TRANSPORTADORA DE GAS DEL NORTE S.A.

Unaudited interim financial statements as of and for the six-month period ended June 30, 2012, presented in comparative form

TRANSPORTADORA DE GAS DEL NORTE S.A.
Index to the unaudited interim financial statements

TRANSPORTADORA DE GAS DEL NORTE S.A.

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

I) ANALYSIS OF RESULTS AND FINANCIAL SITUATION

** Result for the six-month period ended June 30, 2012*

(In million of pesos)

	Six-month period ended 06.30		
	2012	**2011**	**Variation**
Revenues			
Gas carriage service	210.4	198.7	11.7
Allowances for disputed amounts and others	(23.4)	(20.0)	(3.4)
Subtotal gas carriage service	**187.0**	**178.7**	**8.3**
Other services:			
Gas pipeline operation and maintenance ("O&M") services	15.2	13.1	2.1
Management fees – Gas Trust Program	3.5	2.8	0.7
Subtotal other services:	**18.7**	**15.9**	**2.8**
Total Revenues	**205.7**	**194.6**	**11.1**
Cost of services			
Operating and maintenance costs	(112.8)	(94.7)	(18.1)
Fixed assets depreciation	(66.3)	(64.1)	(2.2)
Subtotal	**(179.1)**	**(158.8)**	**(20.3)**
Gross profit	**26.6**	**35.8**	**(9.2)**
Administrative and selling expenses	(69.9)	(50.4)	(19.5)
Operating loss	**(43.3)**	**(14.6)**	**(28.7)**
Results from foreign investments	0.8	-	0.8
Financial and holding results	(184.4)	(106.2)	(78.2)
Other income and expenses, net (3)	23.7	84.6	(60.9)
Loss before income tax	**(203.2)**	**(36.2)**	**(167.0)**
Income tax	62.4	2.8	59.6
Loss for the period	**(140.8)**	**(33.4)**	**(107.4)**
***EBITDA* (2) and (3)**	**51.3**	**137.1**	**(85.8)**

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

(2) Income before income tax, financial and holding results, depreciation and charges for consumable goods not entailing outlays of funds. If the item "Other income and expenses, net", mainly made up by commercial indemnifications (as explained in (3) below) had not been included, the level of EBITDA in both periods would have been $ 27.6 million and $ 52.5 million, respectively.

(3) Including earnings for $ 22.5 million and $ 84.0 million in 2012 and 2011, respectively, from settlement agreements entered into with export customers (Note 14).

(In million of pesos)

	06.30.12	**12.31.11**
Total assets	3,463	3,358
Total liabilities	2,458	2,212
Shareholders' equity	1,005	1,146

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

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

** Revenues*

By type of service:

(In million of pesos)

Type of service	***Six-month period ended 06.30***			
	2012	**%**	**2011**	**%**
Gas carriage	187.0	90.9	178.7	91.8
Gas pipeline O&M services – Gas Trust Program	18.7	9.1	15.9	8.2
Total revenues	**205.7**	**100.0**	**194.6**	**100.0**

- Gas carriage services

The net increase of $ 8.3 million between 2012 and 2011 first semester is mainly explained by:

i. increase of $ 10.4 million in billings nominated in foreign currency as a result of the joint effect of the increase in the dollar exchange rate and in the Producer Price Index ("PPI");

ii. $ 3.4 million decrease in 2012 due to higher allowances for disputed amounts, compared to 2011, mostly related to the situation of certain export customers; and

iii. higher income for $ 0.9 million mainly in interruptible services and exchange and displacement services.

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

The $ 2.8 million net increase between 2012 and 2011 first semester is mainly explained by higher revenues for $ 0.7 million related to management fee accrued in favor of TGN according to the gas trust programs mentioned in Note 16.b) and a price increase regarding O&M agreements in force for $ 2.1 million.

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

** Cost of services*

(In million of pesos)

Accounts	Six-month period ended 06.30		
	2012	**2011**	**Variation**
Fees for professional services	2.4	0.8	1.6
Salaries, wages and other personnel benefits and social security contributions	49.9	43.4	6.5
Fees for technical operator and audit services	6.7	6.1	0.6
Foreign staff residence	-	1.2	(1.2)
Consumption of spare parts and materials	8.3	6.9	1.4
Maintenance and repair of fixed assets and third–party services and supplies	27.4	22.3	5.1
Communications, freight, transportation and travel expenses	6.3	4.9	1.4
Insurance	3.1	2.5	0.6
Rentals and office supplies	1.3	1.2	0.1
Easements	6.3	4.0	2.3
Fixed assets depreciation	66.3	64.1	2.2
Slow-moving and obsolete materials and spare parts	0.2	1.0	(0.8)
Others	0.9	0.4	0.5
Total	**179.1**	**158.8**	**20.3**
% of Costs of services on revenues	**87.1%**	**81.6%**	

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

i. a $ 6.5 million increase in Salaries, wages and other personnel benefits and social security contributions as a result of pay increases, partially corresponding to inflation adjustment; and

ii. a $ 5.1 million increase in Maintenance and repairs of fixed assets and third party services and supplies, mainly due to the fact that in the period ended June 30, 2012 higher expenses were made in: a) gas pipeline maintenance ($ 1.9 million) and b) third party services and supplies and others ($ 3.2 million).

** Administrative and selling expenses*

(In million of pesos)

Accounts	Six-month period ended 06.30		
	2012	**2011**	**Variation**
Salaries, wages and other personnel benefits and social security contributions	22.8	22.1	0.7
Fixed assets depreciation	0.9	0.9	-
Fees for professional services	3.8	2.4	1.4
Taxes, rates and contributions	18.7	16.9	1.8
Communications, freight, transportation and travel expenses	1.1	0.9	0.2
Maintenance and repair of fixed assets and third-party services and supplies	1.4	0.7	0.7
Rentals and office supplies	0.7	0.7	-
Doubtful accounts	2.7	3.0	(0.3)
Contingencies	1.4	1.4	-
Statutory auditors committee’s fees	0.5	0.4	0.1
Board of Director’s fees	0.2	-	0.2
Fees for technical-administrative services	0.7	0.5	0.2
Compensation for damages	14.3	-	14.3
Others	0.7	0.5	0.2
Total	**69.9**	**50.4**	**19.5**
% of Administrative and selling expenses on revenues	**34.0%**	**25.9%**	

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

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

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

i. a $ 1.8 million increase in Taxes, rates and contributions. The most significant variation was the higher charge for the verification and control rate in favor of the Ente Nacional Regulador del Gas ("ENARGAS"); and

ii. a $ 14.3 million increase in Compensation for damages, related to the situation described in Note 13.b).

**** Financial and holding results***

(In million of pesos)

Accounts	Six-month period ended 06.30		
	2012	2011	Variation
Interest and indexing generated by liabilities	(102.8)	(88.0)	(14.8)
Fees and expenses – loans restructuring	(29.8)	-	(29.8)
Commissions, taxes and expenses on banking and financial operations	(5.0)	(4.2)	(0.8)
Subtotal financial and holding results generated by liabilities before exchange rate differences	**(137.6)**	**(92.2)**	**(45.4)**
Interest, indexing and expenses generated by assets	3.1	3.2	(0.1)
Holding results generated by assets	3.2	2.0	1.2
Results on discounting at present value	(1.1)	9.4	(10.5)
Subtotal financial and holding results generated by assets before exchange rate differences	**5.2**	**14.6**	**(9.4)**
Exchange rate differences:			
Generated by liabilities	(108.6)	(58.6)	(50.0)
Generated by assets	56.6	30.0	26.6
Subtotal exchange rate differences	**(52.0)**	**(28.6)**	**(23.4)**
Total	**(184.4)**	**(106.2)**	**(78.2)**

Financial and holding results for the period ended June 30, 2012 increased by $ 78.2 million compared to the same period in the previous year. Items recording the most significant variations between both periods are as follows:

i. higher losses for $ 50.0 million resulting from exchange rate differences generated by liabilities nominated in US dollars;

ii. higher losses due to contractual and punitive interest generated by loan balances for $ 14.8 million considering that the Company's loans remain unpaid since December 2008, as explained in Note 10;

iii. the US dollar asset positions produced a higher exchange rate profit of $ 26.6 million;

iv. lower profit for $ 10.5 million related to the valuation of disputed trade receivables; and

v. higher losses for $ 29.8 due to the fees and expenses related to loans restructuring charged to results during 2012 second quarter, since the abandonment of the Restructuring Agreement Proposal ("APE") on June 1st, 2012. See Note 10.

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

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

(In million of pesos)

Accounts	Six-month period ended 06.30		
	2012	2011	Variation
Income from commercial indemnifications (Note 14)	22.5	84.0	(61.5)
Result of disposal of fixed assets	(1.3)	(0.6)	(0.7)
Net income from sundry sales and others	2.5	1.2	1.3
Total	**23.7**	**84.6**	**(60.9)**

Note 14 describes the agreements reached with export customers Sociedad Eléctrica Santiago S.A., Colbun S.A. and Gasoducto Norandino S.A. Those agreements, among others, have generated incomes amounting to $ 22.5 million and $ 84.0 million during the period ended June 30, 2012 and 2011, respectively, on account of income from commercial indemnifications. This, at the expense of suffering a negative effect on the expected cash flows.

*** Summary of the Statement of cash flows***

(In million of pesos)

	Six-month period ended 06.30	
	2012	2011
Loss for the period	(140.8)	(33.4)
Income tax	(62.4)	(2.8)
Interest and indexing generated by liabilities	102.8	88.1
Adjustments to reach net cash flow generated by operating activities	207.0	131.1
Net changes in operating assets and liabilities	25.4	(69.5)
Net cash flows generated by operating activities	**132.0**	**113.5**
Purchase of fixed assets	(24.8)	(23.1)
Collection of cash dividends	0.7	-
Variation of short-term investments (non-cash equivalents)	(47.1)	(161.1)
Net cash flows used in investing activities	**(71.2)**	**(184.2)**
Increase in attachments and guarantee deposit	(1.4)	(1.0)
Net cash flows used in financing activities	**(1.4)**	**(1.0)**
Financial and holding results generated by cash and cash equivalents	**28.5**	**5.6**
Net increase (decrease) in cash and cash equivalents	**87.9**	**(66.1)**
Cash and cash equivalents as of beginning of the year	**208.2**	**282.1**
Cash and cash equivalents as of the end of the period	**296.1**	**216.0**

*** Cash and cash equivalents***

(In million of pesos)

	Six-month period ended 06.30	
	2012	2011
Cash and banks	193.2	9.9
Mutual funds in US$	-	24.6
Time deposits in US$	33.7	93.6
Time deposits in $	-	22.9
US Treasury bills	17.9	-
Mutual funds in $	50.5	36.1
Stock exchange securities in $	0.8	28.9
Cash and cash equivalents as of the end of the period	**296.1**	**216.0**

II) BUSINESS PROSPECTS

The Company’s business, operating, financial and regulatory prospects are described in the unaudited interim financial statements and the additional information required by Section 68 of the Buenos Aires Stock Exchange Listing Rules as of June 30, 2012; this information should be jointly read, analyzed and interpreted to have a full vision of the significant corporate matters for the period and of the Company’s future.

TRANSPORTADORA DE GAS DEL NORTE S.A.

III) COMPARATIVE BALANCE SHEET STRUCTURE AT JUNE 30, 2012, 2011, 2010, 2009 and 2008

(In million of pesos)

	Period ended 06.30.				
	2012	**2011**	**2010**	**2009**	**2008**
Current Assets	1,015	867	491	391	181
Non-current Assets	2,448	2,416	2,433	2,386	2,367
Total	**3,463**	**3,283**	**2,924**	**2,777**	**2,548**
Current Liabilities	2,369	1,948	1,688	1,493	187
Non-current Liabilities	89	69	60	57	1,003
Subtotal	2,458	2,017	1,748	1,550	1,190
Shareholders' Equity	1,005	1,266	1,176	1,227	1,358
Total	**3,463**	**3,283**	**2,924**	**2,777**	**2,548**

IV) COMPARATIVE STRUCTURE OF RESULTS FOR THE PERIODS ENDED JUNE 30, 2012, 2011, 2010, 2009 and 2008

(In million of pesos)

	Period ended 06.30.				
	2012	**2011**	**2010**	**2009**	**2008**
Operating (loss) income	(43.3)	(14.6)	50.7	90.4	93.8
Financial and holding results	(184.4)	(106.2)	(132.1)	(161.0)	(12.0)
Results from foreign investments	0.8	-	1.1	1.3	0.6
Other income and expenses, net	23.7	84.6	16.2	4.2	1.4
(Loss)income before income tax	**(203.2)**	**(36.2)**	**(64.1)**	**(65.1)**	**83.8**
Income tax charge	62.4	2.8	13.2	14.3	(37.9)
(Loss) income for the period	**(140.8)**	**(33.4)**	**(50.9)**	**(50.8)**	**45.9**

V) COMPARATIVE STATISTICAL DATA CORRESPONDING TO THE PERIOD ENDED JUNE 30, 2012, 2011, 2010, 2009 and 2008

Volume dispatched in million of cubic meters:

According to the type of carriage agreement

	Period ended 06.30.				
	2012	**2011**	**2010**	**2009**	**2008**
Firm carriage	7,043	6,606	6,771	6,685	7,232
Interruptible carriage and Exchange and displacement	3,354	2,708	2,242	2,340	1,713
Total	**10,397**	**9,314**	**9,013**	**9,025**	**8,945**

According to the type of source

	Period ended 06.30.				
	2012	**2011**	**2010**	**2009**	**2008**
Norte Gas pipeline	4,196	3,946	3,802	3,753	3,624
Centro-Oeste Gas pipeline	6,201	5,368	5,211	5,272	5,321
Total	**10,397**	**9,314**	**9,013**	**9,025**	**8,945**

VI) COMPARATIVE INDICATORS AT JUNE 30, 2012, 2011, 2010, 2009 and 2008

	Period ended 06.30.				
	2012	**2011**	**2010**	**2009**	**2008**
Current liquidity (1)	0.43	0.45	0.29	0.26	0.97
Solvency (2)	0.41	0.63	0.67	0.79	1.14
Freezing capital (3)	0.71	0.74	0.83	0.86	0.93

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

VII) PROGRESS IN THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) IMPLEMENTATION PLAN (not covered by the Limited review report)

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

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

Through General Resolution 600/12, the CNV decided that the licensee companies delivering public services of gas carriage and distribution (including TGN) should only present their financial statements prepared on the basis of the IFRS for those fiscal years starting as from January 1, 2013. Additionally and as a consequence of that, the obligation of presenting the reconciliation of the shareholders’ equity and results with those arising from the application of the IFRS as an informative note to the financial statements for the fiscal years beginning as from January 1, 2011 was also revoked. This, with the purpose of continuing analyzing the applicability and implications of the IFRIC 12 – Service Concession Arrangements – as related with such licensees.

The Company is giving priority to the analysis of those IFRS with it considers will be applicable to the preparation of its financial statements in the first fiscal year of adoption of those standards.

As a result of such analysis the most significant impact in the shareholders’ equity that the adoption of the above-mentioned rules would generate arises from the application of “IAS 12 – Income Tax”. The application of this standard will require the recording of the deferred tax liability generated by recognizing the inflation adjustment of fixed assets as a temporary difference. Such deferred tax liability is mentioned in Note 7 to these unaudited interim financial statements.

Through its General Resolutions 576/10 and 592/11, the CNV allows the issuers exercising the option of reporting such deferred tax liability by note to the financial statements, to record it in view of IFRS implementation by applying it to retained earnings. General Resolution 592/11 above-mentioned establishes that it will be possible to make such record at any annual or intermediate closing period until the fiscal year closing immediately preceding the first period in which the IFRS be applied. Therefore the Company exercising that option will record it as of December 31, 2012. It is estimated that the abovementioned deferred tax liability will amount approximately $ 282 million as of December 31, 2012.

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

VII) PROGRESS IN THE INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") IMPLEMENTATION PLAN (not covered by the Limited review report) (Cont.)

Since the date of issuance of these unaudited interim financial statements and until the date of adoption of the IFRS, new standards and/or interpretations may be issued as well as new events can occur in the Company. Consequently, TGN will continue analyzing any potential additional impacts to be generated by the adoption of IFRS.

Autonomous City of Buenos Aires, July 31, 2012

The Board of Directors
Eduardo Ojea Quintana

TRANSPORTADORA DE GAS DEL NORTE S.A.

Balance Sheets as of June 30, 2012
compared with the year ended on December 31, 2011
(in thousands of Argentine Pesos)

	June 30, 2012	December 31, 2011
ASSETS		
Current assets		
Cash and banks..........................	193,236	6,033
Short-term investments (Note 19.c))......	599,077	651,201
Accounts receivables (Note 4.a)).........	65,332	57,192
Other receivables (Note 4.b))...........	139,199	242,099
Materials and spare parts (Note 4.c))....	18,072	18,072
Total current assets......................	1,014,916	974,597
Non-current assets		
Accounts receivables (Note 4.a))	182,062	152,101
Other receivables (Note 4.b))...........	304,349	228,722
Materials and spare parts (Note 4.c))....	37,991	35,043
Fixed assets (Note 19.a))...............	1,892,869	1,937,935
Foreign investments (Note 19.b)).........	2,039	1,226
Other assets – gas stock................	29,230	28,027
Total non–current assets..................	2,448,540	2,383,054
Total Assets..............................	**3,463,456**	**3,357,651**
LIABILITIES		
Current liabilities		
Accounts payable (Note 4.d))............	100,399	83,817
Loans (Note 10).........................	2,142,158	1,942,330
Salaries and social security payable.....	17,222	12,535
Taxes payable (Note 4.e))...............	51,336	39,687
Others (Note 4.f))......................	24,681	23,605
Subtotal..................................	2,335,796	2,101,974
Contingencies (Note 13 and 19.d))........	33,592	33,103
Total current liabilities	2,369,388	2,135,077
Non–current liabilities		
Accounts payable (Note 13.b))...........	51,426	-
Others (Note 4.f))......................	37,782	34,727
Subtotal..................................	89,208	34,727
Contingencies (Note 13 and 19.d))........	-	42,179
Total non–current liabilities.............	89,208	76,906
Total Liabilities.........................	**2,458,596**	**2,211,983**
SHAREHOLDERS´ EQUITY......................	**1,004,860**	**1,145,668**
Total liabilities and shareholders´ equity	**3,463,456**	**3,357,651**

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

TRANSPORTADORA DE GAS DEL NORTE S.A.

Statements of operations for the six-month periods ended June 30, 2012 and 2011
(in thousands of Argentine Pesos)

	June 30, 2012	**June 30, 2011**
Revenues (Note 4.g))	205,681	194,585
Cost of services (Note 19.f))	(179,089)	(158,815)
Gross Profit	**26,592**	**35,770**
Selling expenses (Note 19.f))	(24,742)	(12,012)
Administrative expenses (Note 19.f))	(45,174)	(38,406)
Operating loss	**(43,324)**	**(14,648)**
Results from foreign investments	813	(37)
Financial and holding results:		
Generated by assets:		
Interest and indexing	3,494	3,634
Exchange rate differences	56,583	29,970
Other financial and holding results (Note 4.h))	1,627	10,952
Subtotal	61,704	44,556
Generated by liabilities:		
Interest and indexing	(102,792)	(88,056)
Exchange rate differences	(108,602)	(58,569)
Other financial and holding results (Note 4.h))	(34,714)	(4,162)
Subtotal	(246,108)	(150,787)
Other income and expenses, net (Note 4.i) and Note 14)	23,750	84,725
Loss before income tax	**(203,165)**	**(36,191)**
Income tax (Note 7)	62,357	2,833
Loss for the period	**(140,808)**	**(33,358)**
Result per common stock in pesos (Note 6)	**(0.3205)**	**(0,0759)**

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

TRANSPORTADORA DE GAS DEL NORTE S.A.

Statements of Changes in Shareholders' Equity
for the six-month periods ended June 30, 2012 and 2011
(in thousands of Argentine Pesos)

Item	Shareholders' contributions			Legal reserve	Optional reserve	Voluntary reserve for future dividends	Retained earnings	Total shareholders' equity
	Common stock	Inflation adjustment of common stock	Total					
Balances as of December 31, 2010	**439,374**	**506,053**	**945,427**	**57,216**	**-**	**224,039**	**73,064**	**1,299,746**
Resolution adopted by the Ordinary Shareholders´ Meeting held on April 14, 2011:								
Increase of the Legal reserve	-	-	-	3,653	-	-	(3,653)	-
Increase of the Voluntary reserve for future dividends	-	-	-	-	-	69,411	(69,411)	-
Loss for the six-month period ended June 30, 2011	-	-	-	-	-	-	(33,358)	(33,358)
Balances as of June 30, 2011	**439,374**	**506,053**	**945,427**	**60,869**	**-**	**293,450**	**(33,358)**	**1,266,388**
Complementary loss for the six-month period up to December 31, 2011	-	-	-	-	-	-	(120,720)	(120,720)
Balances as of December 31, 2011................	**439,374**	**506,053**	**945,427**	**60,869**	**-**	**293,450**	**(154,078)**	**1,145,668**
Resolution adopted by the Ordinary Shareholders´ Meeting held on April 13, 2012:								
Absorption of losses for fiscal year 2011 against the Voluntary reserve for future dividends......................................	-	-	-	-	-	(154,078)	154,078	-
Release of the Voluntary reserve for future dividends and set up of an Optional reserve......	-	-	-	-	139,372	(139,372)	-	-
Loss for the period............................	-	-	-	-	-	-	(140,808)	(140,808)
Balances as of June 30, 2012...................	**439,374**	**506,053**	**945,427**	**60,869**	**139,372**	**-**	**(140,808)**	**1,004,860**

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

TRANSPORTADORA DE GAS DEL NORTE S.A.

Statements of Cash Flows for the six-month periods ended June 30, 2012 and 2011
(in thousands of Argentine Pesos)

	June 30, 2012	June 30, 2011
Cash as of beginning of the year	208,174	282,106
Cash as of the end of the period (Note 4.j))	296,076	216,001
Net increase (decrease) in cash	**87,902**	**(66,105)**
Cash flows from operating activities		
Loss of the period	(140,808)	(33,358)
Income tax	(62,357)	(2,833)
Interest and indexing generated by liabilities	102,792	88,056
Adjustments to reach net cash flow generated by operating activities:		
Depreciation of fixed assets	67,288	65,017
Net book value of disposed fixed assets	2,549	1,035
Increase in allowances and provisions for contingencies	41,425	32,090
Other financial results, net	96,475	32,956
Results from foreign investments, net	(813)	37
Net changes in operating assets and liabilities:		
Increase in accounts receivable	(76,339)	(51,703)
Decrease (increase) in other receivables	59,470	(14,401)
(Increase) decrease in materials and spare parts and other assets	(2,522)	2,308
Increase (decrease) in accounts payable	68,008	(7,864)
Increase (decrease) in salaries and social security payable	4,687	(3,148)
Increase in taxes payable	11,649	5,190
Increase in other payables	4,131	713
Decrease in provisions for contingencies	(43,647)	(583)
Net cash flows generated by operating activities	**131,988**	**113,512**
Cash flows from investing activities		
Purchase of fixed assets	(24,771)	(23,062)
Collection of cash dividends	707	-
Changes in short-term investments (non-cash equivalents)	(47,177)	(161,102)
Net cash flows used in investing activities	**(71,241)**	**(184,164)**
Cash flows from financing activities		
Increase in attachments and guarantee deposits	(1,381)	(1,005)
Net cash flows used in financing activities	**(1,381)**	**(1,005)**
Financial and holding results generated by cash		
Interest, exchange rate differences and other financial results generated by cash	28,536	5,552
Total financial and holding results generated by cash	**28,536**	**5,552**
Net increase (decrease) in cash	**87,902**	**(66,105)**

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

1. Situation of the Company and regulatory framework

(a) Incorporation of the Company

Transportadora de Gas del Norte S.A. ("the Company" or "TGN") was incorporated on November 24, 1992 as a result of the enactment of Laws Nos. 23,696 and 24,076 ("Natural Gas Act") and the issuance of National Executive Branch ("PEN") Decree No. 1,189/92, whereby the privatization of the natural gas carriage and distribution services and the setting up of the companies that would receive the licenses to operate those services were established.

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

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

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

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

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

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

These government measures have produced negative results regarding TGN´s gas carriage agreements. In that sense, material controversies have arisen in relation to the export customers that led to the execution of compromise and settlement agreements that modified and/or generated the termination of such contracts, as mentioned in Note 14.

(iii) As indicated in Note 1.c.vi) and in Note 10, on December 22, 2008 the Board of Directors of the Company decided to postpone the payment of the principal and interest installments on the negotiable obligations that would fell due since that date. In that context, on December 29, 2008, through Resolution I/587 the ENARGAS established an intervention in TGN for 120 days, as well as a comprehensive audit in charge of the intervener. Upon expiration of such term, the intervention was repeatedly extended by ENARGAS resolutions up to early October 2012.

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

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

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

The impact generated by all the measures adopted so far by the National State on the balance sheet and financial position of the Company as of June 30, 2012 was calculated on the basis of evaluations and estimates made by the Company's Board of Directors at the date these unaudited interim financial statements were prepared.

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

(c) Regulatory framework

c.i) General

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

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

c.ii) Rates

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

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

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

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

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

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

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

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

(c) Regulatory framework (Continued)

c.ii) Rates (Continued)

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

c.iii) License

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

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

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

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

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

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

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

The Temporary Agreement assumed that on December 31, 2008 the LEP would no longer be effective, which did not occur since that law will actually be in force until December 31, 2013. Consequently, by that date the parties should have agreed on the methodology, term and time of the execution of an Overall Contractual Renegotiation Minute. Otherwise, the PEN, if it deems it convenient, would rule on the enforcement of the Temporary Agreement and, in turn, UNIREN would make the necessary recommendations to the PEN pursuant to section 1 subsection e) of Decree No. 311/03 and section 11 of the Joint Resolution No. 188/03 and No. 44/03 of the MEP and MPFIPyS.

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

(c) Regulatory framework (Continued)

c.iii) License (Continued)

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

At the date of issuance of these unaudited interim financial statements no significant progress had been made to ensure compliance with the objective to sign a comprehensive agreement in the short term. Furthermore, it cannot be assured that the final outcome of the renegotiation will effectively restore the balance of the License and award a fair and reasonable rate in order to redress TGN for the damage suffered as a result of the LEP. Refer to Note 13.i) and j).

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

c.iv) Technical Operator and Audit Services agreement

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

The agreement for technical operator and audit services in force since January 2006 will expire on December 31, 2017. In consideration for the services under the contract, an annual compensation is envisaged, which shall be the higher of (i) US$ 3,000,000 or (ii) 7% of EBIT for each fiscal year. As of June 30, 2012 the Company accrued this compensation according to point (i) previously mentioned.

In consideration of the decision to postpone the due dates of TGN financial debt adopted on December 22, 2008, the Board of Directors resolved to temporarily suspend effective December 31, 2008 the payments of fees envisaged in the contract for technical operator and audit services.

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

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

Dispatched export volume has systematically decreased from 2006 until the end of the period. In that context, YPF S.A. (“YPF”) ceased to pay and initiated

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

(c) Regulatory framework (Continued)

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

administrative and judicial actions to obtain the rescission without negligence of the gas carriage contract, and Metrogas Chile S.A. ("Metrogas") attempted to unilaterally rescind the agreement and claimed compensation.

YPF and Metrogas recorded unpaid balances of $ 336.3 million and $ 246.5 million, respectively, as of June 30, 2012, so the Company has set up an allowance of $ 291.4 million to cover the uncollectible past due balance for the carriage service. Disputes with these customers are described in Note 13.

Other loaders entered into compromise and settlement replacing and/or rescinding the contracts previously in force (Sociedad Eléctrica Santiago S.A., Gasoducto Norandino Argentina S.A. and Colbun S.A., as described in Note 14).

Although the abovementioned compromise and settlement contemplate the collection of compensation amounts, TGN shall cease to collect revenue in the future, which will eventually produce a negative net effect on its expected cash flows.

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

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

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

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

Resolution I/587 was successively extended until early October, 2012, term over which TGN will continue to be subject to surveillance and control of the usual acts of administration and disposition that may affect the normal provision of the gas carriage public utility service under its charge.

2. Preparation and presentation of unaudited interim financial statements

(a) Purpose of these unaudited interim financial statements

These unaudited interim financial statements have been translated from the unaudited interim financial statements for the six-month period ended June 30, 2012 including the summary of information required by General Resolution N° 368/01, prepared in Spanish and originally issued in Argentina.

2. Preparation and presentation of unaudited interim financial statements (Continued)

(a) Purpose of these unaudited interim financial statements (Continued)

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

(b) Basis of preparation and presentation

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

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

A limited review was performed on the unaudited interim financial statements corresponding to the six-month period ended June 30, 2012 and 2011. The Company’s Board of Directors estimates that these unaudited interim financial statements include all the necessary adjustments to reasonably disclose the results for each period. The results for the six-month periods ended June 30, 2012 and 2011 do not necessarily reflect the proportion of the results of the Company for the complete fiscal years.

(c) Consideration of inflation effects

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

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

(d) Use of estimates

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

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

2. Preparation and presentation of unaudited interim financial statements (Continued)

(d) Use of estimates (Continued)

those estimates and assessments made at the date these unaudited interim financial statements were prepared.

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

(e) Comparative information

The figures at June 30, 2011 and December 31, 2011 that are disclosed in these unaudited interim financial statements for comparative purposes arise from financial statements at those dates.

Also, certain reclassifications of the comparative information might have been made to conform to the current period presentation.

(f) New accounting pronouncements

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

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

Through General Resolution 600/12, the CNV decided that the licensee companies delivering public utility gas carriage and distribution service (including TGN) should only present their financial statements prepared on the basis of the IFRS for those fiscal years starting as from January 1, 2013. Additionally and as a consequence of that, the obligation of presenting the reconciliation of the shareholders’ equity and results with those arising from the application of the IFRS as an informative note to the financial statements for the fiscal years beginning as from January 1, 2011 was also revoked. This, with the purpose of continuing analyzing the applicability and implications of the IFRIC 12 – Service Concession Arrangements – as related with such licensees.

The Company is giving priority to the analysis of those IFRS that it considers will be applicable to the preparation of its financial statements in the first year of adoption of those standards.

As a result of such analysis the most significant impact, in the shareholders´ equity, that the adoption of the above-mentioned rules would generate arises from the application of "IAS 12 - Income Tax". The application of this standard will require the recording of the deferred tax liability generated by recognizing the inflation adjustment of fixed assets as a temporary difference. Such liability is mentioned in Note 7 to these unaudited interim financial statements.

Through its General Resolutions 576/10 and 592/11, the CNV allows the issuers exercising the option of reporting such deferred tax liability by note to the financial statements, to record it in view of IFRS implementation by applying it to retained earnings. General Resolution 592/11 above-mentioned, establishes that it

2. Preparation and presentation of unaudited interim financial statements (Continued)

(f) New accounting pronouncements (Continued)

will be possible to make such record at any annual or intermediate closing period until the fiscal year closing immediately preceding the first period in which the IFRS be applied. Therefore, the Company exercising that option will record it as of December 31, 2012. It is estimated that the above-mentioned deferred tax liability will amount approximately $ 282 million as of December 31, 2012.

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

Since the date of issuance of these unaudited interim financial statements and until the date of adoption of the IFRS, new standards and/or interpretations may be issued as well as new events can occur in the Company. Consequently, TGN will continue analyzing any potential additional impacts to be generated by the adoption of IFRS.

3. Summary of significant accounting policies

Below there is a detail of the most important accounting standards and policies used by the Company in preparing these unaudited interim financial statements, which have been applied consistently with those as of June 30, 2011 and December 31, 2011.

(a) Cash and banks

Cash and banks are stated at nominal value.

(b) Assets and liabilities nominated in foreign currency

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

(c) Short-term investments

Short-term investments in mutual funds have been valued at the prices of units at the end of each period / year. Government bonds have been valued at estimated net realizable value. Time deposits, stock exchange securities and other investments in US$ have been valued at nominal invested capital plus accrued interests.

(d) Accounts receivables and accounts payable

Non-current trade receivables, related to disputed customer balances mentioned in Note 1.c.v) have been valued on the basis of the best estimate of the amount to be collected, using a discount rate to reflect the time value of money and the specific risks associated with the transaction, estimated at the time of its addition to assets and considering the estimated collection term.

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

3. Summary of significant accounting policies (Continued)

(e) Other receivables and liabilities

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

The assets and liabilities derived from deferred income tax and minimum presumed income tax have been stated at nominal value.

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

(f) Foreign investments

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

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

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

(g) Materials and spare parts

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

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

(h) Fixed assets

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

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

3. Summary of significant accounting policies (Continued)

(h) Fixed assets (Continued)

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 depreciation rates sufficient to extinguish the original values at the end of their useful lives. In determining the useful life, the ENARGAS regulations have been considered, among other parameters.

Furthermore, from 2005 to June 30, 2012 pipeline recoating campaigns were carried out over a length of 370 km. In accordance with ENARGAS Resolutions Nos. 1,660/00 and 1,903/00, $ 137 million were capitalized and were included in the "Investments in pipeline maintenance" line (Note 19.a)), becoming part of the Company's essential fixed assets and, consequently, of its tariff base.

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

(i) Other assets - gas stock

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

(j) Loans

Under professional accounting standards in force, loans are to be valued on the basis of the best estimate of the amounts payable discounted at the internal rates of return determined at the beginning of the transaction.

In view of the circumstances described in Note 10, at June 30, 2012 and December 31, 2011, loans have been stated at nominal value of principal, interest and penalties accrued and unpaid, calculated at the contractual rates.

(k) Income tax

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

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

(l) Minimum presumed income tax

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

3. Summary of significant accounting policies (Continued)

(l) Minimum presumed income tax (Continued)

The Company has recognized the minimum presumed income tax accrued up to June 30, 2012 and paid in previous years as a credit, due to the fact that it estimates that in future fiscal years it may be able to record it as a payment on account of income tax. The abovementioned credit has been recorded at its nominal value.

(m) Allowances and provisions

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

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

- Allowance for slow-moving and obsolete spare parts and materials (charged to Cost of services): has been set up in accordance with TGN policies on those 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.

- Provision for contingencies (charged to Administrative expenses): set up to cover possible payments claimed to 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, the Legal reserve, the Optional reserve and the Retained earnings have been restated in accordance with the guidelines indicated in Note 2.c).

(o) Profit and loss accounts

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 investments in foreign related companies, calculated by the equity method of accounting and (iii) the use of materials and spare parts and the charge of the allowance for spare parts, slow-moving and obsolete consumption materials were determined based on the value of those assets.

(p) Revenue recognition

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

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

3. Summary of significant accounting policies (Continued)

(p) Revenue recognition (Continued)

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

Revenues from Management fees relating to gas trust programs have been recognized on the basis of the expenses incurred by the Company.

(q) Balances with related parties

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

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

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

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

Accounts	June 30, 2012	December 31, 2011
a) Accounts receivable		
Current		
Gas carriage service		
Billed		
Distributors	24,714	22,486
Industrial	19,198	14,787
Generators	2,185	2,638
Unbilled	28,467	29,368
Subtotal	74,564	69,279
Other services		
Billed	18,093	14,242
Unbilled	2,959	2,822
Subtotal	21,052	17,064
Allowance for doubtful accounts (Note 19.d))	(18,604)	(17,491)
Allowance for disputed amounts (Note 19.d))	(11,680)	(11,660)
Total	**65,332**	**57,192**
Non Current		
Gas carriage service		
Billed		
Distributors	187,755	137,729
Industrial	279,643	262,928
Unbilled	6,101	5,776
Subtotal	473,499	406,433
Allowance for disputed amounts (Note 19.d))	(291,437)	(254,332)
Total	**182,062**	**152,101**
b) Other receivables		
Current		
Gas carriage service		
Commercial indemnifications receivable (Note 14)	88,356	140,427
Attachments and guarantee court deposits	37,717	34,613
VAT, net	-	903
Tax credits – withholdings and perceptions	1,888	4,426
Key management personnel (Note 5)	1,439	1,871
Prepaid expenses	3,590	7,887
Fees and expenses – loans restructuring	-	29,080
Guarantee deposits	-	845
Sundry	38	161
Subtotal	133,028	220,213
Others		
Management fees – Gas Trust Program	4,166	4,866
Controlling shareholder (Note 5)	8	8
Foreign related parties (Note 5)	410	1,148
Other related parties (Note 5)	290	276
Transactions on behalf of third parties	1,163	1,608
Advances and loans to employees	1,086	983
Receivables from sundry sales	3,530	16,554
Subtotal	10,653	25,443
Allowance for doubtful accounts (Note 19.d))	(4,482)	(3,557)
Total	**139,199**	**242,099**

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

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

Accounts	June 30, 2012	December 31, 2011
b) Other receivables (Continued)		
Non Current		
Gas carriage service		
Commercial indemnifications receivable (Note 14).....	-	1,487
Deferred tax asset, net (Note 7)	172,127	109,770
Minimum presumed income tax (Note 7)	113,160	102,147
Turnover tax withholdings	113	113
Deposit in escrow and disputed tax payments	8,529	8,383
Guarantee deposits	543	-
Allowance for deposit in escrow and disputed tax payments (Note 19.d))	(8,529)	(8,383)
Subtotal	285,943	213,517
Others		
Management fees – Gas Trust Program	18,060	14,584
Loans to employees and sundry	346	621
Subtotal	18,406	15,205
Total	**304,349**	**228,722**
c) Materials and spare parts		
Current		
Consumable materials and spare parts	18,072	18,072
Total	**18,072**	**18,072**
Non-current		
Consumable materials and spare parts	123,535	120,428
Allowance for slow-moving and obsolescence (Note 19.d))	(85,544)	(85,385)
Total	**37,991**	**35,043**
d) Accounts payable		
Gas carriage service		
Current		
Suppliers	14,159	1,937
Administration trust (“Importation of natural gas”) (Note 17)	15,958	2,464
Other related parties (Note 5)	57,288	61,586
Unbilled services and purchases	12,994	17,830
Total	**100,399**	**83,817**
e) Taxes payable		
Minimum presumed income tax	8,964	6,081
VAT, net	3,947	-
VAT withholdings and perceptions	652	2,586
Income tax withholdings	1,536	2,191
Provision for income tax withholdings to foreign parties (Note 19.e))	36,030	28,405
Turnover tax withholdings and perceptions	207	424
Total	**51,336**	**39,687**

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

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

Accounts	**June 30, 2012**	**December 31, 2011**
f) Others		
Current		
Section 9.6.2 – Basic rules of the License	18,433	18,433
Easements	2,492	2,492
Key management personnel fees (Note 5)	1,466	1,871
Advanced payments	2,117	528
Customer's warrants and others	173	281
Total	**24,681**	**23,605**
Non-current		
Easements	37,782	34,727
Total	**37,782**	**34,727**

	June 30, 2012	**June 30, 2011**
g) Revenues		
Gas carriage service		
Gas carriage service	210,411	198,704
Allowance for disputed amounts and others (Note 3.p))	(23,418)	(20,050)
Subtotal	186,993	178,654
Other services		
Pipeline O&M services	15,212	13,081
Management fees – Gas Trust Program (Notes 3.p))	3,476	2,850
Subtotal	18,688	15,931
Total	**205,681**	**194,585**
h) Other financial and holding results:		
Generated by assets:		
Bank commissions and expenses	(399)	(486)
Holding results	3,166	2,015
Result on discounting at present value	(1,140)	9,423
Total	**1,627**	**10,952**
Generated by liabilities:		
Bank commissions, taxes and expenses on banking and financial operations	(5,249)	(4,247)
Fees and expenses – loans restructuring	(29,763)	-
Discounts	298	85
Total	**(34,714)**	**(4,162)**
i) Other income and expenses, net		
Income from commercial indemnifications (Note 14) ...	22,493	84,004
Net result from disposal of fixed assets	(1,294)	(606)
Net income from sundry sales and others	2,551	1,327
Total	**23,750**	**84,725**
j) Statements of Cash Flows - Cash and cash equivalents:		
Cash and banks	193,236	9,947
Mutual funds in $	50,465	36,068
Mutual funds in US$	-	24,587
Time deposits in $	-	22,868
Time deposits in US$	33,663	93,619
US Treasury bills	17,947	-
Stock exchange securities in $	765	28,912
Cash and cash equivalents as of end of the period	**296,076**	**216,001**

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

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

	June 30, 2012	December 31, 2011
Balances with controlling shareholder, foreign related parties, other related parties and key management personnel		
Accounts receivable:		
Current:		
Other related parties	25,567	21,400
Other receivables:		
Current:		
Controlling shareholder (Note 4.b))	8	8
Foreign related parties (Note 4.b))	410	1,148
Other related parties (Note 4.b))	290	276
Key management personnel (Note 4.b))	1,439	1,871
Accounts payable:		
Current:		
Other related parties (Note 4.d))	57,288	61,586
Others:		
Current:		
Key management personnel (Note 4.f))	1,466	1,871

Transactions with controlling shareholder, foreign related parties, other related parties and key management personnel	June 30, 2012	June 30, 2011
Controlling shareholder:		
Other income and expenses, net	13	13
Foreign related parties:		
Revenues	96	14
Collection of cash dividends	707	-
Other related parties:		
Revenues	35,052	35,321
Cost of services	(5,388)	(7,134)
Administrative expenses	(1,449)	(307)
Other income and expenses, net	144	287
Purchase of fixed assets	(35)	(654)
Key management personnel:		
Technical-administrative services (Note 19.f))	(655)	(478)
Board of Director´s fees (Note 19.f))	(213)	-
Statutory auditors committee’s fees(Note 19.f))	(466)	(432)

6. Income per share

Income per ordinary share has been calculated as the quotient obtained by dividing the results for the periods ended June 30, 2012 and 2011, by the weighed average of outstanding ordinary shares, which made a total of 439,373,939 shares at those dates.

At June 30, 2012 and 2011 there are no debt securities convertible into shares, so no diluted earnings per share have been disclosed.

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

7. Income tax and minimum presumed income tax

A breakdown of the Company's deferred tax assets and liabilities as of June 30, 2012 and December 31, 2011 is presented below:

	June 30, 2012	December 31, 2011
Breakdown of deferred tax assets and liabilities:		
Short-term investments (valuation)	(121)	-
Accounts receivable (doubtful accounts and discount at present value) ..	(31,868)	(28,164)
Other receivables (doubtful accounts and discount at present value)	16,306	19,300
Fixed assets (valuation)	(22,248)	(22,323)
Materials and spare parts (valuation)	29,940	29,885
Other assets (valuation)	(8,578)	(8,157)
Accounts payable and loans	48,387	22,736
Contingencies (claims)	7,231	21,771
Tax loss carry-forward	132,611	74,080
Fees for technical-administrative services, Board of Directors and statutory auditor´s committee	467	642
Net deferred tax asset	**172,127**	**109,770**

According to General Resolution No. 487/06 of the CNV, and by the application of the professional accounting standards in force as from 2006 (CD Resolution No. 93/05 of the CPCECABA), the Company chose to recognize the inflation adjustment contained in the accounting valuation of the fixed assets as a permanent difference.

Had there been recognized the inflation adjustment as a temporary difference, the deferred liability would have increased by approximately $ 291.0 million, and its reversal would have taken place in a total approximate term of 16 years, according to the following annual detail:

Year	**Inflation adjustment that would be reversed**	**Effect on the income tax charge**
	Million $ (projected figures – not audited)	
2012 (two quarters)	25.3	8.9
2013	50.0	17.5
2014	49.9	17.5
2015	49.6	17.4
2016	49.0	17.1
2017	48.6	17.0
2018	43.2	15.1
2019	42.8	15.0
2020	41.1	14.4
2021	40.2	14.1
2022	39.5	13.8
2023	33.3	11.6
2024	29.1	10.2
2025	27.4	9.6
2026	23.1	8.1
2027	239.0	83.7
Total	**831.1**	**291.0**

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

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

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

	June 30, 2012	**June 30, 2011**
Result before income tax	(203,165)	(36,191)
Statutory income tax rate	35%	35%
Subtotal income tax charge at statutory tax rate	**71,108**	**12,667**
Permanent differences at statutory income tax rate:		
Inflation adjustment	(9,331)	(9,205)
Results from foreign investments	285	(13)
Others	295	(616)
Income tax charge	**62,357**	**2,833**
Current income tax charge	-	(3,289)
Deferred income tax charge	62,357	6,122
Income tax charge	**62,357**	**2,833**

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

	06.30.2012	**06.30.2011**
Recorded income tax	**62,357**	**2,833**
Temporary differences:		
Variation in valuation of short-term investments	121	-
Variation in valuation of accounts receivable	6,698	(2,742)
Variation in valuation of fixed assets	(75)	(368)
Variation of the provision for contingencies	14,540	(278)
Variation of the allowance for obsolete and slow-moving materials and spare parts and other assets	366	(414)
Variation in valuation of loans and expenses related to their restructuring	(6,675)	-
Net variation of tax loss carry forwards	(58,531)	-
Variation of accounts payable and other liabilities	(18,801)	(2,320)
Total tax assessed for fiscal purposes (estimated)	**-**	**(3,289)**

Below is a detail of the breakdown of the credit for the minimum presumed income tax accumulated at June 30, 2012:

Year	**Amount**	**Expires in**
2004	14,683	2014
2005	16,294	2015
2006	12,362	2016
2007	13,426	2017
2008	6,797	2018
2009	17,085	2019
2011	21,413	2021
2012 (estimated)	11,100	2022
Balance at June 30, 2012 (Note 4.b))	**113,160**	

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

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

8. Business Segment information

The following tables show additional information about the income statements at June 30, 2012 and 2011 and the main balance sheet captions of the Company at June 30, 2012 and December 31, 2011, segregated by business segment:

Result for the six-month period ended June 30, 2012	**Gas carriage service**		**Other Services**	**Total**
	Domestic	**Exports**		
Revenues	147,144	39,848	18,689	205,681
Cost of services, administrative and selling expenses (before depreciation)	(167,041)	(5,702)	(8,974)	(181,717)
Depreciation	(62,308)	(4,913)	(67)	(67,288)
Other income and expenses, net	1,164	22,585	1	23,750
Result from foreign investments	-	-	813	813
Financial and holding results	(170,758)	(13,462)	(184)	(184,404)
Income tax	79,042	(13,198)	(3,487)	62,357
Result for the period	**(172,757)**	**25,158**	**6,791**	**(140,808)**

Balances as of June 30, 2012	**Gas carriage service**		**Other services**	**Total**
	Domestic	**Exports**		
Fixed assets	1,752,797	138,179	1,893	1,892,869
Accounts receivable	39,600	186,742	21,052	247,394
Loans	1,983,638	156,378	2,142	2,142,158
Other assets (net of liabilities)	932,256	73,492	1,007	1,006,755
Shareholders’ equity	741,015	242,035	21,810	1,004,860
Purchase of fixed assets	22,938	1,808	25	24,771

Result for the six-month period ended June 30, 2011	**Gas carriage service**		**Other services**	**Total**
	Domestic	**Exports**		
Revenues	142,624	36,030	15,931	194,585
Cost of services, administrative and selling expenses (before depreciation)	(113,512)	(22,691)	(8,013)	(144,216)
Depreciation	(55,069)	(9,909)	(39)	(65,017)
Other income and expenses, net	611	84,114	-	84,725
Result from foreign investments	-	-	(37)	(37)
Financial and holding results	(89,977)	(16,190)	(64)	(106,231)
Income tax	32,439	(26,865)	(2,741)	2,833
Result for the period	**(82,884)**	**44,489**	**5,037**	**(33,358)**

Balances as of December 31, 2011	**Gas carriage service**		**Other services**	**Total**
	Domestic	**Exports**		
Fixed assets	1,794,528	141,469	1,938	1,937,935
Accounts receivable	35,083	157,147	17,063	209,293
Loans	1,798,598	141,790	1,942	1,942,330
Other assets (net of liabilities)	871,153	68,676	941	940,770
Shareholders’ equity	902,166	225,502	18,000	1,145,668
Purchase of fixed assets	56,625	4,464	61	61,150

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

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

9. Restricted assets

(i) A substantial portion of the assets transferred by GdE (mainly pipelines, compressor Plants and high-pressure control and measurement Stations), just to mention those that represent the most significant balances (Note 19.a)), has been defined in the License as “Essential assets for the performance of the licensed service”. Pursuant to the License, the Company is required to segregate and maintain the essential assets, together with any future improvements, 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) There are funds subject to court attachments for approximately US$ 8.4 million according to what it is mentioned in Note 13.g).

10. Loans

The negotiable obligations issued by the Company in 2006, in force up to December 22, 2008, had the following characteristics:

	Class A negotiable obligations	**Class B negotiable obligations**
Amount	NV US$ 250.0 million	NV 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.	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.

The terms and conditions and the main restrictions under the indebtedness agreements are detailed in the pertinent Offering Circular under the Negotiable Obligation issue program, which was published at the CNV on September 14, 2006.

Postponement of December 2008 loan payments

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

In this context, for exogenous reasons and for the purpose mentioned above, it has been necessary for TGN to postpone the principal and interest payments on the Series A and B negotiable obligations at their due date. At June 30, 2012 the past due principal installments amounted to US$ 129.6 million.

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

10. Loans (Continued)

Postponement of December 2008 loan payments (Continued)

Total loan as of June 30, 2012 amounts to US$ 473.2 million, which is formed by US$ 344.9 million of principal, US$ 104.8 million of past-due contractual interest and US$ 23.5 million of punitive interest.

Breakdown of loan balances as of June 30, 2012 and December 31, 2011

	06.30.2012	**12.31.2011**
Class A negotiable obligations		
Principal	639,574	608,069
Interest	165,490	134,535
Punitive	47,069	32,887
Class B negotiable obligations		
Principal	921,834	876,424
Interest	308,814	249,781
Punitive	59,377	40,634
Total Loans	**2,142,158**	**1,942,330**

According to accounting standards currently in force and to the International Accounting Standard 1 (“IAS 1”) (supplementary to Argentina’s accounting standards), defaulted obligations with acceleration clauses are disclosed under current liabilities. In this way, the Company classifies the complete financial debt balances into current liabilities since according to the Trust Agreement regulating the terms and conditions of the restructured negotiable obligations, the attempt to obtain the approval from our creditors of a Restructuring Agreement Proposal (“APE”) by any means, automatically accelerates the maturity of the principal on all the negotiable obligations to be restructured, plus unpaid accrued interest, which have fallen due and become claimable.

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

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

Proposal of restructuring of the financial debt

A swap offer and request of consideration for an APE (“Swap Offer”) made on September 8, 2009 was approved by the Bondholders’ Meeting held on October 14, 2009 under section 45 *bis* of Law 24,522, called for by the Commercial Court of original jurisdiction No. 2, Office No. 4, in and for the City of Buenos Aires in the case “Transportadora Gas del Norte S.A. on Restructuring Agreement Proposal - APE” by a majority of favorable votes that represented 87.95 % computed on the total of bondholders that participated and casted their votes.

Taking into consideration the consents issued by the creditors that did not take part of such meeting (including late consents), 87.97 % approved the Swap Offer computed on the total debt to be restructured, which resulted in TGN requesting the judicial approval of the APE.

However, the APE could not be approved due to the objections raised by some creditors, the requests made by the Attorney General for declaring the APE null and unconstitutional before the Court of Appeals in Commercial Matters, and the repeated delays in the process for causes not attributable to TGN (including

10. Loans (Continued)

Proposal of restructuring of the financial debt (Continued)

difficulties in gathering the members of Panel C of the Court of Appeals in Commercial Matters since several judges excused themselves from the case).

In addition, since October 2009 some situations have adversely changed the economic and financial scenario in which TGN conducts its business. Carriage fees remain frozen despite the adjustment undertaken by the National State in 2008 and the costs increased at a steady pace. These situations reduced even more the operating margin of TGN, which has recorded operating losses in the last five quarters. As the assumptions used at the time of launching the Swap Offer in 2009 have not materialized, TGN understood that the offer was no longer effective and that pursuing the judicial approval of the APE would lead to damages both for TGN and its creditors.

As a result, to protect the Company's assets, guarantee that the creditors rank *pari passu* and ensure the regular carriage of natural gas, on June 1st, 2012 the TGN´s Board of Directors resolved to: (a) abandon the request for judicial approval of the APE and file a petition for insolvency proceeding and, (b) call an ordinary shareholders' meeting, which was held on July 12, 2012 and confirmed the Board's decision.

However, on June 6, 2012, notice was served upon the Company on the court's rejection of its petition based on section 31 in fine of the Bankruptcy Law insofar as two petitions for bankruptcy had been filed against TGN at the time the Company decided to abandon the request for judicial approval of the APE and filed a petition for insolvency proceeding. On July 13 we were served notice of the ruling passed by Panel C of the Court of Appeals rejecting our appeal in the alternative and confirming the decision of the lower court. The Company is considering the possibility of filing an extraordinary appeal against the ruling of the Court of Appeals.

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

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

Among other conditions described in the Information Memorandum, the Restructuring Offer is subject to the Outstanding Debt being validly offered to holders of at least 88% of such Debt on or before the Expiration Date. Debt holders who have accepted the Restructuring Offer shall not be able to revoke acceptance unless TGN extends the Expiration Date after August 17, 2012 or in the cases prescribed by the applicable law.

The Restructuring Offer was made when Panel C of the Court of Appeals in Commercial Matters had not yet decided on the appeal lodged by TGN against the resolution of the First Instance Court in Commercial Matters No. 2, Office No. 4, that had rejected the filing of insolvency proceedings. The Restructuring Offer did not mean and shall not be construed as an actual abandonment, express or implied, of the filing of insolvency proceedings or the

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

10. Loans (Continued)

Proposal of restructuring of the financial debt (Continued)

appeal. Notwithstanding the foregoing, once the conditions of the Restructuring Offer have been met or waived, and before accepting the Outstanding Debt filed, TGN undertakes to abandon the appeal against the rejection by the first instance court of the filing of insolvency proceedings of June 1st, 2012 or, in the event the court of appeals revoked the decision of the lower court, to abandon the insolvency proceedings.

11. Impact and possible implications of the postponement of the payment of the financial debt

Upon the decision adopted by the Board of Directors on December 22, 2008 to defer the payment of financial obligations (see Note 10), TGN prepared a debt schedule, that was sustainable at that moment, under certain considerations which have not been materialized, that led to the issuance of the Swap Offer.

In view of this, it is important to highlight that according to the Trust Agreement regulating the terms and conditions of the Negotiable Obligations to be restructured, the attempt to obtain the approval from our creditors of an APE by any means, automatically accelerates the maturity of the principal on all the Negotiable Obligations to be restructured, plus unpaid accrued interest, which have fallen due and become claimable. Considering this and according to currently in force accounting standards and to the IAS 1, the Company classifies the complete financial debt balances into current liabilities.

As a result of the postponement of the payments of its financial debt, TGN faces petitions for bankruptcy and collection actions, as described in Note 13.g), in view of which or of others that could hereafter be submitted or initiated the Company would have to file for protection under the Bankruptcy Law.

The Basic Rules of the License ("RBL") of TGN provide that the "declaration of bankruptcy" is grounds for the forfeiture of the license and consequently for the transfer of the essential assets to a new concessionaire or to the National State, according to the mechanism envisaged for the termination of the License.

Nevertheless, in accordance with the RBL, TGN considers that this would cause no adverse immediate effect on its License, because the mere petition for declaration of bankruptcy or insolvency is not grounds for the declaration of the lapsing of the license (as set forth in section 10.6 of the RBL), which is supported by the provisions of section 1 of Decree No. 1,834/2002.

12. Shareholders´ equity

(a) Common stock

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

12. Shareholders´ equity (Continued)

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

Gasinvest S.A. ("Gasinvest" or "the controlling shareholder"), the controlling shareholder of the Company, and Gasinvest´s shareholders, are restricted by the 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%. The 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.

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

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

(c) Restriction on the distribution of profits

Under the Argentine Commercial Law N° 19,550, the By-laws of the Company and 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 the Legal Reserve until such reserve reaches 20% of the outstanding capital.

Under the terms of the financial agreements currently in force, TGN shall not make dividend payments in the event of default or grounds for default in an adverse event period (as defined in the contract).

(d) Voluntary reserves for future dividends and Optional reserve

The Shareholders' Meetings that approved the respective annual financial statements set up the sums included in these items. Restrictions are presented in Note 12.c).

13. Legal matters

The Company is a party to several legal proceedings and claims that have arisen in the ordinary course of its business. Although there can be no assurance as to the ultimate disposition of these matters, it is the opinion of the Company's Board of Directors, based upon the estimations described in Note 2.d), that the expected outcome of these claims and legal actions, individually or in the aggregate, 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 as of the date of issuance of these unaudited interim financial statements.

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

(a) Fines imposed by the ENARGAS

At the date of issuance of these unaudited interim financial statements, the Company was notified of twenty three fines applied by the ENARGAS for a total amount of $ 9.8 million, of which thirteen have been appealed in the administrative orbit for $ 4.8 million and other ten for $ 5.0 million, which were confirmed by

13. Legal matters (Continued)

(a) Fines imposed by the ENARGAS (Continued)

the National Court of Appeals on Federal Administrative Matters and have been appealed by TGN to the National Supreme Court of Justice, either by ordinary and extraordinary appeals.

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

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

In essence, subject to a condition precedent the compliance of which was notified in April 2012, such agreement establishes that the following automatic consequences:

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

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

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

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

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

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

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

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

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

13. Legal matters (Continued)

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

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

e) YPF S.A. debt for the provision of carriage services

Due to the redirection of the carriage capacity established by the ENARGAS, YPF started to irregularly pay the carriage invoices alleging partial capacity unavailability. In February 2007 YPF requested a comprehensive review of the carriage contract claiming that the measures adopted by the National State regarding gas exports had unpredictably altered the economic-financial equation of such contract. TGN rejected the claim and demanded the compliance of the contract.

On April 20, 2009 TGN filed legal action against YPF: (i) demanding compliance with the carriage contract signed with YPF; (ii) claiming payment of past-due invoices. The claim amounts to US$ 74.8 million (including subsequent extensions), based on the invoices issued by TGN for services rendered between January 2007 and October 2010, both of them plus interest accrued at each respective date, plus interest to be accrued until the sums are repaid by YPF.

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

On September 3, 2009 TGN was notified of an administrative action filed by YPF with the ENARGAS in pursue of the rescission of the carriage contract, effective September 15, 2008. On September 30, 2009 TGN answered the complaint and filed a motion challenging the jurisdiction of the ENARGAS. In the alternative, TGN answered YPF claims and requested that said claims be rejected.

In December 2010 TGN rescinded the contract entered into with YPF for the firm carriage of gas for export, due to noncompliance by the loader, and reserved the right to claim damages for such a rescission on negligence grounds.

f) Intervention in TGN established by the ENARGAS

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

g) Petitions for bankruptcy and action for executory collection – Court confirmation of the APE.

As a result of the postponement of the payments of its financial debt (Note 10), at the date of issuance of these unaudited interim financial statements 22 notified executory proceedings are pending against TGN before the National Commercial Courts. In all of those lawsuits, firm writs of execution and judicial sale were issued. Moreover, the Company faces two petitions for bankruptcy.

Under the mentioned petitions for bankruptcy and collection actions there are funds subject to court attachments for approximately US$ 8.4 million (including principal, interest and estimated legal expenses).

Since the request for judicial approval of the APE was abandoned as reported in Note 10, the 22 executory proceedings were resumed and new executory proceedings could be initiated seeking collection of the Outstanding Debt. However, since a decision has not yet been rendered in relation to the appeal lodged by TGN against the court resolution objecting to the commencement of insolvency proceedings, no petition in bankruptcy may be filed against the Company.

13. Legal matters (Continued)

h) Dispute with Metrogas Chile ("Metrogas")

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

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

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

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

Having finished an off-court mediation hearing process, in September 2011 the Company filed a lawsuit regarding contract fulfillment, claiming a US$ 37.2 million payment (plus interests) for carriage services billed and unpaid, between September 2009 and August 2011.

i) Previous administrative claim against the National State

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

The amount of the claim includes the damage suffered between 2002 and 2010 and amounts to $ 1,165.4 million, plus interests accrued for $ 344.7 million.

The filing of this claim is due to the necessity of protecting TGN's rights, which otherwise could be affected by the course of the statute of limitation on the legal action for damages. Nevertheless, TGN intends to continue participating in the process of renegotiation of its License according to the procedure ruled by Decree 311/03 and its supplementary rules. In the face of the silence of the Public Administration, a motion for expedite procedure was filed, which expired on May 07, 2012.

In July 2011 TGN filed a declarative judgement against the National State for the purpose of declaring the suspension of the statute of limitations on the legal action for damages during the course of renegotiation of the License before the UNIREN in order to promote the legal action for the damages abovementioned. In answering the complaint, the MPFIPyS requested its rejection, but it sustained, however, that the filing of the abovementioned administrative claim interrupts or suspends the statute of limitation on the legal action for damages. In October 2011 the action was rejected. The court considered that the previous administrative claim filed by TGN in March 2011, while unresolved, interrupts or suspends the statute of limitation on the legal action for damages, and came to the conclusion

13. Legal matters (Continued)

i) Previous administrative claim against the National State (Continued)

that there is no injury nor current damage to TGN that allows to take the legal proceedings intended.

j) Actions for protection against the National State

The Company initiated actions for protection against the National State before the National Court on Federal Administrative Matters with the purpose of: (i) achieving that the 20% rate increase established in the Transitory Agreement celebrated with the National State in October 2008 comes into force, considering the delay incurred by the administration, and (ii) obtaining the application of the extraordinary mechanism of rates review envisaged by Section 46 of the Natural Gas Act considering that the process of renegotiation of its License before the UNIREN does note show any progress. In the first case TGN received a favorable second instance sentence that was appealed by the administration and confirmed in second instance. The extraordinary appeal filed by the Administration against the ruling was also dismissed. In the latter, the first instance sentence in favor of TGN was appealed by the ENARGAS and revoked in second instance, having the Company filed a petition in error, which resolution is pending as of the date of issuance of these unaudited interim financial statements.

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

In May 2012, TGN filed an action against Nación Fideicomisos S.A., as trustee of the financial trust for the northern gas pipeline expansion work (Financial Trust - Extension of the Northern Gas Pipeline), and the National Secretariat of Energy as organizer, claiming for $ 20.8 million plus VAT as unpaid invoices plus the delivery of trust bonds “VRDA Obra 3” for $ 10.9 million plus VAT, plus any accrued and unpaid interest under the administration agreement signed between the abovementioned parties for the execution of the “2006-2008 Expansion Work” (Note 16.b)).

14. Compromise and settlement with export customers

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

Until the date of issuance of these unaudited interim financial statements, TGN has collected economic compensations from its customers ESSA, Colbun and NAA for US$ 45.2 million, US$ 45.7 million and US$ 5.7 million, respectively. The effect of these compromise and settlement agreements is charged under "Other income and expenses, net."

Compromise and settlement agreements result in TGN no longer collecting agreed future income in exchange for compensation, which generates a negative effect on its expected cash flows.

15. Financial trusts for expansion on the exportation market

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

The Program envisages the possibility of financial trusts being set up for the issue of securities that are authorized for their public offering or not, so as to finance the expansion of the capacity of the Company’s gas pipeline systems. The

15. Financial trusts for expansion on the exportation market (Continued)

Trust Agreement also establishes that, at expiration of the trust, the enlarged assets shall be exclusively assigned to the Company only, free of charge or encumbrances. While the trust is in force, the Company shall be responsible for the operation and maintenance of those assets.

Under this Program, the Company´s Board of Directors authorized the creation of the "*TGN Series 01*" trust currently in force, through which securities were issued for a nominal value of US$ 7.5 million that were subscribed and integrated on March 26, 2004, and were applied to the expansion of carrying capacity of 303,000 m3/d contracted by Metrogas Chile S.A.

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

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

The holders of the securities will have no right to claim such difference from TGN or the Trustee and the limitation on TGN's liability as Technical Operator has been established in the contract. The trust is not consolidated in the Company's financial statement.

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

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

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

a) Trust for the 2005 northern gas pipeline expansion work

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

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

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

b) Trust for the "2006-2008 Expansion Work"

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

The work was divided into stages, the first of which started in October 2007. At the date of issuance of these unaudited interim financial statements, works

16. Financial trusts for expansion on the local market organized by the National Secretariat of Energy (Continued)

b) Trust for the "2006-2008 Expansion Work" (Continued)

representing an increase of 2.275 MMm3/d in the Northern gas pipeline capacity and 1.4 MMm3/d in the Central-Western gas pipeline have been finished.

The total fee to be collected by TGN as the project manager was $ 75.8 million (before value added tax ("VAT")) and was supposed to be monthly collected in 44 installments between February 2006 and September 2009. The first $ 31 million (including VAT) were supposed to be collected in trust bonds.

As of late December 2011 the management fee billed amounted to $ 91.7 million, including VAT, totalizing the 44 installments envisaged by the contract. Up to then, the Company received from NAFISA $ 57.5 million in cash that, jointly with the $ 17.9 million received in trust bonds, has been applied partially to past due invoices.

The management contract expired in September 2009. However, as the project continues and until a new agreement is reached, TGN is empowered to receive a monthly sum equivalent to 1% of the contract value as an advance of what will be finally settled. For that reason, TGN additionally billed $ 22.9 million (including taxes) for the October 2009 to September 2011 period.

However, on October 15, 2009 a note was received from the National Secretariat of Energy indicating that both the ENARGAS and NAFISA *"…are analyzing the action and behavior of that Project Manager within the framework of the referenced contract, to evaluate compliance and possible noncompliance with the services under its charge…"* and that meanwhile, *"… TGN should continue to provide the services, without collecting any additional amount whatsoever, until the Regulatory Authority and NAFISA complete their report and decide in favor of or against the continuity of the contract."* At present, the possible outcome of this situation is unknown. TGN considers that it performed as a proper project manager and its conduct has been adjusted to the terms of the agreement.

In connection with the delay in the payment of management services, on May 9, 2011 TGN claimed the total amount of $ 108.4 million including past due principal, contractual interest and punitive interest. A similar claim against the National Secretariat of Energy was rejected by that office. For further information regarding this claim, refer to Note 13.k) to these unaudited interim financial statements.

At the date of issuance of these unaudited interim financial statements, there was no news from the authorities regarding the renegotiation of the management contract.

17. "Importation of Natural Gas" administration trust

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

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

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

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

Resolution I/1.988 establishes that in the case of partial collections, the payment received shall be proportionally distributed between all the items included in the respective invoice. As of June 30, 2012 the balance to be transferred to the Administration Trust amounts to $ 9.6 million.

18. Subsequent events

Subsequent to June 30, 2012, there have been no other events, situations or circumstances, that are not publicly known, that have impacted or could impact significantly on the net worth, or economic and financial situation of the Company that have not been considered or mentioned in these unaudited interim financial statements.

19. Other unaudited interim financial statement information

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

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

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

19. Other unaudited interim financial statement information (Continued)

(a) Fixed assets

	06.30.2012														12.31.2011
	Original values					Depreciation						Net book value			
Account	At the beginning of the year	Increases	Disposals	Transfers	At the end of the period	At the beginning of the year	For the period %	For the period Amount	Disposals	Transfers	Accumulated at the end of the period	Total	Essential items	Non-essential items	Total
Land	3,274	-	-	-	3,274	-	-	-	-	-	-	3,274	1,976	1,298	**3,274**
Buildings and constructions	77,411	-	-	224	77,635	24,793	2	777	-	-	25,570	52,065	39,550	12,515	**52,618**
Installations	2,344	-	-	-	2,344	916	4	46	-	-	962	1,382	-	1,382	**1,428**
Gas pipelines	2,076,347	-	(53)	4,759	2,081,053	806,913	3,33 and 2,22	29,040	(32)	-	835,921	1,245,132	1,245,132	-	**1,269,434**
Investments in pipeline maintenance (Note 3.h))	126,466	-	-	10,729	137,195	25,732	5,88	4,641	-	-	30,373	106,822	106,822	-	**100,734**
High-pressure branch lines	890	-	-	-	890	355	3,33 and 2,22	13	-	-	368	522	522	-	**535**
Compressor plants	929,950	-	(28)	442	930,364	539,102	4	25,787	(15)	-	564,874	365,490	365,490	-	**390,848**
High-pressure control and/or measurement stations	71,395	-	-	60	71,455	46,335	5	1,925	-	-	48,260	23,195	23,195	-	**25,060**
Other technical installations	45,548	-	-	-	45,548	32,178	6,67	1,233	-	-	33,411	12,137	11,890	247	**13,370**
Machinery, equipment and tools	26,118	67	(34)	-	26,151	24,021	10, 20 and 50	358	(34)	-	24,345	1,806	-	1,806	**2,097**
IT and telecommunication systems	89,037	2,216	(7,141)	-	84,112	60,775	10 and 20	2,203	(4,750)	-	58,228	25,884	2,238	23,646	**28,262**
Vehicles	19,844	1,454	(1,004)	-	20,294	15,257	20	801	(952)	-	15,106	5,188	-	5,188	**4,587**
Furniture and office supplies	10,540	8	(3)	-	10,545	9,512	10	95	(2)	-	9,605	940	-	940	**1,028**
Assets held at third parties facilities	11,162	-	(125)	1,007	12,044	7,160	12,5	369	(120)	-	7,409	4,635	1,486	3,149	**4,002**
Works in process	40,254	19,561	(66)	(15,681)	44,068	-	-	-	-	-	-	44,068	27,845	16,223	**40,254**
Advances to suppliers	404	1,465	-	(1,540)	329	-	-	-	-	-	-	329	-	329	**404**
Total as of 06.30.2012	**3,530,984**	**24,771**	**(8,454)**	**-**	**3,547,301**	**1,593,049**		**67,288**	**(5,905)**	**-**	**1,654,432**	**1,892,869**	**1,826,146**	**66,723**	**-**
Total as of 12.31.2011	**3,473,876**	**61,150**	**(4,042)**	**-**	**3,530,984**	**1,462,375**		**133,103**	**(2,429)**	**-**	**1,593,049**	**-**	**1,867,674**	**70,261**	**1,937,935**

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

19. Other unaudited interim financial statement information (Continued)

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

					Book value		Information on the issuer						
							Principal activity	Latest financial statements					
Issuer	**Shares**	**Par value**	**Amount**	**Cost value**	**06.30.2012**	**12.31.2011**		**Date**	**Capital stock and capital adjustment**	**Other Reserves**	**Retained earnings**	**Shareholders' equity**	**% of direct holding**
Comgas Andina S.A.	Common	(a) 1	490	246	2,039	1,226	Gas pipeline O&M services	06.30.12	11	2,490	1,659	4,160	49.0
Companhía Operadora do Rio Grande do Sul	Common	(b) 1	49	0.1	110	114	Gas pipeline O&M services	12.31.11	1	48	184	233	49.0
Impairment of investment(Note 19.(d) and 3.f))					(110)	(114)							
Total					**2,039**	**1,226**							

(a) Chilean Pesos
(b) Brazilian Reais

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

19. Other unaudited interim financial statement information (Continued)

(c) Short-term investments

	June 30, 2012	December 31, 2011
Mutual funds in $	50,465	18,261
Mutual funds in US$ (1)	-	28,734
Time deposits in $	-	30,019
Time deposits in US$ (1)	149,470	213,621
US Treasury bills (1)	397,546	326,578
Other investments in US$ (1)	-	29,776
Stock exchange securities in $	765	3,200
Government bonds in US$ (1)	831	1,012
Total	**599,077**	**651,201**

(1) Refer to note 19.e)

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

19. Other unaudited interim financial statement information (Continued)

(d) Allowances and provisions

	06.30.2012				12.31.2011
	Balances at the beginning of the year	**Net increases**	**Decreases (payment / usage)**	**Balances at the end of the period**	**Balances at the end of the year**
Deducted from assets					
Current					
Accounts receivables					
Allowance for doubtful accounts	17,491	1,525 (2)	(412)	18,604	17,491
Allowance for disputed amounts	11,660	26 (1)	(6)	11,680	11,660
Other receivables					
Allowance for doubtful accounts	3,557	1,163 (2)	(238)	4,482	3,557
Non Current					
Accounts receivables					
Allowance for disputed amounts	254,332	37,105 (1)	-	291,437	254,332
Other receivables					
Allowance for disputed tax payments and judicial escrow accounts	8,383	146 (3)	-	8,529	8,383
Materials and spare parts					
Allowance for slow-moving and obsolescence	85,385	159 (4)	-	85,544	85,385
Investments					
Allowance for impairment (Note 19.(b) and 3.(f))	114	(4)	-	110	114
Total allowances deducted from assets	**380,922**	**40,120**	**(656)**	**420,386**	**380,922**
Included in liabilities					
Current					
Contingencies					
Provision for contingencies	33,103	566 (3)	(77)	33,592	33,103
Non Current					
Contingencies					
Provision for contingencies	42,179	735 (3)	(42,914)	-	42,179
Total provisions included in liabilities	**75,282**	**1,301**	**(42,991)**	**33,592**	**75,282**
Total as of 06.30.2012	**456,204**	**41,421**	**(43,647)**	**453,978**	**-**
Total as of 12.31.2011	**383,686**	**73,870**	**(1,352)**	**-**	**456,204**

(1) 23,418 charged to Revenues (Note 4.g)) and 13,713 to Financial and holding results generated by assets.
(2) Charged to Selling Expenses – Doubtful accounts (Note 19.f)).
(3) Charged to Administrative expenses – Contingencies (Note 19.f)).
(4) Charged to Cost of Services, slow-moving and obsolete consumption materials and spare parts (Note 19.f)).

19. Other unaudited interim financial statement information (Continued)

(e) Assets and liabilities in foreign currency

	06.30.2012				12.31.2011		
	Foreign currency class and amounts (1)		Exchange rate	Amount in Thousands of $ (1)	Foreign currency class and amounts (1)		Amount in Thousands of $ (1)
Assets							
Current assets							
Cash and banks							
Banks	US$	37,512	4.487	168,317	US$	175	747
				168,317			747
Short-term investments							
Time deposit	US$	33,312	4.487	149,470	US$	50,099	213,621
Mutual funds		-		-	US$	6,739	28,734
US Treasury bills	US$	88,599	4.487	397,546	US$	76,590	326,578
Other investments		-		-	US$	6,983	29,776
Government bonds	US$	185	4.487	831	US$	237	1,012
				547,847			599,721
Accounts receivable							
Gas carriage services	US$	1,043	4.487	4,679	US$	1,183	5,045
Other services	US$	4,202	4.487	18,856	US$	3,663	15,618
				23,535			20,663
Other receivables							
Commercial indemnifications receivable	US$	20,246	4.487	90,843	US$	34,845	148,580
Court attachments and deposits	US$	8,092	4.487	36,309	US$	8,111	34,586
Guarantee deposits		-		-	US$	200	853
Prepaid expenses and others		-		-	€	100	553
	US$	1,424	4.487	6,389	US$	4,380	18,676
Foreign investments	R$	54	2.030	110	R$	345	790
				133,651			204,038
Total current assets				**873,350**			**825,169**
Non-current assets							
Accounts receivables							
Gas carriage services	US$	129,903	4.487	582,875	US$	119,293	508,664
				582,875			508,664
Other receivables							
Commercial indemnifications receivable		-		-	US$	400	1,706
				-			1,706
Foreign investments							
Comgas Andina (Note 19.b)	$ch	245,632	0.0083	2,039	$ch	161,293	1,226
Companhía Operadora do Rio Grande do Sul (Note 19.b)	R$	54	2.030	110	R$	50	114
				2,149			1,340
Total non-current assets				**585,024**			**511,710**
Total assets				**1,458,374**			**1,336,879**

19. Other unaudited interim financial statement information (Continued)

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

	06.30.2012				12.31.2011		
	Foreign currency class and amounts (2)		Exchange rate	Amount in Thousands of $ (2)	Foreign currency class and amounts (2)		Amount in Thousands of $ (2)
Liabilities							
Current liabilities							
Accounts payable							
Suppliers and unbilled services..........................	US$	293	4.527	1,325	US$	315	1,355
Unbilled services and purchases..........................	US$	1,083	4.527	4,903		-	-
Other related parties...................................	US$	14,767	4.527	66,851	US$	14,259	61,533
				73,079			62,888
Loans							
Ordinary non-convertible Class A							
Principal...	US$	141,280	4.527	639,574	US$	141,280	608,069
Interest..	US$	36,556	4.527	165,490	US$	31,258	134,535
Punitive..	US$	10,397	4.527	47,069	US$	7,641	32,887
Ordinary non-convertible Class B							
Principal...	US$	203,630	4.527	921,834	US$	203,630	876,424
Interest..	US$	68,216	4.527	308,814	US$	58,035	249,781
Punitive..	US$	13,116	4.527	59,377	US$	9,441	40,634
				2,142,158			1,942,330
Taxes payable							
Provision for income tax withholdings to foreign parties and others...	US$	7,959	4.527	36,030	US$	6,600	28,405
				36,030			28,405
Total current liabilities				**2,251,267**			**2,033,623**
Total liabilities				**2,251,267**			**2,033,623**

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

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

19. Other unaudited interim financial statement information (Continued)

(f) Cost of services, administrative and selling expenses

	Total at 06.30.2012	Cost of services			Selling expenses	Administrative expenses	Investments in fixed assets	Total at 06.30.2011
		Carriage service	Other services	Total				
Fees for technical-administrative services ..	655	-	-	-	-	655	-	478
Board of Director's fees	213	-	-	-	-	213	-	-
Statutory auditors committee's fees	466	-	-	-	-	466	-	432
Fees for professional services	6,614	1,062	1,292	2,354	4	3,786	470	3,622
Salaries, wages and other personnel benefits	61,848	38,073	4,494	42,567	743	18,033	505	53,255
Social security contributions	11,330	6,703	638	7,341	163	3,826	-	12,579
Fees for technical operator and audit services	6,741	6,741	-	6,741	-	-	-	6,072
Foreign staff residences	-	-	-	-	-	-	-	1,162
Consumption of spare parts and materials	8,865	8,079	203	8,282	-	34	549	9,374
Third party services and supplies	5,615	5,025	344	5,369	22	224	-	3,870
Maintenance and repair of fixed assets	25,328	21,308	747	22,055	45	1,079	2,149	20,647
Travel expenses	6,062	4,504	672	5,176	16	765	105	4,607
Freight and transportation	758	649	26	675	-	19	64	609
Communications	828	381	109	490	19	315	4	671
Insurance	3,418	3,085	2	3,087	-	331	-	2,769
Office supplies	1,127	509	62	571	6	543	7	1,126
Rentals	901	402	285	687	10	176	28	836
Easements	6,340	6,340	-	6,340	-	-	-	3,965
Taxes, rates and contributions	18,951	232	21	253	6,608	12,090	-	17,109
Fixed assets depreciation	67,288	66,279	67	66,346	135	807	-	65,017
Fixed assets improvements	1,720	19	-	19	-	-	1,701	1,560
Compensation for damages	14,274	-	-	-	14,274	-	-	-
Doubtful accounts	2,688	-	-	-	2,688	-	-	2,964
Contingencies	1,447	-	-	-	-	1,447	-	1,376
Slow-moving and obsolete consumption materials and spare parts	159	159	-	159	-	-	-	974
Others	981	498	79	577	9	365	30	661
Total at 06.30.2012	**254,617**	**170,048**	**9,041**	**179,089**	**24,742**	**45,174**	**5,612**	**-**
Total at 06.30.2011	-	**151,198**	**7,617**	**158,815**	**12,012**	**38,406**	**6,502**	**215,735**

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

19. Other unaudited interim financial statement information (Continued)

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

	06.30.2012			
	Short-term investments (a)	**Receivables (b)**	**Loans (c)**	**Other payables (d)**
Past due:				
Up to 06.30.2011	-	273,069	1,950,600	287
From 07.01.2011 up to 09.30.2011	-	14,936	45,939	-
From 10.01.2011 up to 12.31.2011	-	14,975	46,428	8,264
From 01.01.2012 up to 03.31.2012	-	15,665	49,102	1,504
From 04.01.2012 up to 06.30.2012	-	26,234	50,089	1,729
Without due date	51,296	349,957	-	151,818
To be due				
09.30.2012	52,375	58,611	-	117,375
12.31.2012	495,406	85,817	-	623
03.31.2013	-	196	-	623
06.30.2013	-	3,273	-	623
06.30.2014	-	279	-	-
06.30.2015	-	57	-	-
06.30.2016	-	114,597	-	-
06.30.2017	-	543	-	-
06.30.2018	-	67,465	-	-
Total at 06.30.2012	**599,077**	**1,025,674**	**2,142,158**	**282,846**
Balances subject to adjustment	51,296	-	-	-
Balances not subject to adjustment	547,781	1,025,674	2,142,158	282,846
Total at 06.30.2012	**599,077**	**1,025,674**	**2,142,158**	**282,846**
Interest bearing balances	547,618	1,226	1,561,408	52,058
Non – interest bearing balances	51,459	1,024,448	580,750	230,788
Total at 06.30.2012	**599,077**	**1,025,674**	**2,142,158**	**282,846**

(a) Excludes investments in other companies.
(b) Includes accounts receivable and other receivables at their present value, not including allowances.
(c) Classified into current liabilities (Note 10).
(d) Includes all non-financial liabilities, excluding contingencies.

TRANSPORTADORA DE GAS DEL NORTE S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS REQUIRED BY SECTION 68 OF THE BUENOS AIRES STOCK EXCHANGE LISTING RULES FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2012.

General matters related to the Company's activities

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

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

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

   Note 1 to TGN´s unaudited interim financial statements describes the Company's legal and regulatory aspects.

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

   See Notes 1.c.v), 2.f) and 14 to the Company's unaudited interim financial statements as of June 30, 2012.

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

   See Note 19.g) to the Company's unaudited interim financial statements as of June 30, 2012.

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

   See Note 19.e) and g) to the Company's unaudited interim financial statements as of June 30, 2012.

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

   See Note 19.b) to the Company's unaudited interim financial statements as of June 30, 2012. Balances with related companies are disclosed in Note 5 to those unaudited interim financial statements.

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

   None.

7. **Physical count of inventories:**

   Physical count of materials and spare parts is performed on an annual basis. Slow-moving and obsolete materials and spare parts amount to $ 85.5 million and are totally written-off (Note 3.g)) and 19.d) to the Company's unaudited interim financial statements as of June 30, 2012).

Current Values:

8. Other Assets and Inventories:

- Other assets (gas stock): gas stock in the gas pipe network has been valued at the replacement cost of the gas cubic meter, plus the average carriage price (Note 3.i) to the Company´ unaudited interim financial statements as of June 30, 2012).

- Inventories (materials and spare parts): they are valued at their replacement cost net of an allowance for slow-moving and obsolescence (Note 3.g) and Note 19.d) to the Company’s unaudited interim financial statements as of June 30, 2012).

Fixed Assets:

9. Technically appraised fixed assets:

None.

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

None.

Equity investments in other companies:

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

None.

Recoverable value:

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

- Materials and spare parts and fixed assets: the recoverable value of such assets was determined based on their economic use - Notes 3.g) and 3.h), respectively - to the Company’s unaudited interim financial statements as of June 30, 2012, subject to the resolution of the uncertainties generated by the changes in the economic context and the legal and contractual conditions under which the Company operates.

- Other assets: for the gas stock, the criterion followed to determine its recoverable value is the net realization value (Note 3.i) to the Company’s unaudited interim financial statements as of June 30, 2012).

- Deferred tax asset and minimum presumed income tax: the projections of future taxable income have been taken into consideration for the calculation of the recoverable value. Such projections have been built on the basis of the best estimate in accordance with the guidelines pointed out in Note 2.d) to the Company’s unaudited interim financial statements as of June 30, 2012, and taking into consideration the resolution of the uncertainties mentioned in Notes 1.b) and 1.c) to the Company’s unaudited interim financial statements as of June 30, 2012, referring to the modifications of the Argentine economic context and of the legal and contractual framework in which the Company operates.

ADDITIONAL INFORMATION TO THE NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS REQUIRED BY SECTION 68 OF THE BUENOS AIRES STOCK EXCHANGE LISTING RULES FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2012.

Insurance:

13. Insurance covering the Company's tangible assets:

Property insured	Risks Covered	Amount insured in thousands	Book value in thousands of $
• Personal and real property allocated to the provision of services, except for machinery and equipment	All physical risks and loss of profits Liability insurance	US$ 75,000 US$ 50,000	290,876
• Compressor plants	Terrorism	US$ 35,000	365,490
• Machinery	Machinery breakdown	US$ 10,000	149,858
• Automobiles: - Management's fleet	Limited liability insurance	$ 3,000	461
	Total loss car accident	Replacement value	
- Operational fleet (cars and pick ups)	Total or partial loss due to fire, robbery or theft	$ 3,000	4,210
- Trucks and trailers	Limited liability insurance Limited liability insurance	$ 10,000	517
• Personal property located in Head Office, IT equipment and IT items	Fire of contents Theft	US$ 8,650 US$ 10	7,136

Contingencies:

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

The provision for contingencies represents approximately 3.3% of the Company’s shareholders' equity as of June 30, 2012 and was set up to face payments the Company would have to make in the event of claims and/or complaints filed against it (Refer to Note 19.d) to the Company’s unaudited interim financial statements as of June 30, 2012). In estimating amounts, the likelihood of occurrence was taken into account based on the opinion of the legal consultants and the criteria detailed in Note 2.d) to the Company's unaudited interim financial statements as of June 30, 2012.

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

Except for the provisions mentioned in Note 13 to the Company's unaudited interim financial statements as of June 30, 2012, there are no such situations.

ADDITIONAL INFORMATION TO THE NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS REQUIRED BY SECTION 68 OF THE BUENOS AIRES STOCK EXCHANGE LISTING RULES FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2012.

Irrevocable advances on account of future subscription of shares:

16. Status of the capitalization process:

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

17. Unpaid cumulative dividends of preferred shares:

None.

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

Under the terms of the financial agreements currently in force, TGN shall not make dividend payments in the event of default, grounds for default or in an adverse event period (as defined in the contract).

See Note 12.c) to the Company's unaudited interim financial statements as of June 30, 2012.

Autonomous City of Buenos Aires, July 31, 2012

Free translation from the original in Spanish for publication in Argentina

Limited Review Report

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

1. We have reviewed the accompanying balance sheet of Transportadora de Gas del Norte S.A. ("TGN") as of June 30, 2012, and the related statements of operations, of changes in shareholders equity and of cash flows for the six-month periods ended June 30, 2012 and 2011, and their supplementary notes. The preparation and issuance of the mentioned financial statements are the responsibility of the Company.

2. Our reviews were limited to the application of the procedures established in Technical Pronouncement No. 7 of the Argentine Federation of Professional Councils in Economic Sciences for limited reviews of interim financial statements, which consist mainly of the application of analytical procedures to the amounts disclosed in the financial statements and inquires made of Company staff responsible for the preparation of the information included in the financial statements and of its subsequent analysis. This review is substantially less in scope than an audit, the objective of which is to express an opinion on the financial statements under review. Accordingly, we do not express an opinion on the Company's financial position, the results of its operations, the changes in its shareholder's equity and its cash-flows.

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

   Additionally, given that the Public Emergency Law and Reform of the Exchange Regime authorizes the Executive Branch to renegotiate tariffs and Project and Public Service contracts and that, at the date of issuance of this report, the result of this renegotiation is unknown and there is uncertainty as to whether the future net cash inflows will be sufficient to recover the net book value of non-current assets, and whether the Company will be able to repay its financial debts, as mentioned in Note 10 to the accompanying financial statements.

   With regard to the recovery of non-current assets, as explained in Notes 3.h) and 7 to the accompanying financial statements, the Company tested its fixed assets and its tax credits for recoverability based on which it estimates that their carrying value is not in excess of their recoverable value. The assumptions, premises and estimates of future events used in that test evidence the vision projected by the Company's Board of Directors, which may occur or materialize in the future or not; furthermore, those assumptions, premises and estimates are affected mainly by the uncertainty regarding the rate adjustment and the evolution of certain commercial contracts. In view of this, we are not in a position to anticipate whether the premises used by the management in preparing its projections will materialize in the future in order to corroborate the recoverable value of fixed assets and tax credits, whose net book value at June 30, 2012 amounts to $ 1,893 million and $ 285 million, respectively (at December 31, 2011 $ 1,938 million and $ 212 million, respectively).

4. As mentioned in Notes 1.c) , 13.e) and 13.h) to the attached financial statements, at June 30, 2012 the Company has contractual disputes for significant amounts with certain customers that provide gas carriage services for export for outstanding balances of $ 582.8 million ($ 508.6 million at December 31, 2011) not yet collected from those customers. In view of the uncertainty as to the possibility of recovering those receivables in the future, the balances due and pending collection have been covered by an allowance partially at the balance sheet date. In addition, as explained in Note 16.b), the Company is a party to the work management contract entered into in relation to the 2006-2008 expansion project and carries at June 30, 2012 a net receivable for $ 18.1 million ($ 14.6 million at December 31, 2011) for its services, which is in arrears under the contract terms agreed upon. There is a delay in the performance of this work project as well as limitations on its scope, the work schedules and conditions agreed under the contract being subject to possible changes in the future. Consequently, there is uncertainty as to the effects this situation could have on the value of receivables and allowances recorded and on the future revenues from those contracts.

5. As explained in Notes 1 and 10 to the attached financial statements, the Company's Board of Directors decided to suspend effective December 22, 2008 principal and interest payments on its financial debt. At June 30, 2012, the Company carries financial debts denominated in US dollars for a total of US$ 473.2 million (US$ 451.3 million at December 31, 2011), and has not paid principal for US$ 129.6 million and interest for US$ 128.3 million on these debts. International Accounting Standard No. 1 ("IAS 1"), of complementary application to Argentine GAAP, provides that debts "in default" are to be disclosed as current in view of the possibility of creditors accelerating the maturities, thus, the Company has disclosed all balances due under loans, in current liabilities.

   Furthermore, as mentioned in Note 10 to the accompanying financial statements, on October 14, 2009 the Meeting of Holders representing approximately 88% of the outstanding principal and votes accepted the payment proposal offered by the Company through the petition for an Out-of-court restructuring agreement. Subsequently, on October 19, 2009, the Company's Ordinary Meeting of Shareholders ratified the Boards' decision to submit this Out-of-court Restructuring Agreement to the commercial court for its confirmation as laid down by the Argentine Bankruptcy Law. This judicial approval is pending at the date of issue of these financial statements. Subsequently, on June 1, 2012, the Board of Directors of TGN resolved to abandon the petition for court confirmation of the Out-of-court Restructuring Agreement and, as detailed in Note 10, on July 12, 2012 the Company launched a new private exchange offer for all its financial debts and the term for acceptance of the offer will expire on August 8, 2012.

6. The June 30, 2012 financial statements of TGN have been prepared following accounting principles applicable to a going concern; therefore, those financial statements do not include the effects of possible adjustments and/or reclassifications, if any, that might be required if the situations described above are not resolved in favor of the normal course of the Company's business. Consequently, the Company's financial statements should be read in the light of these uncertain circumstances**.**

7. Based on the work done and on our examinations of the Company's financial statements for the years ended December 31, 2011 and 2010, on which we issued our report on March 6, 2012 including qualifications regarding the circumstances referred to in paragraphs 3., 4., 5. and 6. of this report, we state that:

a) The financial statements of TGN at June 30, 2012 and 2011 detailed in paragraph 1., prepared in accordance with accounting standards in effect in the Autonomous City of Buenos Aires, give consideration to all significant facts and circumstances which are known to us and that we have no further observations to make on them other than those mentioned in paragraphs 3., 4., 5. and 6.

b) The comparative information included in the balance sheet and in the complementary notes and exhibits to the attached financial statements arises from the financial statements of the Company at December 31, 2011.

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

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

b) the financial statements of TGN arise from accounting records carried in all formal aspects in accordance with current legal regulations;

c) we have read the Summary of Activities, except for the titled chapter "Progress in the IFRS implementation plan", and the additional information to the notes to the financial statements required by Section 68 of the Buenos Aires Stock Exchange Regulations, on which, as regards those matters that are within our competence, we have no observation to make other than those indicated in paragraphs 3., 4., 5. and 6.;

d) at June 30, 2012, the debt accrued in favor of the Argentine Integrated Social Security System amounted, as shown by the Company´s accounting records, to $ 4,331,481 which was not yet due at that date.

Autonomous City of Buenos Aires, July 31, 2012

PRICE WATERHOUSE & CO. S.R.L.

by (Partner)

Fernando A. Rodríguez