

TRANSPORTADORA DE GAS DEL NORTE S.A.

Unaudited Interim Financial Statements as of and for the six-month period ended June 30, 2008, presented in comparative form

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TRANSPORTADORA DE GAS DEL NORTE S.A.

In accordance with the terms of General Resolution 368/01 and its modifications issued by the National Securities Commission (CNV), we detail below an analysis of the results of the operations of Transportadora de Gas del Norte S.A.⁽¹⁾ ("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

* *Net Result for the six-month period ended June 30, 2008*

(in millions of pesos)

	Six-month periods ended 06.30.		
	2008	2007	Variation \$
Net Revenues			
Gas transportation service	252.2	241.2	11.0
Allowances for disputed amounts	(20.1)	(8.2)	(11.9)
Discount as per Decrees No 292/1520/814	(0.9)	(0.8)	(0.1)
Subtotal gas transportation service	231.2	232.2	(1.0)
Other Services			
Gas Pipeline O&M services	12.3	9.2	3.1
Management fees - Gas trust program	2.2	11.8	(9.6)
Subtotal other services	14.5	21.0	(6.5)
Total Net Revenues	245.7	253.2	(7.5)
Cost of Services			
Operating and maintenance costs	(66.6)	(61.4)	(5.2)
Fixed assets depreciation	(60.4)	(57.6)	(2.8)
Subtotal	(127.0)	(119.0)	(8.0)
Gross profit	118.7	134.2	(15.5)
Administrative and selling expenses	(24.9)	(32.7)	7.8
Operating Income	93.8	101.5	(7.7)
Gain from equity investments, net	0.6	1.0	(0.4)
Financial and holding results	(12.0)	(65.1)	53.1
Other income (expense), net	1.4	0.3	1.1
Net income before income tax	83.8	37.7	46.1
Income tax	(37.9)	(22.5)	(15.4)
Net income (loss) for the period	45.9	15.2	30.7
EBITDA ⁽²⁾	157.1	163.6	(6.5)

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

(2) Income before financial and holding results, depreciation, amortization, income tax and charges for consumable goods not entailing outlays of funds.

TRANSPORTADORA DE GAS DEL NORTE S.A.

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

(in millions of pesos)

	06.30.08	12.31.07
Total Assets	2,548	2,614
Total Liabilities	1,190	1,302
Shareholders' Equity	1,358	1,312
Shareholders' Equity / Total Liabilities	1.14	1.01

The net result for the six-month periods ended June 30, 2008 and 2007 was a \$ 45.9 million and a \$ 15.2 million gain, respectively.

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.

(in millions of pesos)

Type of service	Six-month periods ended 06.30.			
	2008	%	2007	%
Gas transportation	231.2	94.1	232.2	91.7
Gas Pipeline O&M services	14.5	5.9	21.0	8.3
Total net Revenues	245.7	100.0	253.2	100.0

- Gas Transportation services

The revenues corresponding to the gas transportation services amounted to \$ 231.2 million during the six-month period ended June 30, 2008, compared to \$ 232.2 million during the same period in 2007. The net decrease of \$ 1.0 million resulting from the combined effect of the following main variations:

- i.* Higher invoicing of interruptible services and interchange and displacement services for \$ 2.2 million;
- ii.* an increase of \$ 1.5 million derived from the increase in the exchange rates used to post the US dollar invoicing;
- iii.* a \$ 7.6 million increase in the export revenues due to the increase of the PPI (Producer Price Index) index applicable to the period, and
- iv.* a net \$ 11.9 million decrease due to the setting up, in the first semester of 2008, of higher provisions for disputed receivables, mainly related to the situation described in Note 12.h to the Company's financial statements.

- Gas pipeline operation and maintenance and works management services

Sales in this segment amounted to \$ 14.5 million in the first half of 2008 compared with the \$ 21.0 million amount in the same period of the previous year.

\$ 9.6 million of the net decrease of \$ 6.5 million correspond to the lower income accrued in this half-yearly period related to works management fees under gas Trust Programs, since they have been recognized based on their rate of progress and the portion of budgeted costs incurred for those works. During the first half of 2007, however, income has been recorded based on the contractual billing schedule.

TRANSPORTADORA DE GAS DEL NORTE S.A.

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

*** Net Revenues (Cont.)**

- Gas pipeline operation and maintenance and works management services (Cont.)

Since there have been significant delays in payments by Nación Fideicomisos, the Company has held meetings with its officers without obtaining any positive results; therefore, the respective billings has suspended since last April.

*** Cost of services**

	<i>(in millions of pesos)</i>		
	Six month-periods ended 06.30.		
	2008	2007	Variation \$
Fees for professional services	2.2	1.0	1.2
Salaries, wages and other personnel benefits and social security contributions	25.8	20.4	5.4
Fees for technical operator services	6.9	7.7	(0.8)
Foreign staff residence	1.1	1.0	0.1
Consumption of Spare parts and materials	6.1	6.6	(0.5)
Gas imbalance	0.6	0.2	0.4
Maintenance and repair of fixed assets and third party services and supplies	14.3	14.5	(0.2)
Communications, freight and transportation, travel expenses	3.5	2.6	0.9
Insurance	2.6	2.9	(0.3)
Rentals and office supplies	0.9	0.9	-
Easements	2.6	2.8	(0.2)
Taxes, rates and contributions	0.2	0.2	-
Fixed assets depreciation	60.4	57.6	2.8
Materials and spare parts slow-moving and obsolescence	(0.7)	0.3	(1.0)
Others	0.5	0.3	0.2
Total	127.0	119.0	8.0
% of Costs of services on net revenues	51.7%	47.0%	

Costs of services amounted to \$ 127.0 million in the six month-period ended June 30, 2008 in comparison with \$ 119.0 million recorded in the same period, the previous year. The main reasons for the net increase of \$ 8.0 million were the following:

- i. \$ 5.4 million in salaries, wages and other personnel benefits and social security contributions as a result of pay increases granted by the Company.
- ii. \$ 1.2 million in higher fees for professional services, due to costs relating to services of inspection of the works mentioned in Note 14 b) to these financial statements, and
- iii. \$ 1.0 million decrease corresponding to the allowance for slow-moving and obsolescence due to materials items that are not used in the minimum quantities required for regular maintenance;

TRANSPORTADORA DE GAS DEL NORTE S.A.

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

• **Administrative and Selling expenses**

(in millions of pesos)

	Six-month periods ended 06.30.		
	2008	2007	Variation \$
Salaries, wages and other personnel benefits and social security contributions	10.8	9.4	1.4
Fixed assets depreciation	0.9	0.8	0.1
Fees for professional services	2.6	1.5	1.1
Taxes, rates and contributions	12.4	12.3	0.1
Communications, freight and transportation, travel expenses	0.5	0.5	-
Maintenance and repair of fixed assets and third party services and supplies	0.7	1.0	(0.3)
Rentals and office supplies	0.5	0.4	0.1
Doubtful accounts	(2.8)	0.8	(3.6)
Contingencies	(2.0)	4.4	(6.4)
Fees for Directory and the Committee of Syndics	1.0	1.0	-
Others	0.3	0.6	(0.3)
Total	24.9	32.7	(7.8)
% of Administrative and Selling expenses on net revenues	10.1%	12.9%	

Administrative and selling expenses amounted \$ 24.9 million in the six-month period ended June 30, 2008 in comparison with \$ 32.7 million recorded in the same period, the previous year. The main reasons for the net decrease of \$ 7.8 million were the following:

- i. A \$ 6.4 million decrease in provisions for contingencies item. The recovery of \$ 2.0 million during the six-month period ended June 30, 2008 is due to the resolution (during the period) of certain claims filed against the Company.
- ii. A \$ 3.6 million decrease in the doubtful accounts item, mainly due to specific agreements with customers during the period.
- iii. 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.
- iv. \$ 1.1 million in higher fees for professional services, due to costs relating to advisory services in different areas of the Company's activity.

* **Financial and Holding Results**

(in millions of pesos)

	Six-month periods ended 06.30.		
	2008	2007	Variation \$
Interests and indexing generated by liabilities	(47.1)	(50.3)	3.2
Bank commissions, expenses and taxes on banking and financial operations.	(5.1)	(4.6)	(0.5)
Result of repurchases of debt	1.1	-	1.1
Result on discounting of non-current and current liabilities	-	(0.1)	0.1
Subtotal financial result generated by liabilities before exchange rate differences	(51.1)	(55.0)	3.9
Interests, indexing and expenses generated by assets	1.0	3.2	(2.2)
Holding results generated by assets	(1.6)	(0.6)	(1.0)
Result on discounting of non-current and current assets	1.7	-	1.7
Subtotal financial result generated by assets before exchange rate differences	1.1	2.6	(1.5)
Exchange rate differences:			
Generated by liabilities	46.1	(12.5)	58.6
Generated by assets	(8.1)	(0.2)	(7.9)
Subtotal exchange rate differences	38.0	(12.7)	50.7
Total	(12.0)	(65.1)	53.1

TRANSPORTADORA DE GAS DEL NORTE S.A.

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

*** Financial and Holding Results (Cont.)**

Financial and holding losses for the six-month period ended June 30, 2008 amounted to \$ 12.0 million, that is, lower losses of \$ 53.1 million compared with the loss of \$ 65.1 million recorded in the same period, the previous year. The most important reasons for the variations in financial and holding results are the following:

- i. In the first semester of 2008, there was recorded \$ 46.1 million gain for *Exchange differences generated by liabilities*, with regard to the \$ 12.5 million losses in the same period of the fiscal year 2007. The financial nominal debt stock in force at the closing of each period amounted to US\$ 345.0 million and to US\$ 386.8 million, at June 30, 2008 and 2007 respectively. As for the evolution of the exchange rates in each period, there was verified a decrease of 3.9% in the first semester of 2008 (1 US\$ = \$ 3.025 and \$ 3.149 at June 30, 2008 and December 31, 2007 respectively) and an increase of 1.0 % in the first semester of 2007 (1 US\$ = \$ 3.093 and \$ 3.062 at June 30, 2007 and December 31, 2006 respectively).
- ii. During the first semester of 2008, TGN repurchased US\$ 2.0 million of its financial debt balance corresponding to the A-series Bonds, paying US\$ 1.6 million. The net results of these repurchases amounted to \$ 1.1 million.

• Summary of the Statement of Cash Flows

(in millions of pesos)

	Six-month periods ended 06.30.	
	2008	2007
Net income for the period	45.9	15.2
Adjustments to arrive to cash net flow arising from operating activities	116.6	154.5
Subtotal	162.5	169.7
Net changes in assets and liabilities	(57.1)	6.1
Net cash flows provided by operating activities	105.4	175.8
Purchase of fixed assets	(16.3)	(28.3)
Net cash used in investing activities	(16.3)	(28.3)
Payment and purchase of debt	(54.5)	(46.4)
Interest paid	(41.7)	(43.5)
Net increase in customer advances	0.2	0.2
Net cash used in financing activities	(96.0)	(89.7)
Financial and holding result (used in) generated by cash and cash equivalents	(5.5)	2.1
Net (decrease) increase in cash and cash equivalents	(12.4)	59.9
Cash and cash equivalents as of beginning of year	64.1	39.2
Cash and cash equivalents as of end of the period	51.7	99.1

(in millions of pesos)

	As of 06.30.	
	2008	2007
Cash and cash equivalents		
Cash and banks	11.7	15.4
Mutual funds in foreign currency	-	72.4
Mutual funds in \$	3.9	6.7
Time deposits in \$	-	3.1
Government securities in pesos	-	1.5
Short term investments in US\$ - Euroclear	36.1	-
Cash and cash equivalents as of end of the period	51.7	99.1

TRANSPORTADORA DE GAS DEL NORTE S.A.

II) BUSINESS PROSPECTS

* Financial issues

The steady deterioration of the Company's economic and financial equation, which is due to the continuous freezing of domestic rates, together with a fall in revenues from transportation of exports caused by the lack of exportable gas balances, and a widespread increase in its costs, produces uncertainty as to TGN's ability to continue to meet its financial covenants in the future under the conditions agreed upon.

Creation of a Global Program for the Issuance of Ordinary Negotiable Obligations, Not Convertible for Shares

Resolutions adopted by the Board of Directors of TGN on December 11, 2007 and by the Ordinary Meeting of Shareholders held on January 22, 2008 established the creation of a global program for the issuance of ordinary Negotiable Obligations not convertible for shares, which qualify as Negotiable Obligations under the terms of Law No. 23,576 (text pursuant to Law No. 23,962), for a nominal value of up to US\$ 400 million or its equivalent in other currencies at any time. The duration of this Global Program shall be five years counted as from the date of its approval by the Argentine Securities Commission. Once the Program has been approved by that Commission, it will be used as a tool to facilitate the implementation at the proper time of decisions to be made by the Company in terms of financial policy, particularly, the renewal of current debt at the due date and/or the obtainment of improvements under the terms and conditions currently in force.

On July 17, 2008, Commission's resolution N° 15,928 approved the creation of the abovementioned program.

* Commercial issues

- i. At the date of issue of the Company's financial statements, no progress has been made in the renegotiation of the Licence. There are no factors that make possible to consider that an agreement would be signed in the short term. In addition, there is nothing to guarantee that the eventual outcome of the renegotiation will re-establish the equilibrium of the License and provide TGN with fair compensation for the losses suffered as a consequence of the Emergency Law. The Company has been constantly promoting this process whenever possible.
- ii. In 2006 the UNIREN sent TGN two draft memoranda of understanding establishing a transitional rate increase. TGN stated that although those proposals involved a rate of progress in the negotiation process, major issues previously raised still existed. A new proposal of memorandum of understanding in 2007, together with a summons for executing it within an automatically expiring period, was also rejected on the grounds that the UNIREN had failed to consider several proposals previously formulated.
- iii. In April 2004, the Gas Electronic Market ("MEG") was created with the intention of 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. In May 2005 the MEG started to administer the resale of capacity and services provided by gas distributors. Until June 30, 2008 no effects have been produced on the revenues from sales recognized by TGN and it is considered that the start-up of the MEG will have an uncertain effect on income relating to the transported gas sold on that market.
- iv. Since May 2007 the gas supply has been shortening. This led into an unsatisfied demand. According to 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.

TRANSPORTADORA DE GAS DEL NORTE S.A.

II) BUSINESS PROSPECTS (Cont.)

* Commercial issues (Cont.)

- v. As a result of the restrictions on the availability of gas since 2004 at the entrance of the transportation system for export, the use of firm gas transportation hired by loaders for export has gradually and significantly decreased. This made it difficult for certain Chilean loaders to continue paying the fixed cost of reservation of transportation capacity for limited use.

In December 2007, Eléctrica Santiago S.A. ("ESSA"), one of the export customers in Chile, informed TGN that an arbitral tribunal had declared the rescission of the gas purchase and sale agreement entered into by ESSA and a consortium of local producers, without any liability for the parties; consequently, that loader would have no supply contracts at present.

After February 2008 ESSA notified TGN of its unilateral decision to rescind the firm gas transportation contract entered into by them and to stop payments for the transportation service as from January 2008. The Company rejected ESSA's decision by reason of considering it to be in breach of the contract and in violation of the applicable law, demanded performance of the contract and started legal action seeking collection of the unpaid invoice.

Without prejudice to these loaders' contractual obligation to pay for the reservation of firm transportation capacity until expiration of the contract, ESSA's behavior, in addition to the decline in exportable balances of natural gas, generate uncertainty as to the future compliment of export customer contractual obligations.

- vi. As mentioned in Note 12.f) to the Company's financial statements, in April 2006 the ENARGAS adopted resolutions whereby it reassigned firm transport capacity to the distributor GasNea and its sub-distributor Redengás for a term of one year (as from April 28, 2006). This capacity had originally been assigned under the firm transport contract entered into by TGN and YPF S.A. ("YPF") in 1998 for up to 2.8MMm3/d destined to supply a power plant in Uruguayana, Brazil. Under those resolutions, TGN is also obliged to reimburse YPF for a certain portion of the transport rate in US dollars corresponding to the reassigned volume that was collected by TGN from April 29, 2004 to April 28, 2006. The Company carries an allowance for US\$ 3.5 million to cover this item, which had been set up at the end of the previous year.

In April 2007 the ENARGAS extended the redirecting of a firm transportation volume equal to 0.770 MMm3/day for one additional year in favor of GasNea and Redengás.

Furthermore, in May 2007 the ENARGAS instructed TGN to reassign in favor of the distributor Ecogás Cuyo a transport volume of 0.531 MMm3/day on a pro rata basis, originally destined for various direct chargers (other than distributors) of the Central-Western Gas Pipeline, for a term of one year counted as from the issue of the measure and renewable at the discretion of the ENARGAS. TGN has filed an administrative appeal against the measure before the administrative authority, despite that the Company considers that there are no economic effects requiring accounting recognition at the end of the period.

In April 2008, ENARGAS issued a regulatory order -without resolving the claims filed by TGN- whereby it modified its prior decisions approving a criterion for flexible redirecting for the benefit of GasNea, Ecogás Cuyo and Redengás, according to which the uninterrupted demand from those entities which exceeds their firm capacity contracted with TGN shall be satisfied affecting the abovementioned YPF transportation contract where necessary, as a result of the unavailable transportation in the system. The total volume awarded according to this mechanism from May 2008 to April 2009 (which may be extended at the discretion of ENARGAS) is 1,575 MMm3/day.

- vii. The situation regarding Trust for the 2006-2008 expansion work is described in Note 14.b) to the Company's financial statements.

TRANSPORTADORA DE GAS DEL NORTE S.A.

III) COMPARATIVE BALANCE SHEET STRUCTURE AT JUNE 30, 2008, 2007, 2006, 2005 and 2004

(in millions of pesos)

	As of 06.30.				
	2008	2007	2006	2005	2004
Current Assets	181	193	698	443	397
Non-current Assets	2,367	2,459	2,519	2,503	2,528
Total	2,548	2,652	3,217	2,946	2,925
Current Liabilities	187	222	1,693	1,295	1,166
Non-current Liabilities	1,003	1,137	717	747	847
Subtotal	1,190	1,359	2,410	2,042	2,013
Shareholders' Equity	1,358	1,293	807	904	912
Total	2,548	2,652	3,217	2,946	2,925

IV) COMPARATIVE STRUCTURE OF RESULTS FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2008, 2007, 2006, 2005 and 2004

(in millions of pesos)

	Six-month periods ended 06.30.				
	2008	2007	2006	2005	2004
Ordinary operating income	93.8	101.5	88.0	74.8	76.7
Financial and holding results, net	(12.0)	(65.1)	(140.8)	(46.4)	(94.9)
Gain on debt restructuring	-	-	0.4	3.8	-
Gain from equity investments, net	0.6	1.0	0.5	-	0.4
Other (expenses) income, net	1.4	0.3	(1.1)	(3.2)	3.9
Net result before income tax	83.8	37.7	(53.0)	29.0	(13.9)
Income Tax charge	(37.9)	(22.5)	8.0	(21.5)	(1.7)
Net income (loss) for the period	45.9	15.2	(45.0)	7.5	(15.6)

V) COMPARATIVE STATISTICAL DATA CORRESPONDING TO THE SIX-MONTH PERIODS ENDED JUNE 30, 2008, 2007, 2006, 2005 and 2004

Volume delivered in millions of cubic meters:

According to the type of carrying agreement

	Six-month periods ended 06.30.				
	2008	2007	2006	2005	2004
Firm transportation	7,232	7,703	8,172	7,740	8,068
Interruptible transportation and exchange and shifting	1,713	1,617	1,129	1,172	973
Total	8,945	9,320	9,301	8,912	9,041

According to the type of source

	Six-month periods ended 06.30.				
	2008	2007	2006	2005	2004
Norte Gas pipeline	3,624	3,747	3,544	3,569	3,239
Centro-Oeste Gas pipeline	5,321	5,573	5,757	5,343	5,802
Total	8,945	9,320	9,301	8,912	9,041

TRANSPORTADORA DE GAS DEL NORTE S.A.

VI) COMPARATIVE INDICATORS AT JUNE 30, 2008, 2007, 2006, 2005 and 2004

	Six-month periods ended 06.30.				
	2008	2007	2006	2005	2004
Current liquidity (1)	0.97	0.87	0.41	0.34	0.34
Solvency (2)	1.14	0.95	0.33	0.44	0.45
Freezing Capital (3)	0.93	0.93	0.78	0.85	0.86

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

Autonomous City of Buenos Aires, August 5, 2008

The Board of Directors
Eduardo Ojea Quintana

TRANSPORTADORA DE GAS DEL NORTE S.A.

Balance Sheets as of June 30, 2008
 compared with the year ended on December 2007
 (in thousands of Argentine Pesos, except per share amounts)

	June 30, 2008	December 31, 2007
ASSETS		
Current Assets		
Cash and banks	\$ 11,720	\$ 62,929
Short-term investments (Note 16.(c))	42,274	4,099
Accounts receivables, net (Note 4.a))	92,983	76,055
Other receivables, net (Note 4.b))	22,500	24,430
Materials and spare parts, net (Note 4.c))	11,359	11,359
Total Current Assets	180,836	178,872
Non-current Assets		
Other receivables (Note 4.b))	155,953	180,958
Materials and spare parts, net (Note 4.c))	37,673	34,866
Fixed Assets, net (Note 16.(a))	2,150,294	2,196,075
Investments (Note 16.(b))	2,423	1,778
Other assets	20,326	21,006
Total Non-Current Assets	2,366,669	2,434,683
Total Assets	2,547,505	2,613,555
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable (Note 4.d))	17,861	27,676
Debt (Note 10.a))	98,046	104,931
Salaries and social security payable	13,223	11,368
Taxes payable (Note 4.e))	9,212	10,945
Customer advances	166	-
Others (Note 4.f))	3,747	3,818
Subtotal	142,255	158,738
Contingencies (Note 12 and 16.(d))	44,516	49,378
Total Current Liabilities	186,771	208,116
Non-Current Liabilities		
Accounts payable (Note 4.d))	1,307	153
Debt (Note 10.b))	957,537	1,049,404
Others (Note 4.f))	15,527	15,527
Subtotal	974,371	1,065,084
Contingencies (Note 12 and 16.(d))	28,647	28,593
Total Non-Current Liabilities	1,003,018	1,093,677
Total Liabilities	1,189,789	1,301,793
Shareholders' Equity	1,357,716	1,311,762
Total Liabilities and Shareholders' Equity	\$ 2,547,505	\$ 2,613,555

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, 2008 and 2007**
(in thousands of Argentine Pesos, except per share amounts)

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Net revenues (Note 4.g)	\$ 245,713	253,199
Cost of services (Note 16.(f))	(126,968)	(118,962)
Gross Profit	118,745	134,237
Selling expenses (Note 16.(f))	(5,855)	(9,683)
Administrative expenses (Note 16.(f))	(19,023)	(23,030)
Operating income	93,867	101,524
Gain from equity investments, net	645	962
 Financial and holding results, net		
Generated by assets:		
Interest and indexing	1,201	3,381
Exchange rate differences	(8,106)	(200)
Others (Note 4.h)	(132)	(741)
Subtotal	(7,037)	2,440
Generated by liabilities:		
Interest and indexing	(47,115)	(50,333)
Exchange rate differences	46,051	(12,496)
Others (Note 4.h)	(3,945)	(4,722)
Subtotal	(5,009)	(67,551)
Other incomes, net (Note 4.i)	1,372	259
Income before income tax	83,838	37,634
Income tax charge (Note 7)	(37,884)	(22,487)
Net income for the period	45,954	15,147
Income per share in pesos (Note 6)	0.1046	0.0345

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, 2008 and 2007**
(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, 2006	439,374	506,053	945,427	46,205	125,588	160,574	1,277,794
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)	-
Net income for the period	-	-	-	-	-	15,147	15,147
Balances as of June 30, 2007	439,374	506,053	945,427	54,234	278,133	15,147	1,292,941
Board Meeting Resolution dated December 14, 2007:							
Distribution of cash dividends (Note 11.d))	-	-	-	-	(25,683)	-	(25,683)
Complementary income for the six-month period up to December 31, 2007	-	-	-	-	-	44,504	44,504
Balances as of December 31, 2007	439,374	506,053	945,427	54,234	252,450	59,651	1,311,762
Resolution adopted by the Ordinary Meeting of Shareholders held on April 22, 2008:							
Setting up of the legal reserve	-	-	-	2,982	-	(2,982)	-
Allocation to the voluntary reserve for future dividend distributions	-	-	-	-	56,669	(56,669)	-
Net income for the period	-	-	-	-	-	45,954	49,954
Balances as of June 30, 2008	439,374	506,053	945,427	57,216	309,119	45,954	1,357,716

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, 2008 and 2007**
(in thousands of Argentine Pesos, except per share amounts)

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Cash and cash equivalents as of beginning of the year .	\$ 64,131	\$ 39,191
Cash and cash equivalents as of end of the period (Note 4.j))	51,680	99,083
Net increase in cash.....	<u>(12,451)</u>	<u>59,892</u>
Cash flows from operating activities		
Net income for the period	45,954	15,147
Adjustments to arrive to cash net flow arising from operating activities:		
Income tax	37,884	22,487
Depreciation of fixed assets	61,297	58,438
Net book value of fixed assets written off	727	2,144
Increase in allowances and provisions, net	13,565	13,753
Financial and holding results generated by liabilities	47,115	50,333
Other financial and holding results	(43,340)	8,314
Gain on equity investments	(645)	(962)
Net changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(35,451)	3,923
Decrease (increase) in other receivables	10,004	(14,601)
(Increase) decrease in materials and spare parts and other assets	(1,560)	914
(Decrease) increase in accounts payable	(8,661)	1,354
Increase in salaries and social security payable	1,855	3,297
(Decrease) increase in taxes payable	(20,668)	11,010
(Decrease) increase in other payables	(71)	502
Decrease in contingencies	(2,593)	(181)
Net cash flows provided by operating activities.....	<u>105,412</u>	<u>175,872</u>
Cash flows from investing activities		
Purchase of fixed assets	(16,243)	(28,284)
Net cash used in investing activities.....	<u>(16,243)</u>	<u>(28,284)</u>
Cash flows from financing activities		
Payment and purchase of debt	(54,511)	(46,389)
Interest paid	(41,729)	(43,537)
Decrease in customer advances	166	171
Net cash used in financing activities.....	<u>(96,074)</u>	<u>(89,755)</u>
Financial and holding results generated by cash and cash equivalents		
Interests, exchange rate differences and other results generated by cash and cash equivalents	(5,546)	2,059
Total financial and holding results generated by cash	<u>(5,546)</u>	<u>2,059</u>
Net increase in cash and cash equivalents.....	\$ <u>12,451</u> \$	<u>59,892</u>

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, 2008 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. 23,696 and 24,076 ("Law on Gas") and the issuance of National Executive Branch ("PEN") Decree No. 1,189/92, 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 Gas del Estado S.E. ("GdE") pipelines in the northern and central-western regions of Argentina.

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

In view of the major changes in the main macroeconomic variables Argentina has recorded since the end of 2001, as from January 2002 the National 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. 25,561 on public Emergency and Exchange System Reform established the pesification of the rates of transportation of natural gas destined for the domestic market and the repeal of the semi-annual adjustment mechanism based on the Producer Price Index ("PPI"). Furthermore, this law authorized the National Executive Branch to renegotiate the public works and services contracts and rates.

Note 1.c) details several 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 measures severely restricting exports of natural gas to first ensure the supply of domestic consumption,. 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. Note 12.f) and h) describes certain aspects regarding the redirecting of the transport capacity and the contractual controversy related to the customer Eléctrica Santiago S.A.

- (iii) 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, 2008 no effects have been produced on the revenues from sales recognized by TGN. The Company considers that the start-up of the MEG will have an uncertain effect on income relating to the transported gas sold on that market.

- (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 and payment of the financial debts.

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, 2008 presented in comparative form
(In thousands of Argentine Pesos, except per share amounts)

1. The Company and its operations (Continued)

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

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, 2008 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 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
- (iii) Unplanned adjustments for other objective and justifiable reasons at the discretion of the ENARGAS.

Regarding the rate setting mechanism, as mentioned in Note 1.b), Law No 25,561 on Public Emergency established the pesification of the rates of transportation of natural gas destined for the domestic market and the repeal of the semi-annual adjustment mechanism based on the PPI.

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;

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, 2008 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)

- 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"). 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, 2008 (Law 26,339).

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.

TGN considers that the main obstacle to reach an agreement is the National State's insistence that an indemnity provision be added for its benefit, under which the effects of judgments or arbitration awards requiring Argentina to pay indemnifications to third parties supported by Law 25,561 on the License would be transferred to TGN.

Technical assistance agreement

Within its regulatory framework, TGN receives auditing 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 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 EBIT 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 six-month period ended June 30, 2008 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

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, 2008 presented in comparative form
(In thousands of Argentine Pesos, except per share amounts)

2. Preparation of financial statements (Continued)

(a) Purpose of these financial statements (Continued)

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 ("FACPCE"), 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.

A limited review was performed on the financial statements corresponding to the six-month periods ended June 30, 2008 and 2007. The Company's Board of Chairmans estimates that they include all the necessary adjustments to reasonably disclose the results for each period. The results of the six-month periods ended June 30, 2008 and 2007 do not necessarily reflect the proportion of the results of the Company for the complete financial years.

(c) 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, 2008 this deviation has not had a significant impact on the financial statements of TGN.

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

(d) 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, the legal and regulatory framework in which the Company is currently operating, the current status of the renegotiation of the License and the consequences of the gas supply shortage

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, 2008 presented in comparative form
(In thousands of Argentine Pesos, except per share amounts)

2. Preparation of financial statements (Continued)

(d) Use of estimates (Continued)

(mentioned in Note 1) 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.

(e) Comparative Information

The figures at December 31 and June 30, 2007 that are disclosed in these financial statements for comparative purposes arise from financial statements at these date.

Also, certain reclassifications of the comparative 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 year/period end exchange rates.

(c) Short-term investments

Short-term investments in mutual funds have been valued at the prices of units at the end of each period. Government securities have been valued at estimated net realizable value.

(d) Accounts receivables, net and Accounts payable

Accounts 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 receivables, net and other liabilities

Other non-current receivables, 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 year/period 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.

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Notes to the Unaudited Interim Financial Statements as of and for the six-month period ended June 30, 2008 presented in comparative form
(In thousands of Argentine Pesos, except per share amounts)

3. Summary of significant accounting policies (Continued)

(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, 2008 and December 31, 2007 (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.

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

(h) Fixed assets, 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.c)), 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, 2008 a pipeline recoating campaign was carried out over a length of 186 km. In accordance with ENARGAS Resolutions Nos. 1660 and 1903, \$ 59.9 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. The book value of the fixed assets does not exceeds their recoverable value.

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, 2008 presented in comparative form
(In thousands of Argentine Pesos, except per share amounts)

3. Summary of significant accounting policies (continued)

(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 recoverable 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, the allowance for doubtful accounts and the materials and spare parts obsolescence allowance, and from the valuation and useful life of fixed assets.

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.

(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. 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 recognized the notional minimum income tax accrued and paid until June 30, 2008 as credit, due to the fact that it estimates that in future fiscal years it may be able to record it as a payment on account of income tax. The aforementioned credit has been recorded at its nominal value.

The Company recognized minimum presumed income tax accrued in the year ended December 31, 2007 and the one paid in previous years as a credit since it estimates it can be computed as a prepayment on account of income tax. The mentioned credit has been computed at its nominal value.

Furthermore, the income tax accrued in the period ended June 30, 2008 exceeds minimum presumed income tax and consequently, no liability has been stated for minimum presumed income tax.

(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.

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

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, 2008 presented in comparative form
(In thousands of Argentine Pesos, except per share amounts)

3. Summary of significant accounting policies (continued)

(m) Allowances and provisions (continued)

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

(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.

(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.

Decreases 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 records an allowance for differences between the total amount invoiced and the estimate of the recoverability of certain balances in contractual and regulatory dispute, such as the cases described in Note 12.f) to these financial statements (redirection of gas), fines and index-adjustments. This allowance is recorded adjusting the net revenues line.

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.

Revenues from Management Contract fees relating to gas trust programs (as described in Note 14) have been recognized on the basis of the estimated degree of progress of the respective jobs and the portion incurred of the expenses budgeted for them.

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Notes to the Unaudited Interim Financial Statements as of and for the six-month period ended June 30, 2008 presented in comparative form
(In thousands of Argentine Pesos, except per share amounts)

3. Summary of significant accounting policies (continued)

(q) Balances and transactions with related parties

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

As for the information presented in Note 5, foreign related parties' shareholders, TGN's shareholders, shareholders of Gasinvest S.A. (TGN's controlling shareholder) and Transportadora de Gas del Mercosur S.A. have been considered as related parties. Additionally, directors and syndics have been considered as "Personnel who play a key role in Company's management".

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

	<u>June 30,</u> <u>2008</u>		<u>December 31,</u> <u>2007</u>
a) Accounts receivable, net			
<i>Gas transportation services</i>			
Billed			
Distributors	\$ 16,277	\$	14,049
Industrial	83,992		63,799
Generators	20,662		8,608
Unbilled	39,678		38,584
Subtotal	<u>160,609</u>		<u>125,040</u>
<i>Other services</i>			
Billed	475		112
Unbilled	861		1,342
Subtotal	<u>1,336</u>		<u>1,454</u>
Allowance for doubtful accounts (Note 16.d)	(7,710)		(9,289)
Allowance for disputed amounts (Note 16.d)	(61,252)		(41,150)
Total	\$ <u>92,983</u>	\$	<u>76,055</u>
b) Other receivables, net			
Current			
<i>Gas transportation services</i>			
Tax credits	\$ 929	\$	1,568
Minimum presumed income tax	1,014		-
Other tax credits	-		837
Directors' and management fees (Note 5)	968		1,863
Advances to employees	710		559
Deposit in escrow	125		16
Prepaid expenses	5,086		7,691
Receivables from transactions on behalf of third parties	5,068		7,834
Subtotal	<u>13,900</u>		<u>20,368</u>

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, 2008 presented in comparative form
(In thousands of Argentine Pesos, except per share amounts)

4. Breakdown of the main accounts (Continued)

		<u>June 30, 2008</u>		<u>December 31, 2007</u>
Other services				
Management fees - Gas Trust Program (Note 14)	\$	299	\$	830
Receivable with controlling shareholder (Note 5)		8		8
Receivables with equity investees (Note 5)		475		469
Other related parties (Note 5)		113		250
Sundry		8,622		5,615
Subtotal		<u>9,517</u>		<u>7,172</u>
Allowance for doubtful accounts (Note 16.(d))		(917)		(3,110)
Total	\$	<u>22,500</u>	\$	<u>24,430</u>
Non-current				
Gas transportation services				
Deferred tax asset, net (Note 7)	\$	55,653	\$	74,602
Minimum presumed income tax (Note 7)		72,571		84,379
Gross revenue tax withholdings		601		602
Deposit in escrow and disputed tax payments		7,063		6,888
Guarantee deposits		444		444
Allowance for deposit in escrow and disputed tax payments (Note 16.(d))		(7,063)		(6,888)
Subtotal		<u>129,269</u>		<u>160,027</u>
Other services				
Management contract fees relating to gas trust programs (Note 14)		26,151		20,416
Sundry		533		515
Subtotal		<u>26,684</u>		<u>20,931</u>
Total	\$	<u>155,953</u>	\$	<u>180,958</u>
c) Materials and spare parts, net				
Current				
Materials and spare parts	\$	11,359	\$	11,359
Total		<u>11,359</u>		<u>11,359</u>
Non-current				
Materials and spare parts		90,209		88,127
Allowance for slow-moving and obsolescence (Note 16.(d))		(52,536)		(53,261)
Total	\$	<u>37,673</u>	\$	<u>34,866</u>
d) Accounts payable				
Gas transportation services				
Current				
Suppliers	\$	2,496	\$	2,961
Equity Investees (Note 5)		23		-
Others related parties (Note 5)		2,414		6,450
Unbilled services		12,928		18,265
Total		<u>17,861</u>		<u>27,676</u>
Non-Current				
Others related parties (Note 5)		1,307		153
Total	\$	<u>1,307</u>	\$	<u>153</u>
e) Taxes payable				
VAT, net	\$	1,481	\$	785
Gross revenue tax		212		1,237
Minimum presumed income tax		-		4,904
Income tax		5,547		-
VAT withholdings		768		1,310
Income tax withholdings		1,069		2,585
Gross revenue tax withholdings		135		124
Total	\$	<u>9,212</u>	\$	<u>10,945</u>

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4. Breakdown of the main accounts (Continued)

	<u>June 30,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
f) Others		
Current		
Easements	\$ 2,175	\$ 1,410
Other related parties (Note 5)	-	85
Directors' and management fees (Note 5)	1,161	2,029
Customer's warrants and others	411	294
Total	3,747	3,818
Non-current		
Easements	15,527	15,527
Total	\$ 15,527	\$ 15,527
	<u>June 30,</u> <u>2008</u>	<u>June 30,</u> <u>2007</u>
g) Net revenues		
Gas transportation services		
Gas transportation services	\$ 252,161	\$ 241,242
Discounts as per Decrees No. 292/1520/814 (Note 3.(p))	(895)	(826)
Allowance for disputed amounts (Note 3.(p))	(20,058)	(8,222)
Subtotal Gas transportation services	231,208	232,194
Other services		
Pipeline O&M services	12,341	9,194
Management fees - Gas Trust Program (Note 14)	2,164	11,811
Subtotal other services	14,505	21,005
Total	\$ 245,713	\$ 253,199
h) Financial and holding results, net:		
Generated by assets:		
Bank commissions and expenses	\$ (281)	\$ (190)
Holding results	(1,587)	(600)
Loss on discounting of non-current and current assets	1,736	49
Total	(132)	(741)
Generated by liabilities:		
Bank commissions, expenses and taxes on banking and financial operations	(5,093)	(4,579)
Result of repurchases of debts	1,079	-
Loss on discounting of non-current and current liabilities	23	(157)
Discounts	46	14
Total	\$ (3,945)	\$ (4,722)
i) Other (expense) income, net		
Result of disposal of fixed assets and other expenses	\$ 1,026	\$ 89
Recovery of contingencies	347	203
Donations	(1)	(33)
Total	\$ 1,372	\$ 259
j) Cash and cash equivalents:		
Cash and banks	\$ 11,720	\$ 15,397
Mutual funds in foreign currency	-	72,371
Mutual funds in \$	3,881	6,685
Time deposits in \$	-	3,150
Government securities in pesos	-	1,480
Short-term investments in US\$ - Euroclear	36,079	-
Cash and cash equivalents as shown in the statements of Cash flows	\$ 51,680	\$ 99,083

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5. Balances and transactions with related parties

Balances with related parties

	June 30, 2008	December 31, 2007
Accounts receivable:		
Other related parties	\$ 524	\$ 266
Other receivables:		
Current:		
Receivable with controlling shareholder (Note 4.b))..	8	8
Foreign related parties (Note 4.b))	475	469
Other related parties (Note 4.b))	113	250
Directors' and management fees (Note 4.b))	968	1,863
Accounts payable:		
Current:		
Foreign related parties (Note 4.d))	23	-
Other related parties (Note 4.d))	2,414	6,450
Non-Current:		
Other related parties (Note 4.d))	1,307	153
Others:		
Other related parties (Note 4. f))	-	85
Directors' and management fees (Note 4.f))	1,161	2,029

Transactions with related parties

	June 30, 2008	June 30, 2007
Controlling shareholder:		
Other income	\$ 13	\$ 13
Foreign related parties:		
Net revenues	56	14
Others	-	107
Cost of services	(25)	-
Other related parties:		
Net revenues	1,345	1,271
Cost of services	(7,961)	(8,744)
Others	-	710
Full expenses by third party account	132	140
Directors' and management fees:		
Fees related to administrative tasks (Note 16.(f))...	(942)	(1,046)
Professional fees	(312)	(226)

6. Income per share

Income per ordinary share have been calculated as the quotient obtained by dividing the results for the six-month periods ended June 30, 2008 and 2007, by the weighed average of outstanding ordinary shares, which made a total of 439,373,939 shares at those dates.

At June 30, 2008 and 2007 there are no debt securities convertible into shares, so no diluted earnings per share have been disclosed.

7. Income tax and MPIT

A breakdown of the Company's deferred tax assets and liabilities as of June 30, 2008 and December 31, 2007 are presented below:

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7. Income tax and MPIT (Continued)

	June 30, 2008	December 31, 2007
Deferred tax assets and liabilities:		
Accounts receivable	\$ 18,938	\$ 17,405
Other receivables	12,605	11,445
Fixed assets	(21,364)	(22,043)
Materials and spare parts	18,388	18,641
Other assets	(5,462)	(5,700)
Accounts payable	1,191	1,992
Expenses related to debt restructuring	10,789	10,822
Contingencies	20,568	22,189
Tax loss carry forwards	-	87,621
Allowance for tax loss carry-forwards	-	(67,770)
Net deferred tax asset	\$ 55,653	\$ 74,602

According to General Resolution No. 487/06 of the National Securities Commission (CNV), and by the application of the professional accounting standards in force as from 2006 (CD Resolution No. 93/05 of the Professional Council in Economic Sciences of the Autonomous City of Buenos Aires, C.P.C.E.C.A.B.A), the Company chose to recognize the inflation adjustment contained in the accounting valuation of the fixed assets as a permanent difference. Had there been followed the option contemplated in those provisions (recognition as a temporary difference), the deferred liability would have increased by approximately \$ 364.6 million, and its reversal would have taken place in a total approximate term of 19 years, according to the following annual detail:

Year	Inflation adjustment that would be reversed	Effect on the income tax charge
Period/year	Million \$ (projected figures - not audited)	
2008 (III and IV quarter)	26.5	9.3
2009	52.5	18.4
2010	52.4	18.3
2011	51.7	18.1
2012	51.2	17.9
2013	50.3	17.6
2014	50.2	17.6
2015	49.9	17.5
2016	49.3	17.3
2017	48.8	17.1
2018	43.2	15.1
2019	42.7	14.9
2020	41.1	14.4
2021	40.2	14.1
2022	39.4	13.8
2023	33.1	11.6
2024	29.0	10.2
2025	27.3	9.6
2026	23.0	8.1
2027	239.7	83.7
Total	1,041.5	364.6

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7. Income tax and MPIT (Continued)

A reconciliation between current income tax expense and the amounts obtained by applying the Company's statutory income tax rate to pre-tax income is presented below:

	June 30, 2008	June 30, 2007
Net income before income tax	\$ 83,838	\$ 37,634
Income tax rate	35%	35%
Income tax charge at statutory tax rate	(29,343)	(13,172)
Permanent differences:		
Inflation adjustment	(9,275)	(9,518)
Donations and non-deductible expenses	-	(49)
Gain from equity investments, net	226	336
Others	508	(84)
Income tax charge	\$ (37,884)	\$ (22,487)
Current income tax charge	(18,935)	-
Deferred income tax charge	(18,949)	(22,487)
Income tax charge	\$ (37,884)	\$ (22,487)

Below is a reconciliation between the charge to earnings of the period for income tax, and the assessed tax for the period for fiscal purposes:

	06.30.08	06.30.07
Recorded income tax	(37,884)	(22,487)
Temporary differences:		
Financial results generated by short term investments	-	(44)
Variation in valuation for doubtful accounts	(2,693)	(2,904)
Variation in valuation of fixed assets	(679)	215
Variation of the provision for contingencies	1,621	(1,477)
Expenses relating to loan restructuring	33	1,260
Variation of the provision for inventories	253	(112)
Variation in accounts payable	801	(1,429)
Variation of tax loss carryforwards	19,851	27,122
Other net temporary differences	(238)	(144)
Total tax assessed for fiscal purposes	(18,935)	-

The balance of the tax loss carryforwards recorded by the Company liable to offsetting against tax profits of the six-month period ended June 30, 2008, is the following:

Year	Amount	Expires in
Tax loss carryforward of fiscal year 2004	38,447	2009
Tax loss carryforward of fiscal year 2005	18,275	2010
Total tax loss carryforward accumulated at June 30, 2008	56,722	

On the other hand, below is a detail of the breakdown of the credit for the minimum presumed income tax accumulated at June 30, 2008:

Year	Amount	Expires in
2002	12,959	2012
2003	14,097	2013
2004	15,366	2014
2005	16,295	2015
2006	12,362	2016
2007	13,426	2017
2008 (estimated)	(11,934)	
Balance at the closing of the period	72,571	

There have been taken into consideration for the calculation of the deferred tax, the projections of future taxable income. The projections have been built on the basis of the best estimate, in accordance with the guidelines pointed out in

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7. Income tax and MPIT (Continued)

Note 2.d), and taking into consideration the resolution of the uncertainties mentioned in Notes 1.b) and 1.c), referring to the modifications of the Argentine economic context and of the legal and contractual framework in which the Company operates. On the basis of said projections, the book value of the assets for deferred tax and for minimum presumed income tax does not exceed its recoverable value.

8. Segment information

The following table shows additional information about the income statements at June 30, 2008 and 2007 and the main balance sheet captions of the Company at June 30, 2008 and December 31, 2007 segregated by business segment:

For the six-month period ended June 30, 2008	Gas transportation services		Others	Total
	Domestic	Exports		
Net revenues	\$ 127,389	103,819	14,505	245,713
Cost of services, administrative and selling expenses (before depreciation and amortization)	(69,184)	(13,396)	(7,969)	(90,549)
Depreciation and amortization	(51,919)	(9,342)	(36)	(61,297)
Other income, net	1,162	209	1	1,372
Gain from equity investments, net	-	-	645	645
Financial and holding results, net	(10,203)	(1,836)	(7)	(12,046)
Income tax	1,245	(35,903)	(3,226)	(37,884)
Net income for the period	(1,510)	43,551	3,913	45,954

As of June 30, 2008	Gas transportation services		Others	Total
	Domestic	Exports		
Fixed assets, net	\$ 1,821,299	327,705	1,290	2,150,294
Accounts receivable, net	51,492	40,156	1,335	92,983
Debt	894,079	160,871	633	1,055,583
Other net assets	144,009	25,911	102	170,022
Shareholders' equity	1,122,721	232,901	2,094	1,357,716
Purchase of fixed assets	13,758	2,475	10	16,243

For the six-month period ended June 30, 2007	Gas transportation services		Others	Total
	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 income, net	220	39	-	259
Gain from equity investments, net	-	-	962	962
Financial and holding results, net	(55,149)	(9,923)	(39)	(65,111)
Income tax	31,358	(45,245)	(8,600)	(22,487)
Net income for the period	(21,120)	30,471	5,796	15,147

As of December 31, 2007	Gas transportation services		Others	Total
	Domestic	Exports		
Fixed assets, net	\$ 1,860,075	334,682	1,318	2,196,075
Accounts receivable, net	41,745	32,856	1,454	76,055
Debt	977,721	175,921	693	1,154,335
Other net assets	164,289	29,560	118	193,967
Shareholders' equity	1,088,388	221,177	2,197	1,311,762
Purchase of fixed assets	50,542	9,094	36	59,672

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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.

10. Debt

In view of the circumstances indicated in Note 1.b), as from 2002 the Company needed to postpone payment of certain financial debts which included negotiable obligation issue programs and loans from domestic and foreign financial institutions.

In August 2006 TGN publicly launched an offer to exchange its financial debt, which was accepted by 99.94% of creditors of the total debt subject to restructuring and, upon execution of the Out-of-court Reorganization Agreement with the accepting creditors, on September 29, 2006 TGN consummated the exchange privately, 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.

The abovementioned issuance of Class C 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. 15,466 dated September 14, 2006.

The Negotiable Obligations outstanding at June 30, 2008 have the following characteristics:

	Ordinary non-convertible Class A negotiable obligations	Ordinary non-convertible Class B negotiable obligations
Amount	VN US\$ 250.0 million	VN US\$ 203.6 million
Due date	December 31, 2012	December 31, 2012
Amortization	They are amortized every six month: at 9% in 2005, 12% during 2006 and 2007, 13.5% in 2008 and 2009, 15% in 2010 and 2011, and 10% in 2012	In a one-off payment
Interest	They accrue interest at an annual rate of 6.0% during 2005, at 6.5% between 2006 and 2010, and at 7.5% during 2011 and 2012, payable quarterly on March 31, June 30, September 30 and December 31 of each year.	They accrue interest at an annual rate of 7.0% during 2005, 7.5% during 2006 y 2007, 8.0% during 2008 y 2009, 9.0% during 2010, 9.5% during 2011 y 10% during 2012, payable quarterly on March 31, June 30, September 30 and December 31 of each year.

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10. Debt (Continued)

The main restrictions under the indebtedness agreements, 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, are the following:

(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 (amount called "*creditor's cash surplus*"), 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 discretionary purposes.

Creditor's cash surplus and the *available basket amount* registered and available as of June 30, 2008 arise to US\$ 1.1 millions and \$ 7.9 millions, respectively.

(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.

(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

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10. Debt (Continued)

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, 2008 and December 31, 2007, the breakdown of the Company's loans is as follows:

	06.30.08	12.31.07
	Thousands of \$	
a) Current		
Ordinary non-convertible Class A	95,760	100,923
Creditors not accepting the exchange offer	127	2,105
Adjustment to arrive at present value	2,159	1,903
Total current	98,046	104,931
b) Non Current		
Ordinary non-convertible Class A	331,612	399,956
Ordinary non-convertible Class B	615,981	641,231
Adjustment to arrive at present value	9,944	8,217
Total Non-current	957,537	1,049,404
Total Debt	1,055,583	1,154,335

Below is a reconciliation between the accounting balance of Series A and Series B Negotiable Obligations and the balance calculated at their nominal value under the financial agreements in effect since September 2006:

	06.30.08	12.31.07
	Thousands of \$	
Total loans as per financial condition	1,055,583	1,154,335
Adjustments to arrive at the present value (using an IRR)	(12,103)	(10,120)
Nominal capital plus interest accrued at a contractual rate	1,043,480	1,144,215

During the six-month period ended June 30, 2008 TGN repurchased US\$ 2.0 million of its financial debt corresponding to the Series A Negotiable Obligations and paid US\$ 1.6 million. The result of those repurchases, which amounted approximately to \$ 1.1 million, will be allocated to Financial and Holding Results generated by liabilities.

Furthermore, in the current period, TGN settled a debt for US\$ 0.5 million (nominal value) it held with creditors that had not accepted the exchange offer made by the Company in September 2006.

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10. Debt (Continued)

The steady deterioration of the Company's economic and financial equation, which is due to the continuous freezing of domestic rates, together with a fall in revenues from transportation of exports caused by the lack of exportable gas balances, and a widespread increase in its costs, produces uncertainty as to TGN's ability to continue to meet its financial covenants in the future under the conditions agreed upon.

Creation of a Global Program for the Issuance of Ordinary Negotiable Obligations, Not Convertible for Shares

Resolutions adopted by the Board of Directors of TGN on December 11, 2007 and by the Ordinary Meeting of Shareholders held on January 22, 2008 established the creation of a new global program for the issuance of ordinary Negotiable Obligations not convertible for shares, which qualify as Negotiable Obligations under the terms of Law No. 23,576 (text pursuant to Law No. 23,962), for a nominal value of up to US\$ 400 million or its equivalent in other currencies at any time. The duration of this Global Program shall be five years counted as from the date of its approval by the Argentine Securities Commission. That Program will be used as a tool to facilitate the implementation, of decisions to be made by the Company in terms of financial policy, particularly, the renewal of current debt at the due date and/or the improvements under the terms and conditions currently in force.

On July 17, 2008, Commission's resolution N° 15,928 approved the creation of the abovementioned program.

11. Shareholders' 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	-
Total		439,374				

(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 and (ii) the quality of the service is not affected.

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11. Shareholder's equity (Continued)

(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.iii).

(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.

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, 2008 the allowance set up by the Company amounted to \$ 73.2 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. In view of the uncertain outcome of this issue, reserving the pertinent rights, the Company paid the amounts claimed and has been paying the accrued tax since April 2004.

(b) Fines imposed by the ENARGAS

At the date of issuance of these financial statements, the Company records eighteen fines applied by the ENARGAS for a total amount of \$ 5.9 million, of which six fines for \$ 0.8 million have been appealed in the administrative orbit and twelve fines for \$ 5.1 million have been appealed before the judicial courts.

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12. Contingencies (Continued)

(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 MMm³/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.

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 m³/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, 2008, the allowance amount recorded to settle possible claims being made by AES was calculated on the basis of the present value of compensation.

(d) Tax assessments related to payments to note holders

In December 2004 the Company was notified of two resolutions whereby the Argentine Tax Authority officially assessed income and value added tax amounts of \$ 50.7 million and \$ 31.7 million, respectively. These amounts include compensatory interest and fines calculated based on the interest accrued on the Global Negotiable Obligation Issue Programs. TGN appealed these resolutions before the National Tax Tribunal.

Those resolutions are related to the verification of compliance with the necessary requirements for the yields paid to holders of Negotiable Obligations to be entitled to the benefits granted by Section 36 bis of Law No. 23,576.

In August 2007 the National Tax Authority acquiesced to the Company's claim dropping its claim of income tax in its entirety and in September 2007, it partially acquiesced to Company's claim regarding value added tax. The settlement of these claims was consented to by TGN, the National Tax Tribunal having yet to render judgment approving it. As a result of the acquiescence to the Company's claim by the Tax Authority, the latter's claim, which is restricted exclusively to value added tax on the Program relating to the International Finance Corporation ("IFC") and continues to be in dispute with the Company, was reduced to \$ 14.6 million.

In December 2007 the Company was notified of a resolution whereby the Tax Authority assessed interest and fines relating to value added tax corresponding to

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12. Contingencias (Continued)

(d) Tax assessments related to payments to note holders (Continued)

those programs (for the period from January to May 2002, subsequent to that included in the assessments alluded to above). The claim amounts to \$ 3.6 million.

The Company has appealed this new debt assessment resolution before the National Tax Tribunal.

On the basis of these developments, TGN recovered \$ 20.0 million of the provision originally set up, allocating such recovery to Administrative Expenses - Lawsuits.

(e) 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.

(f) Redirecting of the transportation capacity

In April 2006, the ENARGAS adopted two resolutions establishing: (i) the reassignment for the term of one year -renewed for an additional year in April 2007- to the distributor GasNea and the sub-distributor Redengás of certain firm transportation capacity volume 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, 2004 and April, 2006, and (iv) obliging TGN to reimburse YPF for the proportional part of the transportation rate in US dollars collected by TGN from April, 2004 to April, 2006 for the reassigned volume. In relation to the latter point, the Company carries the allowance set up at March 31, 2008 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 filed an appeal before a higher administrative authority as it considered that the ENARGAS lacks jurisdiction over the adoption of those resolutions, which also infringe the Company's vested rights.

In April 2007 the ENARGAS renewed for the term of one year, the redirectings of transport capacity to Gasnea and Redengas of a volume of firm transport capacity equal to 0.770 MMm3/d.

In May 2007 the ENARGAS instructed TGN to apportion the reallocation of certain 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.

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12. Contingencies (Continued)

(f) Redirecting of the transportation capacity (Continued)

In April 2008, ENARGAS issued a regulatory order -without resolving the claims filed by TGN- whereby it modified its prior decisions approving a criterion for flexible redirecting for the benefit of GasNea, Ecogás Cuyo and Redengás, according to which the uninterrupted demand from those entities which exceeds their firm capacity contracted with TGN shall be satisfied affecting the abovementioned YPF transportation contract where necessary, as a result of the unavailable transportation in the system. The total volume awarded according to this mechanism from May 2008 to April 2009 (which may be extended at the discretion of ENARGAS) is 1,575 MMm3/day.

The regulatory order establishes that payments YPF is to make to TGN by virtue of that mechanism shall include a deduction arising from the transportation capacity that might not be authorized for that loader because of the redirecting stipulated, and that the redirected volumes shall be invoiced to the companies using them at the applicable firm rate charged.

At the date of issue of these financial statements TGN considered that, considering the abovementioned resolution, there were no other economic effects which should be charged against the Company's earnings.

(g) Stamp duty - Salta- Operation and Maintenance Contract

Revenue Bureau of Salta Resolution No. 1,649 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.

(h) Controversy raised by Eléctrica Santiago S.A.

In February 2008, the Chilean customer Eléctrica Santiago S.A. ("ESSA") communicated to TGN its unilateral decision to terminate the firm transportation contract, arguing the alleged impossibility of fulfillment of the contractual purpose, and informed that it was thus ceasing to pay the applicable rate with effect as from January 1, 2008. TGN rejected this line of argument, and demanded compliance with the contract. TGN is still making the hired transportation capacity available to ESSA, and issuing invoices for the service rendered. Considering the rate in force in the first half of 2008, the annual invoicing to ESSA for the firm transportation service amounts to US\$ 9 million.

In March 2008, the Company was notified of the controversy (claim) filed by ESSA against TGN before the ENARGAS, invoking the jurisdictional powers of said entity under section 66 of Law No. 24,076. The purpose of the controversy is to

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12. Contingencies (Continued)

(h) Controversy raised by Eléctrica Santiago S.A.(Continued)

request the ENARGAS to declare the termination of the firm transportation contract through no fault of any of the parties as from December 21, 2007, with the argument that the provision of the public service of gas transportation is impossible to fulfill, due -according to ESSA- to the unforeseeable extinction of their right to have natural gas liable to be exported from Argentina. Subsidiarily, ESSA alleges the frustration of the contract's purpose, and requests that ENARGAS establish a special rate applicable to a reserve of transportation capacity that cannot be used due to lack of gas.

In May 2008, the Company answered the complaint requesting that ENARGAS be dismissed for lack of jurisdiction and requesting, in the alternative, that the complaint be rejected on the grounds that under applicable common law provisions, the regulatory framework, and the contract (i) none of the reasons for termination invoked by ESSA exist, and (ii) that gas supply is a risk run exclusively by the loader.

13. TGN financial trusts

On March 8, 2004, in accordance with ENARGAS Resolution 2,877 and the Law N° 24,441, the Company (as "Trustor") and HSBC Bank Argentina S.A. (as "Trustee") entered into a Trust Agreement. 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.

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 June 30, 2008 the investment amounts to \$ 29 million and its residual value is approximately \$ 24 million at that date.

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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.

As instructed by the ENARGAS through Note No. 3,767, 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, which shall be destined to satisfying the demand of electric energy generators for supplying the internal market (49% of the total capacity to be expanded), gas distributors for the supply of residential users and CNG (38%) and other industrial users and commercializing companies of the provinces of Salta, Tucumán, Córdoba, Santa Fe and Buenos Aires (13%).

This project will imply the construction of approximately 1855 km of parallel pipelines, and the incorporation of 55000 HP in additional power in three new plants and in two already existing compressor plants.

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.

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14. Financial trusts for expansion on the local market organized by the Argentine Energy Secretariat (Continued)

b) Trust for the 2006-2008 expansion work (Continued)

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 will be \$ 75.8 million (before value added tax).

Towards the end of 2007 there began the enlargement works in the sections of the Northern Pipeline allocated to the first stage of the project. These works will increase by 1.5 MM^{m³/d} the transportation capacity of the section of the Northern Pipeline between the compressor plant of Lumbreras (Salta) and that of San Jerónimo (Santa Fe). For that, there shall be built 319 km of new pipelines, a 10300 HP compressor plant and the adjustment of other compressor plants and already existing measurement and regulation stations.

For the repayment of these investments, the ENARGAS created a specific new charge through Resolution No. 3,689/07, which is being applied to all the users of the gas system except residential users, CNG, and the General Service-Small Users, which amounts to 380% of the transportation rate in force, but which is being abated by 20% until December 2008.

Notwithstanding the commencement of the works, and due to causes outside the control of TGN, the enlargement works are delayed, and thus the Company considers that changes could be agreed upon in the construction schedule and the conditions of the contracts originally executed; their effects cannot be estimated as of this date.

With regard to the abovementioned, on March 17, TGN received from Nación Fideicomisos a note requesting, among other things, that a proposal for renegotiation of the management fee payment agreed be submitted. In view of this request and the significant delays in payments by Nación Fideicomisos, for which the Company has held meetings with its officers without obtaining any positive results, the respective billings have been suspended since April 2008.

At June 30, 2008, the receivable billed for those fees under the contract terms originally agreed amounts to \$ 60.4 million including VAT, which the Company has recorded for \$ 26.2 million, based on the estimate of the revenue accrual, as described in Note 3.p), and on the estimate of its present value.

15. Subsequent events

Subsequent to June 30, 2008, 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.

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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

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16. Other financial statement information (Continued)

(a) Fixed Assets, net

Items	06.30.2008										12.31.2007		
	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 %	ammount	Disposals	Transfers			Accumulated at the end of the period
Land.....	3,275	-	(1)	-	3,274	-	-	-	-	-	-	3,274	3,275
Buildings and constructions...	76,495	-	(21)	52	76,526	18,690	2	765	-	-	19,455	57,071	57,805
Installations and fixtures....	2,067	-	-	113	2,180	554	4	41	-	-	595	1,585	1,513
Gas pipelines.....	2,019,450	-	(37)	(328)	2,019,085	580,440	3.33 and 2.22	29,590	(15)	(1,766)	608,249	1,410,836	1,439,010
Recoating (i)	57,775	-	-	2,063	59,838	4,614	5.88	-	-	1,680	6,294	53,544	53,161
High-pressure branch lines ...	661	-	-	100	761	249	3.33 and 2.22	10	-	6	265	496	412
Compressor Plants	840,108	-	(361)	846	840,593	337,204	4	24,181	(169)	43	361,259	479,334	502,904
High pressure control and/or measurement stations	67,585	-	(378)	1,433	68,640	32,190	5	1,840	(173)	-	33,857	34,783	35,395
Other technical installations	45,353	-	-	473	45,826	23,372	6.67	1,234	-	-	24,606	21,220	21,981
Machinery, equipment and tools	23,276	-	(127)	793	23,942	18,980	10, 20 and 50	657	(111)	23	19,549	4,393	4,296
Computer and telecommunications system.....	72,279	-	(117)	378	72,540	45,458	10 and 20	2,043	(95)	(5)	47,401	25,139	26,821
Vehicles.....	16,474	-	(1,348)	509	15,635	13,933	20	508	(1,103)	(5)	13,333	2,302	2,541
Furniture and fixtures.....	9,769	-	(10)	128	9,887	8,740	10	129	(7)	4	8,866	1,021	1,029
Assets held at third parties ..	6,549	-	(4)	63	6,608	5,255	12.5	299	(4)	20	5,570	1,038	1,294
Work in process.....	43,786	15,654	-	(5,434)	54,006	-	-	-	-	-	-	54,006	43,786
Advances to suppliers	852	589	-	(1,189)	252	-	-	-	-	-	-	252	852
Total as of 06.30.2008	3,285,754	16,243	(2,404)	-	3,299,593	1,089,679		61,297	(1,677)	-	1,149,299	2,150,294	-
Total as of 12.31.2007	3,231,538	59,672	(5,456)	-	3,285,754	974,390		118,378	(3,089)	-	1,089,679	-	2,196,075

(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					
					06.30.2008	12.31.2007		Latest financial statements					
								Date	Capital stock and capital adjustment	Other Reserves	Retained earnings	Shareholders' equity	% of direct holding
Non-current investments													
Comgas Andina S.A.	Common	(a) 1	490	246	2,423	1,778	Gas pipeline services	06.30.08	8	-	4,936	4,944	49.0
Companhia Operadora de Rio Grande do Sul (Note 16.(d) and 3.f))	Common	(b) 1	49	0.1	259	210	Gas pipeline services	06.30.08	-	133	396	529	49.0
Impairment of investment .					(259)	(210)							
Total				246.1	2,423	1,778							

- a. Chilean Pesos
b. Brazilian Reais

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16. Other financial statement information (Continued)

(c) Short-term investments

		June 30, 2008		December 31, 2007
Short-term investments in US\$ - Euroclear	\$	36,079	\$	-
Mutual funds in \$		3,881		1,202
Government bonds - Discount bond		2,314		2,897
Total	\$	42,274	\$	4,099

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16. Other financial statement information (Continued)

(d) Allowances and provisions

	06.30.2008			12.31.2007		
	Balances at the beginning of the year	Net increases	Decreases	Balances at the end of the period	Balances at the end of the year	
Deducted from assets						
Current						
Allowance for doubtful accounts.....	9,289	(1,579)	(2)	-	7,710	9,289
Allowance for disputed amounts and others	41,150	20,102	(1)	-	61,252	41,150
Allowance for other receivables.....	3,110	(2,193)	(2)	-	917	3,110
Subtotal	53,549	16,330		-	69,879	53,549
Non Current						
Allowance for disputed tax payments and judicial escrow accounts.....	6,888	175	(4)	-	7,063	6,888
Allowance for slow-moving and obsolescence	53,261	(725)	(5)	-	52,536	53,261
Allowance for impairment of COPERG (Note 16.(b) and 3.(f)).....	210	49	(3)	-	259	210
Subtotal	60,359	(501)		-	59,858	60,359
Total allowances deducted from assets	\$ 113,908	15,829		-	129,737	113,908
Included in Liabilities						
Current						
Provision for contingencies.....	49,378	(2,269)	(4)	(2,593)	44,516	49,378
Non Current						
Provision for contingencies.....	28,593	54	(4)	-	28,647	28,593
Total provisions included in liabilities	77,971	(2,215)		(2,593)	73,163	77,971
Total as of 06.30.2008	\$ 191,879	13,614		(2,593)	202,900	-
Total as of 12.31.2007	\$ 161,986	30,418		(525)	-	191,879

(1) \$ 20,058 charged to Net Revenues (Nota 4.g) and \$ 44 to Selling Expenses - Allowance for doubtful accounts (Note 16.f)).

(2) Charged to Selling Expenses - Allowance for doubtful accounts (Note 16.f)). Does not include \$ 940 related to a client's agreement, charged directly to Selling Expenses - Allowance for doubtful accounts (Note 16.f)).

(3) Charged to Gain from equity investments.

(4) \$ (1,606) recovery charged to Administrative expenses - Provision for contingencies (Note 16. f)) and \$ (434) charged to Selling Expenses - Provision for contingencies (Note 16.f)).

(5) Recovery charged to Allowance for slow-moving and obsolescence (Note 16.f)).

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16. Other financial statement information (Continued)

(e) Assets and liabilities in foreign currency

	06.30.2008				12.31.2007			
	Foreign currency class and amounts	Exchange rate		Amount in Thousands of \$	Foreign currency class and amounts	Amount in Thousands of \$		
Assets								
Current assets								
Cash and banks								
Cash	US\$	10	2.985	\$ 29	US\$	11	\$	33
Banks	US\$	3,323	2.985	9,920	US\$	18,572		57,739
				<u>9,949</u>				<u>57,772</u>
Short-term investments								
Short-term investments in US\$ - Euroclear	US\$	12,087	2.985	36,079				-
Government bonds - Discount bonds	US\$	775	2.985	2,314	US\$	932		2,897
				<u>38,393</u>				<u>2,897</u>
Accounts receivable								
Gas transportation services (1)	US\$	28,944	2.985	86,397	US\$	19,057		59,248
Other services	US\$	566	2.985	1,691	US\$	874		2,717
				<u>88,088</u>				<u>61,965</u>
Other receivables								
Prepaid expenses on behalf of third parties and others	R\$	114	1.690	193	R\$	114		192
	US\$	579	2.985	1,729	US\$	609		1,893
				<u>1,922</u>				<u>2,085</u>
Total current assets				\$ 138,532			\$	124,719
Non-current assets								
Other receivables								
Guarantee deposits	US\$	200	2.985	597	US\$	200		622
				<u>597</u>				<u>622</u>
Investments								
Comgas Andina (Note 16.b)	\$ch	398,785	0.0061	2,423	\$ch	276,705		1,778
				<u>2,423</u>				<u>1,778</u>
Total non-current assets				\$ 3,020			\$	2,400
Total assets				\$ 141,372			\$	127,119

(1) Nominal value of the gas transportation services receivables, not considering the allowances for doubtful accounts.

TRANSPORTADORA DE GAS DEL NORTE S.A.

Notes to the Unaudited Interim Financial Statements as of and for the six-month
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16. Other financial statement information (Continued)

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

	06.30.2008			12.31.2007		
	Foreign currency class and amounts	Exchange rate	Amount in Thousands of \$	Foreign currency class and amounts	Amount in Thousands of \$	
Liabilities						
Current liabilities						
Accounts payable						
Suppliers	US\$	51	3.025	\$	155	US\$ 48 \$ 151
					-	£ 53 335
Other related parties	US\$	747	3.025	US\$	2,260	US\$ 1,977 6,225
Foreign related parties	\$ch	3,788	0.0061		23	-
					<u>2,438</u>	<u>6,711</u>
Customer advances	US\$	55	3.025		<u>166</u>	<u>-</u>
					<u>166</u>	<u>-</u>
Debt (2)						
Ordinary non-convertible Class A	US\$	31,656	3.025	US\$	95,760	US\$ 32,049 100,923
Creditors not accepting the exchange offer	US\$	42	3.025	US\$	127	US\$ 668 2,105
					<u>95,887</u>	<u>103,028</u>
Total current liabilities				\$	<u>98,491</u>	\$ <u>109,739</u>
Non-current liabilities						
Accounts payable						
Other related parties	US\$	432	3.025	US\$	1,307	US\$ 49 153
					<u>1,307</u>	<u>153</u>
Debt (2)						
Ordinary non-convertible Class A	US\$	109,624	3.025	US\$	331,612	US\$ 127,010 399,956
Ordinary non-convertible Class B	US\$	203,630	3.025	US\$	615,981	US\$ 203,630 641,231
					<u>947,593</u>	<u>1,041,187</u>
Total non-current liabilities				\$	<u>948,900</u>	\$ <u>1,041,340</u>
Total liabilities				\$	<u>1,047,391</u>	\$ <u>1,151,079</u>

US\$: United States dollars
\$ch : Chilean Pesos
R\$: Brazilian Reais
£ : Pounds
(2) Debt nominal value

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Notes to the Unaudited Interim Financial Statements as of and for the six-month
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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 06.30.2007	
	Total At 06.30.2008	Transportation service	Other services	Total	Transportation service	Others services				Total
Fees for Directory and the Committee of Syndics	942	-	-	-	-	-	942	-	1,046	
Fees for professional services	5,019	418	1,747	2,165	170	-	2,413	271	2,732	
Salaries, wages and other personnel benefits	31,485	18,180	2,922	21,102	293	-	9,079	1,011	25,068	
Social security contributions	6,155	4,160	526	4,686	72	-	72	1,397	4,966	
Fees for technical operator services	6,863	6,863	-	6,863	-	-	-	-	7,734	
Foreing staff residences	1,092	1,092	-	1,092	-	-	-	-	1,009	
Consumption of spare parts and materials	9,542	5,894	180	6,074	-	-	26	3,442	8,378	
Gas imbalance	575	575	-	575	-	-	-	-	228	
Third party services and supplies .	2,217	1,875	183	2,058	9	-	9	150	1,908	
Maintenance and repair of fixed assets	21,165	11,397	837	12,234	7	-	7	483	17,859	
Travel expenses	3,398	2,167	523	2,690	20	-	20	313	2,497	
Freight and transportation	573	379	26	405	-	-	7	161	994	
Communications	565	337	73	410	7	-	7	137	463	
Insurance	2,796	2,641	-	2,641	-	-	155	-	3,024	
Office supplies	898	323	48	371	14	-	14	476	670	
Rentals	800	305	241	546	5	-	5	25	660	
Easements	2,602	2,602	-	2,602	-	-	-	-	2,796	
Taxes, rates and contributions	12,571	174	12	186	7,712	625	8,337	4,048	12,464	
Fixed assets depreciation	61,297	60,403	36	60,439	123	-	123	735	58,438	
Fixed assets expenses	1,610	-	-	-	-	-	-	1,610	2,107	
Doubtful accounts	(2,788)	-	-	-	(2,788)	-	(2,788)	-	812	
Contingencies	(2,040)	-	-	-	(434)	-	(434)	(1,606)	4,401	
Material and spare parts slow-moving and obsolescence	(725)	(725)	-	(725)	-	-	-	-	318	
Others.....	817	528	26	554	20	-	20	243	732	
Total at 06.30.2008	167,429	119,588	7,380	126,968	5,230	625	5,855	19,023	15,583	-
Total at 06.30.2007	-	112,287	6,675	118,962	8,826	857	9,683	23,030	9,629	161,304

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Notes to the Unaudited Interim Financial Statements as of and for the six-month
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16. Other financial statement information (Continued)

(g) Aging of assets and liabilities

	06.30.2008			
	Short-term investments	Account receivables and other receivables (a)	Debt	Other liabilities (b)
a) Past due until				
06.30.2007	-	23,843	105	-
09.30.2007	-	6,218	2	-
12.31.2007	-	14,851	2	-
03.31.2008	-	41,864	2	-
06.30.2008	-	29,258	2	-
b) Without due date	42,274	154,473	12,117	11
c) To be due				
09.30.2008	-	64,027	-	41,660
12.31.2008	-	3,947	47,880	1,377
03.31.2009	-	148	-	-
06.30.2009	-	1,108	47,880	1,161
06.30.2010	-	8,096	101,080	15,527
06.30.2011	-	101	106,400	-
06.30.2012	-	444	88,666	-
06.30.2013	-	-	651,447	1,307
Total at 06.30.2008	42,274	348,378	1,055,583	61,043
a) Balances subject to adjustment	6,195	4,587	-	-
b) Balances not subject to adjustment ...	36,079	343,791	1,055,583	61,043
Total at 06.30.2008	42,274	348,378	1,055,583	61,043
a) Interest bearing balances	37,843	1,227	1,043,458	675
b) Non - interest bearing balances	4,431	347,151	12,125	60,368
Total at 06.30.2008	42,274	348,378	1,055,583	61,043

(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. ("TGN") as of June 30, 2008, and the related statements of operations, of changes in shareholders equity and of cash flows for the six-month periods ended June 30, 2008 and 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.

Additionally, 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 \$2,344 million as well to the capacity to meet the future maturities of its financial obligations under conditions agreed upon, as mentioned in Note 10.

As explained in Note 14.b) to the accompanying financial statements, the Company is a party in a project management contract entered into for the 2006-2008 expansion works. The Company has recorded a net receivable of \$ 26.2 million for its services, the collection of which within expected terms is overdue. Similarly, delays are being experienced in the execution of the works, which could in the future lead to changes in schedules and conditions agreed upon under the contract. As a result, uncertainty exists on the effects that this situation might create on the value of recorded receivables and future revenues under this management contract.

We previously audited in accordance with auditing standards generally accepted in Argentina, the balance sheet as of December 31, 2007, 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 4, 2008,

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, 2007, 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, 2008 and 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, fourth and fifth 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 the preceding paragraphs three, four and five of this report.

Autonomous City of Buenos Aires, August 5, 2008

PRICE WATERHOUSE & CO. S.R.L.

By _____ (Partner)

Dr. Daniel Lopez Lado