

TRANSPORTADORA DE GAS DEL NORTE S.A.

Unaudited Interim Financial Statements as of and for the six-month period ended June 30, 2007, presented in comparative form

**TRANSPORTADORA DE GAS DEL NORTE S.A.**  
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**TRANSPORTADORA DE GAS DEL NORTE S.A.**  
**SUMMARY OF INFORMATION FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2007**  
**AND 2006**

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.<sup>(1)</sup> ("TGN" or "the Company") and its financial situation, which should be read together with the attached financial statements.

**I) ANALYSIS OF RESULTS AND FINANCIAL SITUATION**

**\* Result for the six-month period ended June 30, 2007**

*(in millions of pesos)*

	Six-month periods ended 06.30.		
	2007	2006	Variation \$
<b>Net Revenues</b>			
Gas transportation service	241.2	236.2	5.0
Allowances for disputed amounts	(8.2)	(2.1)	(6.1)
Discount as per Decrees No 292/1520/814	(0.8)	(0.8)	-
<b>Subtotal Gas transportation service</b>	<b>232.2</b>	<b>233.3</b>	<b>(1.1)</b>
<b>Other services</b>			
Gas Pipeline O&M services	9.2	7.9	1.3
Management fees - Gas Trust Program	11.8	0.1	11.7
<b>Subtotal other services</b>	<b>21.0</b>	<b>8.0</b>	<b>13.0</b>
<b>Net Revenues</b>	<b>253.2</b>	<b>241.3</b>	<b>11.9</b>
<b>Cost of services</b>			
Operating and maintenance costs	(61.4)	(59.7)	(1.7)
Fixed assets depreciation	(57.6)	(55.6)	(2.0)
<b>Subtotal</b>	<b>(119.0)</b>	<b>(115.3)</b>	<b>(3.7)</b>
<b>Gross Profit</b>	<b>134.2</b>	<b>126.0</b>	<b>8.2</b>
Administrative and selling expenses	(32.7)	(38.0)	5.3
<b>Operating Income</b>	<b>101.5</b>	<b>88.0</b>	<b>13.5</b>
Gain from equity investments, net	1.0	0.5	0.5
Financial and holding results	(65.1)	(140.8)	75.7
Gain on debt restructuring	-	0.4	(0.4)
Other income (expense), net	0.3	(1.1)	1.4
<b>Net income (loss) before income tax</b>	<b>37.7</b>	<b>(53.0)</b>	<b>90.7</b>
Income Tax	(22.5)	8.0	(30.5)
<b>Net income (loss) for the period</b>	<b>15.2</b>	<b>(45.0)</b>	<b>60.2</b>
<b>Income before financial and holding results, gain on debt restructuring, depreciation, amortization and income tax. (EBITDA)</b>	<b>161.2</b>	<b>143.8</b>	<b>17.4</b>

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

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**AND 2006**

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

*(in millions of pesos)*

	06.30.07	12.31.06
<b>Total Assets</b> <i>(in million of \$)</i>	2,652	2,648
<b>Total Liabilities</b> <i>(in million of \$)</i>	1,359	1,370
<b>Shareholders' Equity</b> <i>(in million of \$)</i>	1,293	1,278
<b>Shareholders' Equity / Total Liabilities</b>	0.95	0.93

The net result (income) for the first half of 2007 amounted to \$ 15.2 million compared with the loss of \$ 45.0 million recorded in the same period of the previous year.

The following paragraphs describe the reasons for the main variations in TGN results and some economic-financial indexes will be disclosed in connection to the Company's equity.

**\* Net Revenues**

Below is a summary of the TGN's net revenues by type of service for the first semester of 2007, compared to the first semester of 2006

*(in millions of pesos)*

Type of service	Six-month periods ended 06.30.			
	2007	%	2006	%
Gas transportation	232.2	91.7	233.3	96.7
Gas Pipeline O&M services	21.0	8.3	8.0	3.3
<b>Total net Revenues</b>	<b>253.2</b>	<b>100.0</b>	<b>241.3</b>	<b>100.0</b>

**- Gas Transportation services**

The revenues corresponding to the gas transportation service amounted for the first semester of 2007 to \$ 232.2 million, compared with \$233.3 million for the same period of the last year. The net decrease being \$ 1.1 million as a result of the combined effect of:

- i. An increase of \$ 1.9 million in revenues of firm transportation due to the expansion of the Northern Gas Pipeline transport capacity by 1.8 MMm3/d (as described in Note 14 to the Company's financial statements);
- ii. An increase of \$ 2.0 million as a result of the application of new agreements which put an end to a business dispute with certain customers;
- iii. Higher billings of interruptible services for \$ 3.9 million in view of the special weather conditions and availability of water for the performance of power plants;
- iv. An increase of \$ 0.8 million derived from the increase in the exchange rates used to post the US dollar invoicing;
- v. A decrease of \$ 6.1 million because of the setting up of lower allowances for disputed amounts as explained in the third paragraph of Note 3.p) to these financial statements;
- vi. A decrease in exports of \$ 3.5 million as a result of the reduced rates calculated based on the PPI applicable for the period.

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**AND 2006**

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

**- Pipeline O&M Services and Management Fees - Gas Trust Program**

Net sales for the period in this segment amounted to \$ 21.0 million, while they had amounted to \$8.0 million in the same period of the previous year. The net increase of \$ 13.0 million is made up mainly of \$ 11.7 million for higher fees accrued for the works management service under the Gas Trust Programs (as described in Note 14 to the financial statements of the Company)

**\* Costs of services**

*(in millions of pesos)*

	Six-month periods ended 06.30.		
	2007	2006	Variation \$
Fees for professional services	1.0	1.0	-
Salaries, wages and other personnel benefits and social security contributions	20.4	17.8	2.6
Fees for technical operator services	7.7	4.7	3.0
Foreign staff residence	1.0	0.8	0.2
Consumption of Spare parts and materials	6.6	5.8	0.8
Gas imbalance	0.2	2.0	(1.8)
Maintenance and repair of fixed assets and third party services and supplies	14.5	16.4	(1.9)
Communications, freight and transportation, travel expenses	2.6	2.9	(0.3)
Insurance	2.9	2.6	0.3
Rentals and office supplies	0.9	0.8	0.1
Easements	2.8	2.7	0.1
Fixed assets depreciation	57.6	55.6	2.0
Allowance for Slow-moving and obsolescence	0.3	1.6	(1.3)
Others	0.5	0.6	(0.1)
<b>Total</b>	<b>119.0</b>	<b>115.3</b>	<b>3.7</b>
<b>% of Costs of services on net revenues</b>	<b>47.0%</b>	<b>47.8%</b>	

Costs of services for the first semester of 2007 and 2006 amounted to \$ 119.0 million and \$ 115.3 million, respectively. The main reasons for the net increase of \$ 3.7 million were the following:

- i. \$ 3.0 million of higher costs of Fees for technical operator services corresponding to the remuneration foreseen in the Technical Assistance and Audit Area Assistance Contract. In the first semester of 2006 there was a limitation on the accrual of this remuneration because at that date the Company had not yet restructured its debt;
- ii. \$ 2.6 million in salaries, wages and other personnel benefits and social security contributions as a result of pay increases granted by the Company in 2006 and 2007.
- iii. \$ 1.3 million corresponding to the decrease in slow-moving and obsolete spare parts and materials for consumption because of the allowance recorded in view of the variation in the allowance for materials items that are not used in the minimum quantities required for regular maintenance;

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

**\* Costs of services (Cont.)**

- iv. \$ 1.9 million of lower maintenance and repair of fixed asset and third party services and supplies. This variation includes lower costs for \$ 4.1 million because of the reduced level of activities, compared to 2006, related to maintenance of tubing, adaptation of cathodic protection and river crossings works, according to the work plan foreseen for 2007, which gave priority to investments in the recoating of gas pipelines (as described in Note 3.h) to the financial statements), being this latter activity capitalizable and with no impact on the operating costs and in which \$ 18.7 million were invested in the first half of 2007. In addition, the variation in maintenance expenses also includes an increase of \$ 2.2 million in the expansion activities for 2006-2008 (as described in Note 14 to the financial statements), such as environmental impact studies, line reviews and basic engineering of the modifications to the transportation system;
- v. a decrease of \$ 1.8 million in gas imbalance because in the first half of 2007 there was a decline in consumption of fuel gas which led to an excess of only \$ 0.2 million over the limits authorized for such consumption, compared with the \$ 2.0 million used in the same period of 2006.

**\* Administrative and Selling expenses**

*(in millions of pesos)*

	Six-month periods ended 06.30.		
	2007	2006	Variation \$
Salaries, wages and other personnel benefits and social security contributions	9.4	8.0	1.4
Fixed assets depreciation	0.8	0.8	-
Fees for professional services	1.5	1.4	0.1
Taxes, rates and contributions	12.3	9.1	3.2
Communications, freight and transportation, travel expenses	0.5	0.5	-
Maintenance and repair of fixed assets and third party services and supplies	1.0	1.0	-
Rentals and office supplies	0.4	-	0.4
Doubtful accounts	0.8	2.0	(1.2)
Lawsuits	4.4	14.0	(9.6)
Director and the Committee of Syndics' Fees	1.0	0.5	0.5
Others	0.6	0.7	(0.1)
<b>Total</b>	<b>32.7</b>	<b>38.0</b>	<b>(5.3)</b>
<b>% of Administrative and Selling expenses on net revenues</b>	<b>12.9%</b>	<b>15.7%</b>	

Administrative and selling expenses for the first semester of 2007 and 2006 amounted \$ 32.7 million and \$ 38.0 million respectively. The main reasons for the net decrease of \$ 5.3 million between the two periods were the following:

- i. A decrease of \$ 1.2 million in allowance for doubtful accounts charge, that was determined on the basis of a analysis of receivables under negotiation or litigation and longtime outstanding debt with low collection probability.
- ii. A decrease of \$ 9.6 million in lawsuits as per the detailed contingency appraisals for each proceeding practiced at the end of each comparable period;
- iii. A \$ 3.2 million increase in Taxes, rates and contributions due to the increase in the verification and control rate accrued in favor of the ENARGAS and to the higher levels of gross revenue taxes associated with higher sales.

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**AND 2006**

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

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

- iv. An increase of \$ 1.4 million in salaries, wages and other personnel benefits and social security contributions as a result of pay increases granted by the Company in 2006 and 2007.

**\* Financial and Holding Results**

*(in millions of pesos)*

	Six-month periods ended 06.30.		
	2007	2006	Variation \$
Interests and indexing generated by liabilities	(50.3)	(121.5)	71.2
Bank commissions, expenses and taxes on banking and financial operations.	(4.6)	(4.3)	(0.3)
Income of discount of certain liabilities at present value	(0.1)	0.2	(0.3)
Fees for guarantee of loan agreements	-	(1.7)	1.7
<b>Subtotal financial result generated by liabilities before exchange rate differences</b>	<b>(55.0)</b>	<b>(127.3)</b>	<b>72.3</b>
Interests, indexing and expenses generated by assets	3.2	12.3	(9.1)
Holding results generated by assets	(0.6)	5.5	(6.1)
Loss of discount of non-current assets at present value	-	(0.9)	0.9
<b>Subtotal financial result generated by assets before exchange rate differences</b>	<b>2.6</b>	<b>16.9</b>	<b>(14.3)</b>
Exchange rate differences:			
Generated by liabilities	(12.5)	(37.4)	24.9
Generated by assets	(0.2)	7.0	(7.2)
<b>Subtotal exchange rate differences</b>	<b>(12.7)</b>	<b>(30.4)</b>	<b>17.7</b>
<b>Total</b>	<b>(65.1)</b>	<b>(140.8)</b>	<b>75.7</b>

Financial and holding losses amounted to \$ 65.1 million in the first semester of 2007 in comparison with \$ 140.8 million recorded in the same period of 2006. The most important reasons for the variations in financial and holding results are the following:

- i. In the first semester of 2007 a \$ 12.5 million loss was recorded for Exchange rate differences generated by liabilities compared with the loss of \$ 37.4 million for the first half of 2006, an impact that is largely related to the financial debt stock outstanding at the end of each period;
- ii. The Interest and indexing generated by liabilities account showed a significant decrease in the first semester of 2007 compared to the same period of 2006, totaling \$ 50.3 million and \$ 121.5 million, respectively, which is directly related to the terms and conditions of the new debt restructured by the Company in late September 2006.
- iii. The Fees for loan guarantee account did not record charges in 2007, while in the first semester of 2006 it accrued \$ 1.7 million because those fees were valid until the restructuring of the Company's financial debt;
- iv. The Interest, index adjustments and expenses derived from assets account showed a net decrease of \$ 9.1 million because of the variations in short-term investments of excess cash and banks.
- v. Holding results generated by assets decreased \$ 6.1 million in the first half of 2007 because in the same period of 2006 substantial increases had been recorded in the price of gas forming part of the linepack (Other assets).

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**AND 2006**

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

**\* Summary of the Statement of Cash Flows**

*(in millions of pesos)*

	Six-month periods ended 06.30.	
	2007	2006
<b>Net loss for the period</b>	15.2	(45.0)
Adjustments to arrive to cash net flow arising from operating activities	154.5	201.5
Subtotal	169.7	156.5
Net changes in assets and liabilities	6.1	(44.0)
<b>Net cash flows provided by operating activities</b>	<b>175.8</b>	<b>112.5</b>
Purchase of fixed assets	(28.3)	(19.6)
<b>Net cash used in investing</b>	<b>(28.3)</b>	<b>(19.6)</b>
Payment of debt	(46.4)	(1.3)
Interest paid	(43.5)	(1.4)
Net increase (decrease) in customer advances	0.2	(1.0)
<b>Net cash used in financing activities</b>	<b>(89.7)</b>	<b>(3.7)</b>
<b>Financial and holding result generated by cash and cash equivalents</b>	<b>2.1</b>	<b>19.2</b>
<b>Net increase in cash</b>	<b>59.9</b>	<b>108.4</b>
<b>Cash and cash equivalents as of beginning of year</b>	<b>39.2</b>	<b>473.0</b>
<b>Cash and cash equivalents as of end of the period</b>	<b>99.1</b>	<b>581.4</b>

*(in millions of pesos)*

	As of 06.30.	
	2007	2006
<b>Cash and cash equivalents</b>		
Cash and banks	15.4	2.7
Mutual funds in foreign currency	72.4	386.1
Time deposits in foreign financial institutions	-	151.8
Mutual funds in \$	6.7	32.3
Time deposits in \$	3.1	-
Government securities in pesos	1.5	-
Stock exchange securities in \$ and others	-	8.5
<b>Cash and cash equivalents as of end of the period</b>	<b>99.1</b>	<b>581.4</b>

**II) BUSINESS PROSPECTS**

- i. At the date of issue of these Financial Statements, no significant progress has been made in the renegotiation of the Licence that would make it possible to consider that an agreement will be signed in the short term. In addition, there is nothing to guarantee that the eventual outcome of the renegotiation will effectively re-establish the equilibrium of the License and provide TGN with fair compensation for the losses suffered as a consequence of the Emergency Law. Despite the lack of results in the process embarked on by the Unit for the Renegotiation and Analysis of Public Utility Services Contracts ("UNIREN"), the Company has promoted this process whenever possible.
- ii. In April 2004, the National Executive Branch established the creation of the Gas Electronic Market ("MEG") with a view to improving assignment efficiency in the gas industry. Consequently, the spot sales of natural gas and the remaining transport capacity are to be made through this market. Effective May 2005 the MEG started to administer the resale of capacity and services provided by gas distributors. Until June 30, 2007 no effects have been produced on the revenues from sales recognized by TGN. The Company considers that the start-up of the



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**II) BUSINESS PROSPECTS (Cont.)**

MEG will have an adverse effect on income relating to the transported gas sold on that market which is translated into lower revenues for approximately \$ 12 million per annum.

iii. Since May 2007 the gas transportation and distribution systems were affected by the gas shortage from satisfying demand.

According to the declaration of most distributors, the severe shortage in gas injection in natural gas fields led to an insufficient transportation capacity available. It should be noted that, TGN has always worked at full committed transportation capacity, with no limitations.

**III) DESTINATION OF THE RESULTS OF FINANCIAL YEAR 2006**

The Shareholders' Meeting held on April 10, 2007 resolved the destination of the results of the financial year ended December 31, 2006 approving (in thousands of \$):

- i. Absorbing accumulated losses for \$ 177,869 at the beginning of fiscal 2006;
- ii. Setting up a legal reserve for \$ 1,869 (equivalent to 5% of the remaining result for the year after the absorption of accumulated losses mentioned earlier), as envisaged by Law No. 19550; and
- iii. Setting up a discretionary reserve for future dividends for \$ 35,508.

In addition to the proposal made by the Board of Directors, stated above, the Meeting of Shareholders decided to increase the legal reserve by \$ 6,160 using 5% of the results for \$ 123,197 produced by the capitalization of loans (as shown on the statement of changes in shareholders' equity) and allocated a difference of \$ 117,037 to the discretionary reserve for future dividends.

**IV) COMPARATIVE BALANCE SHEET STRUCTURE AT JUNE 30, 2007, 2006, 2005, 2004 and 2003**

*(in millions of pesos)*

	As of 06.30.				
	2007	2006	2005	2004	2003
Current Assets	193	698	443	397	264
Non-current Assets	2,459	2,519	2,503	2,528	2,547
<b>Total</b>	<b>2,652</b>	<b>3,217</b>	<b>2,946</b>	<b>2,925</b>	<b>2,811</b>
Current Liabilities	222	1,693	1,295	1,166	735
Non-current liabilities	1,137	717	747	847	1,044
<b>Subtotal</b>	<b>1,359</b>	<b>2,410</b>	<b>2,042</b>	<b>2,013</b>	<b>1,779</b>
Shareholders' Equity	1,293	807	904	912	1,032
<b>Total</b>	<b>2,652</b>	<b>3,217</b>	<b>2,946</b>	<b>2,925</b>	<b>2,811</b>

**TRANSPORTADORA DE GAS DEL NORTE S.A.**  
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**V) COMPARATIVE STRUCTURE OF INCOME FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2007, 2006, 2005, 2004 and 2003**

*(in millions of pesos)*

	Six-month periods ended 06.30.				
	2007	2006	2005	2004	2003
Ordinary operating income	101.5	88.0	74.8	76.7	85.0
Financial and holding results	(65.1)	(140.8)	(46.4)	(94.9)	0.4
Foreign exchange differences capitalized in fixed assets - written off	-	-	-	-	(277.9)
Gain on debt restructuring	-	0.4	3.8	-	-
Gain from equity investments	1.0	0.5	-	0.4	0.2
Other (expenses) income net	0.3	(1.1)	(3.2)	3.9	(1.7)
Net result before tax	37.7	(53.0)	29.0	(13.9)	(194.0)
Income Tax	(22.5)	8.0	(21.5)	(1.7)	62.3
<b>Net results of the period</b>	<b>15.2</b>	<b>(45.0)</b>	<b>7.5</b>	<b>(15.6)</b>	<b>(131.7)</b>

**VI) COMPARATIVE STATISTICAL DATA CORRESPONDING TO THE SIX-MONTH PERIODS ENDED JUNE 30, 2007, 2006, 2005, 2004 and 2003**

**Volume delivered in millions of cubic meters:**

*According to the type of carrying agreement*

	Six-month periods ended 06.30.				
	2007	2006	2005	2004	2003
Firm transportation	7,703	8,172	7,740	8,068	7,413
Interruptible transportation and exchange and shifting	1,617	1,129	1,172	973	391
<b>Total</b>	<b>9,320</b>	<b>9,301</b>	<b>8,912</b>	<b>9,041</b>	<b>7,804</b>

*According to the type of source*

	Six-month periods ended 06.30.				
	2007	2006	2005	2004	2003
Norte Gas pipeline	3,747	3,544	3,569	3,239	3,283
Centro-Oeste Gas pipeline	5,573	5,757	5,343	5,802	4,521
<b>Total</b>	<b>9,320</b>	<b>9,301</b>	<b>8,912</b>	<b>9,041</b>	<b>7,804</b>

**VII) COMPARATIVE INDICATORS AT JUNE 30, 2007, 2006, 2005, 2004 and 2003**

	Six-month periods ended 06.30.				
	2007	2006	2005	2004	2003
Current liquidity (1)	0.87	0.41	0.34	0.34	0.36
Solvency (2)	0.95	0.33	0.44	0.45	0.58
Freezing Capital (3)	0.93	0.78	0.85	0.86	0.91

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

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**AND 2006**

The June 30, 2006, 2005, 2004 and 2003 figures that are disclosed for comparative purposes arise from summary of information of financial statements at those dates and include the impact of prior year adjustment described in Note 2.c) to the company financial statements.

Autonomous City of Buenos Aires, August 7, 2007

The Board of Directors  
Eduardo Ojea Quintana

The Report of Independent Auditors dated August 7, 2007 is issued as a separate document.

## TRANSPORTADORA DE GAS DEL NORTE S.A.

Balance Sheets as of June 30, 2007  
 compared with the year ended on December 2006  
 (in thousands of Argentine Pesos, except per share amounts)

	June 30, 2007	December 31, 2006
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and banks .....	\$ 15,397	\$ 24,667
Short-term investments (Note 16.(c)) .....	85,254	16,905
Accounts receivable, net (Note 4.a)) .....	61,373	73,593
Other receivables, net (Note 4.b)) .....	20,749	43,582
Materials and spare parts, net (Note 4.c)) .....	10,145	10,145
<b>Total Current Assets</b> .....	<b>192,918</b>	<b>168,892</b>
<b>Non-current Assets</b>		
Other receivables (Note 4.b)) .....	172,899	160,155
Materials and spare parts, net (Note 4.c)) .....	33,800	35,536
Fixed Assets, net (Note 16.(a)) .....	2,224,850	2,257,148
Investments (Note 16.(b)) .....	7,141	6,181
Other assets .....	20,727	20,486
<b>Total Non-Current Assets</b> .....	<b>2,459,417</b>	<b>2,479,506</b>
<b>Total Assets</b> .....	<b>2,652,335</b>	<b>2,648,398</b>
 <b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable (Note 4.d)) .....	22,985	21,631
Debt (Note 10.b)) .....	99,650	93,154
Salaries and social security payable .....	10,733	7,436
Taxes payable (Note 4.e)) .....	11,896	886
Customer advances .....	320	149
Others (Note 4.f)) .....	7,597	7,095
<b>Subtotal</b> .....	<b>153,181</b>	<b>130,351</b>
Contingencies (Note 12 and 16.(d)) .....	69,056	65,408
<b>Total Current Liabilities</b> .....	<b>222,237</b>	<b>195,759</b>
<b>Non-Current Liabilities</b>		
Debt (Note 10.b)) .....	1,101,812	1,138,606
Others (Note 4.f)) .....	8,436	8,436
<b>Subtotal</b> .....	<b>1,110,248</b>	<b>1,147,042</b>
Contingencies (Note 12 and 16.(d)) .....	26,909	27,803
<b>Total Non-Current Liabilities</b> .....	<b>1,137,157</b>	<b>1,174,845</b>
<b>Total Liabilities</b> .....	<b>1,359,394</b>	<b>1,370,604</b>
<b>Shareholder's Equity</b> .....	<b>1,292,941</b>	<b>1,277,794</b>
<b>Total Liabilities and Shareholder's Equity</b> .	<b>\$ 2,652,335</b>	<b>\$ 2,648,398</b>

The accompanying notes are an integral part of these financial statements

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

**Statements of Operations for the six-month  
periods ended June 30, 2007 and 2006**  
(in thousands of Argentine Pesos, except per share amounts)

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Net revenues (Note 4.g) .....	\$ 253,199	\$ 241,214
Cost of services (Note 16.(f)) .....	<u>(118,962)</u>	<u>(115,328)</u>
<b>Gross Profit</b> .....	<b>134,237</b>	<b>125,886</b>
Selling expenses (Note 16.(f)) .....	(9,683)	(9,869)
Administrative expenses (Note 16.(f)) .....	<u>(23,030)</u>	<u>(28,069)</u>
<b>Operating income</b> .....	<b>101,524</b>	<b>87,948</b>
Gain from equity investments, net .....	962	539
Financial and holding results, net		
Generated by assets:		
Interest and indexing .....	3,381	12,428
Exchange rate differences .....	(200)	7,015
Others (Note 4.h)) .....	<u>(741)</u>	<u>4,384</u>
Subtotal .....	2,440	23,827
Generated by liabilities:		
Interest and indexing .....	(50,333)	(121,535)
Exchange rate differences .....	(12,496)	(37,365)
Others (Note 4.h)) .....	<u>(4,722)</u>	<u>(5,725)</u>
Subtotal .....	(67,551)	(164,625)
Gain on debt restructuring (Note 10) .....	-	441
Other expense, net (Note 4.i)) .....	<u>259</u>	<u>(1,121)</u>
<b>Income (loss) before income tax</b> .....	<b>37,634</b>	<b>(52,991)</b>
Income tax charge (Note 7) .....	(22,487)	8,013
<b>Net income (loss) for the period</b> .....	<b>\$ 15,147</b>	<b>\$ (44,978)</b>
Income (Loss) per share in pesos (Note 6)	<b>0.0345</b>	<b>(0.1280)</b>

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 six-month periods ended June 30, 2007 and 2006**  
(in thousands of Argentine Pesos, except per share amounts)

	Shareholders' contributions			Legal reserve	Voluntary reserve for future dividends	Retained earnings (accumulated deficit)	Total shareholders' equity
	Common stock	Inflation adjustment of common stock	Total				
Balances as of December 31, 2005 .....	351,499	506,053	857,552	46,205	125,588	(177,869)	851,476
Loss for the period .....	-	-	-	-	-	(44,978)	(44,978)
<b>Balances as of June 30, 2006 .....</b>	<b>351,499</b>	<b>506,053</b>	<b>857,552</b>	<b>46,205</b>	<b>125,588</b>	<b>(222,847)</b>	<b>806,498</b>
Issuance of new shares for capitalized debt (Note 10) .....	87,875	-	87,875	-	-	123,197	211,072
Complementary income for the six-month period up to December 31, 2006 .....	-	-	-	-	-	260,224	260,224
<b>Balances as of December 31, 2006 .....</b>	<b>439,374</b>	<b>506,053</b>	<b>945,427</b>	<b>46,205</b>	<b>125,588</b>	<b>160,574</b>	<b>1,277,794</b>
Resolution adopted by the Ordinary Meeting of Shareholders held on April 10, 2007:							
Setting up of the legal reserve	-	-	-	8,029	-	(8,029)	-
Allocation to the voluntary reserve for future dividend distributions	-	-	-	-	152,545	(152,545)	-
Income for the period .....	-	-	-	-	-	15,147	15,147
<b>Balances as of June 30, 2007 .....</b>	<b>439,374</b>	<b>506,053</b>	<b>945,427</b>	<b>54,234</b>	<b>278,133</b>	<b>15,147</b>	<b>1,292,941</b>

The accompanying notes are an integral part of these financial statements

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

**Statements of Cash Flows for the six-month  
periods ended June 30, 2007 and 2006**  
(in thousands of Argentine Pesos, except per share amounts)

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Cash and cash equivalents as of beginning of year.....	\$ 39,191	\$ 472,989
Cash and cash equivalents as of end of the period (Note 4.j))	<u>99,083</u>	<u>581,347</u>
<b>Net increase in cash.....</b>	<b><u>59,892</u></b>	<b><u>108,358</u></b>
<b>Cash flows from operating activities</b>		
Income (loss) for the period .....	15,147	(44,978)
Adjustments to reconcile net income (net loss) to net cash flows from operating activities:		
Income tax .....	22,487	(8,013)
Depreciation of fixed assets .....	58,438	56,432
Net book value of fixed assets written off .....	2,144	940
Increases in allowances and provisions, net .....	13,753	19,676
Financial and holding results generated by liabilities	50,333	121,535
Gain on debt restructuring .....	-	(441)
Other financial and holding results .....	8,314	11,851
Gain on equity investments .....	(962)	(539)
Changes in certain assets and liabilities, net of non-cash transactions:		
Decrease (increase) in accounts receivable .....	3,923	(4,921)
Increase in other receivables .....	(14,601)	(21,849)
Decrease (increase) in materials and spare parts and other assets .....	914	(976)
Increase (decrease) in accounts payable .....	1,354	(16,279)
Increase (decrease) in salaries and social security payable	3,297	(454)
Increase in taxes payable .....	11,010	1,797
Increase in other payables .....	502	46
Decrease in contingencies .....	(181)	(1,345)
<b>Net cash flows provided by operating activities.....</b>	<b><u>175,872</u></b>	<b><u>112,482</u></b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets .....	(28,284)	(19,628)
<b>Net cash flows used in investing activities.....</b>	<b><u>(28,284)</u></b>	<b><u>(19,628)</u></b>
<b>Cash flows from financing activities</b>		
Payment of debt .....	(46,389)	(1,285)
Interest paid .....	(43,537)	(1,403)
Increase (decrease) in customer advances .....	171	(998)
<b>Net cash flows used in financing activities.....</b>	<b><u>(89,755)</u></b>	<b><u>(3,686)</u></b>
<b>Financial and holding results generated by cash</b>		
Interests, exchange rate differences and other results generated by cash and cash equivalents .....	2,059	19,190
<b>Total financial and holding results generated by cash</b>	<b><u>2,059</u></b>	<b><u>19,190</u></b>
<b>Net increase in cash and cash equivalents.....</b>	<b>\$ <u>59,892</u> \$</b>	<b>\$ <u>108,358</u></b>

The accompanying notes are an integral part of these financial statements

## TRANSPORTADORA DE GAS DEL NORTE S.A.

Notes to the Unaudited Interim Financial Statements as of and for the six-month period ended June 30, 2007 presented in comparative form  
(In thousands of Argentine Pesos, except per share amounts)

### 1. The Company and its operations

#### (a) Formation of the Company

Transportadora de Gas del Norte S.A. ("the Company" or "TGN") was organized on November 24, 1992 as a result of the enactment of Laws Nos. 23696 and 24076 ("Law on Gas") and the issuance of National Executive Branch ("PEN") Decree No. 1189/92, whereby the privatization of the natural gas transportation and distribution services and the setting up of the companies that would receive the licenses to operate those services were established.

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

#### (b) Argentine economic context and its impact on the Company's economic and financial position

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 Government issued laws, executive orders and regulations that involved a profound change to the then prevailing economic model, which had the following material effects on the Company:

- (i) Law No. 25561 on public Emergency and Exchange System Reform established the pesification of the rates of transportation of natural gas destined for the domestic market at the exchange rate of \$ 1 = US\$ 1, its determination in pesos at the effective date of that law and the repeal of the semi-annual adjustment mechanism based on the Producer Price Index ("PPI"). Furthermore, this law authorized the National Executive Branch to renegotiate the public works and services contracts and rates.

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

- (ii) As from 2004 the Argentine Government 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 Undersecretariat and the 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 the suspension of exports of natural gas excesses that are useful for domestic supply, the preparation of a schedule of interruptions to the volumes of gas for export and generation of electricity for export. The creation of a trust fund was established to finance investments in the expansion of the capacity of the natural gas transport and distribution systems. TGN cannot assure that these government measures will not produce adverse effects on its firm transportation contracts for export.
- (iii) Additionally, in April 2004, the National Executive Branch established the creation of the Gas Electronic Market ("MEG") with a view to improving assignment efficiency in the gas industry. Consequently, the spot sales of natural gas and the remaining transport capacity are to be made through this market. Effective May 2005 the MEG started to administer the resale of capacity and services provided by gas distributors.



## TRANSPORTADORA DE GAS DEL NORTE S.A.

Notes to the Unaudited Interim Financial Statements as of and for the six-month period ended June 30, 2007 presented in comparative form  
(In thousands of Argentine Pesos, except per share amounts)

### 1. The Company and its operations (Continued)

#### (b) Argentine economic context and its impact on the Company's economic and financial position (Continued)

Until June 30, 2007 no effects have been produced on the revenues from sales recognized by TGN. The Company believes that the MEG will adversely affect its revenues related to transported gas marketed through the MEG, which amount approximately \$ 12 million per annum.

- (iv) The change in the economic environment and the legal and regulatory conditions 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 that will enable it to recover non-current assets.

The impact generated by all the measures adopted so far by the National Government on the balance sheet and financial position of the Company at June 30, 2007 was calculated on the basis of evaluations and estimates made by the Company's Board of Directors at the date its financial statements were prepared.

The future development of the economic crisis might require that the Government 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 preparing these financial statements and these differences could be significant.

#### (c) Regulatory framework

##### *General*

The Law on Gas 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 National Gas Regulatory Entity ("ENARGAS") establish the legal framework within which the Company carries out its business activities.

The License was granted for an original term of thirty five years. 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 Executive Branch of the Argentine Government.

##### *Regulation of transportation rates*

The regulatory regime applicable to gas transportation companies is established under the Natural Gas Act and the License. Rates are regulated by ENARGAS. The Law on Gas 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) 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

## TRANSPORTADORA DE GAS DEL NORTE S.A.

Notes to the Unaudited Interim Financial Statements as of and for the six-month period ended June 30, 2007 presented in comparative form  
(In thousands of Argentine Pesos, except per share amounts)

### 1. The Company and its operations (Continued)

#### (c) Regulatory framework (Continued)

##### *Regulation of transportation rates (Continued)*

- (iii) Unplanned adjustments for other objective and justifiable reasons at the discretion of the ENARGAS.

With regard to the rate setting mechanism, Law No 25,561 on Public Emergency established the pesification of the rates of transportation of natural gas destined for the domestic market at the exchange rate of \$1 = US\$1, its determination in pesos at the effective date of that law and the repeal of the semi-annual adjustment mechanism based on the PPI. Furthermore, the process for the second five-year review that had to be concluded with the setting of new rate schemes for the 2003-2007 five-year period was suspended while being carried out in 2001.

##### *Renegotiation of public service agreements*

Under the provisions of Law 25,561, the Argentine Government 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 Federal Planning, Public Investment and Services ("MPFIPyS") and its mission consists in providing advice and assisting in the process for the renegotiation of public utility services contracts established by Law No. 25,561.

In August 2004, the Argentine Government submitted a draft of the Public Utilities Regime Bill (the "Public Utilities Bill") to the House of Representatives for approval. The Public Utilities Bill is characterized by the discretionary powers retained by the Argentine Government; it modifies basic aspects of the Natural Gas Act and restricts the business decision-making capacity of service providers under the current regulatory framework. It also establishes that in the event of irreconcilable inconsistencies between the Public Utilities Bill and any preexisting regulatory frameworks, the former prevails over the latter.

In addition, 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.

No significant developments have occurred to date in connection with the renegotiation process so the Company cannot anticipate the future development of the process, how long it will take, or its final outcome. In fact, the term for the renegotiation of the public utility services contracts has been extended successively. The deadline for this renegotiation, was further extended to December 31, 2007 (Law 26,204).

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

**Notes to the Unaudited Interim Financial Statements as of and for the six-month period ended June 30, 2007 presented in comparative form**  
(In thousands of Argentine Pesos, except per share amounts)

### **1. The Company and its operations (Continued)**

#### **(c) Regulatory framework (Continued)**

##### *Renegotiation of public service agreements (Continued)*

As from March 2005 various public hearings were called to deal with the adaptation proposals formulated by the UNIREN or the preliminary agreements reached between the companies and the UNIREN, as the case may be. The hearing attended by TGN was held on May 18, 2005, at which only a unilateral proposal that had been formulated by the UNIREN in July 2004 and that TGN considers unsatisfactory was analyzed. So far, the Company has not been able to negotiate or reach any agreement with the UNIREN considered reasonable for TGN.

##### *Technical assistance agreement*

Within its regulatory framework, TGN receives auditing area assistance and technical assistance from its shareholders and 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 transportation industry.

The contract for Auditing Area and Technical Assistance currently in force, with the latest amendment made in February 2006, will expire on December 17, 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 EBITDA for each year.

There are certain restrictions and limitations on payments of the technical assistance fee (TAF), as explained in Note 10.

### **2. Preparation of financial statements**

#### **(a) Purpose of these financial statements**

The financial statements have been translated from the original Financial Statements for the year period June 30, 2007 including the summary of information required by General Resolution N° 368/01 prepared in Spanish 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. The additional information to the notes to the financial statements required by section 68 of the Buenos Aires Stock Exchange Regulations for local purpose has not been included.

#### **(b) Basis of presentation**

These financial statements are stated in thousands of pesos, and were prepared in accordance with accounting disclosure and valuation standards contained in Technical Pronouncements issued by the Argentine Federation of Professional Councils in Economic Sciences ("FACPE"), as approved by the Professional Council in Economic Sciences of the Autonomous City of Buenos Aires ("CPCECABA"), and with CNV resolutions.

Furthermore, the provisions of ENARGAS Resolution No. 1660/00 (as amended by Resolution No. 1903/00) regulating certain valuation and disclosure criteria for the regulated natural gas transport and distribution activity have been applied. These criteria are similar to those established by professional accounting standards in force.

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

**Notes to the Unaudited Interim Financial Statements as of and for the six-month period ended June 30, 2007 presented in comparative form**  
(In thousands of Argentine Pesos, except per share amounts)

### **2. Preparation of financial statements (continued)**

#### **c) Unification of accounting standards**

Within the framework of the manifestation of consent agreement executed in July 2004 by the FACPCE and the CPCECABA, in August 2005 the latter adopted Resolution CD No. 93/05, by which the accounting standards approved by the FACPCE were applied, including the changes introduced to them until April 1, 2005.

These standards came into force for financial statements covering annual and interim periods of fiscal years commenced as from January 1, 2006. Furthermore, the CNV has adopted those standards with certain modifications, establishing their application for fiscal years commencing as from January 1, 2006.

The main modifications introduced by the accounting standard unification process to be considered by the Company are the following:

- As mentioned in Note 7, for the calculation of the deferred tax, TGN has opted to maintain the effect of the inflation adjustment on fixed assets as a permanent difference.
- For the purpose of determining an impairment of assets, the accounting standards in effect until the previous fiscal year required comparison of the carrying value of assets with the cash flows they would generate at nominal values.

The standards recently adopted require making this comparison with the cash flow at present values. This change of criterion has not impacted on these financial statements.

- In July 2006 the FACPCE issued an interpretation regarding the most appropriate technical criterion for valuing the minimum presumed income tax credit, establishing its valuation at nominal value, and discontinuing the use of discounted values required by accounting standards in effect at that moment.

For purposes of its application, this interpretation granted the option to: (i) compute the balance at nominal value and recognize a prior year adjustment due to the effect of the change of criterion, or (ii) compute at nominal value only the tax accrued as from the date of publication of that interpretation, while the balance previously capitalized would be carried at its discounted value. TGN has exercised the first option and recognized the entire minimum presumed income tax credit balance at its nominal value. The prior year gain adjustment recognized, net of its tax effect, amounted to \$ 10.0 million at December 31, 2005.

#### **(d) Presentation of financial statements in constant Argentine Pesos**

The financial statements have been prepared in constant currency recognizing the overall effects of inflation through August 31, 1995. Restatement of financial statements was discontinued from that date to December 31, 2001 because this was a period of monetary stability. 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.

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 June 30, 2007 this deviation has not had a significant impact on the financial statements of TGN.

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

**Notes to the Unaudited Interim Financial Statements as of and for the six-month period ended June 30, 2007 presented in comparative form**  
(In thousands of Argentine Pesos, except per share amounts)

### **2. Preparation of financial statements (Continued)**

#### **(d) Presentation of financial statements in constant Argentine Pesos (Continued)**

The rate used for restatement of items for the pertinent periods was the internal wholesale price index.

#### **(e) Use of estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

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

The changes in 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 affect management's estimates. There can be no assurance as to the future net cash inflows sufficient to recover the net book value of non-current assets.

#### **(f) Comparative Information**

The figures at December 31 and June 30, 2006 that are disclosed in these financial statements for comparative purposes arise from financial statements at those dates and include the impact of the prior year adjustment described in Notes 2.c) and 3.h).

Certain reclassifications of prior year information have been made to conform to the current period presentation.

### **3. Summary of significant accounting policies**

Below 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 those of the previous year.

#### **(a) Cash and banks**

Cash and banks are stated at face value.

#### **(b) Foreign currency assets and liabilities**

Foreign currency assets and liabilities have been valued at period/year end exchange rates.

#### **(c) Short-term investments**

Time deposits and transactions guaranteed by the Stock Market are valued at their cost plus accrued interest at period-end. Mutual funds and money-market funds are carried at market value. Unrealized gains and losses on time deposits and mutual funds are included in Financial and holding results, net, in the statement of operations.

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

**Notes to the Unaudited Interim Financial Statements as of and for the six-month period ended June 30, 2007 presented in comparative form**  
(In thousands of Argentine Pesos, except per share amounts)

### **3. Summary of significant accounting policies (Continued)**

#### **(c) Short-term investments (Continued)**

The Company has investments in certain government bonds. These bonds are carried at market value.

#### **(d) Accounts receivable and Accounts payable**

Trade receivables and accounts payable have been stated at nominal value. The values thus obtained do not differ significantly from those that would have been obtained if current accounting standards had been applied, which require those items to be 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 credits and debt**

Prepaid expenses and other receivables of a similar nature 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 attaching to the transaction estimated at the date of their addition to assets. The assets and liabilities derived from deferred tax and minimum presumed income tax have been stated at nominal value.

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

#### **(f) Investments**

The investments in the foreign related companies Comgas Andina S.A. ("COMGAS") and Companhia Operadora de Rio Grande do Sul ("COPERG") have been valued according to the equity method of accounting, on the basis of the financial statements of those companies at June 30, 2007 and December 31, 2006 (Note 16.(b)).

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

The Company has decided to fully cover with an allowance its investment in the Brazilian company COPERG because that business fell short of expectations. This company had been originally established to provide operation and maintenance services involving the gas pipeline that would extend from Uruguayana to Porto Alegre. The construction of this pipeline has been postponed and the possibility of this infrastructure work being actually performed is unknown. At present, the service provided by COPERG is limited to a region adjoining the Brazilian-Argentine border. 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, net**

Materials and spare parts are stated at replacement cost. Where necessary, provision is made for obsolete, slow moving or defective 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.

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

**Notes to the Unaudited Interim Financial Statements as of and for the six-month period ended June 30, 2007 presented in comparative form**  
(In thousands of Argentine Pesos, except per share amounts)

### **3. Summary of significant accounting policies (Continued)**

#### **(g) Materials and spare parts, net (Continued)**

Considering the economic and financial projections prepared by the Company based on their best estimates as pointed out in Note 2.e), 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 net recoverable value.

#### **(h) Fixed assets, net**

Fixed assets received from GdE have been valued at their 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.

The Company has considered as elements forming part of the value of addition to assets of fixed assets the net costs of financing investment works with third parties' capital, the construction of which extends over time, until they are placed into service.

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

Accounting and tax depreciation charges are calculated according to the straight line method at annual 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 June 30, 2007 a pipeline relining campaign was carried out over a length of 179 km. In accordance with ENARGAS Resolutions Nos. 1660 and 1903, \$56.4 million were capitalized, becoming part of the Company's Essential Fixed Assets and, consequently, of its Tariff Base.

In this regard, the Company has considered certain assumptions in the determination of its cash flow estimate projections to evaluate a potential impairment of its fixed assets. Based on these projections, the Company considered an impairment charge not to be necessary for its fixed assets.

#### **(i) Other assets-Gas stored**

Gas stored in pipelines is stated at replacement value plus the average cost of transportation, which does not exceed its estimated realizable value.

#### **(j) Debt**

Debts have been valued on the basis of the best estimate of amounts payable, discounted at the internal return rate determined at the beginning of the transaction. These rates do not differ significantly from market rates which reflect the evaluation of the time value of money and specific risks attaching to those debts.

#### **(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. The main timing differences stem from the provisions for contingencies, allowance for doubtful accounts and materials and spare parts obsolescence allowance, and from the valuation and useful life of fixed assets.

## TRANSPORTADORA DE GAS DEL NORTE S.A.

Notes to the Unaudited Interim Financial Statements as of and for the six-month period ended June 30, 2007 presented in comparative form  
(In thousands of Argentine Pesos, except per share amounts)

### 3. Summary of significant accounting policies (Continued)

#### (k) Income tax (Continued)

For purposes of determining the deferred assets and liabilities, 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 issue of these financial statements.

As mentioned in Note 7, given that future years' taxable income is unlikely to absorb all accumulated tax losses, the Company has computed a partial impairment of value of that credit.

#### (l) Minimum presumed income tax (MPIT)

The Company is subject to a tax on minimum presumed income. This tax is supplementary to income tax. The tax is calculated by applying the effective tax rate of 1% on certain production assets valued according to the tax regulations in effect as of the end of each year/period. The Company's tax liabilities 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 determined an additional proportional charge for the six-month period ended June 30, 2007, which, together with the prior years' charges, were deferred as "Other non-current receivables", and it has been estimated as recoverable based on the Company's tax projections and its legal expiration terms. According to Argentine GAAP, MPIT credits were nominal-valued. See Note 7 for details.

#### (m) Allowances and provisions

- Allowances for doubtful accounts and disputed amounts: set up on the basis of an individual analysis of the recoverability of the receivables portfolio.

- Allowances for slow-moving and obsolete materials and spare parts: set up to cover materials, spare parts and accessories that are not expected to be used in the future.

- Provision for contingencies: set up to cover possible payments claimed from the Company under lawsuits to which it is a defendant (Note 12).

#### (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 voluntary reserve for future dividends and retained earnings (accumulated deficit) have been restated in accordance with the guidelines indicated in Note 2.c).

#### (o) Profit and loss accounts

Statements of operation 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 equity investments, calculated by the equity method of accounting and (iii) the use of inventories and the charge for spare parts, slow-moving and obsolete consumption materials determined based on the value of those assets.



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### 3. Summary of significant accounting policies (Continued)

#### (p) Revenue recognition

Firm transportation revenues are recognized based on the accrued contracted capacity reserved regardless of actual usage. For interruptible transportation service contracts, revenues are recognized upon the delivery of natural gas. For operating and maintenance service contracts, revenues are recognized when services are provided.

Decreces No. 292, 1520 and 814 of the Argentine Government provided for a reduction in certain social security benefits paid by companies. However, Resolution 234/95 of ENARGAS stated that gas transportation companies should pass this benefit through their customers via a reduction in their monthly billings. The benefits passed by the Company on to the customers have been disclosed under a net revenues line adjustment account.

The Company recognized an allowance for the differences between the total amount billed and the estimate of the sums receivable, in the cases described in Note 12.g) to these financial statements. This allowance is recorded by adjusting the Sales (Allowance for disputed amounts).

Total gross revenue taxes are included in selling expenses for all periods indicated. Following ENARGAS resolutions, the effect of gross revenue tax rates are passed through the customers via an increase in the monthly billings for regulated services. Accordingly, the Company includes a separate charge in its invoices to customers for the amount of the gross revenue tax rates.

#### (q) Balances and transactions with related parties

Intercompany receivables and debts arising from sundry transactions have been valued according to the conditions agreed by the parties involved.

Also, TGN is to comply with a series of negative covenants under its current financial agreements. Restrictions on operations with related parties are described in Note 10.

### 4. Breakdown of the main accounts

	June 30, 2007	December 31, 2006
<b>a) Accounts receivable, net</b>		
<b>Gas transportation services</b>		
Billed		
Distributors .....	\$ 12,959	\$ 17,649
Industrial .....	27,548	16,864
Generators .....	5,865	15,329
Unbilled.....	39,766	38,247
Subtotal .....	86,138	88,089
<b>Other services</b>		
Billed.....	272	2,420
Unbilled.....	1,100	924
Subtotal .....	1,372	3,344
Allowance for doubtful accounts (Note 16.d)) .....	(8,423)	(8,386)
Allowance for disputed amounts (Note 16.d)) .....	(17,714)	(9,454)
<b>Total .....</b>	<b>61,373</b>	<b>73,593</b>

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4. Breakdown of the main accounts (Continued)

	<u>June 30,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
<b>b) Other receivables, net</b>		
<b>Current</b>		
<b>Gas transportation services</b>		
Tax credits .....	706	1,519
VAT, net .....	-	1,821
Minimum presumed income tax prepayment .....	711	1,847
Directors' and management fees (Note 5) .....	792	959
Advances to employees .....	296	213
Deposit in escrow .....	368	387
Prepaid expenses .....	6,242	13,141
Receivables from transactions on behalf of third parties .....	7,678	6,716
Subtotal .....	<u>16,793</u>	<u>26,603</u>
<b>Other services</b>		
Management fees - Gas Trust Program (Note 14) .....	830	13,738
Receivable with controlling shareholder (Note 5) .....	8	8
Receivables with equity investees (Note 5) .....	556	373
Other related parties (Note 5) .....	1,618	889
Sundry .....	3,324	3,614
Subtotal .....	<u>6,336</u>	<u>18,622</u>
Allowance for doubtful accounts (Note 16.(d)) .....	(2,380)	(1,643)
<b>Total</b> .....	<u>\$ 20,749</u>	<u>\$ 43,582</u>
<b>Non-current</b>		
<b>Gas transportation services</b>		
Deferred tax asset, net (Note 7) .....	\$ 65,838	\$ 88,325
MPIT (Note 7) .....	77,764	70,717
Gross revenue tax withholdings .....	996	996
Deposit in escrow and disputed tax payments .....	6,263	4,797
Guarantee deposits .....	418	-
Allowance for deposit in escrow and disputed tax payments (Note 16.(d)) .....	(6,263)	(4,797)
Subtotal .....	<u>145,016</u>	<u>160,038</u>
<b>Other services</b>		
Other related parties (Note 5) .....	27,757	-
Sundry .....	126	117
Subtotal .....	<u>27,883</u>	<u>117</u>
<b>Total</b> .....	<u>172,899</u>	<u>160,155</u>
<b>c) Materials and spare parts</b>		
<b>Current</b>		
Materials and spare parts .....	10,145	10,145
<b>Total</b> .....	<u>10,145</u>	<u>10,145</u>
<b>Non-current</b>		
Materials and spare parts .....	78,482	79,900
Allowance for slow-moving and obsolescence (Note 16.(d)) .....	(44,682)	(44,364)
<b>Total</b> .....	<u>33,800</u>	<u>35,536</u>

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4. Breakdown of the main accounts (Continued)

	<u>June 30,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
<b>d) Accounts payable</b>		
<b>Gas transportation services</b>		
Suppliers .....	6,622	2,867
Others related parties (Note 5) .....	5,513	1,006
Unbilled services .....	10,850	17,758
<b>Total .....</b>	<b><u>22,985</u></b>	<b><u>21,631</u></b>
<b>e) Taxes payable</b>		
VAT, net .....	2,393	-
Gross revenue tax .....	558	4
MPIT .....	5,372	-
VAT withholdings .....	760	186
Income tax withholdings .....	2,677	334
Gross revenue tax withholdings .....	136	362
<b>Total .....</b>	<b>\$ <u>11,896</u></b>	<b>\$ <u>886</u></b>
<b>f) Others</b>		
<b>Current</b>		
Easements .....	\$ 6,259	\$ 5,828
Directors' and management fees (Note 5) .....	1,006	1,106
Others .....	332	161
<b>Total .....</b>	<b><u>7,597</u></b>	<b><u>7,095</u></b>
<b>Non-current</b>		
Easements .....	8,436	8,436
<b>Total .....</b>	<b>\$ <u>8,436</u></b>	<b>\$ <u>8,436</u></b>
	<u>June 30, 2007</u>	<u>June 30, 2006</u>
<b>g) Net revenues</b>		
<b>Gas transportation services</b>		
Gas transportation services .....	\$ 241,242	\$ 236,147
Discounts as per Decrees No. 292/1520/814 (Note 3.(p)) .....	(826)	(826)
Allowance for disputed amounts (Note 3.(p)) .....	(8,222)	(2,119)
Subtotal Gas transportation services .....	<u>232,194</u>	<u>233,202</u>
<b>Other services</b>		
Pipeline O&M services .....	9,194	7,906
Management fees - Gas Trust Program (Note 14) .....	11,811	106
Subtotal other services .....	<u>21,005</u>	<u>8,012</u>
<b>Total .....</b>	<b><u>253,199</u></b>	<b><u>241,214</u></b>
<b>h) Financial and holding results, net:</b>		
<b>Generated by assets:</b>		
Bank commissions and expenses .....	(190)	(171)
Holding results .....	(600)	5,478
Income (loss) on discounting of non-current and current assets .....	49	(923)
<b>Total .....</b>	<b><u>(741)</u></b>	<b><u>4,384</u></b>
<b>Generated by liabilities:</b>		
Bank commissions, expenses and taxes on banking and financial operations .....	(4,579)	(4,334)
Fees for guarantee of loan agreements (Note 5) .....	-	(1,698)
Income (loss) on discounting of non-current and current liabilities .....	(157)	282
Others .....	14	25
<b>Total .....</b>	<b><u>(4,722)</u></b>	<b><u>(5,725)</u></b>

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4. Breakdown of the main accounts (Continued)

	June 30, 2007	June 30, 2006
<b>i) Other (expense) income, net</b>		
Loss on disposal of fixed assets and other expenses	89	(1,140)
Recovery of contingencies .....	203	31
Donations .....	(33)	(12)
<b>Total .....</b>	<b>259</b>	<b>(1,121)</b>
<b>j) Cash and cash equivalents:</b>		
Cash and banks.....	15,397	2,662
Mutual funds in foreign currency.....	72,371	386,090
Time deposits in foreign financial institutions....	-	151,752
Mutual funds in \$.....	6,685	32,295
Time deposits in local financial institutions.....	3,150	-
Government securities in pesos.....	1,480	-
Stock exchange securities in \$.....	-	8,548
<b>Cash and cash equivalents as shown in the statements of cash flows .....</b>	<b>\$ 99,083</b>	<b>\$ 581,347</b>

5. Balances and transactions with related parties

Balances with related parties

	June 30, 2007			December 31, 2006
<b>Accounts receivable:</b>				
Other.....	\$ 254			\$ 249
<b>Other receivables:</b>				
<b>Current:</b>				
Receivable with controlling shareholder (Note 4.b))..	8			8
Receivables with equity investees (Note 4.b)).....	556			373
Other (Note 4.b)).....	1,618			889
Directors' and management fees (Note 4.b)).....	792			959
<b>Accounts payable:</b>				
Other related parties (Note 4.d)).....	5,513			1,006
<b>Others:</b>				
Directors' and management fees (Note 4.f)).....	1,006			1,106

Transactions with related parties

	June 30, 2007			June 30, 2006
<b>Controlling shareholder:</b>				
Other income.....	\$ 13			\$ 13
<b>Equity investees:</b>				
Net revenues.....	14			-
Others.....	107			-
<b>Others:</b>				
Net revenues.....	1,271			1,258
Cost of services.....	(8,907)			(5,789)
Financial and holding results, net (Note 4.h)).....	-			(1,698)
Others.....	710			-
Purchases of other assets.....	140			-
<b>Directors' and management fees:</b>				
Fees related to administrative tasks (Note 16.(f))...	(1,046)			(533)

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### 6. Earnings per share

Below is a detail of outstanding ordinary shares and debt securities convertible into shares.

<u>Denominator:</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Weighted average shares outstanding (Note 11.(a))..	439,373,939	351,499,185
Diluted effect of potential common shares.....	-	13,335,679
Adjusted weighted average shares outstanding, assuming conversion of potential common shares.....	<u>439,373,939</u>	<u>364,834,864</u>

At June 30, 2006 the Company held negotiable obligations convertible into shares, which have been redeemed under the loan restructuring process described in Note 10.

At June 30, 2007 there are no debt securities convertible into shares, so no diluted earnings per share have been disclosed.

### 7. Income tax and MPIT

The Company is subject to income tax, however no income tax provision has been recorded for the years ended December 31, 2006 and 2005, as the Company has experienced net losses for income tax purposes.

Income tax benefit for the six-month periods ended June 30, 2007 and 2006 consist of the following:

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Current tax expense .....	\$ -	\$ -
Deferred tax charge .....	(22,487)	8,013
Income tax charge .....	<u>\$ (22,487)</u>	<u>\$ 8,013</u>

The Company accounts for income taxes in accordance with the guidelines of RT No. 17. prescribes the use of the deferred tax method whereby deferred tax assets and liability account balances are determined based on differences between financial reporting and tax based assets and liabilities and are measured using the enacted tax rates.

The tax effects of temporary differences that give rise to significant portions of the Company's deferred tax assets and liabilities are presented below:

	<u>June 30, 2007</u>	<u>December 31, 2006</u>
<b>Deferred tax assets and liabilities:</b>		
Short-term investments (valuation) .....	-	(44)
Accounts receivable .....	8,899	5,995
Other receivables .....	1,114	875
Fixed assets .....	(20,307)	(20,092)
Materials and spare parts .....	15,639	15,527
Other assets .....	(5,602)	(5,518)
Accounts payable .....	1,360	(69)
Expenses related to debt restructuring .....	9,272	10,532
Contingencies .....	35,780	34,303
Tax loss carry forwards .....	125,157	148,115
Allowance for tax loss carry-forwards .....	(105,839)	(101,675)
Others .....	365	376
<b>Net deferred tax asset .....</b>	<b><u>\$ 65,838</u></b>	<b><u>\$ 88,325</u></b>

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**7. Income tax and MPIT (Continued)**

Income tax charge for the six-month periods ended June 30, 2007 and 2006 differed from the amounts computed by applying the Company's statutory income tax rate to pre-tax loss as a result of the following:

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Net income (loss) before income tax .....	\$ 37,634	\$ (52,991)
Income tax rate .....	35%	35%
(Income) loss tax charge at statutory tax rate .....	(13,172)	18,547
Permanent differences:		
Inflation adjustment .....	(9,518)	(9,705)
Donations and non-deductible expenses .....	(49)	(123)
Variation in the estimated tax loss carry-forward compared with the actual tax loss carry-forward for fiscal year 2006 .....	4,164	-
Variation in the allowance for the tax loss carry-forward .....	(4,164)	-
Gain from equity investments, net .....	336	189
Others .....	(84)	(895)
<b>Income (loss) tax charge .....</b>	<b>\$ (22,487)</b>	<b>\$ 8,013</b>

As of June 30, 2007, the Company had accumulated tax loss carry forwards of approximately \$ 357.8 million. These tax loss carry forwards expire at various times from 2007 through 2011.

In assessing the realizability of deferred income tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. Based on the foregoing, the current expiration period of tax loss carry forwards and due to the fact that the Company anticipates insufficient future taxable income over the periods in which the differences which created the deferred income tax assets are deductible, the ultimate realization of a significant portion of deferred income tax assets for income tax purposes is not considered more likely than not. As such, the Company has established a valuation allowance against a significant portion of its net deferred tax assets. The Company will continue to monitor the need for a change in the valuation allowance that has been provided.

As established by CNV regulations and professional accounting standards in effect in the Autonomous City of Buenos Aires as from the current year, the deferred tax assets and liabilities are stated at nominal values.

As discussed in Note 2.c), in August 2005, the CPCECABA issued Resolution CD N° 93/05 which provides for two approaches to the accounting treatment of differences between the tax basis and book basis of non-monetary items for deferred income tax calculation purposes, when companies prepare price-level restated financial statements.

In one approach, temporary differences are determined based on the difference between the price-level restated amount of assets and liabilities reported in the financial statements and the related tax basis amounts.

The other approach considers that differences between the tax basis and the related indexed amounts of fixed assets are permanent differences rather than being considered temporary.

Based on the foregoing, the Company has decided to continue treating the differences between the tax basis and price-level restated amounts of non-monetary assets and liabilities as permanent. The effect of the unrecognized deferred liability was \$ 383.1 million as of June 30, 2007 and would have been reversed over the term of 20.5 years (as from June 30, 2007).

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**7. Income tax and MPIT (Continued)**

The Company has recorded tax credits in relation to the MPIT. These tax credits amount to \$ 77.8 million as of June 30, 2007. Taking into account that the expiration period extends at various times from the year 2012 through 2016, the Company considers its ultimate realization to be more likely than not based on current projections.

**8. Segment information**

The following table shows additional information about the income statements at June 30, 2007 and 2006 and the main balance sheet captions of the Company at June 30, 2007 and December 31, 2006 segregated by business segment:

		Gas transportation services		Others	Total
		For the six-month period ended June 30, 2007			
		Domestic	Exports		
Net revenues	\$	123,313	108,881	21,005	253,199
Cost of services, administrative and selling expenses (before depreciation and amortization)		(71,366)	(14,375)	(7,496)	(93,237)
Depreciation and amortization		(49,496)	(8,906)	(36)	(58,438)
Other expenses		220	39	-	259
Gain from equity investments, net		-	-	962	962
Financial and holding results, net		(55,149)	(9,923)	(39)	(65,111)
Income tax benefit		31,358	(45,245)	(8,600)	(22,487)
<b>Net income for the period</b>	<b>\$</b>	<b>(21,120)</b>	<b>30,471</b>	<b>5,796</b>	<b>15,147</b>

		Gas transportation services		Others	Total
		As of June 30, 2007			
		Domestic	Exports		
Fixed assets, net	\$	1,884,448	339,067	1,335	2,224,850
Accounts receivable, net		17,307	42,948	1,118	61,373
Debt		1,017,638	183,103	721	1,201,462
Other net assets		176,329	31,726	125	208,180
Shareholders' equity		1,060,446	230,638	1,857	1,292,941
Purchase of fixed assets	\$	23,956	4,311	17	28,284

		Gas transportation services		Others	Total
		For the six-month period ended June 30, 2006			
		Domestic	Exports		
Net revenues	\$	112,877	120,325	8,012	241,214
Cost of services, administrative and selling expenses (before depreciation and amortization)		(81,354)	(11,622)	(3,858)	(96,834)
Depreciation and amortization		(49,329)	(7,047)	(56)	(56,432)
Other expenses		(897)	(224)	-	(1,121)
Gain from equity investments, net		-	-	539	539
Financial and holding results, net		(112,639)	(28,019)	(140)	(140,798)
Gain on debt restructuring		353	88	-	441
Income tax benefit		19,807	(11,114)	(680)	8,013
<b>Net (loss) income for the year</b>	<b>\$</b>	<b>(111,182)</b>	<b>62,387</b>	<b>3,817</b>	<b>(44,978)</b>

		Gas transportation services		Others	Total
		As of December 31, 2006			
		Domestic	Exports		
Fixed assets, net	\$	1,911,804	343,989	1,355	2,257,148
Accounts receivable, net		37,306	32,943	3,344	73,593
Debt		1,043,301	187,720	739	1,231,760
Other net assets		151,454	27,251	108	178,813
Shareholders' equity		1,057,263	216,463	4,068	1,277,794
Purchase of fixed assets	\$	50,800	9,140	36	59,976

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### 9. Restricted assets

*Certain restrictions with respect to Essential Assets*

- (i) A substantial portion of the assets transferred by GdE (mainly pipelines, high-pressure branch lines, compressor plants and high-pressure control and measurement stations), 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, in accordance with certain standards defined in License. The Company may 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) As established in the new financial agreements held for the restructuring of the financial debt, TGN may not sell assets, unless certain conditions are met, as described in Note 10.
- (iii) In May 1999, TGN brought legal action against the Undersecretariat of Patrimonial Regularization and General Notary of the Argentine Government, requesting the execution of a title deed to certain real estate property that was conveyed by GdE. The complaint is aimed at requesting the court to determine the time frame within which the defendants will have to execute the title deeds to the property transferred. It was also requested that, failing this, the hearing court should proceed to execute the title deeds. A lower court ruling unfavorable to TGN issued on May 27, 2005 was appealed by the Company before the Federal Court of Appeals on Administrative Litigation Matters.

On April 18, 2006, a ruling was issued in favor of TGN ordering the General Notary of the Argentine Government to grant TGN the title deeds to certain real estate property within the term of forty five days and also that within the term of sixty days, the Notary should report on the status of the registration of the other real estate properties included in the complaint filed by TGN.

In December 2006 the National State granted in favor of TGN seven title deeds corresponding to those buildings and another one in February 2007.

### 10. Debt

*a) Default occurred prior to the restructuring of the financial debt and steps previously taken*

In view of the circumstances indicated in Note 1.(b), as from 2002 the Company was forced to postpone the payment of certain financial obligations. At September 29, 2006, date of implementation of the debt exchange described in b), past due and outstanding loans amounted to US\$ 288.7 million (principal) and interest accrued on them to US\$ 109.8 million.

Considering the mentioned default situation, in order to avoid legal action that could complicate negotiations with the most important creditors, the Company resolved to cancel with a debt reduction, short-term bilateral debts it had with certain financial creditors. From December 2004 to January 2006 loans were settled by means of a \$ 55.2 million payment. The net result of that redemption was charged in the period to Gain on debt restructuring.

Furthermore, in July 2006 the Company allocated \$ 107.6 million (principal, interest and expenses included) to the partial redemption of Series A and B and to the full redemption of Series C and D of the Negotiable Obligations under the Global Program for US\$ 320 million. The net result of that redemption is approximately \$ 52.4 million and was charged to Gain on debt restructuring.



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### 10. Debt (Continued)

*a) Default occurred prior to the restructuring of the financial debt and steps previously taken (Continued)*

Within the Company's financial debt restructuring process, one of the most important steps consisted in agreeing with the holders of the CRIB's debt securities an exchange of their original holdings for new Negotiable Obligations issued directly by TGN, under the same terms and conditions as those of the CRIBs.

The Extraordinary Meeting of Shareholders held on January 26, 2006 authorized the issuance of ordinary secured US dollar-denominated Negotiable Obligations, non-convertible into shares for an amount of up to US\$ 175 million, which were exchanged for CRIB's debt securities. The CRIB's exchange offer expired on August 4, 2006, with 100% of creditors having accepted it.

The negotiable obligations succeeding the CRIBs did not originate funds for the Company because they were destined exclusively to the exchange for previous holdings of CRIBs.

The Company made quarterly partial payments of accrued interest July 2005. As part of the conditions agreed under the financial debt restructuring process, on July 31, 2006 TGN paid interest for US\$ 18.4 million accrued from August 2005 to July 2006. TGN has made all those interest payments applying the temporary maximum annual rate of 3.5% until the terms for interest payments are established in the financial restructuring agreement.

*b) Terms and conditions of the restructuring of the financial debt*

On August 3, 2006, TGN launched a public offer to exchange its financial debt in the process of being restructured. The period to accept the offer expired on August 31, 2006. The exchange offer was authorized by means of resolutions adopted by the Meetings of Shareholders held on January 26, 2006, March 16, 2006 (which was resumed on March 23, 2006) and July 6, 2006, and by the Board of Directors at the meeting held on June 7, 2006 and September 1, 2006.

On August 31, 2006, the expiration date of the exchange offer, creditors of 99.94% of the total debt subject to restructuring accepted the offer. Upon execution of the out-of-court reorganization agreement (APE) with the creditors accepting the offer, on September 29, 2006 TGN implemented the exchange through a private operation, without requesting approval from the court.

This pro rata offer consisted of (i) a cash payment of up to US\$ 52.4 million, (ii) the delivery of up to 87,874,754 new Class C Common shares representative of 20% of the Company's Capital to be issued as a result of the capitalization of the US\$ 68.0 million financial debt, (iii) new ordinary non-convertible Class A negotiable obligations for up to US\$ 249,999,970, and (iv) new ordinary non-convertible Class B negotiable obligations denominated in US dollars for US\$ 203,630,111 (an amount equivalent to the principal due and interest accrued until December 31, 2004 on the debt being restructured, net of the cash payment and of the delivery of the new Class A negotiable obligations indicated in points (i) and (iii), respectively).

The amendment to the corporate by-laws in relation to the issuance of shares was approved by the ENARGAS on June 23, 2006. This amendment was registered with the Public Registry of Commerce on August 18, 2006. The public offering of the Negotiable Obligations under the exchange and Class C shares was authorized by CNV Resolution No. 15466 dated September 14, 2006.

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### 10. Debt (Continued)

*b) Terms and conditions of the restructuring of the financial debt (Continued)*

The Negotiable Obligations to be exchanged and Class C shares have been issued within the framework of the restructuring of the Company's financial debt. Consequently, TGN has not received cash for their issuance. The negotiable obligations and shares have been used to partially prepay the restructured debt.

On September 29, 2006, the Company repaid the principal on Series A negotiable obligations for US\$ 37.5 million, made interest payments for US\$ 23.8 million on the Series A and B negotiable obligations (net of partial interest it had paid from January 2005 to July 2006 at a rate of 3.5% of the exchanged debt), and made an additional payment in cash for US\$ 52.4 million plus interest for US\$ 3.6 million, totaling US\$ 117.3 million.

In this date, the net gain on the restructured debt exchange amounted to \$191.1 millions (including the waiver of the right to collect interest and penalty charges, the reversal of expenses related to the issuance of the Negotiable Obligations and the accrual of interest, commissions and expenses related whit the restructuring) and has been charged to Gain on debt restructuring in the statements of operations as of September 30, 2006.

The gain on the restructuring of loans for the year ended December 31, 2006 includes the following results:

	(Millions of \$)
Gain on debt exchange for new negotiable obligations and payment in cash	191.1
Gain on partial redemption of Series A and B and to the full redemption of Series C and D of the Negotiable Obligations under the Global Program for US\$ 320 million	52.4
Gain on repayment of other loans during the period	0.4
<b>Gain on debt restructuring</b>	<b>243.9</b>

As regards the debt exchange for Class C shares, the difference between the face value of those shares and the amount of debt repaid has been allocated to "Retained Earnings", in the statement of changes in shareholders' equity. The Company's Meeting of Shareholders held on April 10, 2007 resolved to set up the respective legal reserve for those results and allocate the remainder to the voluntary reserve for future dividends.

The new negotiable obligations shall have the following characteristics:

	Ordinary non-convertible Class A negotiable obligations	Ordinary non-convertible Class B negotiable obligations
Amount	VN US\$ 250.0 millios	VN US\$ 203.6 million
Due date	December 31, 2012	December 31, 2012
Amortization	They be amortized: 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 on March 31, June 30, September 30 and December 31 of each year.	They acruce 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 on March 31, June 30, September 30 and December 31 of each year.

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### 10. Debt (Continued)

b) *Terms and conditions of the restructuring of the financial debt*  
(Continued)

Below is a description of the main negative covenants under the new financial agreements signed by the Company, the terms and conditions of which are detailed in the pertinent Offering Circular under the Negotiable Obligation issue program, which was published at the CNV on September 14, 2006.

(i) TGN shall use a portion of any excess cash either to mandatory prepayments or market purchase. The proceeds from any prepayment of principal shall be used first in proportion to the reduction of unpaid installments of the Series A negotiable obligations until their exhaustion and, upon redemption of the latter, to redeem Series B negotiable obligations.

Such *excess cash* is calculated semi-annually on the basis of the cash flow for the period and the computation of the cash balance at the end of the period. This cash shall be allocated to the redemption in advance or purchase of the negotiable obligations subject to the exchange, based on certain proportions defined in the contract, and then to the available basket amount.

The *available basket amount* is the amount in cash that TGN may use for certain purposes and is determined on the basis of the excess cash and certain ratios of cash flows for the period to total financial debt.

(ii) TGN may not sell assets, unless the sales price is at least equal to the fair market value of those assets or at least 75% of the sales price is collected in cash or cash equivalents. In addition, the proceeds from the sale of an asset are to be used for purchases and/or advance repayments of principal on the negotiable obligations under the exchange, unless the proceeds from those sales are reinvested in new assets within twelve months following the carrying out of the operation.

(iii) TGN may not make dividend payments if it has incurred in default or if any grounds for default exist or if such payment is in excess of the available basket amount in each calculation period.

(iv) TGN may incur additional indebtedness for the following items: (a) for a total outstanding principal amount not exceeding US\$ 15 million at any time and such indebtedness shall be incurred to finance the Company's business activities; (b) letters of credit, bank acceptances and similar obligations issued in the normal course of business not as security for indebtedness; (c) voluntary refinancing; (d) project finance investment provided that when allocating such indebtedness and the net proceeds thereof, the debt/EBITDA ratio for the latest four fiscal quarters is equal to or lower than 3:1, and the proceeds shall be applied exclusively to the financing of investments in capital goods; (e) TGN's indebtedness that is subordinated to the prior and full payment of the negotiable obligations under the exchange for a total outstanding principal amount not in excess of US\$ 35 million; (f) hedge or exchange rate agreements not entered into for speculative purposes, which will be prudent or necessary to cover or manage the risk attaching to the negotiable obligations under the exchange or to any permitted indebtedness; (g) for the purchase, settlement or payment of non-participating debt.

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### 10. Debt (Continued)

b) *Terms and conditions of the restructuring of the financial debt*  
(Continued)

(v) TGN may incur capital expenditure for the following items: (a) non-programmed repair and maintenance of fixed assets or capital goods in case of emergency, taking into account the regulatory requirements, technical breakthroughs or improvements and environmental considerations; (b) maintenance for increasing amounts since 2006, except that if the amount of those investments in a given fiscal year is higher than the investment amount actually incurred, such difference may be added to the amount of permitted investments in maintenance only in the immediately following fiscal year; (c) development, purchase or construction, modification, expansion, enlargement and/or betterments of fixed assets or capital goods, except that such investments shall be made or paid by TGN only to the extent that they are financed or paid with customer advances; (d) investments financed with funds disbursed under permitted indebtedness or the proceeds from the issuance of shares; (e) investments relating to the purchase, construction, modification, development, expansion, enlargement and/or betterments of fixed assets or capital goods, provided that they are financed with the proceeds from the sale or any other type of disposal of fixed assets or capital goods; (f) investments in capital goods required by the Government with certain limitations.

(vi) The technical assistance fee (TAF) for each fiscal year may not exceed 4% of the EBITDA for that year, of which: (1) the amount the Company can pay in cash with funds not belonging to the Available Basket Amount may not exceed US\$ 3 million for the fiscal year, or US\$ 1 million for the fiscal year if an event of default or a ground for default has occurred and is continuing, and (2) all amounts in excess of the maximum established in clause (1) above shall be paid exclusively out of the Available Basket Amount. If in a given fiscal year TGN fails to pay the fees for technical assistance accrued for that fiscal year in full, the unpaid amount may be settled only during the immediately following fiscal year.

(vii) TGN may carry out transactions with related parties (such as purchase, sale, lease or exchange of goods or the providing of services, etc.) only to the extent that those transactions are arranged observing the arm's length principle.

At June 30, 2007 and December 31, 2006, the breakdown of the Company's loans is as follows:

	06.30.07	12.31.06
	Thousands of \$	
Current		
Ordinary non-convertible Class A	98,589	91,860
Creditors not accepting the exchange offer	1,979	1,818
Adjustement to arrive at present value	(918)	(524)
<b>Total current</b>	<b>99,650</b>	<b>93,154</b>
Non Current		
Ordinary non-convertible Class A	465,883	512,885
Ordinary non-convertible Class B	629,828	623,515
Adjustement to arrive at present value	6,101	2,206
<b>Total Non-current</b>	<b>1,101,812</b>	<b>1,138,606</b>
<b>Total Debt</b>	<b>1,201,462</b>	<b>1,231,760</b>

In July and August 2007 TGN repurchased of its financial debt US\$ 6.1 million corresponding to the Series A Negotiable Obligations and paid US\$ 5.8 million. The result of those repurchases, which amounted approximately to \$ 0.8 million, will be allocated to Financial and Holding Results generated by liabilities.

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### 11. Shareholder's equity

#### (a) Common stock

Common stock transactions as from commencement of operations are summarized as follows:

Item	Date	thousands of \$	Registration in the Superintendency of Corporations			
			Date	N°	Book	Volume
Incorporation of the Company	11.24.92	12	12.01.92	11667	112	A
Capitalizations of irrevocable contributions:	12.28.92	267,255	03.07.94	1894	114	A
	03.25.94	84,232	06.09.94	5589	115	A
Issuance of new shares for capitalized loans (Note 10)	09.29.06	87,875	08.18.06	13005	32	-
<b>Total</b>		<b>439,374</b>				

#### (b) Limitation on the transferring of the Company's shares

Gasinvest, the controlling shareholder of the Company, and Gasinvest's shareholders, are restricted by the Pliego 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%. Likewise, the shareholders of Gasinvest are precluded from reducing their interest in Gasinvest without prior regulatory approval. However, restrictions are not applicable where shares are transferred among related parties of each shareholder. ENARGAS may approve the transfer of shares 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; (ii) the quality of the service is not affected; and (iii) the service operator, or a successor (as approved by ENARGAS) owns at least 10% of the outstanding shares of the new acquirer and enters into a technical assistance agreement.

#### (c) Restriction on distribution of profits

Under the Argentine Commercial Law, the by-laws of the Company and rules and regulations of the CNV, 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 a legal reserve until such reserve reaches 20% of the outstanding capital (common stock plus inflation adjustment of common stock accounts). This legal reserve may be used only to absorb deficits.

Under the terms of the new financial agreements executed by the Company, TGN may make dividend payments only in accordance with the negative covenants described in Note 10.

#### (d) Voluntary reserves for future dividends

The sums included in this item were set up by the Shareholders' Meetings that approved the respective annual financial statements.

This reserve may be reversed by the Company's Board of Directors which, according to the powers vested in it by the Meeting of Shareholders, is empowered to dispose, at any time it may deem appropriate in the Company's interests, of its cash distribution, fully or partially, pro rata the respective shareholdings.

## TRANSPORTADORA DE GAS DEL NORTE S.A.

### Notes to the Unaudited Interim Financial Statements as of and for the six-month period ended June 30, 2007 presented in comparative form

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#### 12. Contingencies

The Company is a party to several civil, taxes, commercial and labor 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, it is the opinion of the Company's management based upon the information available at this time and consultation with external and internal legal counsel, that the expected outcome of these claims and legal actions, individually or in the aggregate, will not have a material effect on the Company's financial position, cash flows or results of operations in excess of the reserves that the Company has established to cover for potential losses under these claims. However, the actual outcome of these claims could differ from the estimated recorded amounts.

Following is a summary of the most significant claims and legal actions. At June 30, 2007 the allowance set up by the Company amounted to \$ 96.0 million (Note 16.(d)).

##### *(a) Gross Revenue Tax - Province of Salta*

The Company has objected before the courts having jurisdiction in the Province of Salta to certain official assessments made by the Revenue Bureau of that province for the tax on the business activities for the market price of the so-called "retained gas". The Tax Authority claims payment of \$ 2 million for the tax, \$ 1.7 million for interest and \$ 1 million for fines, corresponding to the fiscal periods from January 1996 to March 2004.

TGN paid the tax amount claimed for \$ 2.0 million and interest for \$ 2.4 million (including, in addition to the \$ 1.7 million amount claimed by the Tax Authority, interest accrued between the official assessment date and the actual payment date).

The district attorney ruled in favor of TGN, in one of the two lawsuits initiated before the above-mentioned court. Given that the outcome of this issue cannot be anticipated and reserving the pertinent rights, since April 2004 the Company has been paying the accrued tax.

##### *(b) Las Mesitas accident*

In October 1999, ENARGAS fined the Company \$5.6 million due to allegations that the Company improperly operated a parallel 16" gas pipeline causing a serious accident in Las Mesitas, Province of Salta, Argentina. The Company believes that the accident was an isolated event and was not related to the Company's operation of the pipeline. The Company believes that it operated the pipeline with due care and below the resistance levels approved based on information available at that time. After being notified of the administrative appeals lodged by TGN, in October 2002 the Ministry of Finance confirmed eleven of the fines imposed, for an accumulated amount of \$ 5.1 million. The Company appealed that resolution before a court, on which no ruling had been issued at the date of these financial statements.

##### *(c) Rescission of firm gas transportation contract with AES Parana S.C.A.*

In July 1999, AES Parana S.C.A. ("AESP") and the Company had entered into a firm gas transportation contract (the "AES-TGN Agreement"), whereby the Company committed to transport up to 1.81 MMm<sup>3</sup>/day of natural gas as from an agreed-upon date for a period of 20 years. The gas transportation rate set in the contract was the ENARGAS-regulated rate for Loma La Lata - Litoral zones and included an additional contribution equal to 5.6% of such regulated rate. The execution of the contract would create the need to substantially expand the transportation system. In view of the political and economic changes occurred in December 2001, which led to the pesification and freezing of the transportation rates in January 2002, in February 2003 the Company had the pressing need to request the ENARGAS to rescind the gas transportation contract because performance thereof would become too burdensome.

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### 12. Contingencies (Continued)

*(c) Rescission of firm gas transportation contract with AES Parana S.C.A. (continued)*

In the alternative, TGN had previously called for a stay of the effects of the contract because of force majeure that prevented it from fulfilling its obligations arising under that contract. AES Paraná answered the complaint in May 2003, objecting to its prosecution and claiming damages for non-compliance with the contract.

In June 2006, both parties reached an agreement by which they will: (i) suspend the prosecution of their respective claims and (ii) rescind the firm transportation contract if AES Parana obtains the providing of the transportation service of at least 1.5 MM m<sup>3</sup>/d (minimum volume) before December 1, 2008.

Between December 2008 and December 2027, TGN will pay compensation equivalent to 36% of the Access and Use Charge ("AUC") applicable at each moment on the daily volume that remains available to AES after the required expansion works have been concluded, provided that such volume is not lower than the minimum volume. The AUC is equivalent to 63% of the current regulated rate, and has been defined as the monthly compensation per cubic meter of transport capacity per day that each carrier will pay TGN while the firm transportation service for access, use and supply of that capacity is provided.

At June 30, 2007, TGN adjusted the amount of the provision recorded for potential challenges from AES regarding the amount of that compensation.

*(d) Municipal taxes*

In July 2003, the Municipality of Aguaray, Province of Salta, claimed from TGN payment of \$ 4.6 million for the "Contribution that impacts on the Business, Industrial and Services Activities", plus interest and a fine of \$ 3.3 million for alleged tax fraud.

Without prejudice to the appeal for the reversal of the administrative authority's resolution lodged on September 29, 2003, TGN filed a declaratory and legal certainty action with the Federal Court No. 1 of Salta, challenging the legality of the rate.

In addition, the Company requested that a restraining order be issued, which was granted on October 1, 2005. In March 2006 the lower court ruled in favor of TGN's position. This ruling was appealed by the Municipality, so it has not yet become firm.

Furthermore, on February 1, 2006 the Municipality of General Mosconi, Province of Salta, claimed from TGN payment of \$ 34.8 million for the same tax (including interest, index-adjustments and expenses). Its claim covers the January 1995 - July 2005 period.

TGN has lodged the corresponding appeal for reconsideration of the administrative authority's resolution and challenged the debt assessment before the Arbitration Commission, on the understanding that it is in breach of the provisions of the Multilateral Tax Sharing Agreement. In March 2006 the Municipality reduced the amount claimed to \$ 14.0 million; however, the Company will continue to make all such challenges as it may deem appropriate.

On July 23, 2007 the Company was notified of a resolution of the Arbitration Commission sustaining the appeal lodged by TGN and stating that the gross revenue tax base established by the Municipality of General Mosconi did not correspond.

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### 12. Contingencies (Continued)

#### *(e) Tax assessments related to payments to note holders*

In December 2004, the Company received notices from federal tax authorities of proposed adjustments to income tax and value added tax based on the amounts of interest paid to holders of the notes issued under the Negotiable Obligations Program pursuant to Law 23,576. The approximate proposed adjustment claims additional tax, including penalties and interest, of \$50.7 million and \$31.7 million for income tax and value added tax, respectively.

These claims resulted from a tax audit seeking to verify compliance of the requirements of Law 23,576 under which interest paid to note holders are entitled to certain tax benefits provided the requirements are fulfilled.

TGN has appealed the penalties imposed before the Fiscal Court of the Nation and in both cases, which are pending in separate dockets per tax, the tax authority requested that the proceeding be suspended in order to analyze the evidence offered by TGN following Instruction No. 1/05 of that agency. This norm establishes the guidelines that the collecting agency must observe in order to apply Joint Resolutions Nos. 470 and 1738 of the CNV and the AFIP, respectively, which explain the criteria that must be followed to verify compliance with the placement of Negotiable Obligations through a public offering requirement.

The Company has consented to the time extensions requested by the National Tax Authority in the two lawsuits, the latest extension having been granted by the Fiscal Court of the Nation not later than mid August 2007.

#### *(f) Tax assessment related to fixed asset useful life*

In December 2005, the Company received notices from federal tax authorities asserting deficiencies in corporate income taxes for the Company's 1999 to 2002 tax years. The total additional tax, including penalties and interest, through December 2005, amounts to \$21.1 million. Tax authorities asserted that the Company underpaid income taxes through improper tax depreciation deductions. Tax authorities asserted that the tax depreciation should be 45 years representing the original term of the license plus the renewal period of 10 years. The Company believes that it properly reported its income tax in accordance with applicable laws and regulations. The Company filed an appeal with the tax authorities on February 17, 2006 in response to that notice. The appeal is pending resolution.

#### *(g) Redirecting of the transportation capacity*

In April 2006, the ENARGAS adopted two resolutions establishing: (i) the reassignment for the term of one year as from April 28, 2006 -renewable at the discretion of the ENARGAS- to the distributor GasNea and the sub-distributor Redengás of a firm transportation capacity volume equal to 0.268 MM m3/d (between May and September 2006) and 0.579 MM m3/d (between October 2006 and April 2007) which originally corresponded to the firm transportation contract entered into by and between TGN and YPF S.A. ("YPF") in 1998 for up to 2.8 MM m3/d to supply a power plant in Uruguayana, Brazil; (ii) that the rate payable by GasNea and Redengás to TGN for the reassigned volume is the peso rate as opposed to the US dollar rate applicable to the contract entered into by and between TGN and YPF; (iii) that GasNea and Redengás must pay TGN the peso rate for the capacity reassigned between April 29, 2004 and April 28, 2006, and (iv) obliging TGN to reimburse YPF for the proportional part of the transportation rate in US dollars collected by TGN from April 29, 2004 to April 28, 2006 for the reassigned volume. In relation to the latter point, the Company carries the allowance set up at year end in the amount of US\$ 3.5 million.

The motions for reconsideration of the two resolutions filed by TGN were dismissed by the ENARGAS in June 2007. TGN will file a special appeal from the resolutions adopted by the ENARAS as it considers that the ENARGAS does not have



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### 12. Contingencies (Continued)

#### *(g) Redirecting of the transportation capacity (Continued)*

jurisdiction to adopt those resolutions, which also infringe the Company's vested rights.

In April 2007 the ENARGAS apportioned the reallocations in favor of GasNea and Redengás for a volume of firm transportation capacity equal to 0.770 MMm3/día for a further year.

In May 2007 the ENARGAS instructed TGN to apportion the reallocation of 0.531 MMm3/day of the transportation capacity originally destined for various direct loaders (other than distributors) of the Central-Western Gas Pipeline, in favor of the distributor Ecogás Cuyo, for a term of one year counted as from the implementation of the measure, renewable at the discretion of the ENARGAS. TGN requested that the precautionary measure be reconsidered because it understands that the ENARGAS does not have jurisdiction to take that measure, as it affects the Company's vested rights and, in the alternative, that the ENARGAS dispenses with the application of the "useful disruption of supply" criterion. Nevertheless, the Company is analyzing the accounting criterion to be followed with the amounts involved.

#### *(h) Stamp duty - Salta- Operation and Maintenance Contract*

Revenue Bureau of Salta Resolution No. 1649 dated November 7, 2006 confirmed an official assessment for \$ 181.9 million including compensatory interest calculated until November 30, 2006 and imposed a fine on TGN for twice the amount assessed for \$ 262.5 million because of alleged commission of tax fraud. TGN considers that the assessment made by the tax authority is excessive as it has resulted from serious calculation errors.

The instrument object of this assessment was the contract for the operation and maintenance of the expansion works under the Gas Trust Agreement entered into by TGN, the National State (Secretariat of Energy) and Nación Fideicomisos S.A. in December 2004, within the framework of the Basic Gas Infrastructure Investment Regime established by Decree No. 180/04 and (MPFIPyS) Resolution No. 185/04 (Note 14.a)).

On November 29, 2006 TGN lodged a special appeal before the Governor, although holding Nación Fideicomisos S.A. liable for the damage the Company could suffer as a result of this legal proceeding. It should be borne in mind that the operation and maintenance contract contains a provision, which is valid between the parties but ineffective as against the Tax Authority, pursuant to which the final liability for payment of stamp duty, where applicable, should fall exclusively on the Trust.

### 13. TGN financial trusts

On March 8, 2004, in accordance with ENARGAS Resolution 2877, the Company (as "Trustor") and HSBC Bank Argentina S.A. (as "Trustee") entered into a Trust Agreement. Under the Trust Agreement, the trusts can be funded by private and/or public placement of securities 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 Program 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.

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### 13. TGN financial trusts (Continued)

On March 26, 2004, the TGN Serie 01 Trust was funded by the issuance of US\$ 7.5 million in principal amount of securities to private contributors, the proceeds from which were used to finance the expansion of transportation capacity of 303,000 m3/d contracted by Metrogas S.A. (a Chilean gas distribution company). The TGN Serie 01 Trust expires on the earlier of September 30, 2019 or when securities are repaid, whichever occurs first.

On April 16, 2004, the TGN Serie 02 Trust was funded by the issuance of US\$ 6.3 million in principal amount of securities to private contributors, the proceeds from which were used to finance the expansion of transportation capacity of 247,000 m3/d contracted by Colbun S.A. The TGN Serie 02 expires on the earlier of March 30, 2019 or when the securities are repaid, whichever occurs first.

The TGN Serie 01 Trust and the TGN Serie 02 Trust are not consolidated in the Company's financial statements.

Under the Trust Agreement, neither the Company nor the Trustee are liable with their own respective assets to pay, if principal and/or interest and/or taxes and expenses on the securities issued by the Trusts 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 projects have been completed. At March 31, 2007 the investment amounts to \$ 29 million and its residual value is approximately \$ 26 million at that date.

### 14. FINANCIAL TRUSTS FOR EXPANSION ON THE LOCAL MARKET ORGANIZED BY THE ARGENTINE ENERGY SECRETARIAT

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

On April 26, 2006 the National Congress enacted a law vesting the PEN with the power to apply rate charges destined to finance expansions in the natural gas and electricity transport and distribution systems.

#### *a) Trust for the 2005 Northern Gas Pipeline expansion work*

Within the framework of Resolution No. 185/04, the Government 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 transportation of additional 1.8 MMm3/day of gas in the Northern Gas Pipeline. The principal in charge of the project, a local trust (the "trust") organized by the Energy Secretariat in December 2004 and administered by Nación Fideicomisos S.A., as trustee, entrusted TGN with the management of the Northern Gas Pipeline expansion works, for which the Company will receive 1% of the work amount before value added tax (approximately US\$ 1.5 million), and with its subsequent operation and maintenance.

TGN contributed US\$ 8.4 million to the total cost of the works, which coincides with the net present value of the amounts receivable for the regulated (pesified) rate charged for the firm transportation services as a result of the incremental capacity until expiration of the License, taking into account the extension works operation and maintenance costs.

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

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### 14. FINANCIAL TRUSTS FOR EXPANSION ON THE LOCAL MARKET ORGANIZED BY THE ARGENTINE ENERGY SECRETARIAT (Continued)

#### a) Trust for the 2005 Northern Gas Pipeline expansion work (Continued)

As instructed by the ENARGAS through Note No. 3767, 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

Pursuant to the same regulatory framework applicable to the above-mentioned expansion works, and again at the request of the Ministry of Energy, in September 2005, we called for a new open bid for capacity for the expansion of the Gasoductos Norte system. As a result of this call for bids, proposals were received for more than 15.2 MMm3/d.

The works will be performed under the trust regime established by MPFIPyS Resolution No. 185/04 for which purpose on December 6, 2006 the Company, the Energy Secretariat and Nación Fideicomisos S.A. entered into the Supplementary Financial Trust Agreement for the Northern Gas Pipeline Work and the Management Contract. The Operation and Maintenance Contract has not yet been entered into.

TGN will finance up to 34% of the price under the Management Contract through the receipt of trust securities, plus an additional 15% as part of the price, if the Financial Trust for the Northern Gas Pipeline Work does not have funds to pay the balance in cash. The assets arising from the expansion works under the trust agreement will form part of that trust until termination of the agreement. Upon termination of the trust agreement, the ownership of the assets will be transferred to whom it may concern, in accordance with current legislation.

The total fee to be collected by TGN during the term of the Management Contract will be \$ 75.8 million (before value added tax). Until June 30, 2007 revenues for \$ 22.9 million had accrued in this regard.

ENARGAS Resolution No. 3689 established application of a new rate to certain customers effective January 1, 2007.

For reasons that are beyond TGN's control, the expansion works have been delayed, so the Company considers that changes could be agreed on the schedule of those works and on the conditions of the contracts originally signed, its effects having been unable to be estimated at the balance sheet date.

### 15. Subsequent events

Subsequent to June 30, 2007, there have been no other events, situations or circumstances that have impacted or could impact significantly on the net worth, or economic and financial situation of the Company that have not been mentioned in these financial statements.

### 16. Other financial statement information

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

- (a) Fixed assets, net
- (b) Investments
- (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 of assets and liabilities

**TRANSPORTADORA DE GAS DEL NORTE S.A.**  
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**16. Other financial statement information (Continued)**

**(a) Fixed Assets, net**

Account	06.30.2007										12.31.2006		
	Original values				Depreciation						Net book value	Net book value	
	At the beginning of the year	Increases	Disposals	Transfers	At the end of the period	At the beginning of the year	For the period %	amount	Disposals	Transfers			Accumulated at the end of the period
Land.....	3,275	-	-	-	3,275	-	-	-	-	-	-	3,275	3,275
Buildings and constructions...	76,402	-	-	(20)	76,382	17,165	2	764	-	(3)	17,926	58,456	59,237
Installations and fixtures....	2,067	-	-	-	2,067	473	4	41	-	-	514	1,553	1,594
Gas pipelines.....	2,018,091	-	(407)	1,382	2,019,066	524,505	3.33 and 2.22	27,909	(140)	946	553,220	1,465,846	1,493,586
Recoating .....	37,702	-	-	18,689	56,391	1,041	5.88	1,131	-	-	2,172	54,219	36,661
High-pressure branch lines ...	620	-	-	41	661	209	3.33 and 2.22	9	-	22	240	421	411
Compressor Plants (i) .....	817,749	-	(2,268)	835	816,316	294,668	4	21,582	(1,098)	(426)	314,726	501,590	523,081
High pressure control and/or measurement stations .....	66,728	-	-	-	66,728	28,552	5	1,811	-	-	30,363	36,365	38,176
Other technical installations	46,531	-	(1,195)	17	45,353	21,434	6.67	1,233	(537)	12	22,142	23,211	25,097
Machinery, equipment and tools	22,393	-	(337)	1,172	23,228	17,853	10, 20 and 50	694	(318)	174	18,403	4,825	4,540
Computer and telecommunications system.....	72,742	-	(544)	155	72,353	41,845	10 and 20	2,205	(519)	(27)	43,504	28,849	30,897
Vehicles.....	15,987	-	(58)	98	16,027	12,872	20	540	(58)	98	13,452	2,575	3,115
Furniture and fixtures.....	9,656	-	(9)	65	9,712	8,400	10	168	(5)	11	8,574	1,138	1,256
Assets held at third parties..	7,571	-	-	(1,024)	6,547	5,373	12.5	351	-	(807)	4,917	1,630	2,198
Work in process.....	33,722	27,666	(1)	(20,696)	40,691	-	-	-	-	-	-	40,691	33,722
Advances to suppliers .....	302	618	-	(714)	206	-	-	-	-	-	-	206	302
<b>Total as of 06.30.2007 .....</b>	<b>3,231,538</b>	<b>28,284</b>	<b>(4,819)</b>	<b>-</b>	<b>3,255,003</b>	<b>974,390</b>		<b>58,438</b>	<b>(2,675)</b>	<b>-</b>	<b>1,030,153</b>	<b>2,224,850</b>	<b>-</b>
<b>Total as of 12.31.2006 .....</b>	<b>3,183,490</b>	<b>59,976</b>	<b>(11,928)</b>	<b>-</b>	<b>3,231,538</b>	<b>867,117</b>		<b>113,551</b>	<b>(6,278)</b>	<b>-</b>	<b>974,390</b>	<b>-</b>	<b>2,257,148</b>

(i) See Note 3.h.for details.

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**16. Other financial statement information (Continued)**

**(b) Investments**

Issuer	Class	Par value	Amount	Cost value	Book value		Principal activity	Information on the issuer					
					06.30.2007	12.31.2006		Date	Latest financial statements				
									Capital stock and capital adjustment	Other Reserves	Retained earnings	Shareholders' equity	% of direct holding
<b>Non-current investments</b>													
Comgas Andina S.A. ....	Common	(a) 1	490	246	7,141	6,181	Gas pipeline services	06.30.07	7	-	14,567	14,574	49.0
Companhia Operadora de Rio Grande do Sul (Note 16.(d) and 3.f)) .....	Common	(b) 1	49	0.1	136	131	Gas pipeline services	06.30.07	-	107	170	277	49.0
Impairment of investment.					(136)	(131)							
Total .....				246.1	7,141	6,181							

a. Chilean Pesos  
b. Brazilian Reais

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**16. Other financial statement information (Continued)**

**(c) Short-term investments**

	<u>June 30, 2007</u>	<u>December 31, 2006</u>
Mutual funds in foreign currency .....	\$ 72,371	\$ 2,869
Mutual funds in \$ .....	6,685	11,655
Time deposits in local financial institutions ..	3,150	-
Government securities in pesos - LEBAC - .....	1,480	-
Government bonds - Discount bond .....	1,568	2,381
Total .....	\$ 85,254	\$ 16,905

**TRANSPORTADORA DE GAS DEL NORTE S.A.**  
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**16. Other financial statement information (Continued)**

**(d) Allowances and provisions**

	06.30.2007			12.31.2006	
	Balances at the beginning of the year	Net increases	Decreases	Balances at the end of the period	Balances at the end of the period
<b>Deducted from assets</b>					
<b>Current</b>					
Allowance for doubtful accounts.....	8,386	37	-	8,423	8,386
Allowance for disputed amounts and others .....	9,454	8,260	-	17,714	9,454
Allowance for other receivables.....	1,643	737	-	2,380	1,643
<b>Subtotal .....</b>	<b>19,483</b>	<b>9,034</b>	<b>-</b>	<b>28,517</b>	<b>19,483</b>
<b>Non Current</b>					
Allowance for disputed tax payments and judicial escrow accounts.....	4,797	1,466	-	6,263	4,797
Allowance for slow-moving and obsolescence .....	44,364	318	-	44,682	44,364
Allowance for impairment of COPERG (Note 16.(b) and 3.(f)) .....	131	5	-	136	131
<b>Subtotal .....</b>	<b>49,292</b>	<b>1,789</b>	<b>-</b>	<b>51,081</b>	<b>49,292</b>
<b>Total allowances deducted from assets .....</b>	<b>\$ 68,775</b>	<b>10,823</b>	<b>-</b>	<b>79,598</b>	<b>68,775</b>
<b>Included in Liabilities</b>					
<b>Current</b>					
Provision for contingencies.....	65,408	3,829	(181)	69,056	65,408
<b>Non Current</b>					
Provision for contingencies.....	27,803	(894)	-	26,909	27,803
<b>Total provisions included in liabilities .....</b>	<b>93,211</b>	<b>2,935</b>	<b>(181)</b>	<b>95,965</b>	<b>93,211</b>
<b>Total as of 06.30.2007 .....</b>	<b>\$ 161,986</b>	<b>13,758</b>	<b>(181)</b>	<b>175,563</b>	<b>-</b>
<b>Total as of 03.31.2006 .....</b>	<b>\$ 138,189</b>	<b>28,149</b>	<b>(4,352)</b>	<b>-</b>	<b>161,986</b>

**TRANSPORTADORA DE GAS DEL NORTE S.A.**  
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**16. Other financial statement information (Continued)**

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

	06.30.2007			12.31.2006		
	Foreign currency class and amounts	Exchange rate	Amount in Thousands of \$	Foreign currency class and amounts	Amount in Thousands of \$	
<b>Assets</b>						
<b>Current assets</b>						
<b>Cash and banks</b>						
Cash .....	US\$	9	3.053	\$ 28	US\$	4 \$ 12
Banks .....	US\$	2,846	3.053	8,689	US\$	5,549 16,769
				<u>8,717</u>		<u>16,781</u>
<b>Short-term investments</b>						
Mutual funds in foreign institutions .....	US\$	23,705	3.053	72,371	US\$	949 2,869
Government bonds - Discount bonds .....	US\$	513	3.053	1,568	US\$	788 2,381
				<u>73,939</u>		<u>5,250</u>
<b>Accounts receivable</b>						
Gas transportation services .....	US\$	14,618	3.053	44,628	US\$	11,434 34,554
Other services .....	US\$	532	3.053	1,624	US\$	1,066 3,221
				<u>46,252</u>		<u>37,775</u>
<b>Other receivables</b>						
Prepaid expenses .....				-	US\$	1,793 5,418
					£	83 506
Guarantee deposits .....				-	US\$	200 604
Prepaid expenses on behalf of third parties and others .....	R\$	105	1.410	148	R\$	105 142
	US\$	672	3.053	2,052	US\$	343 1,037
				<u>2,200</u>		<u>7,707</u>
<b>Total current assets</b> .....				\$ <u>131,108</u>		\$ <u>67,513</u>



**TRANSPORTADORA DE GAS DEL NORTE S.A.**  
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**16. Other financial statement information (Continued)**

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

	06.30.2007			12.31.2006		
	Foreign currency class and amounts	Exchange rate	Amount in Thousands of \$	Foreign currency class and amounts	Amount in Thousands of \$	
<b>Non-current assets</b>						
<b>Other receivables</b>						
Guarantee deposits .....	US\$	200	3.053			
			<u>611</u>			<u>-</u>
			<u>611</u>			<u>-</u>
<b>Investments</b>						
Comgas Andina (Note 16.b) .....	\$ch	1,219,719	0.005855		\$ ch 1,059,283	
			<u>7,141</u>			<u>6,181</u>
			<u>7,141</u>			<u>6,181</u>
<b>Total non-current assets .....</b>			<b>\$ <u>7,752</u></b>		<b>\$ <u>6,181</u></b>	
<b>Total assets .....</b>			<b>\$ <u>138,860</u></b>		<b>\$ <u>73,694</u></b>	
<b>Liabilities</b>						
<b>Current liabilities</b>						
<b>Accounts payable</b>						
Suppliers .....	US\$	45	3.093	\$	138	US\$ 314 \$ 961
Other related parties .....	US\$	441	3.093		<u>1,365</u>	<u>-</u>
			<u>1,503</u>			<u>961</u>

**TRANSPORTADORA DE GAS DEL NORTE S.A.**  
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**16. Other financial statement information (Continued)**

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

	06.30.2007			12.31.2006			
	Foreign currency class and amounts	Exchange rate	Amount in Thousands of \$	Foreign currency class and amounts	Amount in Thousands of \$		
<b>Loans</b>							
Ordinary non-convertible Class A .....	US\$	31,874	3.093	98,589	US\$	30,000	91,860
Creditors not accepting the exchange offer ...	US\$	640	3.093	1,979	US\$	594	1,818
				100,568			93,678
<b>Customers' advances</b> .....	US\$	103	3.093	320	US\$	49	149
				320			149
<b>Total current liabilities</b> .....				\$ 102,391			\$ 94,788
<b>Non-current liabilities</b>							
<b>Loans</b>							
Ordinary non-convertible Class A .....	US\$	150,625	3.093	465,883	US\$	167,500	512,885
Ordinary non-convertible Class B .....	US\$	203,630	3.093	629,828	US\$	203,630	623,515
				1,095,711			1,136,400
<b>Total non-current liabilities</b> .....				\$ 1,095,711			\$ 1,136,400
<b>Total liabilities</b> .....				\$ 1,198,102			\$ 1,231,188

US\$ : United States dollars  
\$ch : Chilean Pesos  
R\$ : Brazilian Reais  
£ : Pounds

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16. Other financial statement information (Continued)

(f) Cost of services, administrative and selling expenses

	Cost of services			Selling expenses			Administrative expenses	Investments in fixed assets	Total At 06.30.2006	
	Total At 06.30.2007	Transportation service	Other services	Total	Transportation service	Others services				Total
Fees for Directory and the Committee of Syndics .....	1,046	-	-	-	-	-	-	1,046	-	533
Fees for professional services ....	2,732	448	536	984	41	-	41	1,419	288	2,483
Salaries, wages and other personnel benefits .....	25,068	14,537	2,226	16,763	396	-	396	7,680	229	21,846
Social security contributions .....	4,966	3,243	441	3,684	81	-	81	1,201	-	4,108
Fees for technical operator services .....	7,734	7,734	-	7,734	-	-	-	-	-	4,726
Foreign staff expenses .....	1,009	1,009	-	1,009	-	-	-	-	-	835
Spare parts and materials .....	8,378	6,395	154	6,549	-	-	-	242	1,587	7,103
Gas imbalance .....	228	228	-	228	-	-	-	-	-	1,987
Third party services and supplies .	1,908	1,554	167	1,721	11	-	11	176	-	1,686
Maintenance and repair .....	17,859	10,354	2,439	12,793	6	-	6	561	4,499	18,511
Travel expenses .....	2,497	1,691	337	2,028	12	-	12	314	143	2,597
Freight and transportation .....	994	255	7	262	-	-	-	28	704	449
Communications .....	463	255	56	311	9	-	9	142	1	456
Insurance .....	3,024	2,846	3	2,849	-	-	-	175	-	2,735
Office supplies .....	670	207	58	265	5	-	5	398	2	491
Rentals .....	660	383	201	584	3	-	3	17	56	584
Easements .....	2,796	2,796	-	2,796	-	-	-	-	-	2,700
Taxes, rates and contributions ....	12,464	159	4	163	7,220	857	8,077	4,224	-	9,195
Fixed assets depreciation .....	58,438	57,583	36	57,619	117	-	117	702	-	56,432
Fixed assets expenses .....	2,107	4	-	4	-	-	-	-	2,103	1,481
Allowance for doubtful accounts ...	812	-	-	-	812	-	812	-	-	1,915
Provision for contingencies .....	4,401	-	-	-	108	-	108	4,293	-	14,015
Allowance for slow-moving and obsolescence .....	318	318	-	318	-	-	-	-	-	1,627
Others	732	288	10	298	5	-	5	412	17	676
<b>Total at 06.30.2007</b> .....	<b>161,304</b>	<b>112,287</b>	<b>6,675</b>	<b>118,962</b>	<b>8,826</b>	<b>857</b>	<b>9,683</b>	<b>23,030</b>	<b>9,629</b>	<b>-</b>
<b>Total at 06.30.2006</b> .....	<b>-</b>	<b>111,669</b>	<b>3,659</b>	<b>115,328</b>	<b>9,614</b>	<b>255</b>	<b>9,869</b>	<b>28,069</b>	<b>5,905</b>	<b>159,171</b>

**TRANSPORTADORA DE GAS DEL NORTE S.A.**  
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**16. Other financial statement information (Continued)**

**(g) Aging of assets and liabilities**

	06.30.2007			
	Short-term investments	Account receivables and other receivables (a)	Debt	Other liabilities (b)
a) Past due				
Until 06.30.2006 .....	-	14,968	1,704	-
09.30.2006 .....	-	2,162	26	-
12.31.2006 .....	-	4,996	31	-
03.31.2007 .....	-	3,677	29	-
06.30.2007 .....	-	16,669	30	-
b) Without due date .....	85,254	93,680	5,342	11
c) To be due				
09.30.2007 .....	-	61,745	-	45,338
12.31.2007 .....	-	5,449	46,395	7,176
03.31.2008 .....	-	53	-	-
06.30.2008 .....	-	834	52,194	1,006
06.30.2009 .....	-	85,136	104,389	8,436
06.30.2010 .....	-	14	110,188	-
06.30.2011 .....	-	-	115,987	-
06.30.2012 .....	-	418	96,656	-
06.30.2013 .....	-	-	668,491	-
<b>Total at 06.30.2007 .....</b>	<b>85,254</b>	<b>289,801</b>	<b>1,201,462</b>	<b>61,967</b>
a) Balances subject to adjustment .....	80,536	2,535	-	-
b) Balances not subject to adjustment ...	4,718	287,266	1,201,462	61,967
<b>Total at 06.30.2007 .....</b>	<b>85,254</b>	<b>289,801</b>	<b>1,201,462</b>	<b>61,967</b>
a) Interest bearing balances .....	3,873	354	1,196,120	2,640
b) Non -interest bearing balances .....	81,381	289,447	5,342	59,327
<b>Total at 06.30.2007 .....</b>	<b>85,254</b>	<b>289,801</b>	<b>1,201,462</b>	<b>61,967</b>

(a) Excludes allowances.

(b) Excludes debt and contingencies.

## Limited Review Report

To the Shareholders and Board of Directors of Transportadora de Gas del Norte S.A.:

We have reviewed the accompanying balance sheet of Transportadora de Gas del Norte S.A. as of June 30, 2007, and the related statements of operations, of changes in shareholders equity and of cash flows for the six-month period ended June 30, 2007. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with auditing standards generally accepted in Argentina. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Argentina, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

The changes introduced by the Argentine Government to the rules and regulations of the energy sector regime and the energy supply-and-demand crisis have materially affected the Company's business. In addition, the Argentine Government is in the process of renegotiating the terms of the contracts with the Company regarding rates and investment commitments. The Company cannot give assurance that these transactions will be completed on terms that are acceptable to it or at all.

As discussed in Note 1.(c), the Public Emergency Law authorizes the Argentine Government to renegotiate the contracts and rates with the privatized companies, including gas transportation companies. Taking into account that there can be no assurance as to the outcome of these renegotiations, there is uncertainty as to the future net cash inflows sufficient to recover the net book value of non-current assets aggregating \$2,368 million.

Our Limited Review Report at June 30, 2006, dated August 8, 2006, included the observations mentioned in the third and fourth preceding paragraphs and observations related to:

- a. uncertainty as to the outcome of the renegotiations with its financial creditors and the ability to continue as a going concern due to these circumstances. These situations evolved in favor of the Company's interests, as mentioned in Note 10.
- b. the departure from professional accounting standards in connection with the classification of the debt mentioned in the previous paragraph as current and non-current in accordance with the original contract terms.
- c. uncertainty as to the outcome of several legal and contractual claims. This situation evolved in favor of the Company's interests, as mentioned in Note 12.(c).

We previously audited in accordance with auditing standards generally accepted in Argentina, the balance sheet as of December 31, 2006, and the related statements of operations, of changes in shareholders equity and of cash flows for the year then ended (not presented herein), and in our report dated March 6, 2007, we expressed a qualified opinion on those financial statements related to the circumstances mentioned in the third and fourth preceding paragraphs of this report. In our opinion, the information set forth in the accompanying balance sheet

as of December 31, 2006, is fairly stated in all material respects in relation to the balance sheet from which it has been derived.

Based on our review, we report that the financial statements of TGN at June 30, 2007 detailed in paragraph 1., prepared in accordance with accepted accounting principles in Argentina, consider all significant facts and circumstances of which we are aware, and we have no observations to make on them other than those mentioned in third and fourth preceding paragraphs of this report;

As part of our examination, we have read the Summary of Activities, on which, as regards those matters that are within our competence, we have no observations to make other than those mentioned in third, fourth and fifth (point b) preceding paragraphs of this report.

Autonomous City of Buenos Aires, August 7, 2007

PRICE WATERHOUSE & Co. S.R.L.

By \_\_\_\_\_ (Partner)

Daniel A. López Lado