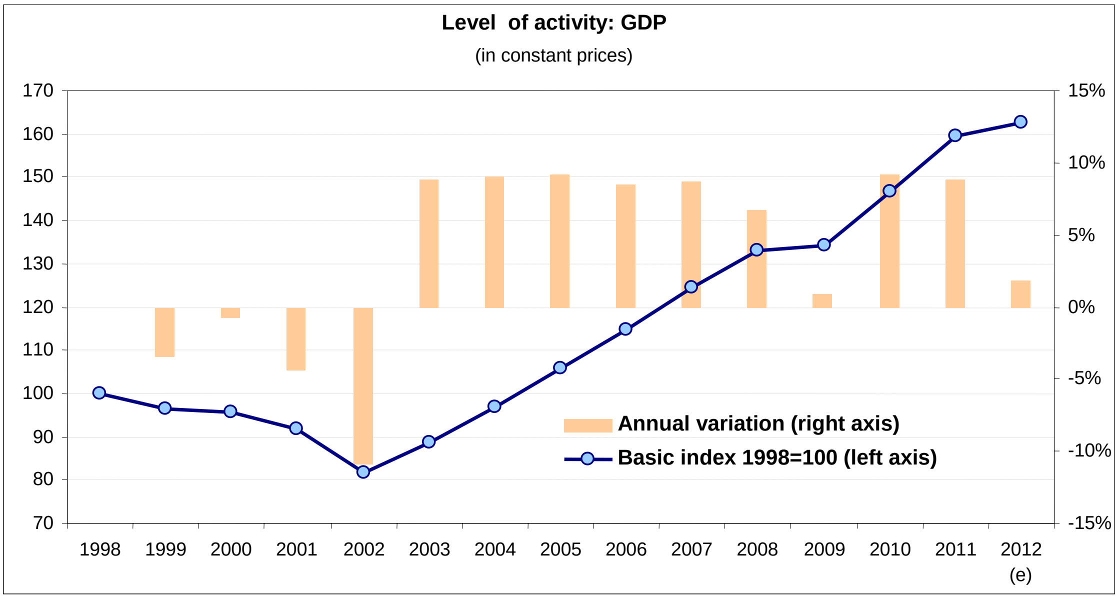
ANNUAL REPORT OF TRANSPORTADORA DE GAS DEL NORTE S.A. CORRESPONDING TO THE TWENTY-FIRST FISCAL YEAR BEGINNING JANUARY 1ST, 2012 THROUGH DECEMBER 31, 2012.

1 - MACROECONOMIC CONTEXT

The Argentine economy has recorded a sustained growth since 2002. In 2012, the estimated annual growth rate was 1.8%.

The most dynamic component of demand was public spending, followed by private consumption. (Estimated variation of 7.0% and 4.4%, respectively). Both spending components attained an approximate 80.6% participation in GDP.

On the side of supply, the fastest growing sectors in 2012 were financial intermediation (19.8%), transportation and communications (5.2%), public services (4.3%) and exploitation of mines and quarries (2.6%). The agricultural and fishing sectors, however, recorded negative rates (-12.7% and -3.8%, respectively). (Estimated as per INDEC data for 2012 third quarter).



(e): Estimated as per INDEC data for 2012 third quarter.

As to the evolution of domestic prices, the Consumer Price Index (CPI) increased by an annual 10.8% rate, while the domestic Wholesale Price Index (WPI) increased by 13.1%, according to information published by the INDEC. Salary demands continued during 2012, recording a 24.5% increase in the salary index (Source: INDEC). The official exchange rate reached $4.92 in December 2012. Thus, in 2012 the Argentine peso depreciated by 14.3% compared to its value at the end of 2011 (Source: Banco de la Nación Argentina).

With regard to the trade balance, in 2012 exports in dollars decreased by 3.3% vis-à-vis the previous year, mainly as a result of a decrease in volumes shipped abroad (-4.7%). Imports decreased by 7.3%, mainly as a result of lower volumes (-9.1%), partially offset by higher prices (2.9%).

The overall effect was an accumulated trade surplus of US$ 12,690 million as of December 2012, representing a 26.7% increase over 2011.

In the area of public debt with the private sector, in August 2012 the National Government paid principal and interest coupons on Boden 2012 amounting to US$ 2,200 million, and in December 2012 payment was made of a GDP coupon amounting to US$ 3,520 million.

Lastly, renegotiation of a large part of the utility contracts, which is essential for the Company's future, is pending. By Decree No. 458/10, the National Executive Branch (PEN) ratified the 20% increase in carriage rates agreed upon with the Unit for the Renegotiation and Analysis of Public Utility Services Contracts (UNIREN) in 2008. To date, the National Gas Regulatory Entity (ENARGAS) has not yet implemented the respective tariff schemes.

2 - THE GAS INDUSTRY IN ARGENTINA

Unlike other countries in the region where oil is still the main energy source for consumers, natural gas is the main source of energy in Argentina, where it accounts for over 50% of the power grid.

Prime energy supply by source (2011) [%]

	Oil	Natural gas	Coal	Nuclear energy	Hydroelectricity	Renewable sources	TOTAL [%]
USA	36.7	27.6	22.1	8.3	3.3	2.0	100
Canada	31.2	28.6	6.6	6.5	25.8	1.3	100
Mexico	51.6	35.7	5.7	1.3	4.7	1.0	100
Total North America	**37.0**	**28.2**	**19.2**	**7.6**	**6.0**	**2.0**	**100**
Argentina	34.3	51.1	1.3	1.7	11.0	0.6	100
Brazil	45.2	9.0	5.2	1.4	36.4	2.8	100
Chile	49.2	15.2	17.2	-	15.2	3.2	100
Colombia	33.2	23.0	12.2	-	31.0	0.6	100
Ecuador	79.5	3.0	-	-	16.7	0.8	100
Peru	44.7	27.2	3.9	-	23.8	0.4	100
Trinidad & Tobago	7.9	92.1	-	-	-	-	100
Venezuela	43.0	33.5	2.3	-	21.2	-	100
Others South and Cent. America	64.5	5.6	2.9	-	24.5	2.5	100
Total South and Cent. America	**45.0**	**21.6**	**4.6**	**0.8**	**26.2**	**1.8**	**100**

Source: BP Statistical Review of World Energy

Since the privatization of the natural gas utility in late 1992 and until 2012, an accrued growth of approximately 106% in the domestic consumption of the fluid was recorded, with a relevant 262% growth in the demand for compressed natural gas (“CNG”) and 60% growth in industrial consumption. The electric generation segment also recorded an important growth of 143%, due to the intensification of electric energy consumption and to the growth of the thermoelectric park.

Domestic gas consumption (1) – [Millions of m^3/day]

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 (5)
Residential (2)	16.2	16.3	16.5	16.6	16.6	16.9	18.8	20.0	19.3	19.3	20.1	20.1	21.8	21.7	26.5	25.1	25.1	27.3	28.4	29.8
Commercial	2.4	2.4	2.6	2.5	2.7	2.6	2.8	2.9	2.8	2.7	2.8	3.1	3.1	3.0	3.4	3.3	3.5	3.4	3.5	3.7
Industrial (3)	18.3	20.9	21.0	21.5	22.9	23.6	22.5	23.2	22.7	22.9	25.4	26.5	27.2	29.9	29.7	30.1	28.5	29.1	30.7	29.3
Electric Generators	16.3	15.7	19.6	23.8	23.6	23.4	29.3	29.8	24.4	21.3	24.0	28.3	29.3	31.2	33.4	35.5	36.1	31.7	35.5	39.6
CNG	2.1	2.6	2.8	3.0	3.5	3.9	4.1	4.6	5.1	5.6	7.2	8.3	8.7	8.3	7.8	7.5	7.1	7.3	7.6	7.6
Official Agencies	1.6	1.0	0.6	0.7	0.7	0.8	0.9	0.9	1.0	1.0	1.1	1.0	1.1	1.0	1.2	1.1	1.1	1.2	1.2	1.2
RTP + Patagonian Pipelines (4)	7.3	7.5	9.9	9.1	8.5	9.9	5.7	9.4	13.3	15.1	18.4	20.0	20.3	18.5	17.5	17.8	16.1	18.3	20.5	17.6
Subtotal p/commercial use	**64.2**	**66.4**	**73.0**	**77.2**	**78.5**	**81.1**	**84.1**	**90.8**	**88.6**	**87.9**	**99.0**	**107.3**	**111.5**	**113.6**	**119.5**	**120.4**	**117.5**	**118.3**	**127.4**	**128.8**
Consumption at field and withheld at pipeline	6.9	7.0	7.7	9.4	10.8	11.9	13.0	13.9	13.6	14.0	14.7	15.3	15.5	15.7	17.5	17.8	18.1	17.4	17.5	17.5
Total consumption	**71.1**	**73.4**	**80.7**	**86.6**	**89.3**	**93.0**	**97.1**	**104.7**	**102.2**	**101.9**	**113.7**	**122.6**	**127.0**	**129.3**	**137.0**	**138.2**	**135.6**	**135.7**	**144.9**	**146.3**
Index	100	103	114	122	126	131	137	147	144	143	160	172	179	182	193	194	191	191	204	**206**

(1) Includes: Off System, commercial by-pass and physical by-pass.
(2) Includes SDB.
(3) Does not include CERRI Plant included in RTP.
(4) Considers consumption of RTP (MEGA, REFINOR, CERRI, TDF, etc.) and Patagonian pipelines.
(5) Year 2012, estimated with actual values until October.
Sources: ENARGAS and National Secretariat of Energy.

The residential and commercial consumption of natural gas increased by an average 5.5% in the last three years.

The world economic crisis that affected the industrial sector since late 2008 reduced the natural gas consumption by 5.3% in 2009. In 2010 and 2011 natural gas consumption recovered by 2.1% and 5.5%, respectively, but fell again by 4.6% in 2012.

In 2010 consumption of CNG reversed a negative trend, growing 1.8% vis-à-vis 2009, and in 2011 it grew 4.1 % vis-à-vis 2010. In 2012, increases of less than 0.8% were recorded.

The use of natural gas for electric generation dropped 12.2% in 2010, despite the 5.9% growth in the demand of electricity that year. Lower availability of natural gas for the local market led to a substitution of natural gas with liquid fuels and energy imports from Brazil. In 2011 and 2012, the electric sector's consumption of natural gas grew 12.0% and 11.6%, respectively, partly because of the increase in imports of natural gas from Bolivia and liquefied natural gas (“LNG”).

In 2011 Argentina's annual production of natural gas was 45.5 thousand MMm3, 55% from the Neuquén basin, 24% from the Austral basin, 11% from the Gulf of San Jorge basin and 10% from the Northwest basin. Total production was 3% less than that of 2010.

In late 2011 (latest published data) the proven natural gas reserves amounted to 331 thousand MMm3 and, as of that date, the reserve horizon was 7,3 years, considering production of that year.

NATURAL GAS - Reserves and production as of December 2011 [MMm3]

Basin	Proved reserves	Probable reserves	Proved +50% Probable	Production	Horizon: [Proved reserves/Production] (Years)
Austral	103,953	70,420	139,163	10,818	9.6
San Jorge Gulf	48,559	19,388	58,253	4,880	10.0
Neuquén	145,295	40,449	165,519	25,155	5.8
Northwest	33,644	6,989	37,138	4,609	7.3
TOTAL ARGENTINA	**331,451**	**137,246**	**400,073**	**45,462**	**7.3**

Source: National Secretariat of Enery

The National Government signed agreements to import natural gas from Bolivia, which represented nearly 4% of the total volume consumed between 2005 and 2010, with the exception of 2008 when imports dropped to 2%. In 2011, imports increased to 5% and in 2012 represented 8,5% of total volume.

Additionally, a LNG regasification ship was connected in the winter of 2008 to the Bahía Blanca node (province of Buenos Aires), contributing injections of 0.9% of the total volume consumed. The same operation was carried out in subsequent years and through constant increases reached 4.4% of the annual system supply in 2012. These volumes contributed to a certain extent to covering the decline in the domestic offer.

In order to reinforce the supply to the winter peak demand in the areas of Greater Buenos Aires and Autonomous City of Buenos Aires, a second regasification ship was installed in the district of Escobar (province of Buenos Aires), which injects gas into premises operated by YPF S.A. (“YPF”), which in turn connected to the TGN pipeline system in May 2011. Both regasification operations in Escobar and Bahía Blanca represented 7.6% and 8.5% of the total volume of gas consumed in Argentina in 2011 y 2012, respectively.

3 - REGULATORY ASPECTS

The Public Emergency Law

As provider of an essential utility, TGN is subject to significant state regulation based on Law No. 24,076 ("Natural Gas Act"), which is enforced by ENARGAS.

In January 2002, the Public Emergency and Exchange Regime Reform Law N° 25,561 (“LEP”) unilaterally modified the rate regime established in the license agreements executed in 1992 between the National Government and the licensees providing natural gas carriage services and distribution within the framework of the Natural Gas Act, by establishing the rates in pesos and ceasing the twice-yearly adjustment by the Producer Price Index.

The LEP authorized PEN to renegotiate public utility contracts, taking into account the following criteria: 1) the impact of the rates on the economy's competitiveness and on the distribution of income; 2) the quality of the services and the investment plans, when contractually established; 3) the interest of the users and the accessibility of the services; 4) the safety of the systems included, and 5) company profitability. The LEP also established that utility companies could not suspend or alter fulfillment of their obligations.

The National Congress postponed putting LEP into effect until December 2013.

Renegotiation of the License

In 2002 the PEN set up an *ad-hoc* Commission and started the renegotiation process, after establishing a work schedule to be completed by June 2002.

No relevant progress was made in this process during 2012. The temporary rate increase of 20% agreed upon by TGN with the national authorities in October 2008 and ratified by presidential Decree in April 2010 has still not been applied. A judicial claim was brought by the Company with the appellate court seeking enforcement of the rate, but it was subsequently appealed by the national authorities to the Supreme Court of Justice. However, no assurance can be provided that the outcome of the renegotiation will effectively restore the License to balance through a fair and reasonable rate which would indemnify TGN for the damages suffered as a consequence of the LEP.

TGN considers that the main obstacle preventing a comprehensive License renegotiation agreement to date is the National Government’s insistence on adding an indemnity clause in its favor, transferring to TGN the effects of judgments or arbitration awards which, with regard to its License, shall condemn Argentina to pay indemnifications based on the effects of LEP. However, other licensees who agreed to grant this indemnity have not obtained the rate adjustments by the National Government either.

Compensation for damages

In 2011, TGN filed an administrative claim with the national authorities for damages it considers to have suffered as a consequence of the pesification of rates established by LEP and the subsequent freezing of tariffs that persists since the enactment of this law. The claim filed was aimed at protecting TGN's rights, which may otherwise be affected during the period of limitation. Given the silence of the national authorities and the termination of the claim due to time lapsed, in October 2012 TGN filed suit against the National Government seeking compensation for damages suffered by it from January 1, 2006 through December 31, 2011 (reserving its right to extend the period) as a consequence of the pesification of tariffs established by LEP and the subsequent freezing of rates (see Note 12 to the financial statements at December 31, 2012).

However, TGN plans to continue to participate in the License renegotiation process, in conformity with the procedure established by Decree 311/03 and complementary regulations.

Intervention ordered by ENARGAS

The intervention in TGN established by ENARGAS in December 2008 as a consequence of the Board of Directors' decision to postpone payment of the principal and interest installments of the Company´s financial loans that came due in December 2008 and the subsequent maturity dates still continues. Throughout this period, TGN continued to provide the public utility service for which it is responsible in a fully normal manner and without affecting its customers.

4 - FINANCIAL SITUATION

In view of the continuing deterioration of the Company’s economic and financial equation as a result of the freezing of rates, the fall in revenues from gas carriage for export and the increase in operating costs, in December 2008 TGN suspended the payment of its financial debt to prioritize the safe and reliable provision of its public utility natural gas carriage service, to adhere to the going concern principle and to ensure the equal treatment of all its financial creditors.

A swap offer and request of consideration for a Restructuring Agreement Proposal (“APE”) (“the Swap Offer”) made on September 8, 2009 was approved by a majority of favorable votes, representing 87.97% of the total liabilities under restructuring.

However, the excessive delay in obtaining judicial approval of the APE for reasons beyond TGN’s control, on the one hand, and the events that adversely affected the economic and financial scenario in which TGN operates, on the other, showed that the premises considered at the time of launching the 2009 Swap Offer had not been fulfilled. TGN thus determined that the offer was no longer sustainable and that the indefinite terms for court approval of the APE would represent a loss not only to TGN, but also to its creditors.

Therefore, to protect the Company’s assets and guarantee equal treatment for its creditors, while ensuring the normal provision of the public utility service of natural gas carriage, in June 2012 TGN’s Board of Directors decided as follows:(a) to abandon the APE court approval process and, consequently, to file for insolvency proceeding, and (b) to call a Shareholders’ Ordinary Meeting, which was held on July 12, 2012 and ratified TGN’s Board's decision to file for insolvency proceeding.

The petition, however, was rejected by the Court, based on the application, analogous to the APE, of section 31 in fine of the Bankruptcy Law insofar as two petitions for bankruptcy had been filed against TGN at the time the Company decided to abandon the request for judicial approval of the APE and filed a petition for Insolvency Proceeding.

In July 2012 within this scenario, TGN made a new private swap offer (the Restructuring Offer) of all its Class A and B Negotiable Obligations (the Outstanding Debt).

Within the framework of the Restructuring Offer, TGN offered, at the option of the holders of Outstanding Debt, for each US$ 1,000 of outstanding debt, a combination of: (i) US$ 494.20 in Step-up Notes; (ii) US$ 164.68 in Claim Protection Notes; and (iii) only for holders accepting the Restructuring Offer until 5:00 PM New York City time on July 25, 2012 (extended to August 8, 2012), a cash payment amounting to US$ 329.45, and for the remaining holders accepting the Restructuring Offer after July 25, 2012 until 11:59 PM New York City time on August 8, 2002, a cash payment of US$ 280.00.

The Restructuring Offer achieved an 88.0388% approval of the total liabilities under restructuring, thus consummating the private swap with the accepting noteholders on August 22, 2012.

In October 2012, TGN made a second restructuring offer (the Second Restructuring Offer) to holders of Class A and B Negotiable

Obligations for a principal amount of US$ 41,255,472 that had not been included in the previous restructuring. At this time, TGN offered to swap US$ 150 in cash and US$ 850 in Five-Year Negotiable Obligations for each US$ 1,000 of outstanding debt plus past due interest. The Second Restructuring Offer had an acceptance level of 59.82%. Consequently, TGN issued Five-Year Negotiable Obligations for a nominal amount of US$ 29,314,449 with a cash payment of $ 25,327,683.86.

In view of the result of the two swaps implemented in 2012 plus the collection of amounts due within the framework of individual foreclosures, TGN restructured 97.61% of its financial liabilities' principal as of December 2008.

5 - TGN'S ACTIVITY

With a 6,310-km pipeline network, TGN is a company engaged in carrying natural gas via high-pressure pipelines in the northen and central-western regions of Argentina.

Through its two trunk pipelines, the *North*ern and *Central West*, TGN supplies eight of the nine gas distributors and many electricity generators and industries across fourteen Argentine provinces. The TGN system connects to the "*GasAndes*" and "*NorAndino"* pipelines, which carry gas to the center and north of Chile, respectively; to the Entre Ríos Pipeline, which carries gas to the province of Entre Ríos and the Uruguayan coastal zone; and to the pipeline of Transportadora de Gas del Mercosur S.A.

Since beginning its operations in 1992, TGN has expanded its carrying capacity from the pipeline intake from 22.6 MMm3/d to 56.22 MMm3/d [(1)], which is an increase of 149%. These expansions, as well as numerous system maintenance and reliability works, required investments by TGN of approximately US$ 1,211 million.

In physical terms, the expansions by TGN required the installation of 1,323 km of new pipelines, the construction of five new compressor plants, and the installation of fourteen turbo-compressor units, which added an installed power of 150,000 HP.

Resolution N° 185/04 of the Ministry of Federal Planning, Public Investment and Services ("MPFIPyS"), issued under Decree N° 180/04, established a Gas Trust Program organized by the National Secretariat of Energy for the purpose of financing infrastructure works for the carriage and distribution of natural gas.

Under this program, TGN continued to act as Technical Manager of the project for works defined by the National Energy Secretariat and ENARGAS. In 2012, works were placed in service under this scheme, attaining a total increase of 3.25 MMm3/d in the Northern pipeline from the pipeline head at Campo Durán, of which 2.33 MMm3/d are carried to the final sections. Works approved by ENARGAS, which during the initial stage will deliver the mentioned incremental volumes in the final sections and at a later stage will add 2.0 MMm3/d on the same route, are under execution.

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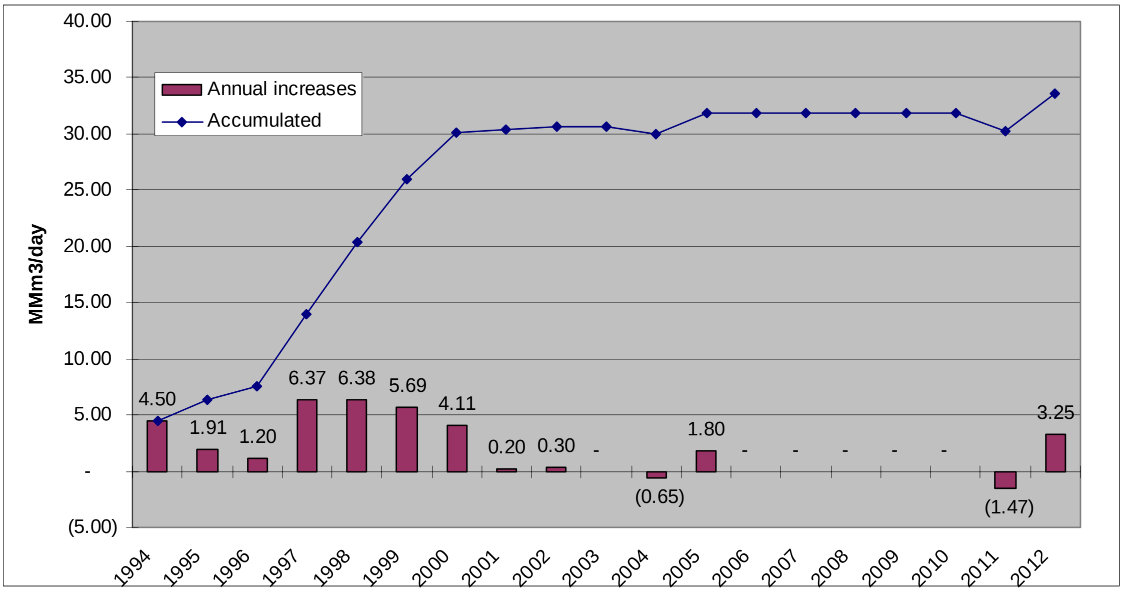
[1] These do not include 1.4 MMm3/d of the first stage, known as Hito AP of the *2006-2008 Expansions*, as the capacity was enabled between certain sections and not from the intake.

In 2011, the carrying capacity on the Central Western pipeline was increased by 1.4 MMm3/d exclusively between Beazley and La Dormida (increased capacity obtained through the construction of a 28.3 km-loop in the area, the only expansion work executed on the Central Western pipeline). No work was carried out on this pipeline in 2012, and there is no certainty as to whether the remaining works will be carried out.

New carrying capacity (at intake) - Annual and accumulated [MMm3/d]



Evolution of TGN system

	Units	1993 1994 1995	1996 1997	1998 1999	2000 2001	2002 2003	2004 2005	2006 2007	2008 2009	2010 2011	2012	Totals
New pipelines added	km	245	455	168	379	(5)	310	-	346	122	128	2,148
Additional compression capacity	kHP	28	-	91	22	-	33	-	21	10	-	204
Capacity increases	MMm3/d	6.41	7.57	12.06	4.31	0.30	1.15	-	-	(1.47)	3.25	33.57

At year-end, the Company's firm carriage contracts from the pipeline intakes totaled 52.64 MMm3/d, 24.05 MMm3/d of which corresponded to the Northern pipeline and 28.59 MMm3/d to the Central Western pipeline. The Company also has 2.35 MMm3/d in firm contracts on partial routes.

Due to the demanding operating conditions that have characterized the last years, it is worth mentioning the Company's role in the modernization and enhancement of its assets, which contributed to the quality and reliability of the natural gas carriage service for large sectors of the economy.

6 - MAIN OPERATIONAL ISSUES

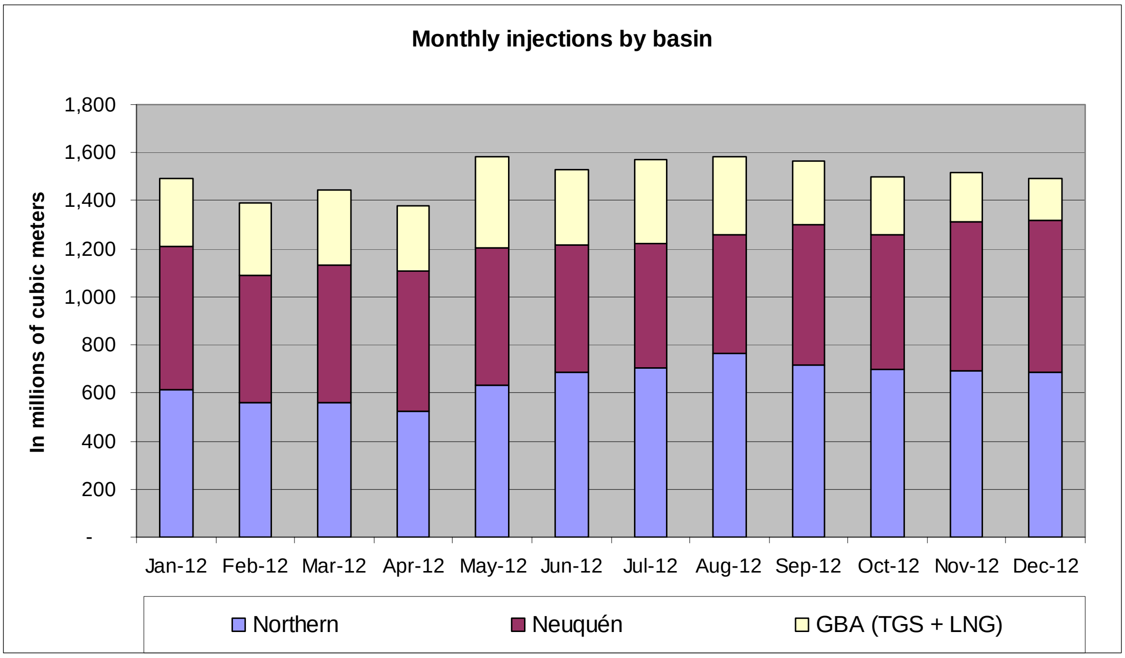
Gas carriage

The annual volume received by TGN in the Northern and Central Western pipelines, through the gasification ship in Escobar and in the linking points with Transportadora de Gas del Sur S.A. located in Greater Buenos Aires, reached in the last year an approximate value of 18,048 MMm3, which represents an average 49.3 MMm3/d.

Due to the reduction in the Neuquén basin, the average injection to the Central Western pipeline decreased from 21.7 MMm3/d to 18.5 MMm3/d. In the case of the Northern pipeline, local production dropped from 10.4 MMm3/d to 8.5 MMm3/d. At the country level, this lesser injection was offset by the contribution of LNG in the Port of Escobar through regasification ships and through a larger supply from Bolivia. The total regasified volume in the Port of Escobar in 2012 reached 2,215 MMm3.

Exports connected to the Neuquén basin (included in the Gas Andes, Gas Pacífico and Colón-Paysandú pipelines) continued to fall, reaching 52.29 MMm3 in 2012. In the case of the Norandino pipeline, only 0.121 MMm3 were exported. Both reductions are a consequence of the operation of LNG regasification plants in Chile, which are in full operation and supply customers from the Gas Andes and Norandino pipelines.

As occurred since 2007, the main feature of gas dispatch operations has been the active presence and participation of the ENARGAS and MPFIPyS' officers in making decisions on dispatch guidelines. During 2012 the *"Procedure for Gas Requests, Confirmations and Control"* issued by the ENARGAS through Resolution I 1410 – 2010 continued. As in previous years, the dispatch operations show that the local gas production is not sufficient to satisfy the domestic demand.



Integrity of installations

The most relevant aspects related to the integrity of installations in 2012 were as follows:

- The annual cathodic protection indicator required by ENARGAS was met. More than seven years passed without any breakage or leakage due to external corrosion on 8,500 km of their own and third party gas pipelines. More than 1,600 days have gone by since the last breakage caused by third-party damages.

- The construction of an 800m-tunnel in the Mal Paso rock massif in the Province of Salta was projected jointly with Gasoducto Norandino S.A., as there was a high risk of pipeline breakage caused by landslide. TGN participated in the conceptual engineering project and collaborated in the geological studies for tunnel construction, as well as in the design work for laying of pipes, overhead protection, and the construction of safe access points. The total cost of the work was approximately US$ 4 million.

- The *Third-Party Damage Prevention Program* was redesigned based on the API 1162 standard. For this purpose, awareness meetings were held to review damage prevention procedures and plans for each section. In addition, a SAP/GIS Hazards Map was prepared.

- Over 800 visits were made as part of the *Visits to Third-Party Programs*. Newly-designed prevention signs were put up in the gas fields. Also, corporate brochures identifying TGN's vehicle fleet were renewed and banners identifying incoming e-mails and promoting the Company's web page were redesigned.

- TGN participated in various agricultural exhibitions to enhance awareness of the prevention of damages along sectors engaged in rural activities involving driving machinery.

- Joint action through the *Instituto Argentino del Petróleo y Gas* was promoted among companies of the gas industry aimed at developing an integrated damage prevention plan.

- Base plans for pipeline integrity were designed, covering 20% of the transmission lines operated and maintained by TGN, as established by the NAG – 100 Standard.

- Integrity and engineering services were provided to Petrouruguay S.A. and Glucovil Argentina S.A. consisting in the execution of an *Integrity Management and Base Evaluation Program*. In addition, a *Gas Pipeline Integrity Management Program* was designed for Gasoducto del Pacífico S.A.

Pipeline engineering

The most significant developments in the area of pipeline engineering in 2012 were as follows:

- At the request of ENARGAS, TGN exercised police powers as regards technical safety for the construction of a by-pass at the new Brigadier López thermal station in the Province of Santa Fe. Works included the construction of a measurement station, a 20 km pipeline, a 12.5 km branch pipeline, as well as in-house gas installations for a 400 MW thermal station. TGN participated in the design of basic engineering for the border-crossing point, the review of the technical documentation and the audits performed during the construction and placement in service of in-house gas installations.

- Progress was made in the fire detection and extinguishing system replacement project at the San Jerónimo, Beazley, La Paz, and Cochico compressor plants.

- Detailed engineering and implementation was carried out at the La Paz plant in relation to: (1) the replacement of control system *PLCs;* (2) line station inlet valve and internal and external line-break valve system; (3) renovation of the turbocompressor and UPS recycle system; (4) power cables and conduits to run cables safely from the power generation system; and (5) replacement of *Ruston* panels.

- General engineering work was done in the following areas: (1) reversal of flow at the Tío Pujio compressor plant; (2) transfer of valve protection at La Candelaria plant; (3) replacement of the Cardales station control system; (4) Ferreira plant automation project; (5) adaptation of the Guañacos station injection and measurement system; (6) review of detailed engineering of extensions; and (7) review of detailed engineering of the San Jerónimo plant extension.

- Obsolescence and HAZOP studies were carried out at the Puelén, Chaján, La Carlota and Recreo plants.

- Basic and detailed engineering review services were provided for the assembly of a moto-compressor in Chile for Gasoducto Gasandes S.A., as well as work management services at the new Brigadier López thermal station.

7 – RENEGOTIATIONS AND CONTROVERSIES WITH EXPORT LOADERS

With the increase in domestic demand for gas and the simultaneous drop in production and reserves, the National Government adopted measures that are still in force to ensure that the natural gas supply is first allocated to meet local demand. This involved restrictions on gas exports, which significantly affected the sales of gas carriage abroad and caused a continuing fall in the utilization of the related firm transportation.

Although TGN was able to enter into agreements with some Chilean clients for the early termination of carriage contracts in exchange for economic compensation (which nevertheless have an ultimate negative effect on its expected cash flows), two legal actions against YPF and the Chilean gas distributor Metrogas S.A., which are described in Note 12 to the Company's financial statements at December 31, 2012, remain unsettled.

8 - QUALITY, SAFETY AND ENVIRONMENT

During 2012, the activities contemplated in the annual prevention plan were completed, including the schedule of audits, follow-up and control procedures aimed at mitigating and controlling the risks related to the Company's operations.

The Company's commitment to quality, safety and environmental activities was ratified with the issue and implementation of an institutional Quality, Safety and Environmental Policy that was approved by the General Management. Compliance with this policy is guaranteed through an Integrated Management System, which was revalidated in February 2013 by the Det Norske Veritas certifying agency, based on the requirements of the ISO 9001, OHSAS 18001 and ISO 1001 Standards.

As in previous years, the Safety Division designed prevention and awareness programs focused on industrial, work and road safety. These programs have allowed the Company to achieve high levels of performance, in line with the highest industry standards.

Field drills continued to be performed with the participation of other companies operating pipeline carriage systems with routes related to those of TGN, allowing verification of the level of response and preparedness in the event of an emergency.

In the area of third-party damage prevention, the Integrity Division worked actively on providing training and on making operators and landowners aware of the risks of third-party activities on gas pipelines.

Collaboration was provided to develop new suppliers through training and verification of the necessary skills to comply with the Company's quality, safety and environmental standards.

As to environmental preservation, TGN has complied with the service quality indicators, achieving high performance levels and keeping accidents at zero. In addition, the environmental protection program was carried out, contemplating the review of all environmental aspects at each site, continuing training on waste management efficiency and control of polluting gases.

9 - HUMAN RESOURCES

Salary increases

In May 2012, the Company granted a 23% salary increase to its personnel covered by the Collective Bargaining Agreement. The employees not covered by the Collective Bargaining Agreement received an equivalent wage increase.

Development activities

In 2012 we continued to carry out activities aimed at promoting people integration, improving their quality of life and contributing to their personal and professional development:

- For the third consecutive year, meetings were held with all Area Heads, during which the leaders of various areas of the Company were updated on the status of the organization.

- A Middle Management Development Program was undertaken to strengthen leadership skills to allow building groups and motivating leaders for a high-performance team.

- A Work Climate and Commitment Survey was carried out to review work processes, leadership, institutional and communicational issues, decision-making power and reward schemes, and to obtain the point of view of our people about work life at the Company. Workshops will be held in 2013 to draft action plans aimed at increasing the overall satisfaction of our personnel and competitiveness under the motto *Building a better workplace*.

Training activities

Training also enjoyed a prominent place with an annual coverage of 78% of staff and approximately 14,000 hours of training recorded in 2012. Within this framework, the CTC or Knowledge Transfer Center completed its fourth year of training activities focused primarily on technical courses. In-house instructors designed and taught these courses in which over 300 people participated, reaching 44% of the total training man-hours. The training-by-position plan also played an important role, including courses for each specialty.

Evaluation activities

The Company continued to cover all its employees with its performance assessment program. The evaluation process was highlighted as an opportunity for dialogue, learning and development for the whole organization. Evaluation committees were appointed to consolidate the purpose of the process and work objectives were set for the next year.

Employment

Throughout the year, young technicians and professionals joined the Company at different sites of the country with the purpose of filling positions left vacant by retirees. Young personnel with technical profiles as part of their development in the gas carriage business were thus incorporated into the Company.

Internal communication

During 2012, communication support was given under the *New Spaces for Integration* guideline, through posted messages and e-mail campaigns aimed at disseminating and promoting staff integration.

Our in-house magazine was changed from a printed to a digital format in order to reduce the logistics costs while contributing to minimizing the environmental impact by reducing paper use.

Welfare activities

We continued with our campaigns to promote the donation of computer equipment no longer in use to *Fundación Equidad*; the donation of blankets to *Fundación El Arte de Vivir;* and the donation of blood to *Hospital Garrahan*.

10 - CORPORATE SOCIAL RESPONSIBILITY

TGN renewed its commitment through its social responsibility practices and policies aimed at achieving social, environmental and economic results in a balanced manner. Through its sustainability programs, the Company has sought to enhance its role as a provider of public services, committed to contributing to the development of the communities in which it operates. The pursuit of social results associated with its business and an ethical approach promoting more transparent practices guided TGN’s actions aimed at achieving sustainable development. The main activities carried out were the following:

- Focus on the incorporation of social and environmental criteria based on the principles of the Global Pact at various decision-making instances.

- Development of local suppliers in small locations was implemented in the Province of Córdoba. With the participation of entrepreneurs from Tío Pujio, Ferreyra, Villa María and Deán Funes the *Cadena de Valor* program was continued.

- The participation of TGN as just another player in the community was consolidated through continuing work in the *Accident Prevention Program* network, formed by local schools, city halls and the Ministry of Health of the Province of Mendoza.

- Through a round table held to discuss community proposals, TGN promoted a PET bottle recycling project with the collaboration of the *Instituto para la Cultura, la Innovación y el Desarrollo* (Culture, Innovation and Development Institute), aimed at raising awareness on environmental issues and contributing to the waste treatment process in the locality of Recreo, in the Province of Catamarca.

- A public-private sector articulation initiative was carried out with the local government of Misión La Loma, in the Province of Salta. As a result, through an agreement with the City Hall, families of the Toba, Wichi and Guaraní communities living in that area saw improvements in their living conditions, as they were moved to an area without risks of landslide and with access to drinking water.

- Dialogue continued with the Pueblo Guaraní Organization in Villa Rallé, Province of Salta.

11 - REMUNERATIONS POLICY

The remuneration of the Board of Directors is set up by the Shareholders' Meeting for each fiscal year. The salary chart of the management level of the Company establishes a basic, fixed monthly remuneration, and an additional amount, annually payable, consisting of a fixed and a variable part. While the fixed parts are established in accordance with the responsibility level inherent to the position and market values, the variable part consists of an additional amount associated to performance and achievement of yearly objectives. The Company's policy does not establish options or other plans for staff.

12 - DECISION-MAKING POLICY

The Company Bylaws establish that the Board of Directors of the Company shall consist of 14 regular directors and the same number of alternates, and shall be in charge of the direction and administration of TGN. The directors' term of office is of one year, counted from their appointment by the Shareholders' Meeting. Of the 14 directors: (i) nine regular directors and their respective alternates are elected by the Class A shares in a Class Meeting of said class; (ii) four regular directors and their respective alternates are elected by the Class B shares in a Class Meeting of said class, and (iii) one regular director and the respective alternate are elected by the Class C shares in a Class Meeting of said class. Of these, at least one Class A director and one Class B director shall be independent, as per Decree N° 677/2001 and applicable provisions of the National Securities Commission (“CNV”). The director appointed by Class C shall not possess this feature.

The controlling company of TGN, Gasinvest S.A. (“Gasinvest”) has the right to appoint the majority of the regular and alternate directors. The shareholders of Gasinvest have executed a Shareholders' Agreement ("the Agreement") to regulate certain aspects related to their indirect equity in TGN, such as the number of directors that each shareholder may appoint, and the decisions and actions that must be unanimously agreed upon.

The Agreement establishes that the following actions and decisions must be unanimously agreed upon by Compañía General de Combustibles S.A., Techint Compañía Técnica Internacional S.A.C.I. and Total Gas y Electricidad Argentina S.A.:

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

Additionally, Gasinvest, its shareholders and former shareholder CMS, which sold all of its equity in TGN to Blue Ridge Investments LLC as recorded in the communication dated June 5, 2008 subscribed by both parties and addressed to TGN, executed an agreement establishing that all contracting for the supply of assets and/or services must be done in accordance with mechanisms which guarantee the necessary participation of several technically and economically able bidders, to ensure that contracting is done on arm’s-length terms, following TGN's organization and management provisions and policies.

It is also established that contracts for the acquisition of assets and/or services with a company and/or its controlling and/or controlled companies, which as a whole exceeds the amount of US$ 4 million, must be approved by the Board of Directors.

The Company's internal surveillance is in charge of the Statutory Auditors' Committee consisting of three regular and three alternate statutory auditors, of which: (i) two regular members and their alternates are appointed at a Class Meeting of class A and B shares acting jointly, of which at least one regular member must be independent; and (ii) an regular member and his or her alternate are appointed at a Class meeting of class B shares.

The Statutory Auditors' Committee holds its meetings with an absolute majority of members in attendance, and decisions are adopted by a majority of present votes, without affecting the rights of the dissenting statutory auditor. The members of the Statutory Auditors' Committee have the duty and the right to attend Board and Shareholders’ Meetings, call them, demand the inclusion of items on the agenda and, in general, supervise all the Company’s issues and the Company’s compliance with the law and the Bylaws.

13 - AUDIT COMMITTEE

As per the provisions of the Public Offering Transparency Regime envisaged in Decree No. 677/01, companies who publicly offer their shares must set up an Audit Committee, with no less than three members of the Board, whose majority must be independent, as per the terms of CNV General Resolution No. 400/02.

During the fiscal year 2012, TGN’s Audit Committee performed the duties assigned to it under the law and its internal regulations, in line with an Annual Plan reported to the Board and the Statutory Auditors’ Committee, and whose results are included in the report issued upon presenting and publishing the annual financial statements of the Company.

14 - INTERNAL CONTROL OF THE COMPANY

The Internal Audit Management, as the Board’s consulting body, is responsible for the regular evaluation of the internal control systems to optimize the quality of the processes carried out, their documentation and reporting. Internal control is a process performed by the Management and the rest of the personnel and designed to provide reasonable assurance that the objectives of the organization will be accomplished, considering the effectiveness and efficiency of the operations, as well as the reliability of the financial information and compliance with applicable laws and regulations.

In this regard, the Internal Audit Management carries out procedures to comply with the Annual Audit Plan, which is oriented to monitoring critical and relevant operating, equity, legal, regulatory and IT-related risks. TGN’S Audit Committee is assisted by the Internal Audit Management to raise awareness of the identified control weaknesses, as well as of corrective measures to be adopted.

15 - DISCLOSURE OF THE COMPANY’S BALANCES AND TRANSACTIONS WITH ITS CONTROLLING COMPANY, FOREIGN INVESTMENTS, OTHER RELATED PARTIES AND KEY MANAGEMENT PERSONNEL.

Complementarily to the information disclosed in Note 5 to TGN's financial statements as of December 31, 2012, the balances and transactions of each company are described below.

The persons and companies encompassed in Decree No. 677/01 and regulations of the CNV have been included as related parties.

Balances as of December 31, 2012 (in thousands of $):

Accounts Receivables	
Other related parties	
Transportadora de Gas del Mercosur S.A.	23,506
Litoral Gas S.A.	7,099
Siderar S.A.	931
Siderca S.A.	545
Gasoducto Gasandes Argentina S.A.	79
Total other related parties	**32,160**
Other Receivables	
Controlling shareholder	
Gasinvest S.A.	8
	8
Foreign investments	
Companhía Operadora do Rio Grande do Sul	301
Comgas Andina S.A.	80
Total foreign investments	**381**
Other related parties	
Transportadora de Gas del Mercosur S.A.	265
Siderar S.A.	8
Litoral Gas S.A.	122
Tecgas N.V.	2
Total other related parties	**397**
Key management personnel	
Advanced payment of fees for technical-administrative services and Statutory Auditors’ Committee	2,726
	2,726
Accounts Payable	
Other related parties	
Total Gas y Electricidad Argentina S.A.	22,986
Tecpetrol S.A.	22,681
Compañía General de Combustibles S.A.	22,681
Transportadora de Gas del Mercosur S.A.	53
Total other related parties	**68,401**
Other Payables	
Key management personnel	
Fees for technical-administrative services and Statutory Auditors’ Committee	2,760
	2,760

Transactions of fiscal year 2012 (in thousands of $):

Controlling shareholder	
Other income and expenses, net	
Gasinvest S.A.	**25**
Foreign investments	
Revenues	
Comgas Andina S.A.	**270**
Other income and expenses	
Comgas Andina S.A.	**378**
Collection of cash dividends	
Companhía Operadora do Rio Grande do Sul	**707**
Expenses recovered	
Comgas Andina S.A.	**204**
Other related parties	
Revenues	
Litoral Gas S.A.	53,996
Siderar S.A.	7,154
Siderca S.A.	5,127
Transportadora de Gas del Mercosur S.A.	4,116
Gasoducto Gasandes Argentina S.A.	790
Tota revenues	**71,183**
Cost of services	
Total Gas y Electricidad Argentina S.A.	(3,719)
Tecpetrol S.A.	(3,719)
Compañía General de Combustibles S.A.	(3,719)
Total cost of services	**(11,157)**
Administrative expenses	
Total Gas y Electricidad Argentina S.A.	(1,651)
Cainzos, Fernández & Premrou Soc.Civ.	(1,067)
Total administrative expenses	**(2,718)**
Other income and expenses	
Litoral Gas S.A.	2
Gasoducto Gasandes Argentina S.A.	52
Total Austral S.A.	45
Tecpetrol S.A.	45
Total Other income and expenses	**144**
Financial and holding results generated by assets	
Siderar S.A.	6
Transportadora de Gas del Mercosur S.A.	2,622
Total financial and holding results generated by assets	**2,628**
Expenses recovered	
Transportadora de Gas del Mercosur S.A.	**85**
Purchase of fixed assets	
Siat S.A.	(20)
Siderca S.A.	(15)
Total purchase of fixed assets	**(35)**

Key management personnel

Technical-administrative services	**(1,760)**
Statutory Auditors Committee's fees	**(966)**

16 - PROPOSAL FOR THE ALLOCATION OF RESULTS

In fiscal year 2012, an income of $ 217,765 thousand was reported. The the Company's Board of Directors proposes to the Shareholders' Meeting that this income be appropriated as follows:

a. $ 10,888 thousand to the Legal Reserve, as provided for by Law No. 19,550 in an amount equivalent to 5% of the income for the year. Considering the prior year's balances, plus this appropriation, the reserve will amount to $ 71,757 thousand.

b. $ 206,877 thousand to the Optional Reserve set up by the ordinary shareholders' meeting dated April 13, 2012 with the purpose of absorbing deferred tax liabilities generated by the adjustment for inflation of fixed assets. Considering the prior year's balance $ 139,372 thousand, this reserve will amount to $ 346,249 thousand.

c. Record against the Optional Reserve mentioned in b), the deferred tax liabilities generated by the adjustment for inflation of fixed assets mentioned in Note 2 e) to the Company's financial statements at December 31, 2012 for $ 299,753 thousand. Considering this allocation, this reserve will amount to $ 46,496 thousand.

d. Considering (i) that the Company recorded operating losses for the seventh consecutive quarter, (ii) that there is uncertainty about a possible rate adjustment, (iii) the Company is legally bound to provide a safe and reliable public service, and (iv) that there are restrictions to pay dividends in view of the restructuring of financial debt, we propose not to distribute the balance in c).

Additionally, the Board of Directors proposes to the Company Shareholders' Meeting the payment of $ 1,760.2 thousand in technical-administrative service fees to the Chairman, independent directors and directors who are members of the Audit Committee, and $ 965.9 thousand in fees to the members of the Statutory Auditors' Committee.

The Board of Directors is thankful for the support and consideration given by customers, suppliers, third parties in general and personnel of the Company during the fiscal year.

Autonomous City of Buenos Aires, March 7, 2013

Eduardo Ojea Quintana
Chairman

TRANSPORTADORA DE GAS DEL NORTE S.A.

In accordance with the terms of General Resolution 368/01 and its modifications issued by the National Securities Commission ("CNV"), we detail below an analysis of the results of the operations of Transportadora de Gas del Norte S.A. ("TGN" or "the Company") (1), its financial situation, its business prospects and other financial indicators, as well as the result of the compliance with the International Financial Reporting Standards ("IFRS") implementation plan, which should be read in conjunction with the attached financial statements, the additional information to the Notes required by Section 68 of the Buenos Aires Stock Exchange Listing Rules and the press releases opportunely notified to the CNV.

I) ANALYSIS OF RESULTS AND FINANCIAL SITUATION

** Result for the year ended December 31:*

(In million of pesos)

	Year ended 12.31.					
	2012	**2011**	**Variation**	**2010**	**2009**	**2008**
Revenues						
Gas carriage service	439.1	415.2	23.9	560.1	565.9	523.0
Allowances for disputed amounts and others	(48.8)	(42.6)	(6.2)	(104.9)	(79.5)	(52.7)
Subtotal gas carriage service	**390.3**	**372.6**	**17.7**	**455.2**	**486.4**	**470.3**
Other services:						
Gas pipeline operation and maintenance ("O&M") services	31.4	28.7	2.7	28.8	30.0	26.2
Management fees – Gas Trust Program	70.0	5.7	64.3	11.2	14.6	8.0
Subtotal other services:	**101.4**	**34.4**	**67.0**	**40.0**	**44.6**	**34.2**
Total revenues	**491.7**	**407.0**	**84.7**	**495.2**	**531.0**	**504.5**
Cost of services						
Operating and maintenance costs	(260.3)	(223.3)	(37.0)	(218.2)	(196.9)	(168.8)
Fixed assets depreciation	(134.0)	(131.2)	(2.8)	(129.6)	(124.3)	(122.0)
Subtotal	**(394.3)**	**(354.5)**	**(39.8)**	**(347.8)**	**(321.2)**	**(290.8)**
Gross profit	**97.4**	**52.5**	**44.9**	**147.4**	**209.8**	**213.7**
Administrative and selling expenses	(148.4)	(109.8)	(38.6)	(89.3)	(70.9)	(52.9)
Operating (loss) income	**(51.0)**	**(57.3)**	**6.3**	**58.1**	**138.9**	**160.8**
Results from foreign investments	1.5	(0.4)	1.9	1.3	2.3	1.1
Financial and holding results	(179.7)	(260.6)	80.9	(224.7)	(210.3)	(189.7)
Results from loans restructuring	575.2	-	575.2	-	-	-
Other income and expenses, net	(12.4)	110.4 (3)	(122.8)	306.3	15.6	1.7
Income (loss) before income tax	**333.6**	**(207.9)**	**541.5**	**141.0**	**(53.5)**	**(26.1)**
Income tax	(115.8)	72.0	(187.8)	(49.5)	20.9	11.1
Income (loss) for the year	**217.8**	**(135.9)**	**353.7**	**91.5**	**(32.6)**	**(15.0)**
EBITDA (2)	**77.5**	**189.0** (3)	**(111.5)**	**501.1**	**297.4**	**304.1**

(1) Company not encompassed by the Optional Statutory System of Public Offering for Mandatory Purchase.

(2) Income before income tax, financial and holding results, results from loans restructuring, depreciation and charges for consumable goods not entailing outlays of funds. If the item "Other income and expenses, net", mainly made up by commercial indemnifications (as explained in (3) below) had not been included, the level of EBITDA for the year ended December 31, 2011 would have been $ 78.6 million.

(3) Including earnings for $ 108.4 million in the year ended December 31, 2011 from settlement agreements entered into with export customers (Note 13).

(In million of pesos)

	12.31.12	*12.31.11*	*12.31.10*	*12.31.09*	*12.31.08*
Total Assets	2,843	3,248	3,130	2,802	2,565
Total Liabilities	1,779	2,402	2,148	1,911	1,642
Shareholders' Equity	1,064	846	982	891	923

I) ANALYSIS OF RESULTS AND FINANCIAL SITUATION (Cont.)

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

*** Revenues**

By type of service:

(In million of pesos)

Type of service	Year ended 12.31.									
	2012	***%***	***2011***	***%***	***2010***	***%***	***2009***	***%***	***2008***	***%***
Gas carriage	390.3	79.4	372.6	91.6	455.2	91.9	486.4	91.6	470.3	93.2
Gas pipeline O&M services - Gas Trust Program	101.4	20.6	34.4	8.4	40.0	8.1	44.6	8.4	34.2	6.8
Total revenues	**491.7**	**100.0**	**407.0**	**100.0**	**495.2**	**100.0**	**531.0**	**100.0**	**504.5**	**100.0**

- Gas carriage services

The net increase of $ 17.7 million between 2012 and 2011 is mainly explained by:

i. increase of $ 19.4 million in billings nominated in foreign currency as a result of the joint effect of the increase in the US dollar exchange rate and in the Producer Price Index ("PPI");

ii. $ 6.2 million decrease in 2012 due to higher allowances for disputed amounts, compared to 2011, related to the situation of Metrogas Chile S.A. (refer to Note 12.g); and

iii. higher income for $ 4.1 million mainly in interruptible services and exchange and displacement services and others.

- "Gas pipeline O&M" and "Management Fee – Gas Trust Program"

The $ 67.0 million net increase between 2012 and 2011 is mainly explained by the compromise and settlement agreement entered into with Nación Fideicomisos S.A. in relation to the management fee related to the gas trust programs mentioned in Note 15.b).

I) ANALYSIS OF RESULTS AND FINANCIAL SITUATION (Cont.)

** Cost of services*

(In million of pesos)

Accounts	Year ended 12.31. 2012	%	2011	%	2010	%	2009	%	2008	%
Fees for professional services	4.5	1.1	1.9	0.5	2.8	0.8	3.9	1.2	4.5	1.5
Salaries, wages and other personnel benefits and social security contributions	111.9	28.4	90.1	25.4	79.5	22.9	66.4	20.7	56.5	19.4
Fees for technical operator and audit services	13.8	3.5	12.4	3.5	26.6	7.6	11.2	3.5	9.5	3.3
Foreign staff residence	-	-	1.2	0.3	2.8	0.8	2.8	0.9	2.2	0.8
Consumption of spare parts and materials	18.0	4.6	17.9	5.0	16.2	4.7	16.5	5.1	14.5	5.0
Gas imbalance	-	-	-	-	(1.9)	(0.5)	(0.2)	(0.1)	0.9	0.3
Maintenance and repair of fixed assets and third–party services and supplies	76.0	19.3	65.1	18.4	58.3	16.7	54.5	17.0	41.2	14.2
Communications, freight, transportation and travel expenses	14.7	3.7	11.7	3.3	9.9	2.8	8.5	2.6	8.1	2.8
Insurance	6.1	1.5	5.2	1.5	5.5	1.6	5.3	1.7	5.4	1.9
Rentals and office supplies	3.0	0.8	2.8	0.8	2.6	0.7	2.4	0.7	1.9	0.7
Easements	10.1	2.6	11.9	3.4	12.0	3.5	9.3	2.9	7.2	2.5
Taxes, rates and contributions	0.7	0.2	0.6	0.2	0.5	0.1	0.5	0.2	0.5	0.1
Fixed assets depreciation	134.0	34.0	131.2	37.0	129.6	37.3	124.3	38.7	122.0	42.0
Slow-moving and obsolete materials and spare parts	0.6	0.1	1.6	0.4	2.5	0.7	13.5	4.2	14.6	5.0
Others	0.9	0.2	0.9	0.3	0.9	0.3	2.3	0.7	1.8	0.5
Total	**394.3**	**100.0**	**354.5**	**100.0**	**347.8**	**100.0**	**321.2**	**100.0**	**290.8**	**100.0**
% of Costs of services on revenues	**80.2**		**87.1**		**70.2**		**60.5**		**57.6**	

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

i. a $ 21.8 million increase in Salaries, wages and other personnel benefits and social security contributions as a result of pay increases, partially corresponding to inflation adjustment; and

ii. a $ 10.9 million increase in Maintenance and repairs of fixed assets and third party services and supplies, mainly due to the fact that in the year ended December 31, 2012 higher expenses were made in: a) cleaning and weeding of facilities ($ 3.2 million), b) maintenance of compressor plants and integrity of the control and measurement stations ($ 4.0 million), c) security and surveillance ($ 2.8 million) and d) sundry ($ 0.9 million).

** Administrative and Selling expenses*

(In million of pesos)

Accounts	Year ended 12.31. 2012	%	2011	%	2010	%	2009	%	2008	%
Salaries, wages and other personnel benefits and social security contributions	48.9	33.0	43.9	40.0	35.9	40.2	26.5	37.4	24.1	45.6
Fixed assets depreciation	1.9	1.3	1.9	1.7	1.8	2.0	1.8	2.5	1.7	3.2
Fees for professional services	7.8	5.3	5.7	5.2	4.7	5.3	5.8	8.2	5.7	10.8
Taxes, rates and contributions	43.2	29.1	36.7	33.4	27.5	31.0	22.8	32.2	24.6	46.6
Communications, freight, transportation and travel expenses	2.4	1.6	1.9	1.7	1.5	1.7	1.4	2.0	1.3	2.5
Maintenance and repair of fixed assets and third-party services and supplies	3.2	2.2	2.3	2.1	3.1	3.5	1.9	2.7	2.1	4.0
Rentals and office supplies	2.1	1.4	1.5	1.4	1.1	1.2	1.3	1.8	1.0	1.9
Doubtful accounts	17.5	11.8	8.3	7.6	8.3	9.3	(2.4)	(3.4)	(1.7)	(3.2)
Contingencies	3.9	2.6	4.4	4.0	3.4	3.6	9.3	13.1	(8.8)	(16.7)
Statutory Auditor´s Committee´s fees	1.0	0.7	0.9	0.8	0.6	0.7	0.6	0.8	0.4	0.8
Fees for technical-administrative services	1.7	1.1	0.9	0.8	0.7	0.8	0.6	0.8	1.4	2.6
Compensation for damages	13.4	9.0	-	-	-	-	-	-	-	-
Others	1.4	0.9	1.4	1.3	0.7	0.7	1.3	1.9	1.1	1.9
Total	**148.4**	**100.0**	**109.8**	**100.0**	**89.3**	**100.0**	**70.9**	**100.0**	**52.9**	**100.0**
% of Administrative and selling expenses on revenues	**30.2**		**27.0**		**18.0**		**13.4**		**10.5**	

I) ANALYSIS OF RESULTS AND FINANCIAL SITUATION (Cont.)

*** *Administrative and Selling expenses (Cont.)***

Among the items showing the most significant variations between both years, it is important to mention:

i. A $ 6.5 million increase in Taxes, rates and contributions due to a higher charge for the turnover tax and for the verification and control rate in favor of the Ente Nacional Regulador del Gas (“ENARGAS”);

ii. a $ 13.4 million increase in Compensation for damages, related to the situation described in Note 12.b);

iii. a $ 5.0 million increase in Salaries, wages and other personnel benefits and social security contributions as a result of pay increases, partially corresponding to inflation adjustment; and

iv. a $ 9.2 million increase in Doubtful accounts due to higher valuation allowances set up during this year in relation to defaulted customer’s balances.

*** *Financial and holding results***

(In million of pesos)

Accounts	Year ended 12.31.				
	2012	**2011**	**2010**	**2009**	**2008**
Interest and indexing generated by liabilities	(146.0)	(179.4)	(137.2)	(109.0)	(75.7)
Restructuring Agreement Proposal and Insolvency Proceeding - Fees and expenses	(37.4)	-	-	-	-
Commissions, taxes and expenses on banking and financial operations, net of discounts received	(8.4)	(6.9)	(7.2)	(8.9)	(8.1)
Results on loans repurchases	-	-	-	-	1.1
Results on discounting at present value and others	101.6	-	0.1	0.2	0.2
Subtotal financial and holding results generated by liabilities before exchange rate differences	**(90.2)**	**(186.3)**	**(144.3)**	**(117.7)**	**(82.5)**
Interest, indexing and banking commissions and expenses generated by assets	14.5	7.7	8.9	10.5	1.3
Holding results generated by assets	11.2	9.1	5.6	23.4	8.8
Results from risk hedging transactions	-	-	(3.3)	(5.4)	-
Results on discounting at present value	(24.5)	(22.6)	(43.1)	(22.7)	(22.3)
Subtotal financial and holding results generated by assets before exchange rate differences	**1.2**	**(5.8)**	**(31.9)**	**5.8**	**(12.2)**
Exchange rate differences:					
Generated by liabilities	(233.9)	(147.8)	(70.1)	(124.7)	(105.3)
Generated by assets	143.2	79.3	21.6	26.3	10.3
Subtotal exchange rate differences	**(90.7)**	**(68.5)**	**(48.5)**	**(98.4)**	**(95.0)**
Total	**(179.7)**	**(260.6)**	**(224.7)**	**(210.3)**	**(189.7)**

Financial and holding results for the year ended December 31, 2012 decreased by $ 80.9 million compared to the previous year. Items recording the most significant variations between both years are as follows:

i. higher losses for $ 86.1 million resulting from exchange rate differences generated by liabilities nominated in US dollars;

ii. A $ 33.4 million decrease in interest and penalties accrued on financial loan balances due to the restructuring process occurred in 2012. See Note 10;

iii. a higher profit for $ 101.6 million related to the Claim Protection Notes´ valuation at their net present value (Note 10) and to the provisions for court fees mentioned in Note 12.e) and 12.h);

iv. the US dollar asset positions produced a higher exchange rate profit of $ 63.9 million;

v. a higher profit for $ 6.8 due to interest generated by an agreement entered into with Transportadora de Gas del Mercosur S.A. during 2012 and to yields accrued in relation to short-term investments; and

I) ANALYSIS OF RESULTS AND FINANCIAL SITUATION (Cont.)

**** Financial and holding results (Cont.)***

vi. higher losses for $ 37.4 million due to the fees and expenses charged to results, related to the Restructuring Agreement Proposal and the Insolvency Proceeding. See Note 10.

**** Results from loans restructuring***

As described in Note 10, on July 12, 2012, TGN launched a private swap offer of the totality of its Class A and B Negotiable Obligations, under the terms and conditions that are described in the Information Memorandum dated July 12, 2012. The offer had a level of acceptance of 88.0388% of computable liabilities, which permitted the completion of the private swap with consenting holders on August 22, 2012.

On October 30, 2012, TGN launched a second swap offer related to Class A and B Negotiable Obligations for an amount of principal of US$ 41,255,472 that did not enter into the previous restructuring agreement. The terms and conditions of this second swap offer are described in the Information Memorandum dated October 30, 2012. 59.82% of creditors accepted this Second Restructuring Offer, which permitted the completion of the private swap on December 2012. Considering the outcome of the two swaps implemented in 2012 and the collection of certain receivables upon individual enforcements, TGN has restructured 97.61% of its financial liabilities´ principal existing as of December 2008. As a result of the swap offers previously mentioned, a positive result of $ 575.2 million was recorded during fiscal year 2012.

**** Other income and expenses, net***

(In million of pesos)

Accounts	Year ended 12.31.				
	2012	**2011**	**2010**	**2009**	**2008**
Income from commercial indemnifications (Note 13)	47.6	108.4	301.9	9.6	-
Court fees (Note 12.e) and 12.h))	(63.9)	-	-	-	-
Result of disposal of fixed assets	(1.0)	(1.3)	(0.6)	(0.1)	(1.3)
Net income from sundry sales and others	4.7	3.2	4.7	5.8	2.8
Recovery of damages	0.2	0.1	0.3	0.3	0.2
Total	**(12.4)**	**110.4**	**306.3**	**15.6**	**1.7**

Note 13 describes the agreements reached with export customers Sociedad Eléctrica Santiago S.A., Colbun S.A. and Gasoducto Norandino Argentina S.A. Those agreements, among others, have generated incomes amounting to $ 47.6 million and $ 108.4 million during the years ended December 31, 2012 and 2011, respectively, on account of income from commercial indemnifications. Compromise and settlement agreements result in TGN no longer collecting agreed future income in exchange for compensation, which generates a negative effect on its expected cash flows.

During fiscal year 2012, TGN filed complaints against YPF S.A. and the National State (See Notes 12.e) and 12.h), respectively). The Company filed a motion for leave to litigate in forma pauperis in the two complaints. As of the date of issuance of these financial statements, it is not possible to determine whether this petition will be granted to the Company in whole or in part, so a provision of $ 63.9 million was recorded to cover court fees.

I) ANALYSIS OF RESULTS AND FINANCIAL SITUATION (Cont.)

** Summary of the Statement of cash flows*

(In million of pesos)

	Year ended 12.31.				
	2012	**2011**	**2010**	**2009**	**2008**
Income (loss) for the year	217.8	(135.9)	91.5	(32.6)	(15.0)
Income tax	115.8	(72.0)	49.5	(20.9)	(11.1)
Accrued financial and holding results	130.8	170.6	(137.2)	(109.0)	(75.7)
Adjustments to reach net cash flow generated by the operations	(190.4)	301.9	513.9	516.7	418.1
Net changes in operating assets and liabilities	35.0	(74.1)	(272.4)	(117.2)	(73.0)
Net cash flows generated by the operations	**309.0**	**190.5**	**245.3**	**237.0**	**243.3**
Purchase of fixed assets	(49.0)	(61.1)	(78.0)	(77.8)	(45.5)
Collection of cash dividends (from foreign investments)	0.7	1.6	2.1	-	1.4
Variation of short-term investments (non-cash equivalents)	101.5	(240.8)	(186.9)	(19.4)	-
Variation of short-term investments granted as guarantee	-	-	11.5	(11.5)	-
Net cash flows generated by (used in) investing activities	**53.2**	**(300.3)**	**(251.3)**	**(108.7)**	**(44.1)**
Payment and repurchase of loans	(485.3)	-	-	-	(54.6)
Loan´s interest and expenses paid	-	-	-	-	(61.6)
Attachments and guarantee deposit	(13.1)	-	(0.2)	(32.1)	-
Customer advances	10.3	-	-	(0.3)	0.5
Net cash flows used in financing activities	**(488.1)**	**-**	**(0.2)**	**(32.4)**	**(115.7)**
Financial and holding results generated by cash and cash equivalents	**41.6**	**35.9**	**16.0**	**23.5**	**5.3**
Net (decrease) increase in cash and cash equivalents	**(84.3)**	**(73.9)**	**9.8**	**119.4**	**88.8**
Cash and cash equivalents as of beginning of the year	**208.2**	**282.1**	**272.3**	**152.9**	**64.1**
Cash and cash equivalents as of end of the year	**123.9**	**208.2**	**282.1**	**272.3**	**152.9**

** Breakdown of cash and cash equivalents*

(In million of pesos)

	Year ended 12.31.				
	2012	***2011***	***2010***	***2009***	***2008***
Cash and banks	11.5	6.0	64.0	22.9	135.5
Mutual funds in US$	-	28.8	-	-	-
US Treasury bills	-	-	15.7	-	17.4
Time deposits in US$	64.4	121.9	125.1	124.1	-
Time deposits in $	-	30.0	31.2	48.3	-
Government bonds in $	3.4	-	-	-	-
Mutual funds in $	44.6	18.3	18.7	52.1	-
Stock exchange securities in $	-	3.2	27.4	24.9	-
Cash and cash equivalents as of end of the year	**123.9**	**208.2**	**282.1**	**272.3**	**152.9**

II) BUSINESS PROSPECTS

The Company’s business, operating, financial and regulatory prospects are fully described in the Notes to the financial statements and the additional information required by Section 68 of the Buenos Aires Stock Exchange Listing Rules as of December 31, 2012; this information should be jointly read, analyzed and interpreted to have a full vision of the significant corporate matters for the year and of the Company’s future.

TRANSPORTADORA DE GAS DEL NORTE S.A.

III) COMPARATIVE BALANCE SHEET STRUCTURE AT DECEMBER 31, 2012, 2011, 2010, 2009 and 2008

(In million of pesos)

	Year ended 12.31.				
	2012	**2011**	**2010**	**2009**	**2008**
Current Assets	635	975	723	462	245
Non-current Assets	2,208	2,273	2,407	2,340	2,320
Total	**2,843**	**3,248**	**3,130**	**2,802**	**2,565**
Current Liabilities	342	2,135	1,819	1,594	1,309
Non-current Liabilities	1,437	267	329	317	333
Subtotal	1,779	2,402	2,148	1,911	1,642
Shareholders' Equity	1,064	846	982	891	923
Total	**2,843**	**3,248**	**3,130**	**2,802**	**2,565**

IV) COMPARATIVE STRUCTURE OF RESULTS FOR THE YEARS ENDED DECEMBER 31, 2012, 2011, 2010, 2009 and 2008

(In million of pesos)

	Year ended 12.31.				
	2012	**2011**	**2010**	**2009**	**2008**
Operating (loss) income	(51.0)	(57.3)	58.1	138.9	160.8
Financial and holding results	(179.7)	(260.6)	(224.7)	(210.3)	(189.7)
Results from foreign investments	1.5	(0.4)	1.3	2.3	1.1
Results from loans restructuring	575.2	-	-	-	-
Other income and expenses, net	(12.4)	110.4	306.3	15.6	1.7
Income (loss) before income tax	**333.6**	**(207.9)**	**141.0**	**(53.5)**	**(26.1)**
Income tax	(115.8)	72.0	(49.5)	20.9	11.1
Income (loss) for the year	**217.8**	**(135.9)**	**91.5**	**(32.6)**	**(15.0)**

V) COMPARATIVE STATISTICAL DATA CORRESPONDING TO THE YEARS ENDED DECEMBER 31, 2012, 2011, 2010, 2009 and 2008

Volume dispatched in million of cubic meters:

According to the type of carriage agreement

	Year ended 12.31.				
	2012	**2011**	**2010**	**2009**	**2008**
Firm carriage	14,394	13,581	13,653	13,500	14,267
Interruptible carriage and Exchange and displacement	6,670	5,766	4,541	4,377	3,833
Total	**21,064**	**19,347**	**18,194**	**17,877**	**18,100**

According to the type of source

	Year ended 12.31.				
	2012	**2011**	**2010**	**2009**	**2008**
Norte Gas pipeline	8,415	8,044	7,589	7,480	7,039
Centro-Oeste Gas pipeline	12,649	11,303	10,605	10,397	11,061
Total	**21,064**	**19,347**	**18,194**	**17,877**	**18,100**

VI) COMPARATIVE INDICATORS AT DECEMBER 31, 2012, 2011, 2010, 2009 and 2008

	Year ended 12.31.				
	2012	**2011**	**2010**	**2009**	**2008**
Current liquidity (1)	1.86	0.46	0.40	0.29	0.19
Solvency (2)	0.60	0.35	0.46	0.47	0.56
Freezing capital (3)	0.78	0.70	0.77	0.84	0.90
Result on investment (4)	0.23	(0.15)	0.10	(0.04)	(0.02)

(1) Current assets over current liabilities
(2) Shareholders' Equity over total liabilities
(3) Non-current assets over total assets
(4) Income (loss) over average shareholders´ equity

VII) INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) IMPLEMENTATION PLAN (not covered by the Report of Independent Auditors)

On December 29, 2009, the CNV established the application of Technical Resolution 26 of the “Federación Argentina de Consejos Profesionales de Ciencias Económicas” that adopts the IFRS issued by the International Accounting Standards Board, for the entities included in the public offering regime of Law 17,811, either by its capital or its negotiable obligations, or that had requested authorization to be included in such regime.

Consequently, on March 4, 2010 TGN’s Board of Directors approved the “IFRS Implementation Plan” required by Technical Resolution 26.

Through General Resolution 600/12, the CNV decided that the licensee companies delivering public services of gas carriage and distribution (including TGN) had to only present their financial statements prepared on the basis of the IFRS for those fiscal years starting as from January 1, 2013. This, with the purpose of continuing analyzing the applicability and implications of the IFRIC 12 – Service Concession Arrangements – as related with such licensees.

On December 20, 2012, the CNV established through General Resolution No. 613/2012 that IFRIC 12 would not apply to the financial statements of the licensees of the public utility gas transport and distribution services. The CNV also resolved that the licensees are to prepare their financial statements under IFRS for the fiscal years commencing as from January 1, 2013.

The Company has analyzed those IFRS that will be applicable to the preparation of its financial statements in the first fiscal year of adoption of those standards.

As a result of such analysis the most significant impact in the shareholders’ equity that the adoption of the above-mentioned rules would generate arises from the application of “IAS 12 – Income Tax”. The application of this standard requires the recording of the deferred tax liability generated by recognizing the inflation adjustment of fixed assets as a temporary difference.

Through its General Resolutions 576/10 and 592/11, the CNV allows the issuers exercising the option of reporting such deferred tax liability by note to the financial statements, to record it in view of IFRS implementation by applying it to retained earnings. General Resolution 592/11 above-mentioned establishes that it will be possible to make such record at any annual or intermediate closing period until the fiscal year closing immediately preceding the first period in which the IFRS be applied. Therefore the Company exercising that option recorded it as of December 31, 2012, amounting to $ 281.5 million ($ 299.8 million as of January 1, 2012)

According to General Resolution 592/11, the Shareholders’ Meeting considering the financial statements for this fiscal year will be able to allocate the amount of such deferred tax liability to any account of the Shareholders’ equity (excluding the Common stock account and the Legal reserve). There is no pre-determined order for this allocation.

VII) INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") IMPLEMENTATION PLAN (not covered by the Report of Independent Auditors) (Continued)

Refer to Note 17 to these financial statements for further information on the IFRS adoption.

Autonomous City of Buenos Aires, March 7, 2013

Eduardo Ojea Quintana
Chairman

TRANSPORTADORA DE GAS DEL NORTE S.A.

Balance Sheets as of December 31, 2012 and 2011
(in thousands of Argentine Pesos)

	December 31, 2012	December 31, 2011
ASSETS		
Current assets		
Cash and banks...........................	11,450	6,033
Short-term investments (Note 19.c))......	431,735	651,201
Accounts receivables (Note 4.a)).........	66,282	57,192
Other receivables (Note 4.b))............	105,260	242,099
Materials and spare parts (Note 4.c))....	19,407	18,072
Total current assets.....................	634,134	974,597
Non-current assets		
Short-term investments (Note 19.c))......	28,278	-
Accounts receivables (Note 4.a))	198,383	152,101
Other receivables (Note 4.b))............	59,756	118,953
Materials and spare parts (Note 4.c))....	39,429	35,043
Fixed assets (Note 19.a))................	1,848,140	1,937,935
Foreign investments (Note 19.b)).........	2,698	1,226
Other assets – gas stock.................	31,725	28,027
Total non–current assets.................	2,208,409	2,273,285
Total Assets..............................	**2,842,543**	**3,247,882**
LIABILITIES		
Current liabilities		
Accounts payable (Note 4.d)).............	133,340	83,817
Loans (Note 10)..........................	87,192	1,942,330
Salaries and social security payable.....	29,169	12,535
Taxes payable (Note 4.e))................	17,025	39,687
Others (Note 4.f)).......................	34,713	23,605
Subtotal.................................	301,439	2,101,974
Contingencies (Note 12 and 19.d))........	40,009	33,103
Total current liabilities	341,448	2,135,077
Non–current liabilities		
Accounts payable (Note 12.b))............	48,032	-
Loans (Note 10)..........................	1,057,237	-
Taxes payable (Note 7)	243,430	189.984
Others (Note 4.f)).......................	39,131	34.727
Subtotal.................................	1,387,830	224.711
Contingencies (Note 12 and 19.d))........	49,585	42.179
Total non–current liabilities............	1,437,415	266.890
Total Liabilities.........................	**1,778,863**	**2.401.967**
SHAREHOLDERS´ EQUITY......................	**1,063,680**	**845.915**
Total liabilities and shareholders´ equity	**2,842,543**	**3.247.882**

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

TRANSPORTADORA DE GAS DEL NORTE S.A.

Statements of operations for the years ended December 31, 2012 and 2011
(in thousands of Argentine Pesos)

	December 31, 2012	**December 31, 2011**
Revenues (Note 4.g))	491,681	406,924
Cost of services (Note 19.f))	(394,330)	(354,459)
Gross Profit	**97,351**	**52,465**
Selling expenses (Note 19.f))	(50,202)	(23,358)
Administrative expenses (Note 19.f))	(98,242)	(86,448)
Operating loss	**(51,093)**	**(57,341)**
Results from foreign investments	1,472	(360)
Financial and holding results:		
Generated by assets:		
Interest and indexing	15,178	8,755
Exchange rate differences	143,205	79,302
Other financial and holding results (Note 4.h))	(13,950)	(14,575)
Subtotal	144,433	73,482
Generated by liabilities:		
Interest and indexing	(146,028)	(179,384)
Exchange rate differences	(233,833)	(147,780)
Other financial and holding results (Note 4.h))	55,875	(6,920)
Subtotal	(323,986)	(334,084)
Results from loans restructuring	575,203	-
Other income and expenses, net (Note 4.i)	(12,420)	110,443
Income (loss) before income tax	**333,609**	**(207,860)**
Income tax (Note 7)	(115,844)	71,929
Income (loss) for the year	**217,765**	**(135,931)**
Result per common stock in pesos (Note 6)	**0.4956**	**(0.3094)**

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

TRANSPORTADORA DE GAS DEL NORTE S.A.

Statements of Changes in Shareholders' Equity
for the years ended December 31, 2012 and 2011
(in thousands of Argentine Pesos)

Item	Shareholders' contributions			Legal reserve	Optional reserve	Voluntary reserve for future dividends	Retained earnings (a)	Total shareholders' equity
	Common stock	Inflation adjustment of common stock	Total					
Balances as of December 31, 2010	**439,374**	**506,053**	**945,427**	**57,216**	**-**	**224,039**	**73,064**	**1,299,746**
Deferred tax liability generated by inflation adjustment of fixed assets (see Note 2.e)	-	-	-	-	-	-	(317,900)	(317,900)
Restated balances as of December 31, 2010	**439,374**	**506,053**	**945,427**	**57,216**	**-**	**224,039**	**(244,836)**	**981,846**
Resolution adopted by the Ordinary Shareholders´ Meeting held on April 14, 2011:								
Increase of the Legal reserve	-	-	-	3,653	-	-	(3,653)	-
Increase of the Voluntary reserve for future dividends	-	-	-	-	-	69,411	(69,411)	-
Loss for the year (see Note 2.e)	-	-	-	-	-	-	(135,931)	(135,931)
Restated balances as of December 31, 2011	**439,374**	**506,053**	**945,427**	**60,869**	**-**	**293,450**	**(453,831)**	**845,915**
Resolution adopted by the Ordinary Shareholders´ Meeting held on April 13, 2012:								
Absorption of losses for fiscal year 2011 against the Voluntary reserve for future dividends	-	-	-	-	-	(154,078)	154,078	-
Release of the Voluntary reserve for future dividends and set up of an Optional reserve	-	-	-	-	139,372	(139,372)	-	-
Income for the year	-	-	-	-	-	-	217,765	217,765
Balances as of December 31, 2012	**439,374**	**506,053**	**945,427**	**60,869**	**139,372**	**-**	**(81,988)**	**1,063,680**

(a) The balance of ($ 81,988) at December 31, 2012 includes an adjustment to deferred tax liabilities generated from the inflation adjustment of fixed assets for ($ 281,527). Pursuant to CNV General Resolution 592/11, the Shareholders Meeting considering these financial statements may allocate such amount to capital items that are not represented by shares (common stock) or to reserved profit accounts (excluding the Legal reserve).

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

TRANSPORTADORA DE GAS DEL NORTE S.A.

Statements of Cash Flows for the years ended December 31, 2012 and 2011
(in thousands of Argentine Pesos)

	December 31, 2012	December 31, 2011
Cash as of beginning of the year	208,174	282,106
Cash as of the end of the year (Note 4.j))	123,903	208,174
Net decrease in cash	**(84,271)**	**(73,932)**
Cash flows from the operations		
Income (loss) for the year	217,765	(135,931)
Income tax	115,844	(71,929)
Accrued interest and indexing	130,850	170,629
Adjustments to reach net cash flow generated by the operations:		
Depreciation of fixed assets	135,952	133,103
Net book value of disposed fixed assets	2,809	1,613
Net increase in allowances and provisions for contingencies	165,853	74,308
Results from loans restructuring	(575,203)	-
Other financial results, net	81,556	92,462
Results from foreign investments	(1,472)	360
Net changes in operating assets and liabilities:		
Increase in accounts receivable	(159,738)	(88,571)
Decrease (increase) in other receivables	144,341	(3,629)
(Increase) decrease in materials and spare parts and other assets	(1,451)	2,453
Increase in accounts payable	97,555	5,756
Increase (decrease) in salaries and social security payable	16,634	(9,059)
(Decrease) increase in taxes payable	(22,663)	12,743
Increase in other payables	5,189	7,528
Decrease in provisions for contingencies	(44,900)	(1,352)
Net cash flows generated by the operations	**308,921**	**190,484**
Cash flows from investing activities		
Purchase of fixed assets	(48,966)	(61,150)
Collection of cash dividends	707	1,634
Changes in short-term investments (non-cash equivalents)	101,500	(240,793)
Net cash flows generated by (used in) investing activities	**53,241**	**(300,309)**
Cash flows from financing activities		
Financial loans payment	(485,307)	-
Customer advances received	10,323	-
Attachments and guarantee deposits	(13,097)	-
Net cash flows used in financing activities	**(488,081)**	**-**
Financial and holding results generated by cash		
Interest, exchange rate differences and other financial results generated by cash	41,648	35,893
Total financial and holding results generated by cash	**41,648**	**35,893**
Net decrease in cash	**(84,271)**	**(73,932)**

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

Notes to the financial statements as of and for the year ended December 31, 2012 presented in comparative form
(in thousands of Argentine Pesos, except where specifically mentioned)

1. Situation of the Company and regulatory framework

(a) 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 and 24,076 ("Natural Gas Act") and the issuance of National Executive Branch ("PEN") Decree No. 1,189/92, whereby the privatization of the natural gas carriage and distribution services and the setting up of the companies that would receive the licenses to operate those services were established.

The Company was granted a license (the "License") pursuant to which TGN is authorized to provide the public service of gas carriage through the exclusive utilization of its two pipelines in the northern and central-western regions of Argentina.

(b) Argentine economic context, energy crisis and its impact on the economic and financial position of the Company

In view of the major changes in the main macroeconomic variables Argentina has recorded since the end of 2001, as from January 2002 the National State issued laws, executive orders and regulations that involved a profound change to the then prevailing economic model, which produced the material effects on the Company's economic and financial equation, its business and the regulatory framework. The most significant changes are mentioned below:

(i) The Public Emergency Law 25,561 ("LEP") established the pesification of the rates of carriage of natural gas destined for the domestic market and the repeal of the semi-annual adjustment mechanism based on the Producer Price Index ("PPI"). Furthermore, the LEP authorized the PEN to renegotiate the public works and services contracts and rates. At the date of issuance of these financial statements, and considering the transitory agreement mentioned in section c.iii) of this Note, no substantial progress has been made regarding rates renegotiation.

Note 1.c) details several issues relating to the rates, the License and the implications of the amendments introduced by the LEP within the Company's regulatory framework.

(ii) As from 2004 the National State adopted a series of measures to redistribute in the short term the effects of the energy sector crisis derived from a natural gas and electricity shortage. The Energy Secretariat, the Fuel Under-secretariat and the National Gas Regulatory Entity ("ENARGAS") have issued a number of rules establishing precautionary measures to prevent a shortfall in domestic natural gas supply and its effects on the wholesale electricity supply, including measures severely restricting exports of natural gas to first ensure the supply of domestic consumption. The creation of trust funds was also established to finance investments in the expansion of the capacity of the natural gas carriage and distribution systems and gas imports.

These government measures have produced negative results regarding TGN´s gas carriage agreements. In that sense, material controversies have arisen in relation to the export customers that led to the execution of compromise and settlement agreements that modified and/or generated the termination of such contracts, as mentioned in Note 13.

(iii) As indicated in Note 1.c.vi) and in Note 10, on December 22, 2008 the Board of Directors of the Company decided to postpone the payment of the principal and interest installments on the negotiable obligations that would fell due since that date. In that context, on December 29, 2008, through Resolution I/587 the ENARGAS established an intervention in TGN for 120 days, as well as a comprehensive audit in charge of the intervener. Upon expiration of such term, the intervention was repeatedly extended by ENARGAS resolutions up to early June 2013.

1. Situation of the Company and regulatory framework (Continued)

(b) Argentine economic context, energy crisis and its impact on the economic and financial position of the Company (Continued)

(iii) During 2012, TGN restructured 97.61% of its financial liabilities´ principal existing as of December 31, 2008. Refer to Note 10.

(iv) The characteristics of the economic environment and the legal and regulatory framework in which the Company is currently operating and the current status of the renegotiation of the License, give rise to uncertainty as to the future net cash flows sufficient to recover non-current assets, the re-payment of the financial debts, the future development of the Company's business and the normal continuity of its operations.

The impact generated by all the measures adopted so far by the National State on the balance sheet and financial position of the Company as of December 31, 2012 was calculated on the basis of evaluations and estimates made by the Company's Board of Directors at the date these financial statements were issued.

The future development of the economy might require that the National State modify some measures adopted or issue additional regulations. However, it is important to remark that actual future results could differ from the evaluations and estimates made at the date of issuance of these financial statements and these differences could be significant.

(c) Regulatory framework

c.i) General

The Natural Gas Act and its regulations, together with the License, the Transfer Agreement, the Bidding Terms and Conditions for the privatization of Gas del Estado S.E. ("GdE") and the resolutions adopted by the ENARGAS establish the legal framework within which the Company carries out its business activities.

The License was granted for an original term of 35 years, which expires in December 2027. However, the Natural Gas Act and the License provide that TGN may apply to ENARGAS for a renewal of the License for an additional ten-year term. ENARGAS is required at that time to evaluate the Company's performance and make a recommendation to the PEN.

c.ii) Rates

Gas carriage service's rates were established by the License and are regulated by the ENARGAS.

The Natural Gas Act establishes that rates must cover reasonable operating costs, taxes and amortization charges, enable obtaining reasonable profit margins similar to those derived from other comparable or equivalent risky activities and must be related to the degree of efficiency in the providing of the services.

In accordance with the original conditions of the License, rates were subject to the following until expiration thereof:

(i) adjustments for the five-yearly review of rates by the ENARGAS, which affect as far as possible the "X" efficiency factor and "K" investment factor, where "X" reduces the rate as a counterpart for increased efficiency and "K" increases rates to encourage unprofitable investments;

(ii) semi-annual adjustments to reflect PPI variations;

(iii) non-recurring adjustments to reflect the variations in the costs resulting from changes in tax regulations (except in the case of variations in income tax); and

1. Situation of the Company and regulatory framework (Continued)

(c) Regulatory framework (Continued)

c.ii) Rates (Continued)

(iv) unplanned adjustments for other objective and justifiable reasons at the discretion of the ENARGAS.

As mentioned in Note 1.b), the LEP established the pesification of natural gas carriage rates of gas destined for the domestic market and the repeal of the semi-annual adjustment mechanism based on the PPI.

c.iii) License

Under the provisions of LEP, the PEN is entitled to renegotiate the terms of the licenses granted for the provision of public services based on the following criteria:

- the impact of the rates on the competitiveness of the economy and the distribution of people’s income;
- the quality of the services and the investment plans, as contractually agreed;
- the customers´ interests and accessibility to the services;
- the safety of the systems; and
- the profitability of the companies.

At present, the Unit for the Renegotiation and Analysis of Public Utility Services Contracts (“UNIREN”) is responsible for the renegotiation process. This unit was created in July 2003 within the jurisdiction of the Ministries of Economy and Production (“MEP”) and of Federal Planning, Public Investment and Services (“MPFIPyS”).

Law No. 25,790 dated October 2003 established that the decisions to be made by the PEN throughout the renegotiation process would not be limited to or conditioned by the stipulations contained in the regulatory frameworks for the concession or license contracts involving the respective public utility services.

TGN considers that the main obstacle to reach a complete renegotiation agreement is the National State’s insistence on adding an indemnity clause for its benefit, under which the effects of judgments or arbitration awards requiring Argentina to pay indemnifications supported by the LEP on the License would be transferred to TGN.

On October 2008, the Company entered into a temporary agreement (“the Temporary Agreement”) that does not involve an indemnity clause for the benefit of the National State, and envisage a transition rates regime as from September 1, 2008 on which a 20% increase would be applied to the remuneration of the ruled domestic activity of TGN in force at August 31, 2008.

The Temporary Agreement establishes that TGN will assign the rights of the resulting incremental revenue to a specific fund that will be set up as a trust for the payment of works and/or tasks detailed in a document attached to the Temporary Agreement.

The Temporary Agreement assumed that on December 31, 2008 the LEP would no longer be effective, which did not occur since that law will actually be in force until December 31, 2013. Consequently, by that date the parties had to agree on the methodology, term and time of the execution of an Overall Contractual Renegotiation Minute. Otherwise, the PEN, if it deems it convenient, would rule on the enforcement of the Temporary Agreement and, in turn, UNIREN would make the necessary recommendations to the PEN pursuant to section 1 subsection e) of Decree

1. Situation of the Company and regulatory framework (Continued)

(c) Regulatory framework (Continued)

c.iii) License (Continued)

No. 311/03 and section 11 of the Joint Resolution No. 188/03 and No. 44/03 of the MEP and MPFIPyS.

Although the Temporary Agreement was ratified by the PEN through Decree N° 458 of April 5, 2010, the rate increase cannot be invoiced by TGN because the ENARGAS did not approved the new rate schedules. However, TGN performed the foreseen works at its expense. At December 31, 2012, no economic effects were noted in relation to the Temporary Agreement. Given the lack of a reply by the administration to the reiterated requests for approval of the new rates, in October 2010 TGN filed action for protection due to delay against the ENARGAS and against the Under-secretariat for Management Coordination and Control of the MPFIPyS to obtain an express ruling requiring compliance with the Temporary Agreement and with Decree N° 458/10. Although in December 2011 the court of appeals ordered the issue of an opinion within 30 days to the Public Administration, such decision was appealed by the ENARGAS through a complaint for denial of appeal before the National Supreme Court of Justice.

At the date of issuance of these financial statements no significant progress had been made to ensure compliance with the objective to sign a comprehensive agreement in the short term. Furthermore, it cannot be assured that the final outcome of the renegotiation will effectively restore the balance of the License and award a fair and reasonable rate in order to redress TGN for the damage suffered as a result of the LEP. Refer to Note 12.h) and i).

Notwithstanding the renegotiation process before the UNIREN, TGN requested ENARGAS to perform a comprehensive rate review on the basis of section No. 46 of the Natural Gas Act and considering that the domestic carriage rates had been frozen since July 1999. Given the negative reply on the part of the administration, in September 2010 TGN filed an action for protection against the ENARGAS to obtain a court ruling ordering that said review is carried out. In May 2011 the trial court decided in favor of TGN. This decision was appealed by the ENARGAS and revoked at second instance. As the complaint for denial of appeal filed by TGN before the National Supreme Court of Justice was rejected, the course of action set forth in section 46 is no longer available for TGN.

c.iv) Technical Operator and Audit Services agreement

Within its regulatory framework, TGN receives technical and auditing assistance from its shareholders or their related companies. Such assistance covers issues relating to system performance, security, environment, preventive maintenance, in-house procedures, training, information technology systems and compliance with certain international standards governing the gas carriage industry.

The agreement for technical operator and audit services in force since January 2006 will expire on December 31, 2017. In consideration for the services under the contract, an annual compensation is envisaged, which shall be the higher of (i) US$ 3,000,000 or (ii) 7% of EBIT for each fiscal year. As of December 31, 2012 the Company accrued this compensation according to point (i) previously mentioned.

In consideration of the decision to postpone the due dates of TGN financial debt adopted on December 22, 2008, the Board of Directors resolved to temporarily suspend effective December 31, 2008 the payments of fees envisaged in the contract for technical operator and audit services. Furthermore, under financial agreements currently in force, TGN limited its ability to pay those fees. (See Note 10).

1. Situation of the Company and regulatory framework (Continued)

(c) Regulatory framework (Continued)

c.v) Decrease in revenues from carriage of gas for export

Effective February 2004, the National State adopted a series of measures, which still apply, to ensure a natural gas supply sufficient to satisfy domestic demand, considerably limiting gas exportation.

Dispatched export volume has systematically decreased from 2006 until the end of the year. In that context, YPF S.A. ("YPF") ceased to pay and initiated administrative and judicial actions to obtain the rescission without negligence of the gas carriage contract, and Metrogas Chile S.A. ("Metrogas") attempted to unilaterally rescind the agreement and claimed compensation. YPF and Metrogas recorded unpaid balances of $ 365.6 million and $ 320.4 million, respectively, as of December 31, 2012, so the Company has set up an allowance of $ 343 million to cover the uncollectible past due balance for the carriage service. Disputes with these customers are described in Note 12.

Other loaders entered into compromise and settlement agreements replacing and/or rescinding the contracts previously in force (Sociedad Eléctrica Santiago S.A., Gasoducto Norandino Argentina S.A. and Colbun S.A., as described in Note 13). Although the abovementioned compromise and settlement agreements contemplate the collection of compensation amounts, TGN shall cease to collect revenue in the future, which will eventually produce a negative net effect on its expected cash flows.

c.vi) Loan payments postponement and intervention established by the ENARGAS

As explained in Note 10, on December 22, 2008, the Board of Directors of TGN decided that it was necessary for the Company to postpone the principal and interest payments that fell due since that date.

Although this decision was made to explicitly maintain the safe and reliable provision by TGN of the public utility natural gas carriage service, as called for by the Natural Gas Act and Section 10 of the LEP, on December 29, 2008, through Resolution I/587 the ENARGAS established the intervention in TGN for 120 days and designated an intervener with powers of "co-administration, surveillance and control of all the usual acts of administration and disposition that may affect the normal provision of the public utility gas carriage service" by TGN under the License. By this resolution, the ENARGAS also established that a comprehensive audit should be conducted at TGN.

TGN challenged the legality of Resolution I/587 as regards the corporate joint management and in March 2009, Room I of the Federal Court of Appeals in administrative litigation matters resolved as follows: (i) to stay the effects of ENARGAS Resolution I/587 which had established an intervention in TGN and appointed an intervener with powers of company co-administration; (ii) to maintain the control and superintending powers vested in the officer appointed by the ENARGAS with respect to all the acts that may reasonably affect the normal provision of the public utility service by TGN; and (iii) to order the ENARGAS to return to TGN the meeting minutes books that had been withdrawn by the intervener from TGN's principal place of business.

Resolution I/587 was successively extended until early June, 2013, term over which TGN will continue to be subject to surveillance and control of the usual acts of administration and disposition that may affect the normal provision of the gas carriage public utility service under its charge.

2. Preparation and presentation of financial statements

(a) Purpose of these financial statements

These financial statements have been translated from the financial statements for the year ended December 31, 2012 including the summary of information required by General Resolution Nº 368/01, prepared in Spanish and originally issued in Argentina.

The translation into English has been made solely for the convenience of English–speaking readers, and certain notes have been rephrased to facilitate the understanding of legislation and the local economic environment.

(b) Basis of preparation and presentation

These financial statements are stated in thousands of pesos, and were prepared in accordance with accounting disclosure and valuation standards contained in Technical Resolutions issued by the Federación Argentina de Consejos Profesionales de Ciencias Económicas ("FACPCE"), as approved by the Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires ("CPCECABA"), and with Comisión Nacional de Valores ("CNV") resolutions.

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

An audit was performed on the financial statements corresponding to the year ended December 31, 2012 and 2011. The Company's Board of Directors estimates that these financial statements include all the necessary adjustments to reasonably disclose the results for each year.

(c) Consideration of inflation effects

The financial statements have been prepared in constant currency recognizing the overall effects of inflation up to August 31, 1995. Restatement of financial statements was discontinued from that date to December 31, 2001, according to accounting standards. From January 1, 2002 to March 1, 2003 the effects of inflation were recognized due to the existence of an inflationary period. As from that date, restatement of financial statements was discontinued again, according to CNV´s regulations. The criterion required by the CNV differs from that previously required by professional accounting standards in force, under which financial statements were to be restated until September 30, 2003. Nevertheless, at December 31, 2012 this deviation has not had a significant impact on the financial statements.

The rate used for restatement of items for the pertinent years was the internal wholesale price index, issued by Instituto Nacional de Estadísticas y Censos.

(d) Use of estimates

The preparation of these financial statements requires the Company´s Board of Directors to make estimates that affect the amounts of contingent assets and liabilities disclosed at the date of issuance of these financial statements, as well as the revenues and expenses recorded in the pertinent year.

(in thousands of Argentine Pesos, except where specifically mentioned)

2. Preparation and presentation of financial statements (Continued)

(d) Use of estimates (Continued)

The Company’s Board of Directors makes estimates to be able to calculate at a given time the allowance for doubtful accounts and for disputed amounts, depreciation charges, the recoverable value of assets, the income tax charge and provisions for contingencies. Future actual results may significantly differ from those estimates and assessments made at the date these financial statements were issued.

The changes in the economic environment, the legal and regulatory framework in which the Company is currently operating, and the current status of the renegotiation of the License and the consequences of the gas supply shortage (mentioned in Note 1) affect Board of Directors’ estimates. There can be no assurance as to the future net cash flows sufficient to recover non-current assets, the re-payment of financial debts, the future development of the Company’s business and the normal continuity of its operations.

(e) Comparative information

The figures at December 31, 2011 that are disclosed in these financial statements for comparative purposes arise from financial statements at that date and considering the change of criterion that is mentioned in section f) of this Note.

Certain December 31, 2011 figures have been reclassified and disclosed on these financial statements for comparative purposes.

The Company gave accounting recognition to the deferred tax liability arising from the differences between the tax and carrying amounts generated by the inflation adjustment included in fixed assets retroactively to January 1, 2011. The effects through shareholders´ equity for the year ended December 31, 2010 and in the result for the year ended December 31, 2011 are as follows:

Shareholders´ equity as of December 31, 2010 (before the adjustment)	1,299,746
Adjustment due to recognition of deferred tax liability	(317,900)
Restated Shareholders´ equity as of December 31, 2010	**981,846**

Loss for the year ended December 31, 2011 (before the adjustment)	(154,078)
Adjustment due to recognition of deferred tax liability	18,147
Restated loss for the year ended December 31, 2011	**(135,931)**

(f) New accounting pronouncements

On December 29, 2009, the CNV has established the application of Technical Pronouncement N° 26 of the FACPCE which adopted the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), for all the entities encompassed by the public offering regime of Law N° 17,811, either because of their capital or negotiable obligations, or because those entities have requested authorization to be encompassed by this regime.

Consequently, on March 4, 2010 TGN´s Board of Directors approved the IFRS Implementation Plan, as called for by Technical Resolution N° 26.

Through General Resolution 600/12, the CNV decided that the licensee companies delivering public utility gas carriage and distribution service (including TGN) had to present their financial statements prepared on the basis of the IFRS for those fiscal years starting as from January 1, 2013. This, with the purpose of continuing analyzing the applicability and implications of the IFRIC 12 – Service Concession Arrangements – as related with such licensees.

2. Preparation and presentation of financial statements (Continued)

(f) New accounting pronouncements (Continued)

On December 20, 2012, the CNV established through General Resolution No. 613/2012 that IFRIC 12 would not apply to the financial statements of the licensees of the public utility gas transport and distribution services. The CNV also resolved that the licensees are to prepare their financial statements under IFRS for the fiscal years commencing as from January 1, 2013.

The Company has analyzed the IFRS that will be applicable for the preparation of its financial statements in the first year of adoption of these standards.

It has been concluded from this analysis that the most significant impact on equity of the adoption of IFRS will be caused by the application of IAS 12 "Income Tax". Application of IAS 12 requires accounting recognition of the deferred tax liability arising from the recognition of the inflation adjustment of fixed assets as a temporary difference. The deferred tax liability has been mentioned in Note 7 to these financial statements.

Through its General Resolutions 576/10 and 592/11, the CNV allows the issuers exercising the option of reporting such deferred tax liability by note to the financial statements, to record it in view of IFRS implementation by applying it to retained earnings. General Resolution 592/11 above-mentioned, establishes that it will be possible to make such record at any annual or intermediate closing period until the fiscal year closing immediately preceding the first period in which the IFRS be applied. Therefore, the Company exercising that option recorded it as of December 31, 2012 amounting to $ 281.5 million ($ 299.8 million as of January 1, 2012).

According to General Resolution 592/11, the Shareholders' Meeting considering the financial statements for the year ended December 31, 2012 will be able to allocate the amount of such deferred tax liability to any account of the Shareholders' equity (excluding the Common stock account and the Legal reserve). There is no pre-determined order for this allocation.

3. Summary of significant accounting policies

Below there is a detail of the most important accounting standards and policies used by the Company in preparing these financial statements, which have been applied consistently with the previous year, except for what is mentioned in Note 2.e).

(a) Cash and banks

Cash and banks are stated at nominal value.

(b) Assets and liabilities nominated in foreign currency

Assets and liabilities nominated in foreign currency have been valued at year-end exchange rates.

(c) Short-term investments

Short-term investments in mutual funds have been valued at the prices of units at the end of each year. Listed government bonds have been valued at estimated net realizable value. Time deposits, stock exchange securities, unlisted government bonds in pesos and other investments in US$ have been valued according to the cash amount delivered in the transaction plus accrued interests.

(d) Accounts receivables and accounts payable

Non-current trade receivables, related to disputed customer balances mentioned in Note 1.c.v) have been valued on the basis of the best estimate of the amount to be collected, using a discount rate to reflect the time value of money

3. Summary of significant accounting policies (Continued)

(d) Accounts receivables and accounts payable (Continued)

and the specific risks associated with the transaction, estimated at the time of its addition to assets and considering the estimated collection term.

The rest of the accounts receivables and the accounts payable have been stated at nominal value. The values thus obtained do not differ significantly from those that would have been obtained if they had been valued at the cash price estimated at the transaction date plus interest and implicit financial components accrued at the internal rate of return determined at that time.

(e) Other receivables and liabilities

Other non-current receivables have been valued on the basis of the best estimate of the sum to be used, discounted at a rate reflecting the time value of money and the specific risks of the transaction estimated at the date of their addition to assets.

Liability derived from deferred income tax and the minimum presumed income tax credit have been stated at nominal value.

Other sundry receivables and liabilities have been stated at nominal value plus financial results accrued at year-end, where applicable. The values thus obtained do not differ significantly from those that would have been obtained if they had been valued based on the best estimate of the amount receivable and/or payable, respectively, discounted at a rate reflecting the time value of money and the specific risks of the transaction estimated at the date of their addition to assets and/or liabilities.

(f) Foreign investments

The investments in foreign related companies Comgas Andina S.A. (“COMGAS”) and Companhía Operadora do Rio Grande do Sul (“COPERG”), in which TGN exercises significant influence, have been valued according to the equity method of accounting, on the basis of the last issued financial statements of those companies at the date of issuance of these financial statements (Note 19.b)).

The professional accounting standards used by those foreign related companies in the preparation of their financial statements are similar, in all material respects, to those used by the Company.

The Company keeps its investment in COPERG fully covered with an allowance because the business of that company fell short of expectations. Consequently, it is estimated that the reduced level of activity of that company will not allow recovering the value of the investment in it.

(g) Materials and spare parts

Materials and spare parts are stated at replacement cost. An allowance is set up for obsolete and slow-moving inventory. Materials and spare parts have been broken down into current and non-current on the basis of the estimated consumption plan approved by the Company’s Board of Directors.

Considering the economic and financial projections prepared by the Company based on their best estimates as pointed out in Note 2.d), and the resolution of the uncertainties mentioned in Notes 1.b) and 1.c), the book value of materials and spare parts does not exceed their recoverable value.

(h) Fixed assets

Fixed assets received from GdE have been valued at their global transfer price stated in the Transfer Agreement. The assets acquired or built after the takeover date have been valued at acquisition or construction cost, including the costs of materials, labor and overheads until they were placed into service.

3. Summary of significant accounting policies (Continued)

(h) Fixed assets (Continued)

The Company has considered as elements forming part of the value of fixed assets the net financial costs generated by third parties' capital, referred to fixed assets whose construction extends over time and until they are placed into service.

All mentioned amounts have been restated for inflation in accordance with applicable regulations (see Note 2.c)), and are disclosed net of their accumulated depreciation.

Accounting and tax depreciation charges are calculated according to the straight line method at annual depreciation rates sufficient to extinguish the original values at the end of their useful lives. In determining the useful life, the ENARGAS regulations have been considered, among other parameters.

Furthermore, from 2005 to December 31, 2012 pipeline recoating campaigns were carried out over a length of 389 km. In accordance with ENARGAS Resolutions Nos. 1,660/00 and 1,903/00, $ 141 million were capitalized and were included in the "Investments in pipeline maintenance" line (Note 19.a)), becoming part of the Company's essential fixed assets and, consequently, of its tariff base.

Considering the economic and financial projections prepared by the Company on the basis of the best estimate in accordance with the guidelines stated in Note 2.d) and the resolution of the uncertain situations mentioned in Notes 1.b) and 1.c), the aggregate fixed asset book value does not exceed its recoverable value. In this regard, the Company regularly monitors the performance of the variables considered in those projections to analyze the impact they may have on the recoverability of fixed assets.

(i) Other assets - gas stock

Gas stored in pipelines, which is considered necessary to maintain its operating capacity, is stated at cubic meter's replacement value plus the average carriage price, which does not exceed its recoverable value.

(j) Loans

The "Step-up Notes", the "Five-year Negotiable Obligations" and the "Claim Protection Notes" are to be valued on the basis of the best estimate of the amounts payable discounted at the internal rates of return determined at the beginning of the transaction.

In view of the circumstances described in Note 10, at December 31, 2012 and 2011, defaulted loans have been stated at nominal value of principal, interest and penalties accrued and unpaid, calculated at the contractual rates. According to accounting standards currently in force and to the International Accounting Standard N° 1 (supplementary to Argentina's accounting standards), defaulted obligations with acceleration clauses are disclosed under current liabilities.

(k) Income tax

The Company has recognized the income tax charge according to the deferred tax method, thus considering the timing differences between measurements of accounting and taxable assets and liabilities, as indicated in Note 7.

For purposes of determining the deferred income tax, the tax rate that is expected to be in force at the moment of their reversal or use has been applied to the timing differences identified and tax loss carry-forwards, under the legal regulations enacted at the date of issuance of these financial statements.

3. Summary of significant accounting policies (Continued)

(l) Minimum presumed income tax

This tax is calculated by applying the effective tax rate of 1% on assets valued according to the tax regulations in effect as of the end of each fiscal year. This tax is supplementary to income tax. The Company’s tax liability at each fiscal year will be the higher of these two taxes. However, if the tax on minimum presumed income exceeds income tax during one fiscal year, such excess may be computed as a prepayment of any income tax excess over the tax on minimum presumed income that may arise in the next ten fiscal years.

The Company has recognized the minimum presumed income tax paid in previous years as a credit, due to the fact that it estimates that in future fiscal years it may be able to record it as a payment on account of income tax. The abovementioned credit has been recorded at its nominal value.

(m) Allowances and provisions

- Allowance for doubtful accounts (charged to Selling expenses): set up on the basis of an individual analysis of the recoverability of the receivables portfolio.

- Allowance for disputed amounts (charged to Revenues): set up on the basis of an individual analysis of the recoverability of the receivables portfolio, as indicated in section p) of this Note.

- Allowance for slow-moving and obsolete spare parts and materials (charged to Cost of services): has been set up in accordance with TGN policies on those items which remain in stock of inventories for security and regular maintenance purposes, and have recorded no turnover over a period of time.

- Provision for contingencies (charged to Administrative expenses, Other financial and holding results generated by liabilities and Other income and expenses): set up to cover possible payments claimed to the Company, under lawsuits to which it is a defendant. Amounts that might be payable by TGN have been valued at their present value, using an interest rate that reflects the time value of money.

(n) Shareholders’ equity accounts

The account “Common stock” is shown at its historical nominal value. The difference between common stock stated in constant currency and the historical nominal capital stock is shown under “Inflation adjustments of common stock”, making up the shareholders’ equity.

The Legal reserve, the Optional reserve and the Retained earnings have been restated in accordance with the guidelines indicated in Note 2.c).

(o) Profit and loss accounts

Profit and loss accounts have been stated in nominal currency except for: (i) charges for used assets (fixed assets depreciation and disposals), calculated according to the values of those assets; (ii) results from investments in foreign related companies, calculated by the equity method of accounting and (iii) the use of materials and spare parts and the charge of the allowance for spare parts, slow-moving and obsolete consumption materials were determined based on the value of those assets.

(p) Revenue recognition

Firm carriage revenues are recognized based on the accrued contracted capacity reserved, regardless of actual usage. For interruptible carriage service contracts, revenues are recognized upon the delivery of natural gas. For operating

3. Summary of significant accounting policies (Continued)

(p) Revenue recognition (Continued)

and maintenance service contracts, revenues are recognized when services are provided.

The Company has recorded an allowance for differences between the total amount invoiced according to contractual conditions and the estimate of the recoverability of certain balances in contractual and regulatory dispute (Note 1.c.v)). These allowances are recorded adjusting the Revenues line.

Turnover tax charge is included in Selling expenses. Following ENARGAS´ resolutions, the effect of turnover tax rates is passed through the customers via an increase in the monthly billings for regulated services.

Revenues from Management fees relating to gas trust program (Note 15.b) have been recognized on the basis of the work progress.

(q) Balances with related parties

Intercompany receivables and liabilities arising from sundry transactions with the controlling shareholder, foreign related parties and other related parties have been valued according to current market conditions.

Individuals and companies included in Decree PEN No. 677/01 and CNV regulations have been considered as related parties.

(in thousands of Argentine Pesos, except where specifically mentioned)

4. Breakdown of the main accounts of the Balance sheets, Statements of operations and Statements of cash flows

Accounts	**December 31, 2012**	**December 31, 2011**
a) Accounts receivable		
Current		
Gas carriage service		
Billed		
Distributors	31,884	22,486
Industrial	21,202	14,787
Generators	778	2,638
Unbilled	28,795	29,368
Subtotal	82,659	69,279
Other services		
Billed	22,461	14,242
Unbilled	5,993	2,822
Subtotal	28,454	17,064
Allowance for doubtful accounts (Note 19.d))	(33,105)	(17,491)
Allowance for disputed amounts (Note 19.d))	(11,726)	(11,660)
Total	**66,282**	**57,192**
Non Current		
Gas carriage service		
Billed		
Distributors	245,948	137,729
Industrial	288,558	262,928
Unbilled	6,895	5,776
Subtotal	541,401	406,433
Allowance for disputed amounts (Note 19.d))	(343,018)	(254,332)
Total	**198,383**	**152,101**
b) Other receivables		
Current		
Commercial indemnifications receivable (Note 13)	3,063	140,427
Attachments and guarantee court deposits	26,594	34,613
VAT, net	-	903
Tax credits – withholdings and perceptions	3,924	4,426
Key management personnel (Note 5)	2,726	1,871
Prepaid expenses	5,955	7,887
Fees and expenses – loans restructuring	-	29,080
Guarantee deposits	-	845
Sundry	5	161
Management fees – Gas Trust Program	61,635	4,866
Controlling shareholder (Note 5)	8	8
Foreign related parties (Note 5)	381	1,148
Other related parties (Note 5)	397	276
Transactions on behalf of third parties	1,013	1,608
Advances and loans to employees	837	983
Receivables from sundry sales	3,534	16,554
Allowance for doubtful accounts (Note 19.d))	(4,812)	(3,557)
Total	**105,260**	**242,099**

(in thousands of Argentine Pesos, except where specifically mentioned)

4. Breakdown of the main accounts of the Balance sheets, Statements of operations and Statements of cash flows (Continued)

Accounts	December 31, 2012	December 31, 2011
b) Other receivables (Continued)		
Non Current		
Commercial indemnifications receivable (Note 13)	-	1,487
Minimum presumed income tax (Note 7)	58,823	102,147
Turnover tax withholdings	113	113
Deposit in escrow and disputed tax payments	8,815	8,383
Guarantee deposits	624	-
Allowance for deposit in escrow and disputed tax payments (Note 19.d))	(8,815)	(8,383)
Management fees – Gas Trust Program	-	14,584
Loans to employees and sundry	196	622
Total	**59,756**	**118,953**
c) Materials and spare parts		
Current		
Consumable materials and spare parts	19,407	18,072
Total	**19,407**	**18,072**
Non-current		
Consumable materials and spare parts	125,402	120,428
Allowance for slow-moving and obsolescence (Note 19.d))	(85,973)	(85,385)
Total	**39,429**	**35,043**
d) Accounts payable		
Current		
Suppliers	17,080	1,937
Administration trust ("Importation of natural gas") (Note 16)	4,246	2,464
Other related parties (Note 5)	68,401	61,586
Unbilled services and purchases	43,613	17,830
Total	**133,340**	**83,817**
e) Taxes payable		
Provision for minimum presumed income tax	4,982	6,081
VAT, net	6,871	-
VAT withholdings and perceptions	2,874	2,586
Income tax withholdings	2,060	2,191
Provision for income tax withholdings to foreign parties (Note 19.e))	-	28,405
Turnover tax withholdings and perceptions	238	424
Total	**17,025**	**39,687**

(in thousands of Argentine Pesos, except where specifically mentioned)

4. Breakdown of the main accounts of the Balance sheets, Statements of operations and Statements of cash flows (Continued)

Accounts	December 31, 2012	December 31, 2011
f) Others		
Current		
Section 9.6.2 – Basic rules of the License	18,433	18,433
Provision for easements	2,492	2,492
Key management personnel fees (Note 5)	2,760	1,871
Advanced collections	10,851	528
Customer's warrants and others	177	281
Total	**34,713**	**23,605**
Non-current		
Provisions for easements	39,131	34,727
Total	**39,131**	**34,727**
g) Revenues		
Gas carriage service		
Gas carriage service	439,152	415,172
Allowance for disputed amounts and others (Note 3.p))	(48,843)	(42,614)
Subtotal	390,309	372,558
Other services		
Pipeline O&M services	31,407	28,665
Management fees – Gas Trust Program (Notes 3.p))	69,965	5,701
Subtotal	101,372	34,366
Total	**491,681**	**406,924**
h) Other financial and holding results:		
Generated by assets:		
Bank commissions and expenses	(706)	(1,050)
Holding results	11,204	9,062
Result on discounting at present value	(24,448)	(22,587)
Total	**(13,950)**	**(14,575)**
Generated by liabilities:		
Bank commissions, taxes and expenses on banking and financial operations	(9,023)	(7,253)
Restructuring Agreement Proposal and Insolvency Proceeding - Fees and expenses (Note 10)	(37,358)	-
Result on discounting at present value	101,641	-
Discounts	615	333
Total	**55,875**	**(6,920)**
i) Other income and expenses, net		
Income from commercial indemnifications (Note 13)	47,570	108,444
Court fees (Note 12.e) and 12.h))	(63,824)	-
Net result from disposal of fixed assets	(1,031)	(1,313)
Net income from sundry sales and others	4,642	3,193
Recovery of damages	223	119
Total	**(12,420)**	**110,443**
j) Statements of Cash Flows - Cash and cash equivalents:		
Cash and banks	11,450	6,033
Mutual funds in $	44,608	18,261
Mutual funds in US$	-	28,734
Government bonds in $	3,446	-
Time deposits in $	-	30,019
Time deposits in US$	64,399	121,927
Stock exchange securities in $	-	3,200
Cash and cash equivalents as of end of the year	**123,903**	**208,174**

(in thousands of Argentine Pesos, except where specifically mentioned)

5. Balances and transactions with controlling shareholder, foreign related parties, other related parties and key management personnel

	December 31, 2012	December 31, 2011
Balances with controlling shareholder, foreign related parties, other related parties and key management personnel		
Accounts receivable:		
Current:		
Other related parties	32,160	21,400
Other receivables:		
Current:		
Controlling shareholder (Note 4.b))	8	8
Foreign related parties (Note 4.b))	381	1,148
Other related parties (Note 4.b))	397	276
Key management personnel (Note 4.b))	2,726	1,871
Accounts payable:		
Current:		
Other related parties (Note 4.d))	68,401	61,586
Others:		
Current:		
Key management personnel (Note 4.f))	2,760	1,871
Transactions with controlling shareholder, foreign related parties, other related parties and key management personnel		
Controlling shareholder:		
Other income and expenses, net	25	25
Foreign related parties:		
Revenues	270	58
Other income and expenses, net	378	-
Recovery of expenses	204	-
Collection of cash dividends	707	1,634
Other related parties:		
Revenues	71,183	71,103
Cost of services	(11,157)	(13,335)
Administrative expenses	(2,718)	(896)
Other income and expenses, net	144	779
Interests and indexing generated by assets	2,628	-
Expenses recovered	85	-
Purchase of fixed assets	(35)	(2,441)
Key management personnel:		
Technical-administrative services (Note 19.f))	(1,760)	(957)
Statutory auditors committee’s fees(Note 19.f))	(966)	(879)

6. Income per share

Income per ordinary share has been calculated as the quotient obtained by dividing the results for the years ended December 31, 2012 and 2011, by the weighed average of outstanding ordinary shares, which made a total of 439,373,939 shares at those dates.

At December 31, 2012 and 2011 there are no debt securities convertible into shares, so no diluted earnings per share have been disclosed.

(in thousands of Argentine Pesos, except where specifically mentioned)

7. Income tax and minimum presumed income tax

A breakdown of the Company's deferred tax assets and liabilities as of December 31, 2012 and 2011 is presented below:

	December 31, 2012	December 31, 2011
Breakdown of deferred tax assets and liabilities:		
Short-term investments (valuation)	(14)	-
Accounts receivable (doubtful accounts and discount at present value) ..	(1,726)	(28,164)
Other receivables (doubtful accounts and discount at present value)	(4,345)	19,300
Fixed assets (valuation and inflation adjustment).....................	(303,988)	(322,077)
Materials and spare parts (valuation)	30,090	29,885
Other assets (valuation)	(9,452)	(8,157)
Accounts payable and loans	19,074	22,736
Contingencies (claims and court fees)	26,931	21,771
Tax loss carry-forward	-	74,080
Fees for technical-administrative services and statutory auditors committee	-	642
Net deferred tax liability	**(243,430)**	**(189,984)**

Through its General Resolutions 576/10 and 592/11, the CNV allows the issuers exercising the option of reporting such deferred tax liability by note to the financial statements, to record it in view of IFRS implementation by applying it to retained earnings. Therefore, the Company exercising that option recorded it as of December 31, 2012 amounting to $ 281.5 million ($ 299.8 million as of January 1, 2012).

Reconciliation between current income tax charge and the amounts obtained by applying the Company’s statutory income tax rate to pre-tax income is presented below:

	December 31, 2012	December 31, 2011
Result before income tax	333,609	(207,860)
Statutory income tax rate	35%	35%
Subtotal income tax charge at statutory tax rate	**(116,763)**	**72,751**
Permanent differences at statutory income tax rate:		
Results from foreign investments	515	(126)
Others	404	(696)
Income tax charge	**(115,844)**	**71,929**
Current income tax charge	(62,398)	-
Deferred income tax charge	(53,446)	71,929
Income tax charge	**(115,844)**	**71,929**

Below is a reconciliation between the income tax charged for the year, and the assessed tax for the year for fiscal purposes:

	12.31.2012	12.31.2011
Recorded income tax	**(115,844)**	**71,929**
Temporary differences:		
Variation in valuation of short-term investments	14	(143)
Variation in valuation of accounts receivable	(26,438)	26,445
Variation in valuation of other receivable	23,645	2,065
Variation in valuation of fixed assets	(18,089)	(17,256)
Variation in valuation of materials and spare parts	(205)	(553)
Variation in valuation of other assets	1,295	479
Variation in valuation of loans and accounts payable	3,662	(7,689)
Variation of the provision for contingencies	(5,160)	(1,224)
Net variation of tax loss carry forwards	74,080	(74,080)
Variation of fees for technical-administrative services and to the statutory auditors committee	642	27
Total tax assessed for fiscal purposes (estimated)	**(62,398)**	**-**

(in thousands of Argentine Pesos, except where specifically mentioned)

7. Income tax and minimum presumed income tax (Continued)

Below is a detail of the breakdown of the credit for the minimum presumed income tax accumulated at December 31, 2012:

Year	Amount	Expires in
2004	14,683	2014
2005	16,294	2015
2006	12,362	2016
2007	13,426	2017
2008	6,797	2018
2009	17,085	2019
2011	21,413	2021
2012 (estimated)	(43,237)	
Balance at December 31, 2012 (Note 4.b))	**58,823**	

The projections of future taxable income have been taken into consideration for the calculation of the deferred tax. Such projections have been built on the basis of the best estimate in accordance with the guidelines pointed out in Note 2.d), and taking into consideration the resolution of the uncertainties mentioned in Notes 1.b) and 1.c), referring to the modifications of the Argentine economic context and of the legal and contractual framework in which the Company operates. On the basis of such projections, the book value of the asset for minimum presumed income tax does not exceed its recoverable value.

8. Business Segment information

The following tables show additional information about the income statements at December 31, 2012 and 2011 and the main balance sheet captions of the Company at December 31, 2012 and 2011, segregated by business segment:

Result for the year ended December 31, 2012	**Gas carriage service**		**Other Services**	**Total**
	Domestic	**Exports**		
Revenues	307,198	83,111	101,372	491,681
Cost of services, administrative and selling expenses (before depreciation)	(372,801)	(12,722)	(21,299)	(406,822)
Depreciation	(125,892)	(9,924)	(136)	(135,952)
Other income and expenses, net	(39,534)	27,110	4	(12,420)
Result from foreign investments	-	-	1,472	1,472
Financial and holding results	(166,266)	(13,107)	(180)	(179,553)
Result from loans restructuring	532,638	41,990	575	575,203
Income tax	(43,293)	(40,580)	(31,971)	(115,844)
Result for the year	**92,050**	**75,878**	**49,837**	**217,765**

Balances as of December 31, 2012	**Gas carriage service**		**Other services**	**Total**
	Domestic	**Exports**		
Fixed assets	1,711,378	134,914	1,848	1,848,140
Accounts receivable	34,227	201,983	28,455	264,665
Loans	1,059,742	83,543	1,144	1,144,429
Other assets (net of liabilities)	88,252	6,957	95	95,304
Shareholders’ equity	774,115	260,311	29,254	1,063,680
Purchase of fixed assets	45,343	3,574	49	48,966

Result for the year ended December 31, 2011	**Gas carriage service**		**Other services**	**Total**
	Domestic	**Exports**		
Revenues	297,840	74,718	34,366	406,924
Cost of services, administrative and selling expenses (before depreciation)	(303,393)	(10,354)	(17,415)	(331,162)
Depreciation	(123,253)	(9,717)	(133)	(133,103)
Other income and expenses, net	1,851	108,590	2	110,443
Result from foreign investments	-	-	(360)	(360)
Financial and holding results	(220,591)	(39,773)	(238)	(260,602)
Income tax	123,960	(46,223)	(5,808)	71,929
Result for the year	**(223,586)**	**77,241**	**10,414**	**(135,931)**

(in thousands of Argentine Pesos, except where specifically mentioned)

8. Business Segment information (Continued)

Balances as of December 31, 2011	Gas carriage service		Other services	Total
	Domestic	Exports		
Fixed assets	1,794,528	141,469	1,938	1,937,935
Accounts receivable	35,083	157,147	17,063	209,293
Loans	1,798,598	141,790	1,942	1,942,330
Other assets (net of liabilities)	593,582	46,794	641	641,017
Shareholders' equity	624,595	203,620	17,700	845,915
Purchase of fixed assets	56,625	4,464	61	61,150

Revenues and accounts receivable were allocated on the basis of the market of destination.
Cost of services, selling and administrative expenses (before depreciation) were allocated according to the volume of contracted capacity for geographically defined regions.
Income tax was apportioned based on the income or loss of each segment.
Shareholders´ equity resulted from the algebraic difference of assets and liabilities.
When fixed assets were identified with a geographical region they were apportioned on the basis of the volume of contracted capacity for that region. If no such identification existed, they were apportioned to fixed assets of a similar nature.
The other items have been allocated following the fixed asset criterion.

9. Restricted assets

(i) A substantial portion of the assets transferred by GdE (mainly pipelines, compressor Plants and high-pressure control and measurement Stations), just to mention those that represent the most significant balances (Note 19.a)), has been defined in the License as “Essential assets for the performance of the licensed service”. Pursuant to the License, the Company is required to segregate and maintain the essential assets, together with any future improvements and expansions, in accordance with certain standards defined in License. The Company can not, for any reason, dispose of, encumber, lease, sublease or lend essential assets for purposes other than the provision of the licensed service without ENARGAS´ prior authorization.

(ii) There are funds subject to court attachments for approximately US$ 3.2 million and $ 11.1 million.

10. Loans

Creation of a global program for the issuance of ordinary negotiable obligations, non convertible

Resolutions adopted by TGN´s Board of Directors on December 11, 2007 and by the Ordinary Meeting of Shareholders held on January 22, 2008 established the creation of a “global program for the issuance of ordinary negotiable obligations non convertible for shares”, which qualify as negotiable obligations under the terms of Law No. 23,576 (text pursuant to Law No. 23,962), for a nominal value of up to US$ 400 million or its equivalent in other currencies at any time (the “Program”). The duration of this global program shall be five years counted as from July 17, 2008, date on which the CNV issued Resolution No. 15,928, approving its creation.

It is important to mention that in 2006 TGN had created another program with the sole and exclusive intention of issuing the class A and B Negotiable Obligations that were issued within the framework of the financial debt restructuring that took place that year. Hence, this program had been fully extinguished with the issuance of these Negotiable Obligations, which have the following characteristics:

(in thousands of Argentine Pesos, except where specifically mentioned)

10. Loans (Continued)

Creation of a global program for the issuance of ordinary negotiable obligations, non convertible (Continued)

	Class A negotiable obligations	**Class B negotiable obligations**
Amount	NV US$ 9.6 million (1)	NV US$ 2.8 million (1)
Due date	December 31, 2012	December 31, 2012
Amortization	They are amortized every six month: at 9% in 2005, 12% during 2006 and 2007, 13.5% in 2008 and 2009, 15% in 2010 and 2011, and 10% in 2012	In a one-off payment
Interest	They accrue interest at an annual rate of 6.0% during 2005, at 6.5% between 2006 and 2010, and at 7.5% during 2011 and 2012, payable quarterly.	They accrue interest at an annual rate of 7.0% during 2005, 7.5% during 2006 y 2007, 8.0% during 2008 y 2009, 9.0% during 2010, 9.5% during 2011 y 10% during 2012, payable quarterly.

(1) Remaining face value as of December 31, 2012 after restructuring and settlements.

The terms and conditions of Class A and B negotiable obligations are fully detailed in the pertinent Offering Circular under the Negotiable Obligation issue program, which was published at the CNV on September 14, 2006. It is important to mention that Class A and B Negotiable Obligations representing 97.61% of the outstanding principal were cancelled as a result of a restructuring processes of the financial debt that took place in August 2012 and December 2012, as explained further in section “Restructuring of the financial debt”. As of December 31, 2012, there is a remainder of nominal value of US$ 9.6 million for Class A and of nominal value of US$ 2.8 million for Class B.

Postponement of December 2008 financial loan payments

In view of the continuous deterioration of the Company’s economic and financial equation due to the effect of the depreciation of the peso on the domestic rates that have remained unchanged, combined with a fall in revenues from gas carriage for export as a result of the restrictions on gas exports, as mentioned in Note 1.c.v), and with the widespread peso and US dollar cost increases, on December 22, 2008, it was necessary for the TGN´s Board of Directors to administer its resources in order to prioritize the safe and reliable provision by TGN of the public utility natural gas carriage service, adhere to the going concern principle and ensure the equal treatment of all its financial creditors.

In this context, for exogenous reasons and for the purpose mentioned above, it has been necessary for TGN to postpone the principal and interest payments on the Class A and B Negotiable Obligations at their due date.

Restructuring of the financial debt

A swap offer and request of consideration for a Restructuring Agreement Proposal (“APE”) (“Swap Offer”) made on September 8, 2009 had a level of acceptance of 87.97% of liabilities subject to restructuring.

However, the excessive delay in obtaining the court approval of the APE due to reasons escaping TGN’s control, and, some situations that adversely changed the economic and financial scenario in which TGN conducts its business, proved that the assumptions used at the time of launching the Swap Offer in 2009 had not materialized. In this context, TGN understood that the offer was no longer effective and that pursuing the judicial approval of the APE would lead to damages both for TGN and its creditors.

As a result, to protect the Company’s assets, guarantee that the creditors rank *pari passu* and ensure the regular carriage of natural gas, on June 1st, 2012 the TGN´s Board of Directors resolved to abandon the request for judicial approval of the APE and file a petition for Insolvency Proceeding.

(in thousands of Argentine Pesos, except where specifically mentioned)

10. Loans (Continued)

Restructuring of the financial debt (Continued)

However, on June 6, 2012, notice was served upon the Company on the court’s rejection of its petition based on the application, analogous to the APE, of section 31 in fine of the Bankruptcy Law insofar as two petitions for bankruptcy had been filed against TGN at the time the Company decided to abandon the request for judicial approval of the APE and filed a petition for Insolvency Proceeding. On July 13, 2012 the Company was served notice of the ruling passed by Panel C of the Court of Appeals rejecting the Company´s appeal in the alternative and confirming the decision of the lower court.

In the meantime, and considering the uncertainty inherent in any court decision, on July 12, 2012 TGN launched a private swap offer (“Restructuring Offer”) of the totality of its Class A and B Negotiable Obligations (the “Outstanding Debt”), according to the terms and conditions described in the Information Memorandum dated July 12, 2012.

In the framework of the Restructuring Offer, TGN offered, at the option of the holders of the Outstanding Debt, for any US$ 1,000 of Outstanding Debt, a combination of: (i) US$ 494.20 in Step-up Notes; (ii) US$ 164.68 in Claims Protection Notes; and (iii) only for holders accepting the Restructuring Offer until 5 p.m. New York time of July 25, 2012 (postponed until August 8, 2012), a cash payment of US$ 329.45, and for the remaining holders accepting the Restructuring Offer after July 25, 2012 until 11.59 p.m. New York time of August 8, 2012 (“the Expiration Date”), a cash payment of US$ 280.00.

The Restructuring Offer had a level of acceptance of 88.0388% of computable liabilities, with the private swap with accepting holders being completed on August 22, 2012. Consequently, TGN agreed on the denial of the opening of the Insolvency Proceeding and that the case record was closed.

As a result of restructuring, TGN paid to the accepting holders an accumulated amount of US$ 100,038,998 in cash, issued Step-up Notes for US$ 150,065,959 and Claim Protection Notes for US$ 50,005,735.

The characteristics of the negotiable obligations issued by the Company in 2012 under the Program are as follows:

	Step-up Notes	**Claim Protection Notes**
Amount	Nominal value US$ 150.07 million	Nominal value US$ 50.00 million
Due date	August 22, 2019	(*)
Amortization	100% at the due date	(*)
Interest	They accrue interest at an annual rate of 3.5% during the first two years, at 7% during the following 3 years and at 9% as from the fifth year and until maturity. (**)	Non-interest bearing.

(*)If no “Triggering Event” occurs, they will be automatically settled without payment from TGN, on August 22, 2013. If a “Triggering Event” takes place before such date, they will fall due on August 22, 2019.

(**) Step-up Notes may capitalize interest as per the schedule below:

From	**To**	**Maximum amount to be capitalized**
August 22, 2012	August 22, 2015	100 %
August 22, 2015	August 22, 2016	50 %
August 22, 2016	August 22, 2019	0 %

The terms and conditions of Step-up Notes and Claim Protection Notes are detailed in the pertinent Offering Circular dated August 21, 2012, which was published at the CNV on August 21, 2012.

(in thousands of Argentine Pesos, except where specifically mentioned)

10. Loans (Continued)

Restructuring of the financial debt (Continued)

According to the terms of the Step-up Notes, TGN allocates part of its cash available, as defined in the Pricing Supplement dated August 21, 2012 and published at the CNV, to its prepayment and, in case a Triggering Event takes place, to prepay the Claim Protection Notes. During the transition period that falls due on September 30, 2014, TGN will only distribute incremental cash resulting from rates increases and/or agreements entered into with export customers. As from that moment, the Company will distribute the previously mentioned available cash among holders, after deducting certain reserves. The Company will make the first calculation for distribution purposes on March 31, 2013, if rates are increased and/or agreements are entered into with export customers.

On October 30, 2012 TGN launched a second private swap offer (the "Second Restructuring Offer") addressed to the holders of Class A and B Negotiable Obligations for an amount of principal of US$ 41,255,472 that did not enter into the previous restructuring agreement. The terms and conditions of this second offer are described in the Information Memorandum dated October 30, 2012. On this occasion, TGN offered to swap, for each US$ 1,000 of outstanding debt plus accrued and past due interest, US$ 150 in cash and US$ 850 in Five-year Negotiable Obligations. The Second Restructuring Offer had a level of acceptance of 59.82%, which resulted in the materialization of the swap in December 2012.

Consequently, TGN issued Five-year Negotiable Obligations for a nominal amount of US$ 29,314,449 and made a payment in cash for $ 25,327,683.86.

The characteristics of the Five-Year Negotiable Obligations issued by the Company in 2012 under the Program are as follows:

	Five-Year Negotiable Obligations
Amount	Nominal value US$ 29.31 million.
Due date	December 21, 2017
Amortization	100% at due date
Interest	They accrue interest at a 7.0% annual rate

The terms and conditions of the Five-Year Negotiable Obligations are described in the Pricing Supplement dated December 18, 2012, published at the CNV.

Considering the result of the two swaps implemented in 2012 plus the collection of certain credit rights in the context of individual debt foreclosures, TGN has restructured 97.61% of its financial liabilities´ principal at December 2008.

11. Shareholders´ equity

(a) Common stock

Item	**Date**	**Thousands of $**	**Registration in the Superintendence of Corporations**			
			Date	**Nº**	**Book**	**Volume**
Incorporation of the Company	11.24.92	12	12.01.92	11667	112	A
Capitalizations of irrevocable contributions	12.28.92 03.25.94	267,255 84,232	03.07.94 06.09.94	1894 5589	114 115	A A
Issuance of new shares for capitalized loans	09.29.06	87,875	08.18.06	13005	32	-
Total		**439,374**				

11. Shareholders´ equity (Continued)

(b) Limitation on the transferring of the Company’s shares

Gasinvest S.A. (“Gasinvest” or “the controlling shareholder”), the controlling shareholder of the Company, and Gasinvest´s shareholders, are restricted by the Bidding Terms and the Transfer Agreement as to dispose of a portion of their interests in the Company and Gasinvest, respectively. Unless a prior regulatory approval from ENARGAS is obtained, Gasinvest is precluded from reducing its interest in the Company to less than 51% (“Controlling interest”). The ENARGAS will approve the transfer of the Controlling interest provided that (i) the shares are transferred in whole but not in part, or the new acquirer purchases all of the outstanding Class A shares of common stock and (ii) the quality of the service is not affected.

Any transfer or cession or any action leading to a reduction below 51% of the participation of Gasinvest’s original shareholders in the capital of such company, including any subscription defect by these shareholders regarding the capital increase of Gasinvest, can only be made with the ENARGAS’ previous approval.

The above-mentioned restrictions do not apply to transfers made between parties belonging to the same economic group, as established in the Bidding Terms and Conditions.

(c) Restriction on the distribution of profits

Under the Argentine Commercial Law N° 19,550, the By-laws of the Company and the CNV Resolution N° 195, a minimum of 5% of net income for the year calculated in accordance with Argentine GAAP must be appropriated by resolution of the shareholders to the Legal Reserve until such reserve reaches 20% of the outstanding capital.

Under the terms of the financial agreements currently in force, TGN shall not make dividend payments in the event of default or grounds for default and in no case in excess of the Available Basket Amount (as defined in the contract).

(d) Optional reserve

The Shareholders’ Meetings that approved the annual financial statements as of December 31, 2011, set up the sums included in this item. Restrictions are presented in Note 11.c).

12. Legal matters

The Company is a 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 of Directors, based upon the estimations described in Note 2.d), 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 reserves that the Company has established.

However, the actual future outcome of these claims could differ from the estimated recorded amounts as of the date of issuance of these financial statements.

Following there is a summary of the most significant claims and legal actions, including those against TGN as well as those in which the Company acts as a claimer.

(a) Fines imposed by the ENARGAS

At the date of issuance of these financial statements, the Company was notified of twenty four fines applied by the ENARGAS for a total amount of $ 9.8 million, of which fourteen have been appealed in the administrative orbit for $ 4.8 million and other ten for $ 5.0 million, which were confirmed by the National Court of Appeals on Federal Administrative Matters and have been appealed by TGN to the National Supreme Court of Justice by extraordinary appeal.

12. Legal matters (Continued)

(b) Settlement agreement with AES Argentina Generación S.A. ("AES")

On March 13, 2012, TGN and AES entered into a settlement agreement to put an end to the controversies between the parties arising from a firm carriage contract executed in July 1999.

In essence, such agreement establishes the following consequences:

(1) For settlement purposes only and allocated to the single and full compensation for all damages claimed by AES due to TGN's failure to fulfill its obligations under the contract mentioned above, TGN undertakes to pay as from the date of the compliance of the mentioned condition:

   a. *"Payment A":* equivalent to 36% of certain access and use charges applied to the volume available at each time as reserve capacity for AES or its concessionaire under *"TGN Open Bid No. N°01/2005"*, which will be monthly payable until 12/28/2027.

   b. *"Payment B":* equivalent to the amount payable by AES for interruptible carriage and exchange and displacement services rendered by TGN to AES the month before the month of payment, which will be automatically terminated if the sum of "Payments B" made totals US$ 2 million, or the condition precedent is not complied with as of 12/28/2027, whichever occurs first.

(2) The contract mentioned above will be considered terminated by mutual agreement with effects as from May 27, 2003 and TGN and AES will be deemed to have abandoned the legal action and the rights related to the controversies.

(c) Tax assessments related to payments to negotiable obligation holders

Since December 2004, TGN is engaged in litigation with the Administración Federal de Ingresos Públicos ("AFIP"). The case is pending before the National Tax Court. This controversy arises from a value added tax assessment made on the interest paid to the International Finance Corporation as a result of the negotiable obligations issued by TGN in the framework of negotiable obligations issued in accordance with Law No. 23,576. According to TGN, the claim might amount to $ 21.5 million approximately.

(d) Official assessments of the tax-purpose useful lives

In late December 2005 TGN was notified of two resolutions whereby AFIP assessed differences in income tax for the fiscal periods 1999 to 2002. The total amount claimed is $ 21.2 million including interest at that date and a fine of 70% of the tax determined.

These adjustments are justified by the disallowance of the useful lives assigned by TGN to its northern gas pipeline and all of its compressor plants, which are used in calculating their depreciation for income tax purposes, as in the opinion of the tax authorities useful lives ought to be higher than those adopted by the Company.

On February 2006 TGN challenged certain official assessments by filing the pertinent appeals with the National Tax Court, which are still pending resolution.

(e) YPF debt for the provision of carriage services

Due to the redirection of the carriage capacity established by the ENARGAS, YPF started to irregularly pay the carriage invoices alleging partial capacity unavailability. In February 2007 YPF requested a comprehensive review of the carriage contract claiming that the measures adopted by the National State

12. Legal matters (Continued)

(e) YPF debt for the provision of carriage services (Continued)

regarding gas exports had unpredictably altered the economic-financial equation of such contract. TGN rejected the claim and demanded the compliance of the contract.

On April 20, 2009 TGN filed legal action against YPF: (i) demanding compliance with the carriage contract signed with YPF; (ii) claiming payment of 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 October 2010, both of them plus interest accrued at each respective date, plus interest to be accrued until the sums are repaid by YPF.

YPF answered the complaint alleging basically that TGN had not complied with the carriage under the terms envisaged because it was “unable to comply” as a result of the issuance of the emergency regulations and, in the alternative, in view of the impossibility to export, the peso rate should be applied.

In December 2010, TGN declared to have rescinded the contract with YPF for the firm carriage of gas for export, on the grounds of noncompliance by the loader, and in December 2012, filed a complaint for damage caused by the rescission based on negligence; the respective damages were estimated at US$ 142.15 million. Furthermore, considering the distressing financial and equity position of the Company and due to the need to apply its limited resources to the provision of a safe and reliable public utility, the Company filed a motion to proceed in *forma pauperis*.

(f) Intervention in TGN established by the ENARGAS

This issue is explained in further detail in Note 1.c.vi)

(g) Dispute with Metrogas Chile S.A. (“Metrogas”)

On April 21, 2009, TGN was notified of a declarative action filed by Metrogas, the Chilean gas distributor, seeking the judicial declaration of inapplicability of the US dollar denominated rate envisaged in its carriage contract, if the gas is not actually carried. No sentence has been pronounced to date.

Subsequently, in September 2009 Metrogas communicated its unilateral decision to rescind its firm gas carriage contract with TGN, and claimed damages for approximately US$ 238 million from TGN, stating that it had suffered harm occasioned by alleged noncompliance by TGN when the latter ceased to deliver gas which, according to Metrogas, had apparently been confirmed and injected into the intake by its producers / suppliers.

TGN rejected, on inadmissibility grounds, the unilateral declaration of contract rescission, as well as the claim for damages made by Metrogas, as TGN has complied with its obligations under the binding gas carriage contract between the parties. As it is publicly widely known, for some years the local gas production has not been enough to satisfy the domestic demand and exportation. This shortage led the national authorities to put in force a series of regulations that set restrictions to the exportation of natural gas with the purpose of first ensuring the supply of the domestic market.

TGN also considers that any action for damages that Metrogas could file would not be likely to be sustained, and it will take all steps necessary to protect the corporate interests.

Having finished an off-court mediation hearing process, in September 2011 the Company filed a lawsuit regarding contract fulfillment, claiming a US$ 37.2 million payment (plus interests) for carriage services billed and unpaid, from September

12. Legal matters (Continued)

(g) Dispute with Metrogas Chile S.A. ("Metrogas") (Continued)

2009 and up to August 2011. Metrogas filed the answer to the complaint in November 2012, 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.

(h) Previous administrative claim against the National State and later action for damages

In March 2011 TGN filed an administrative claim before the MPFIPyS for the damage suffered by the Company as a consequence of the pesification of its rates, established in the LEP, and the subsequent freezing of rates persisting since such law was approved.

The filing of this claim was due to the necessity of protecting TGN's rights, which otherwise could be affected by the course of the statute of limitation on the legal action for damages. Nevertheless, TGN intends to continue participating in the process of renegotiation of its License according to the procedure ruled by Decree 311/03 and its supplementary rules. In the face of the silence of the Public Administration, and upon the expiration of the term prescribed by section 31 of the Administrative Procedure Law 19,549, to protect the Company's interest, on October 11, 2012 TGN brought an action against the National State for the damage caused to TGN as from January 1, 2006 and until December 31, 2011 (and reserving the right to extend the action) as a result of the pesification and freezing of its tariffs set forth by Law 25,561, for the amount of $ 1,436 million (including interest). Furthermore, considering the distressing financial and equity position of the Company and due to the need to apply its limited resources to the provision of a safe and reliable public utility, the Company filed a motion to proceed in *forma pauperis*.

(i) Actions for protection against the National State

The Company initiated actions for protection against the National State before the National Court on Federal Administrative Matters with the purpose of: (i) achieving that the 20% rate increase established in the Transitory Agreement celebrated with the National State in October 2008 comes into force, considering the delay incurred by the administration, and (ii) obtaining the application of the extraordinary mechanism of rates review envisaged by Section 46 of the Natural Gas Act considering that the process of renegotiation of its License before the UNIREN does not show any progress. In the first case TGN received a favorable second instance sentence that was appealed by the Administration and confirmed in second instance. The extraordinary appeal filed by the Administration against the ruling was also dismissed giving rise to the filing of a complaint for denial of appeal by the Enargas before the National Supreme Court of Justice, which is currently pending. In the latter, the first instance sentence in favor of TGN was appealed by the ENARGAS and revoked in second instance, having the Company filed a complaint for denial of appeal, that was rejected by the National Supreme Court of Justice.

(j) TGN´s claim against Nación Fideicomisos S.A. and the National Secretariat of Energy

In May 2012, TGN filed an action against Nación Fideicomisos S.A., as trustee of the financial trust for the northern gas pipeline expansion work (Financial Trust - Northern Gas Pipeline Expansion Work), and the National Secretariat of Energy as organizer, claiming for several accrued and unpaid balances under the administration agreement signed between the abovementioned parties for the execution of the "2006-2008 Expansion Work" (Note 15.b)). In December 2012 the parties reached a transactional agreement that ended the dispute. This agreement provides for recognition in favor of TGN of an amount of $ 60,994,307 plus VAT

12. Legal matters (Continued)

(j) TGN´s claim against Nación Fideicomisos S.A. and the National Secretariat of Energy (Continued)

corresponding to price and interest owed to that date under the Management Contract, which will be paid as follows: (i) $ 31,000,000 in trust bonds with a 30-month term, and (ii) $ 42,803,111 in cash, in six equal consecutive monthly installments.

13. Compromise and settlement agreements with export customers

During 2010, TGN entered into compromise and settlement agreements with its export customers Sociedad Eléctrica Santiago S.A. ("ESSA"), Colbun S.A. ("Colbun") and Gasoducto Norandino Argentina S.A. ("NAA"), which were either early terminated or the scope of natural gas firm carriage agreements was limited in time.

Until the date of issuance of these financial statements, TGN has collected economic compensations from its customers ESSA, Colbun and NAA for US$ 64.2 million, US$ 45.7 million and US$ 7.3 million, respectively.

Compromise and settlement agreements result in TGN no longer collecting agreed future income in exchange for compensation, which generates a negative net effect on its expected cash flows. The effect of these compromise and settlement agreements is charged under "Other income and expenses, net."

14. Financial trust for expansion on the exportation market

On March 8, 2004, in accordance with ENARGAS Resolution 2,877 and the Law N° 24,441, the Company (as trustor) and HSBC Bank Argentina S.A. (as trustee) entered into a Trust Agreement (the "Program") for up to a total amount of US$ 50 million within a 5-year timeframe.

The Program envisages the possibility of financial trusts being set up for the issue of securities that are authorized for their public offering or not, so as to finance the expansion of the capacity of the Company's gas pipeline systems. The Trust Agreement also establishes that, at expiration of the trust, the enlarged assets shall be exclusively assigned to the Company only, free of 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 of Directors authorized the creation of the "*TGN Series 01*" trust currently in force, through which securities were issued for a nominal value of US$ 7.5 million that were subscribed and integrated on March 26, 2004, and were applied to the expansion of carrying capacity of 303,000 m3/d contracted by Metrogas S.A.

Series 01 defines September 30, 2019 as Final and Definite Payment Date or the date on which the Series 01 securities are repaid.

Under the Trust Agreement, neither the Company nor the Trustee is liable with their own respective assets to pay, if principal and/or interest and/or taxes and expenses on the securities issued by the trust are dishonored.

The holders of the securities will have no right to claim such difference 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.

15. Financial trusts for expansion on the local market organized by the National Secretariat of Energy

MPFIPyS Resolution No. 185/04, adopted under the aegis of Decree No. 180/04, provides for a Gas Trust Program organized by the National Secretariat of Energy for the purpose of financing infrastructure works for the carriage and distribution of natural gas.

On April 2006 the National Congress enacted the law 26,095 vesting the PEN with the power to apply rate charges destined to finance those works.

a) Trust for the 2005 northern gas pipeline expansion work

In 2004 the National State requested the participation of TGN as licensee and of other companies as investors in order to undertake the expansion of the capacity of its system for the carriage of 1.8 MMm3/day of gas in the northern gas pipeline. A local trust (the “trust”) organized by the National Secretariat of Energy and administered by Nación Fideicomisos S.A. (“NAFISA”), as trustee, entrusted TGN with the management of the northern gas pipeline expansion works. TGN contributed with US$ 8.4 million for a partial payment of the works.

Expanded assets will form part of the trust until it is liquidated, on which date, the Company has the option to have the ownership of the trust assets transferred to it.

In July 2005 TGN began to bill certain customers for the “Gas Trust Charge” on behalf of the “Gas Trust - Extension of the Northern Gas Pipeline" and for its account.

b) Trust for the “2006-2008 Expansion Work”

In 2006 a second expansion project of 15.2 MMm3/day in the Central-Western and Northern gas pipeline was started at the request of the National Secretariat of Energy. The trust structure previously mentioned in section a) was adopted.

In February 2007, TGN started to invoice certain customers for “the Gas II Trust Charge” on behalf of the "Gas Trust - Expansion of the Northern Gas Pipeline".

The project management contract entered into by TGN that year expired in September 2009. The dispute was resolved by means of a compromise and settlement entered into in December 2012 (see Note 12.j), which included an extension of the contract term to perform expansion works for up to 5.2 MMm3/d in the Northern Gas Pipeline.

As of the date of issuance of these financial statements, works have been put into service, which represent an increase of 3.2 MMm3/d in the Northern gas pipeline capacity, and of 1.4 MMm3/d in the Central-Western gas pipeline.

16. “Importation of Natural Gas” administration trust

As provided by PEN Decree 2,067/08 and ENARGAS Resolutions I/563 and I/615, in force in November 2008, as from January 2009 the Company started to invoice a new charge on behalf of the “Importation of Natural Gas” Administration Trust and for its account, to create a fund to such purpose.

When ENARGAS Resolutions I/1,982, I/1,988 and I/1,991 came into force between November and December 2011, the universe of users reached by the charge was extended, quotas were increased and the licensees were instructed to include an allowance in the invoices that partially or fully compensate the charge to certain users. TGN is required to transfer the monthly collected amounts to the Administration Trust.

16. "Importation of Natural Gas" administration trust (Continued)

At present, TGN must apply the charge exclusively to those customers that are connected to its system through a "Physical By-Pass", that is, without the intervention of a distributor, sub-distributor or other third-parties envisaged in Art 16 Section b) of Law 24,076.

Resolution I/1,988 establishes that in the case of partial collections, the payment received shall be proportionally distributed between all the items included in the respective invoice. As of December 31, 2012 the balance to be transferred to the Administration Trust amounts to $ 4.2 million.

17. IFRS adoption

By General Resolutions Nos. 562/09 and 576/10, the CNV established the application of Technical Resolutions Nos. 26 and 29 of the FACPCE, which adopted IFRS, issued by the International Accounting Standards Board (IASB), for entities encompassed by the public offering regime of Law N° 17,811, either because of their capital or negotiable obligations, or because those entities have requested authorization to be encompassed by this regime.

Under General Resolutions Nos. 600/12 and 613/12, the CNV established that the licensees of the public utility gas transport and distribution services (including TGN) should prepare and submit their financial statements for the fiscal year commencing as from January 1, 2013 under IFRS, with the first quarterly financial statements to be submitted under IFRS being those as of March 31, 2013. The transition date is January 1, 2012.

Reconciliation of shareholders' equity and results under AR-GAAP and IFRS

FACPCE Technical Resolutions Nos. 26 and 29 require disclosure of the reconciliation of the shareholders' equity determined under AR-GAAP to the shareholders' equity determined under IFRS as of December 31, 2012 and January 1, 2012, as well as a reconciliation of the comprehensive income for the year ended December 31, 2012 determined under those standards.

IFRS 1 (First-time Adoption of IFRS) allows entities adopting IFRS for the first time to consider certain exemptions only once from the retroactive application of certain IFRS in effect, for financial statements closing at December 31, 2012. The IASB has foreseen these exemptions to simplify the application of those standards for the first time. Detailed below is an optional exemption applied by TGN:

- Deemed cost of fixed assets: The cost of fixed assets, restated in accordance with AR-GAAP was adopted as deemed cost at the transition date to IFRS, since it can be similar to the cost or depreciated cost in accordance with IFRS, adjusted to reflect the changes in a general or specific price index.

TGN has applied the following mandatory exception to the retroactive application of IFRS, in preparing those reconciliations:

- Estimates: Estimates at December 31, 2012 and January 1, 2012 under IFRS are consistent with the estimates made under current AR-GAAP.

The other optional and mandatory exceptions established in IFRS 1 have not been applied for they are irrelevant to the Company.

In preparing the reconciliation, the Company has taken into account the IFRS that estimates will be applicable to the preparation of its financial statements at December 31, 2013. The items and figures included in this note are subject to changes and may only be considered as final when the annual financial statements for the first fiscal year in which IFRS are applied for the first time are

(in thousands of Argentine Pesos, except where specifically mentioned)

17. IFRS adoption (Continued)

Reconciliation of shareholders' equity and results under AR-GAAP and IFRS (Continued)

prepared. The items and figures included in the reconciliation might be modified if the standards applied were to differ when the financial statements at December 31, 2013 are prepared.

The reconciliations required under those Technical Resolutions are disclosed below:

1) Reconciliation of shareholders' equity at December 31, 2012 and January 1, 2012.

	Note	31.12.12	01.01.12
Shareholders' equity under current AR-GAAP		**1,063,680**	**845,915**
Change of criterion for measurement of materials and spare parts	(a)	(4,858)	(4,953)
Valuation of foreign investments	(b)	(299)	(64)
Effect on deferred tax	(c)	1,700	1,733
Shareholders' equity under IFRS		**1,060,223**	**842,631**

2) Reconciliation of comprehensive income at December 31, 2012

	Note	31.12.12
Result for the year under current AR-GAAP		**217,765**
Change of criterion for measurement of materials and spare parts	(a)	(4,858)
Valuation of foreign investments	(b)	(299)
Effect on deferred income tax	(c)	1,700
Total comprehensive income for the year under IFRS		**214,308**

(a) Change of criterion for measurement of materials and spare parts:

Under IFRS, inventories are valued at the lower of cost or fair value, while under AR-GAAP, inventories are generally valued at replacement cost. The adjustment for the measurement of inventories at historical cost represents a decrease in the shareholders’ equity and the results for the year ended December 31, 2012 and a decrease in the shareholders’ equity as of January 1, 2012 of $ 4,858 thousand and $ 4,953 thousand, respectively.

(b) Valuation of foreign investments:

Represents the effect on the TGN shareholders' equity and results for the year, caused by the valuation at equity method of the shareholders' equity and comprehensive income of the subsidiaries under IFRS.

(c) Effect on deferred income tax due to the change of criterion for measuring materials and spare parts under IFRS:

Represents the effect on income tax of the change of criterion for valuing materials and spare parts under IFRS, as described above. The tax effect of the adjustments to IFRS represents an increase of $ 1,700 thousand and $ 1,733 thousand in the shareholders’ equity and the results for the year ended December 31, 2012 and a decrease in the shareholders’ equity as of January 1, 2012, respectively.

18. Subsequent events

Subsequent to December 31, 2012, there have been no other events, situations or circumstances, that are not publicly known, that have impacted or could impact significantly on the net worth, or economic and financial situation of the Company that have not been considered or mentioned in these financial statements.

19. Other financial statement information

The accompanying tables present additional statement disclosures required under Argentine GAAP.

(a) Fixed assets
(b) Investments in foreign related companies
(c) Short-term investments
(d) Allowances and provisions
(e) Assets and liabilities in foreign currency
(f) Cost of services, administrative and selling expenses
(g) Aging and conditions of short-term investments, receivables and payables.

(in thousands of Argentine Pesos, except where specifically mentioned)

19. Other financial statement information (Continued)

(a) Fixed assets

	12.31.2012														12.31.2011
	Original values					Depreciation						Net book value			
Account	At the beginning of the year	Increases	Disposals	Transfers	At the end of the year	At the beginning of the year	For the year %	For the year Amount	Disposals	Transfers	Accumulated at the end of the year	Total	Essential items	Non-essential items	Total
Land	3,274	-	-	-	3,274	-	-	-	-	-	-	3,274	1,976	1,298	**3,274**
Buildings and constructions	77,411	-	-	795	78,206	24,793	2	1,557	-	-	26,350	51,856	39,378	12,478	**52,618**
Installations	2,344	-	-	-	2,344	916	4	92	-	-	1,008	1,336	-	1,336	**1,428**
Gas pipelines	2,076,347	-	(53)	20,198	2,096,492	806,913	3,33 and 2,22	58,537	(32)	-	865,418	1,231,074	1,231,074	-	**1,269,434**
Investments in pipeline maintenance (Note 3.h))	126,466	-	-	14,995	141,461	25,732	5,88	9,715	-	-	35,447	106,014	106,014	-	**100,734**
High-pressure branch lines	890	-	-	-	890	355	3,33 and 2,22	26	-	-	381	509	509	-	**535**
Compressor plants	929,950	-	(398)	3,307	932,859	539,102	4	51,762	(195)	-	590,669	342,190	342,190	-	**390,848**
High-pressure control and/or measurement stations	71,395	-	-	552	71,947	46,335	5	3,902	-	-	50,237	21,710	21,710	-	**25,060**
Other technical installations	45,548	-	-	1,161	46,709	32,178	6,67	2,472	-	-	34,650	12,059	11,827	232	**13,370**
Machinery, equipment and tools	26,118	692	(34)	-	26,776	24,021	10, 20 and 50	751	(34)	-	24,738	2,038	-	2,038	**2,097**
IT and telecommunication systems	89,037	2,304	(20,156)	-	71,185	60,775	10 and 20	4,476	(17,732)	-	47,519	23,666	1,933	21,733	**28,262**
Vehicles	19,844	1,712	(1,004)	-	20,552	15,257	20	1,724	(952)	-	16,029	4,523	-	4,523	**4,587**
Furniture and office supplies	10,540	323	(104)	-	10,759	9,512	10	195	(102)	-	9,605	1,154	-	1,154	**1,028**
Assets held at third parties facilities	11,162	-	(125)	1,076	12,113	7,160	12,5	743	(120)	-	7,783	4,330	1,441	2,889	**4,002**
Works in process	40,254	41,282	(102)	(40,072)	41,362	-	-	-	-	-	-	41,362	17,459	23,903	**40,254**
Advances to suppliers	404	2,653	-	(2,012)	1,045	-	-	-	-	-	-	1,045	-	1,045	**404**
Total as of 12.31.2012	**3,530,984**	**48,966**	**(21,976)**	**-**	**3,557,974**	**1,593,049**		**135,952**	**(19,167)**	**-**	**1,709,834**	**1,848,140**	**1,775,511**	**72,629**	**-**
Total as of 12.31.2011	**3,473,876**	**61,150**	**(4,042)**	**-**	**3,530,984**	**1,462,375**		**133,103**	**(2,429)**	**-**	**1,593,049**	**-**	**1,867,674**	**70,261**	**1,937,935**

(in thousands of Argentine Pesos, except where specifically mentioned)

19. Other financial statement information (Continued)

(b) Investments in foreign related companies (Section 33 – Law 19,550)

					Book value		Information on the issuer						
								Latest financial statements					
Issuer	**Shares**	**Par value**	**Amount**	**Cost value**	**12.31.2012**	**12.31.2011**	**Principal activity**	**Date**	**Capital stock and capital adjustment**	**Other Reserves**	**Retained earnings**	**Shareholders' equity**	**% of direct holding**
Comgas Andina S.A.	Common	(a) 1	490	246	2,698	1,226	Gas pipeline O&M services	12.31.12	11	2,490	3,004	5,505	49.0
Companhía Operadora do Rio Grande do Sul	Common	(b) 1	49	0.1	107	114	Gas pipeline O&M services	12.31.12	1	233	(14)	220	49.0
Impairment of investment(Note 19.(d) and 3.f))					(107)	(114)							
Total					**2,698**	**1,226**							

(a) Chilean Pesos
(b) Brazilian Reais

(in thousands of Argentine Pesos, except where specifically mentioned)

19. Other financial statement information (Continued)

(c) Short-term investments

	December 31, 2012	December 31, 2011
Mutual funds in $	44,608	18,261
Mutual funds in US$ (1)	-	28,734
Time deposits in $	-	30,019
Time deposits in US$ (1)	157,133	213,621
US Treasury bills (1)	135,798	326,578
Other investments in US$ (1)	636	29,776
Stock exchange securities in $	-	3,200
Government bonds in US$ (1)	50,205	1,012
Government bonds in $	43,355	-
Subtotal current short-term investments	**431,735**	**651,201**
Government bonds in $	28,278	-
Subtotal non-current short-term investments	**28,278**	**-**
Total	**460,013**	**651,201**

(1) Refer to note 19.e)

(in thousands of Argentine Pesos, except where specifically mentioned)

19. Other financial statement information (Continued)

(d) Allowances and provisions

	12.31.2012				12.31.2011
	Balances at the beginning of the year	Net increases	Decreases (payment / usage)	Balances at the end of the year	Balances at the end of the year
Deducted from assets					
Current assets					
Accounts receivables					
Allowance for doubtful accounts	17,491	16,026 (2)	(412)	33,105	17,491
Allowance for disputed amounts	11,660	72 (1)	(6)	11,726	11,660
Other receivables					
Allowance for doubtful accounts	3,557	1,494 (2)	(239)	4,812	3,557
Non current assets					
Accounts receivables					
Allowance for disputed amounts	254,332	88,686 (1)	-	343,018	254,332
Other receivables					
Allowance for disputed tax payments and judicial escrow accounts	8,383	432 (3)	-	8,815	8,383
Materials and spare parts					
Allowance for slow-moving and obsolescence	85,385	588 (4)	-	85,973	85,385
Investments in foreign related companies					
Allowance for impairment (Note 19.(b) and 3.(f))	114	(7)	-	107	114
Total allowances deducted from assets	**380,922**	**107,291**	**(657)**	**487,556**	**380,922**
Included in liabilities					
Current liabilities					
Contingencies					
Provision for contingencies	33,103	8,235 (3)	(1,329)	40,009	33,103
Non current liabilities					
Contingencies					
Provision for contingencies	42,179	50,320 (3)	(42,914)	49,585	42,179
Total provisions included in liabilities	**75,282**	**58,555**	**(44,243)**	**89,594**	**75,282**
Total as of 12.31.2012	**456,204**	**165,846**	**(44,900)**	**577,150**	**-**
Total as of 12.31.2011	**383,686**	**73,870**	**(1,352)**	**-**	**456,204**

(1) $ 48,843 charged to Revenues (Note 4.g)) and $ 39,915 to Financial and holding results generated by assets.
(2) Charged to Selling Expenses – Doubtful accounts (Note 19.f)).
(3) $ 3,874 charged to Administrative expenses – Contingencies (Note 19.f)), $ (8,711) charged to Other financial and holding results generated by liabilities and $ 63,824 charged to Other income and expenses, net (Note 4.i)).
(4) Charged to Cost of Services, slow-moving and obsolete consumption materials and spare parts (Note 19.f)).

19. Other financial statement information (Continued)

(e) Assets and liabilities in foreign currency

	12.31.2012				12.31.2011		
	Foreign currency class and amounts (1)		Exchange rate	Amount in Thousands of $ (1)	Foreign currency class and amounts (1)		Amount in Thousands of $ (1)
Assets							
Current assets							
Cash and banks							
Banks	US$	2,031	4.878	9,907	US$	175	747
				9,907			747
Short-term investments							
Time deposit	US$	32,213	4.878	157,133	US$	50,099	213,621
Mutual funds		-		-	US$	6,739	28,734
US Treasury bills	US$	27,839	4.878	135,798	US$	76,590	326,578
Other investments	US$	130	4.878	636	US$	6,983	29,776
Government bonds	US$	10,292	4.878	50,205	US$	237	1,012
				343,772			599,721
Accounts receivable							
Gas carriage services	US$	738	4.878	3,600	US$	1,183	5,045
Other services	US$	4,750	4.878	23,172	US$	3,663	15,618
				26,772			20,663
Other receivables							
Commercial indemnifications receivable	US$	639	4.878	3,115	US$	34,845	148,580
Court attachments and deposits	US$	3,163	4.878	15,427	US$	8,111	34,586
Guarantee deposits		-		-	US$	200	853
Prepaid expenses and others		-		-	€	100	553
	US$	1,763	4.878	8,599	US$	4,380	18,676
Foreign investments	R$	54	2.330	125	R$	345	790
				27,266			204,038
Total current assets				**407,717**			**825,169**
Non-current assets							
Accounts receivables							
Gas carriage services	US$	140,639	4.878	686,036	US$	119,293	508,664
				686,036			508,664
Other receivables							
Guarantee deposits	US$	200	4.878	976		-	-
Commercial indemnifications receivable		-		-	US$	400	1,706
				976			1,706
Foreign investments							
Comgas Andina (Note 19.b)	$ch	264,495	0.0102	2,698	$ch	161,293	1,226
Companhía Operadora do Rio Grande do Sul (Note 19.b)	R$	46	2.33	107	R$	50	114
				2,805			1,340
Total non-current assets				**689,817**			**511,710**
Total assets				**1,097,534**			**1,336,879**

19. Other financial statement information (Continued)

(e) Assets and liabilities in foreign currency (Continued)

	12.31.2012				12.31.2011		
	Foreign currency class and amounts (2)		Exchange rate	Amount in Thousands of $ (2)	Foreign currency class and amounts (2)		Amount in Thousands of $ (2)
Liabilities							
Current liabilities							
Accounts payable							
Suppliers..	US$	4,130	4.918	20,310	US$	315	1,355
	£	82	8.0026	657		-	-
Other related parties..................................	US$	13,836	4.918	68,044	US$	14,259	61,533
				89,011			62,888
Loans							
Ordinary non-convertible Class A							
Principal..	US$	9,640	4.918	47,411	US$	141,280	608,069
Interest...	US$	2,748	4.918	13,516	US$	31,258	134,535
Punitive...	US$	873	4.918	4,293	US$	7,641	32,887
Ordinary non-convertible Class B							
Principal..	US$	2,829	4.918	13,912	US$	203,630	876,424
Interest...	US$	1,292	4.918	6,353	US$	58,035	249,781
Punitive...	US$	346	4.918	1,701	US$	9,441	40,634
				87,186			1,942,330
Taxes payable							
Provision for income tax withholdings to foreign parties and others..		-		-	US$	6,600	28,405
				-			28,405
Total current liabilities				**176,197**			**2,033,623**
Non Current liabilities							
Loans							
Step-Up Notes							
Principal..	US$	150,066	4.918	738,024		-	-
Interest...	US$	1,911	4.918	9,400		-	-
Capitalized interest...................................	US$	1,390	4.918	6,836		-	-
Five-year Negotiable Obligations							
Principal..	US$	29,315	4.918	144,168		-	-
Capitalized interest...................................	US$	57	4.918	280		-	-
Claim Protection Notes							
Principal..	US$	50,006	4.918	245,928		-	-
				1,144,636			-
Total Non current liabilities				**1,144,636**			**-**
Total liabilities				**1,320,833**			**2,033,623**

US$: United States dollars; $ch: Chilean Pesos; R$: Brazilian Reais; €: Euros; £: Pound Sterling
(1) Nominal value of assets, not considering the allowances for doubtful accounts nor discount at present value.
(2) Not including contingencies nor discounts at present value.

(in thousands of Argentine Pesos, except where specifically mentioned)

19. Other financial statement information (Continued)

(f) Cost of services, administrative and selling expenses

	Total at 12.31.2012	Cost of services			Selling expenses	Administrative expenses	Investments in fixed assets	Total at 12.31.2011
		Carriage service	Other services	Total				
Fees for technical-administrative services ..	1,760	-	-	-	-	1,760	-	957
Statutory auditors committee's fees	966	-	-	-	-	966	-	879
Fees for professional services	13,904	1,984	2,498	4,482	4	7,797	1,621	8,508
Salaries, wages and other personnel benefits	135,858	82,605	11,271	93,876	1,570	40,254	158	115,632
Social security contributions	25,030	16,419	1,562	17,981	348	6,701	-	19,039
Fees for technical operator and audit services	13,743	13,743	-	13,743	-	-	-	12,389
Foreign staff residences	-	-	-	-	-	-	-	1,164
Consumption of spare parts and materials	24,103	17,450	593	18,043	-	91	5,969	21,644
Third party services and supplies	12,971	11,655	839	12,494	42	435	-	9,704
Maintenance and repair of fixed assets	73,177	61,570	1,955	63,525	110	2,571	6,971	57,626
Travel expenses	13,963	10,605	1,515	12,120	41	1,609	193	10,818
Freight and transportation	1,902	1,624	61	1,685	-	29	188	1,910
Communications	1,646	761	138	899	41	647	59	1,445
Insurance	6,792	6,079	4	6,083	1	708	-	5,767
Office supplies	3,073	1,322	152	1,474	13	1,555	31	2,480
Rentals	2,083	915	610	1,525	29	498	31	1,895
Easements	10,067	10,067	-	10,067	-	-	-	11,877
Taxes, rates and contributions	43,963	657	83	740	16,804	26,408	11	37,339
Fixed assets depreciation	135,952	133,913	136	134,049	272	1,631	-	133,103
Fixed assets improvements	7,465	17	-	17	-	(2)	7,450	25,926
Compensation for damages	13,388	-	-	-	13,388	-	-	-
Doubtful accounts	17,520	-	-	-	17,520	-	-	8,254
Contingencies	3,874	-	-	-	-	3,874	-	4,424
Slow-moving and obsolete consumption materials and spare parts	595	595	-	595	-	-	-	1,578
Others	2,448	916	16	932	19	710	787	2,650
Total at 12.31.2012	**566,243**	**372,897**	**21,433**	**394,330**	**50,202**	**98,242**	**23,469**	**-**
Total at 12.31.2011	**-**	**338,493**	**15,966**	**354,459**	**23,358**	**86,448**	**32,743**	**497,008**

(in thousands of Argentine Pesos, except where specifically mentioned)

19. Other financial statement information (Continued)

(g) Aging and conditions of short-term investments, receivables and payables

	12.31.2012			
	Short-term investments (a)	**Receivables (b)**	**Loans (c)**	**Other payables (d)**
Past due:				
Up to 12.31.2011	-	327,352	-	-
From 01.01.2012 up to 03.31.2012	-	16,654	-	-
From 04.01.2012 up to 06.30.2012	-	14,777	-	-
From 07.01.2012 up to 09.30.2012	-	25,686	-	-
From 10.01.2012 up to 12.31.2012	-	42,586	87,192	-
Without due date	45,244	94,486	-	357,470
To be due				
03.31.2013	217,458	86,226	-	134,565
06.30.2013	47,662	21,914	-	1,311
09.30.2013	38,337	1,684	-	935
12.31.2013	53,650	600	-	2,527
12.31.2014	13,783	181	-	5,073
12.31.2015	36,966	4	48,056	4,013
12.31.2016	1,383	-	48,056	3,453
12.31.2017	1,383	199,007	48,337	3,227
12.31.2018	1,382	-	-	3,227
12.31.2019	2,765	-	912,788	29,039
Total at 12.31.2012.....................	**460,013**	**831,157**	**1,144,429**	**544,840**
Balances subject to adjustment	124,832	-	-	-
Balances not subject to adjustment	335,181	831,157	1,144,429	544,840
Total at 12.31.2012.....................	**460,013**	**831,157**	**1,144,429**	**544,840**
Interest bearing balances	415,227	17,822	1,109,166	41,623
Non – interest bearing balances	44,786	813,335	35,263	503,217
Total at 12.31.2012.....................	**460,013**	**831,157**	**1,144,429**	**544,840**

(a) Excludes investments in other companies.
(b) Includes accounts receivable and other receivables at their present value, not including allowances.
(c) Nominated at their present value.
(d) Includes all non-financial liabilities, excluding contingencies.

TRANSPORTADORA DE GAS DEL NORTE S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE FINANCIAL STATEMENTS REQUIRED BY SECTION 68 OF THE BUENOS AIRES STOCK EXCHANGE LISTING RULES FOR THE YEAR ENDED DECEMBER 31, 2012.

General matters related to the Company's activities

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

   The Natural Gas Act and its regulations, the Specifications for the privatization of GdE, the Transfer Contract, the License and the resolutions issued by the ENARGAS make up the regulatory framework in which the Company conducts its operations.

   The License, granted for a term of 35 years with an option to extend it for a ten year-term, may be revoked by the PEN upon ENARGAS's recommendation in case the Company expressly failed to comply with its obligations. If the License is officially and finally revoked, the Company may be forced to cease operating the assets transferred by GdE to the Company and transfer them to the National State or the person the National State so appointed.

   Note 1 to TGN´s financial statements as of December 31, 2012 describes the Company's legal and regulatory aspects.

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

   See Notes 1.c.v), 2.e), 2.f), 10 and 13 to the Company's financial statements as of December 31, 2012.

3. **Classification of short-term investments, receivables and liabilities according to their aging and due dates:**

   See Note 19.g) to the Company's financial statements as of December 31, 2012.

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

   See Note 19.e) and g) to the Company's financial statements as of December 31, 2012.

5. **Investments in Corporations Section 33 of Law No. 19,550 in capital and total votes:**

   See Note 19.b) to the Company's financial statements as of December 31, 2012. Balances with related companies are disclosed in Note 5 to those financial statements.

6. **Trade receivables or loans from Directors, Statutory audit committee and their relatives up to the second degree inclusive:**

   None.

7. **Physical count of inventories:**

   Physical count of materials and spare parts is performed on an annual basis. Slow-moving and obsolete materials and spare parts amount to $ 86.0 million and are totally written-off (Note 3.g) and 19.d) to the Company's financial statements as of December 31, 2012).

ADDITIONAL INFORMATION TO THE NOTES TO THE FINANCIAL STATEMENTS REQUIRED BY SECTION 68 OF THE BUENOS AIRES STOCK EXCHANGE LISTING RULES FOR THE YEAR ENDED DECEMBER 31, 2012.

Current Values:

8. Other Assets and Inventories:

- Other assets (gas stock): gas stock in the gas pipe network has been valued at the replacement cost of the gas cubic meter, plus the average carriage price (Note 3.i) to the Company’s financial statements as of December 31, 2012).

- Inventories (materials and spare parts): they are valued at their replacement cost net of an allowance for slow-moving and obsolescence (Note 3.g) and Note 19.d) to the Company’s financial statements as of December 31, 2012).

Fixed Assets:

9. Technically appraised fixed assets:

None.

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

None.

Equity investments in other companies:

11. Equity investments in other companies exceeding the provisions of Section 31 of Law 19,550:

None.

Recoverable value:

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

- Materials and spare parts and fixed assets: the recoverable value of such assets was determined based on their economic use - Notes 3.g) and 3.h), respectively - to the Company’s financial statements as of December 31, 2012, subject to the resolution of the uncertainties generated by the changes in the economic context and the legal and contractual conditions under which the Company operates.

- Other assets: for the gas stock, the criterion followed to determine its recoverable value is the net realization value (Note 3.i) to the Company’s financial statements as of December 31, 2012).

- Minimum presumed income tax credit: the projections of future taxable income have been taken into consideration for the calculation of the recoverable value. Such projections have been built on the basis of the best estimate in accordance with the guidelines pointed out in Note 2.d) to the Company’s financial statements as of December 31, 2012, and taking into consideration the resolution of the uncertainties mentioned in Notes 1.b) and 1.c) to the Company’s financial statements as of December 31, 2012, referring to the modifications of the Argentine economic context and of the legal and contractual framework in which the Company operates.

Insurance:

13. Insurance covering the Company's tangible assets:

Property insured	Risks Covered	Amount insured in thousands	Book value in thousands of $
• Personal and real property allocated to the provision of services, except for machinery and equipment	All physical risks and loss of profits Liability insurance	US$ 75,000 US$ 50,000	266,892
• Compressor plants	Terrorism	US$ 35,000	342,190
• Machinery	Machinery breakdown	US$ 10,000	134,569
• Automobiles: - Management's fleet	Limited liability insurance	$ 3,000	399
	Total loss car accident	Replacement value	
- Operational fleet (cars and pick ups)	Total or partial loss due to fire, robbery or theft	$ 3,000	3,668
- Trucks and trailers	Limited liability insurance Limited liability insurance	$ 10,000	456
• Personal property located in Head Office, IT equipment and IT items	Fire of contents Theft	US$ 8,650 US$ 10	6,245

Contingencies:

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

The provision for contingencies represents approximately 8.4% of the Company’s shareholders' equity as of December 31, 2012 and was set up to face payments the Company would have to make in the event of claims and/or complaints filed against it (Refer to Note 19.d) to the Company’s financial statements as of December 31, 2012). In estimating amounts, the likelihood of occurrence was taken into account based on the opinion of the legal consultants and the criteria detailed in Note 2.d) to the Company's financial statements as of December 31, 2012.

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

Except for the provisions mentioned in Note 12.d) to the Company's financial statements as of December 31, 2012, there are no such situations.

Irrevocable advances on account of future subscription of shares:

16. Status of the capitalization process:

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

17. Unpaid cumulative dividends of preferred shares:

None.

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

Under the terms of the financial agreements currently in force, TGN shall not make dividend payments in the event of default or grounds for default and in no case in excess of the Available Basket Amount (as defined in the contract).

Autonomous City of Buenos Aires, March 7, 2013

Free translation from the original in Spanish for publication in Argentina

Report of Independent Auditors

The President and Board of Directors of
Transportadora de Gas del Norte S.A.
Legal Address: Don Bosco 3672 Piso 3°
Autonomous City of Buenos Aires
TAX CODE N° 30-65786305-6

1. We have audited the accompanying balance sheet of Transportadora de Gas del Norte S.A. as of December 31, 2012, and the related statements of operations, of changes in shareholders´ equity and of cash flows for the year then ended, and their supplementary notes. The preparation and issuance of these financial statements are the responsibility of the Company. Our responsibility is to issue an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in Argentina. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and form an opinion on the fairness of the significant information disclosed in the financial statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company, as well as evaluating the overall financial statements presentation. We believe that our audit provide a reasonable basis for our opinion.

3. As indicated in Note 17 to the accompanying financial statements, the items and amounts disclosed in the reconciliations included in that note are subject to changes and may only be considered as final when the annual financial statements for the year of first-time adoption of International Financing Reporting Standards ("IFRS") are prepared.

4. Changes in economic conditions of the country and the modifications introduced by the National Government to the License under which the Company operates, as mentioned earlier in Note 1 to the attached financial statements, principally the suspension of the original regime to update tariffs, affect the economic and financial equation of the Company, generating uncertainty in respect to future development of its regulated business. The Company is in the process of renegotiating with the National Government the terms of the License. Furthermore, the impact of the energy crisis in Argentina on certain gas carriage services the Company provides could cause future actual results to differ from certain assessments and estimates made at the date of preparing the attached financial statements and those positive or negative differences could be significant.

   Additionally, given that the Public Emergency Law and Reform of the Exchange Regime authorizes the National Executive Branch to renegotiate tariffs and Project and Public Service contracts and that, at the date of issuance of this report, the result of this renegotiation is unknown and there is uncertainty as to whether the future net cash inflows will be sufficient to recover the net book value of non-current assets, and whether the Company will be able to repay its financial debts, as mentioned in Note 1 to the accompanying financial statements.

With regard to the recovery of non-current assets, as explained in Notes 3.h) and 7 to the accompanying financial statements, the Company tested its fixed assets and its tax credits for recoverability based on which it estimates that their carrying value is not in excess of their recoverable value. The assumptions, premises and estimates of future events used in that test evidence the vision projected by the Company's Board of Directors, which may occur or materialize in the future or not; furthermore, those assumptions, premises and estimates are affected mainly by the uncertainty regarding the rate adjustment and the evolution of certain commercial contracts. In view of this, we are not in a position to anticipate whether the premises used by the management in preparing its projections will materialize in the future in order to corroborate the recoverable value of fixed assets and tax credits, whose net book value at December 31, 2012 amounts to $ 1,848 million and $ 58.8 million, respectively.

5. As mentioned in Notes 1.c), 12.e) and 12.g) to the attached financial statements, at December 31, 2012 the Company has contractual disputes for significant amounts with certain customers related to provide gas carriage services for export for outstanding balances of $ 686.0 million not yet collected from those customers. In view of the uncertainty as to the possibility of recovering those receivables in the future, the balances due and pending collection have been covered by an allowance partially at the balance sheet date.

6. The December 31, 2012 financial statements of TGN have been prepared following accounting principles applicable to a going concern; therefore, those financial statements do not include the effects of possible adjustments and/or reclassifications, if any, that might be required if the situations described above are not resolved in favor of the normal course of the Company's business. Consequently, the Company's financial statements should be read in the light of these uncertain circumstances.

7. In our opinion, subject to the effect that the possible adjustments and/or reclassifications could have on the financial statements, if any, and which could be required for the resolution of the situations described in paragraphs 4., 5. and 6., the financial statements of TGN present fairly in all material aspects, its financial position at December 31, 2012, the results of its operations, the changes in its shareholder's equity and its cash flow for the years then ended, in conformity with accounting principles generally accepted in the Autonomous City of Buenos Aires.

8. Our report dated March 6, 2012 on the Company's financial statements at December 31, 2011, which are presented for comparative purposes, included qualifications referred to the circumstances indicated in paragraphs 4., 5. and 6. of this report, for the uncertainty about the effects that might be generated on the value of the credits and provisions recorded and the future income derived from the works management contract related to the 2006-2008 project for extending the gas transportation network and for the uncertainty about the outcome of the renegotiation of financial debt. As stated in Notes 10, 12.j) and 15.b), these situations have had a favorable development at the date of this report. In addition, the amounts corresponding to December 31, 2011 have been modified to agree with the criterion adopted in the current year and this has caused the effects described in Note 2.e) to the accompanying financial statements, with which we concur because it is coincident with professional accounting standards in force in the Autonomous City of Buenos Aires.

9. In accordance with current regulations, we report that:

a) the financial statements of TGN have been transcribed to the Inventory and Balance Sheet book and are, as regards those matters that are within our competence, in conformity with relevant rules and regulations of the Commercial Corporation Law and the National Securities Commission;

b) the financial statements of TGN arise from accounting records carried in all formal aspects in accordance with current legal regulations that maintain the conditions of security and integrity based on those authorized by the National Securities Commission;

c) we have read the Summary of Activities, except for the titled chapter "IFRS implementation plan", and the additional information to the notes to the financial statements required by Section 68 of the Buenos Aires Stock Exchange Regulations, on which, as regards those matters that are within our competence, we have no observation to make other than those indicated in paragraphs 4., 5. and 6.;

d) at December 31, 2012, the debt accrued in favor of the Argentine Integrated Social Security System amounted, as shown by the Company´s accounting records, to $ 4,801,146 which was not yet due at that date;

e) as required by section 4 of General Resolution No. 400 issued by the National Securities and Exchange Commission amending section 18 (e) of Paragraph III.9.1 of the Commission's Rules, we report that total fees for auditing and related services billed to the Company during the fiscal year ended December 31, 2012 account for:

   e.1) 92% of the total fees for services billed to the Company for all items during that fiscal year;
   e.2) 92% 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) 84% of the total fees for services billed to the Company, its parent companies, subsidiaries and related companies for all items during that year;

f) we have applied laundering abatement and anti-terrorist financing procedures foreseen in the professional standards issued by the Professional Council in Economic Sciences of the Autonomous City of Buenos Aires;

Autonomous City of Buenos Aires, March 7, 2013

PRICE WATERHOUSE & CO. S.R.L.

by (Partner)
Fernando A. Rodriguez