TRANSPORTADORA DE GAS DEL NORTE S.A.

Unaudited Interim Financial Statements as of and for the three-month period ended March 31, 2011, 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") (1) and its financial situation, which should be read together with the attached unaudited interim financial statements.

I) ANALYSIS OF RESULTS AND FINANCIAL SITUATION

**** Net Result for the three-month period ended March 31, 2011***

(In million of pesos)

	Three-month periods ended 03.31.		
	2011	**2010**	**Variation $**
Net Revenues			
Gas carriage service	99.4	139.1	(39.7)
Allowances for disputed amounts	(10.0)	(25.6)	15.6
Discount as per Decrees No 292/95, 1520/98, 814/01	-	(0.4)	0.4
Subtotal Gas carriage service	**89.4**	**113.1**	**(23.7)**
Other services:			
Gas Pipeline O&M services	6.4	7.1	(0.7)
Management fees – Gas Trust Program	1.2	4.8	(3.6)
Subtotal Gas pipeline operation and maintenance service and other services	**7.6**	**11.9**	**(4.3)**
Net Revenues	**97.0**	**125.0**	**(28.0)**
Cost of services			
Operating and maintenance costs	(42.4)	(41.1)	(1.3)
Fixed assets depreciation	(31.7)	(31.4)	(0.3)
Subtotal	**(74.1)**	**(72.5)**	**(1.6)**
Gross profit	**22.9**	**52.5**	**(29.6)**
Administrative and selling expenses	(22.8)	(18.7)	(4.1)
Operating income	**0.1**	**33.8**	**(33.7)**
Gain from equity investments, net	0.3	(0.2)	0.5
Financial and holding results	(57.4)	(63.1)	5.7
Other income (expense), net ***(3)***	61.5	10.4	51.1
Net income (loss) before income tax	**4.5**	**(19.1)**	**23.6**
Income Tax	(6.6)	1.6	(8.2)
Net loss for the period	**(2.1)**	**(17.5)**	**15.4**
EBITDA(2)(3)	**95.3**	**78.1**	**17.2**

(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 (expense), 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 $ 33.8 million and $ 67.7 million, respectively.

(3) Including earnings for $ 60.4 million and $ 9.6 million in 2011 and 2010, respectively, from settlement agreements entered into with export customers (Note 14).

(In million of pesos)

	03.31.11	**12.31.10**
Total Assets	3,239	3,186
Total Liabilities	1,942	1,886
Shareholders' Equity	1,297	1,300

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

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

** Net Revenues*

Below is a summary of the TGN’s net revenues by type of service:

(In million of pesos)

Type of service	**Three-month periods ended 03.31.**			
	2011	**%**	**2010**	**%**
Gas carriage	89.4	92.2	113.1	90.5
Gas Pipeline O&M services	7.6	7.8	11.9	9.5
Total net Revenues	**97.0**	**100.0**	**125.0**	**100.0**

- Gas carriage services

The net decrease in net revenues corresponding to gas carriage services of $ 23.7 million between 2011 first quarter and 2010 first quarter mainly results from the combined effect of the following variations:

i. $ 21.4 million due to less invoicing related to commercial agreements entered into TGN and its export customers to end disputes (Note 14.a, c and d);

ii. $ 23.6 million of less invoicing due to the termination of the export carriage agreement entered into with YPF (Note 13.h);

iii. increase of $ 2.7 million in the billings for export transportation service as a result of the joint effect of the increase in the dollar exchange rate and in the Producer Price Index (“PPI”) applicable in the present year;

iv. a $ 2.6 million increase mainly in interruptible services, interchange and displacement services invoiced and others;

v. $ 15.6 million increase in revenue due to a lesser amount provided for claims in litigation.

- Gas pipeline operation and maintenance and works management services

The first quarter of 2011 shows a decrease of $ 4.3 million compared with the same period of the prior year, mainly related to the contract management fee accrued in favor of TGN in the gas trust programs (Note 16.b). Revenue is recognized according to the criteria described in Note 3.p) to the Company’s unaudited interim financial statements.

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

*** Cost of services**

(In million of pesos)

	Three-month periods ended 03.31.		
	2011	**2010**	**Variation $**
Fees for professional services	0.3	0.5	(0.2)
Salaries, wages and other personnel benefits and social security contributions	18.6	15.4	3.2
Fees for technical operator services	4.4	2.9	1.5
Foreign staff residence	0.7	0.7	-
Consumption of spare parts and materials	2.7	3.4	(0.7)
Gas imbalance	-	(1.4)	1.4
Maintenance and repair of fixed assets and third party services and supplies	8.5	10.7	(2.2)
Communications, freight and transportation, travel expenses	2.2	2.1	0.1
Insurance	1.3	1.3	-
Rentals and office supplies	0.6	0.6	-
Easements	2.0	2.4	(0.4)
Taxes, rates and contributions	-	0.2	(0.2)
Fixed assets depreciation	31.7	31.4	0.3
Materials and spare parts slow-moving and obsolescence	1.0	2.2	(1.2)
Others	0.1	0.1	-
Total	**74.1**	**72.5**	**1.6**
% of Costs of services on net revenues	**76.4%**	**58.0%**	

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

i. A $ 3.2 million increase in salaries, wages and other personnel benefits and social security contributions as a result of pay increases, partially corresponding to inflation adjustment.

ii. An increase of $ 1.5 million in technical operator’s fees for technical audit and advisory services accrued by application of the fee calculation method set forth in the respective contract (Note 1.c.iv) to the Company’s unaudited interim financial statements). This contract envisages a valuable consideration for the services consisting of a payment of an annual remuneration equal to the higher of US$ 3,000,000 or 7% of the earnings before interest and taxes (“EBIT”) for each fiscal year. Nevertheless, in view of the decision to postpone the due dates of TGN financial debt made on December 22, 2008, the Board resolved to temporarily suspend, effective December 31, 2008, the payments of the fees envisaged in the Technical Assistance and Assistance to the Audit Area Contract;

iii. $ 2.2 million decrease in maintenance costs and repairs of fixed assets and third party services and supplies. The most significant variation has been recorded in maintenance of compressor plants; and

iv. A decrease of $ 1.2 million in slow-moving and obsolete consumption materials and spare parts, due to the variation occurred in this period in those materials which were not fully used for regular maintenance as expected.

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

** Administrative and Selling expenses*

(In million of pesos)

	Three-month periods ended 03.31.		
	2011	**2010**	**Variation $**
Salaries, wages and other personnel benefits and social security contributions	10.3	6.6	3.7
Fixed assets depreciation	0.4	0.5	(0.1)
Fees for professional services	1.1	1.3	(0.2)
Taxes, rates and contributions	7.5	7.5	-
Communications, freight and transportation, travel expenses	0.4	0.3	0.1
Maintenance and repair of fixed assets and third party services and supplies	0.3	0.6	(0.3)
Rentals and office supplies	0.2	0.3	(0.1)
Doubtful accounts	1.5	0.8	0.7
Contingencies	0.7	1.0	(0.3)
Fees for Board of Directors and the Statutory Auditors Committee	-	0.2	(0.2)
Fees for technical-administrative services	0.2	0.1	0.1
Others	0.2	(0.5)	0.7
Total	**22.8**	**18.7**	**4.1**
% of Administrative and Selling expenses on net revenues	**23.5%**	**15.0%**	

The item showing the most significant variation between both periods is Salaries, wages and other personnel benefits and social security contributions which increased by $ 3.7 million, mainly due to salary rises and severance.

** Financial and Holding Results*

(In million of pesos)

	Three-month periods ended 03.31.		
	2011	**2010**	**Variation $**
Interest and indexing generated by liabilities	(45.6)	(32.2)	(13.4)
Commissions, expenses and taxes on banking and financial operations	(1.3)	(1.3)	-
Subtotal financial result generated by liabilities before exchange rate differences	**(46.9)**	**(33.5)**	**(13.4)**
Interest, indexing and expenses generated by assets	1.4	2.7	(1.3)
Holding results generated by assets	0.9	1.2	(0.3)
Results from US$ forward operations	-	(3.6)	3.6
Income (loss) on discounting of non-current and current assets	4.0	(6.0)	10.0
Subtotal financial result generated by (used in) assets before exchange rate differences	**6.3**	**(5.7)**	**12.0**
Exchange rate differences:			
Generated by liabilities	(33.8)	(30.4)	(3.4)
Generated by assets	17.0	6.5	10.5
Subtotal exchange rate differences	**(16.8)**	**(23.9)**	**7.1**
Total	**(57.4)**	**(63.1)**	**5.7**

Financial and holding results for the three month period ended March 31, 2011 have decreased by $ 5.7 million compared with the period as of March 31, 2010.

Items recording the most significant variations between both periods are as follows:

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

** Financial and Holding Results (Cont.)*

i. Higher losses for $ 3.4 million resulted from exchange rate differences generated by liabilities. The exchange rates were US$ 1 = $ 4.054 (as of March 31, 2011), US$ 1 = $ 3.976 (as of December 31, 2010). In the comparative period, these figures were US$ 1 = $ 3.878 (as of March 31, 2010) and US$ 1 = $ 3.800 (as of December 31, 2009). This impact on the result of the period is produced in relation to debt balances that amounted to US$ 421.1 million as of March 31, 2011 and US$ 386.6 million as of March 31, 2010.

ii. Higher interest and indexing charges generated by debt balances mentioned in the previous paragraph for $ 13.4 million considering that Company´s debt remains unpaid since December 2008, as explained in Note 10 to the Company´s unaudited interim financial statements.

iii. The asset US dollar positions produced a higher exchange profit of $ 10.5 million.

iv. An additional income of $ 10.0 million was recorded in the period under income on discounting of non-current and current assets which is mainly related to the changes in trade receivables and other non-current receivables.

v. An income of $ 3.6 million since during the three-month period ended March 31, 2011 TGN did not conduct any exchange rate risk hedging transactions.

** Other income (expense), net*

(In million of pesos)

	Three-month periods ended 03.31.		
	2011	**2010**	**Variation $**
Income from commercial indemnifications (Note 14)	60.4	9.6	50.8
Result of disposal of fixed assets	(0.1)	(0.1)	-
Net income from sundry sales and others	1.2	0.9	0.3
Total	**61.5**	**10.4**	**51.1**

Note 14 to the unaudited interim financial statements describes the agreements reached in 2010 with export customers Sociedad Eléctrica Santiago S.A., Colbún S.A. and Gasoducto Norandino S.A. Those agreements have generated an additional income amounting to $ 50.8 million at March 31, 2011 compared with the prior year, on account of income from commercial indemnifications.

** Summary of the Statement of Cash Flows*

(In million of pesos)

	Three-month periods ended 03.31.	
	2011	**2010**
Net loss for the period	**(2.1)**	**(17.5)**
Adjustments to reach net cash flow arising from operating activities	114.0	116.4
Net changes in assets and liabilities	(31.3)	(94.1)
Net cash flows generated by operating activities	**80.6**	**4.8**
Purchase of fixed assets	(11.2)	(6.5)
Collection of cash dividends	-	1.1
Variation of short-term investments	30.1	19.4
Variation of short-term investments granted as guarantee	-	(0.4)
Net cash flows generated by investing activities	**18.9**	**13.6**
Increase in attachments and guaranty deposit	(0.6)	-
Increase in customer advances	0.6	3.5
Net cash flows generated by financing activities	**-**	**3.5**
Financial and holding result generated by cash and cash equivalents	**6.6**	**6.1**
Net increase in cash	**106.1**	**28.0**
Cash and cash equivalents as of beginning of the year	**282.1**	**272.3**
Cash and cash equivalents as of end of the period	**388.2**	**300.3**

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

**** Summary of the Statement of Cash Flows (Cont.)***

(In million of pesos)

	As of 03.31.	
	2011	**2010**
Cash and cash equivalents		
Cash and banks	147.4	10.5
Mutual funds in $	40.9	40.6
Foreign mutual funds in US$	24.2	-
Time deposits in $	22.4	49.5
Time deposits in US$	125.1	157.4
Stock exchange securities in $ and others	28.2	42.3
Cash and cash equivalents as of end of the period	**388.2**	**300.3**

II) BUSINESS PROSPECTS

The Company´s business, operating, financial and regulatory prospects are described in the attached unaudited interim financial statements; 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.

III) COMPARATIVE BALANCE SHEET STRUCTURE AT MARCH 31, 2011, 2010, 2009, 2008 and 2007

(In million of pesos)

	As of 03.31.				
	2011	**2010**	**2009**	**2008**	**2007**
Current Assets	785	480	337	225	221
Non-current Assets	2.454	2,425	2,392	2,409	2,460
Total	**3.239**	**2,905**	**2,729**	**2,634**	**2,681**
Current Liabilities	1.873	1,637	1,437	215	215
Non-current Liabilities	69	59	55	1,098	1,190
Subtotal	**1.942**	**1,696**	**1,492**	**1,313**	**1,405**
Shareholders’ Equity	1.297	1,209	1,237	1,321	1,276
Total	**3.239**	**2,905**	**2,729**	**2,634**	**2,681**

IV) COMPARATIVE STRUCTURE OF RESULTS FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2011, 2010, 2009, 2008 and 2007

(In millions of pesos)

	Three-month periods ended 03.31.				
	2011	**2010**	**2009**	**2008**	**2007**
Ordinary operating income	0.1	33.8	45.3	50.5	47.6
Financial and holding results, net	(57.4)	(63.1)	(104.6)	(30.1)	(41.7)
Gain from foreign equity investments, net	0.3	(0.2)	0.5	0.6	0.6
Other income (expenses), net	61.5	10.4	1.2	(0.5)	0.7
Income (loss) before income tax	4.5	(19.1)	(57.6)	20.5	7.2
Income Tax charge	(6.6)	1.6	16.5	(10.9)	(8.7)
Net (loss) income for the period	**(2.1)**	**(17.5)**	**(41.1)**	**9.6**	**(1.5)**

V) COMPARATIVE STATISTICAL DATA CORRESPONDING TO THE THREE-MONTH PERIODS ENDED MARCH 31, 2011, 2010, 2009, 2008 and 2007

Volume dispatched in million of cubic meters:

According to the type of carriage agreement

	Three-month periods ended 03.31.				
	2011	**2010**	**2009**	**2008**	**2007**
Firm carriage	3,236	3,050	3,221	3,628	3,818
Interruptible carriage and exchange and shifting	1,344	1,143	1,327	927	701
Total	**4,580**	**4,193**	**4,548**	**4,555**	**4,519**

V) COMPARATIVE STATISTICAL DATA CORRESPONDING TO THE THREE-MONTH PERIODS ENDED MARCH 31, 2011, 2010, 2009, 2008 and 2007 (Cont.)

According to the type of source

	Three-month periods ended 03.31.				
	2011	**2010**	**2009**	**2008**	**2007**
Norte Gas pipeline	1,943	1,788	1,760	1,829	1,834
Centro-Oeste Gas pipeline	2,637	2,405	2,788	2,726	2,685
Total	**4,580**	**4,193**	**4,548**	**4,555**	**4,519**

VI) COMPARATIVE INDICATORS AT MARCH 31, 2011, 2010, 2009, 2008 and 2007

	Three-month periods ended 03.31.				
	2011	**2010**	**2009**	**2008**	**2007**
Current liquidity (1)	0.42	0.29	0.23	1.05	1.03
Solvency (2)	0.67	0.71	0.83	1.01	0.91
Freezing Capital (3)	0.76	0.83	0.88	0.91	0.92

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

VII) PROGRESS IN THE IFRS (International Financial Reporting Standards) IMPLEMENTATION PLAN (not covered by the Limited Review Report)

No circumstances have been identified requiring modifications to the plan or indicating any departure from the accomplishment of the established objectives and deadlines as a result of the monitoring by the Board of Directors of the IFRS implementation plan.

At the date of issuance of these unaudited interim financial statements, the Company is giving priority to the analysis of those IFRS which it considers will be applicable to the preparation of its unaudited interim financial statements in the first year of adoption of those standards. Further, as a result of this analysis, the Company is working on the evaluation of the most significant economic impact of the adoption of IFRS.

Autonomous City of Buenos Aires, May 10, 2011

The Board of Directors
Eduardo Ojea Quintana

TRANSPORTADORA DE GAS DEL NORTE S.A.

Balance Sheets as of March 31, 2011
compared with the year ended on December 31, 2010
(in thousands of Argentine Pesos, except for per share amounts)

	March 31, 2011	December 31, 2010
ASSETS		
Current Assets		
Cash and banks	$ 147,377	$ 63,991
Short-term investments (Note 19.c))	424,327	426,462
Accounts receivables, net (Note 4.a))	47,005	54,407
Other receivables, net (Note 4.b))	148,647	160,252
Materials and spare parts, net (Note 4.c))	17,665	17,665
Total Current Assets	785,021	722,777
Non-current Assets		
Accounts receivables, net (Note 4.a))....	145,766	132,495
Other receivables, net (Note 4.b))	254,647	255,249
Materials and spare parts, net (Note 4.c))	33,639	34,529
Fixed Assets, net (Note 19.a))	1,990,303	2,011,501
Investments (Note 19.b))	3,354	3,100
Other assets – Gas Stock	26,525	26,659
Total Non–Current Assets	2,454,234	2,463,533
Total Assets	**3,239,255**	**3,186,310**
LIABILITIES AND SHAREHOLDERS´ EQUITY		
Current Liabilities		
Accounts payable (Note 4.d))	68,973	78,061
Loans (Note 10)	1,707,355	1,636,987
Salaries and social security payable	33,794	40,027
Taxes payable (Note 4.e))	25,037	26,944
Customer advances	771	195
Others (Note 4.f))	4,445	4,011
Subtotal	1,840,375	1,786,225
Contingencies (Note 13 and 19.d))	32,842	33,209
Total Current Liabilities	1,873,217	1,819,434
Non–Current Liabilities		
Others (Note 4.f))	28,672	28,165
Subtotal	28,672	28,165
Contingencies (Note 13 and 19.d))	39,729	38,965
Total Non–Current Liabilities	68,401	67,130
Total Liabilities	**1,941,618**	**1,886,564**
Shareholders´ Equity	**1,297,637**	**1,299,746**
Total Liabilities and Shareholders´ Equity	**$ 3,239,255**	**$ 3,186,310**

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 three-month periods ended March 31, 2011 and 2010

(in thousands of Argentine Pesos, except for per share amounts)

	March 31, 2011	March 31, 2010
Net revenues (Note 4.g))	$ 97,035	$ 124,987
Cost of services (Note 19.f))	(74,062)	(72,463)
Gross Profit	**22,973**	**52,524**
Selling expenses (Note 19.f))	(4,948)	(5,422)
Administrative expenses (Note 19.f))	(17,865)	(13,266)
Operating income	**160**	**33,836**
Gain from foreign equity investments, net	254	(242)
Financial and holding results, net		
Generated by assets:		
Interest and indexing	1,651	2,854
Exchange rate differences	16,969	6,513
Other financial and holding results (Note 4.h))	4,618	(8,626)
Subtotal	23,238	741
Generated by liabilities:		
Interest and indexing	(45,630)	(32,209)
Exchange rate differences	(33,738)	(30,370)
Other financial and holding results (Note 4.h))	(1,282)	(1,307)
Subtotal	(80,650)	(63,886)
Other income (expense), net (Note 4.i) and Note 14)	61,481	10,450
Net income (loss) before income tax	**4,483**	**(19,101)**
Income tax charge (Note 7)	(6,592)	1,603
Net loss for the period	**$ (2,109)**	**$ (17,498)**
Loss per share in pesos (Note 6)	(0.0048)	(0.0398)

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 three-month periods ended March 31, 2011 and 2010
(in thousands of Argentine Pesos, except for per share amounts)

	Shareholders' contributions			Legal reserve	Voluntary reserve for future dividends	Retained earnings	Total shareholders' equity
	Common stock	Inflation adjustment of common stock	Total				
Balances as of December 31, 2009	**439,374**	**506,053**	**945,427**	**57,216**	**275,585**	**(51,546)**	**1,226,682**
Net loss for the period						(17,498)	(17,498)
Balances as of March 31, 2010	**439,374**	**506,053**	**945,427**	**57,216**	**275,585**	**(69,044)**	**1,209,184**
Resolution adopted by the Ordinary Meeting of Shareholders held on April 22, 2010: Allocation to the voluntary reserve for future dividend distributions	-	-	-	-	(51,546)	51,546	-
Complementary loss for the nine-month period up to December 31, 2010	-	-	-	-	-	90,562	90,562
Balances as of December 31, 2010	**439,374**	**506,053**	**945,427**	**57,216**	**224,039**	**73,064**	**1,299,746**
Net loss for the period	-	-	-	-	-	(2,109)	(2,109)
Balances as of March 31, 2011	**439,374**	**506,053**	**945,427**	**57,216**	**224,039**	**70,955**	**1,297,637**

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 three-month periods ended March 31, 2011 and 2010
(in thousands of Argentine Pesos, except for per share amounts)

	March 31, 2011	March 31, 2010
Cash and cash equivalents as of beginning of the year	$ 282,106	$ 272,336
Cash and cash equivalents as of end of the period (Note 4.j))	388,187	300,297
Net increase in cash and cash equivalents	**106,081**	**27,961**
Cash flows from operating activities		
Net loss of the period	(2,109)	(17,498)
Income tax	6,592	(1,603)
Financial and holding results generated by liabilities	45,630	32,209
Adjustments to reach net cash flow arising from operating activities:		
Depreciation of fixed assets	32,119	31,829
Net book value of fixed assets written off	252	74
Increase in allowances and provisions, net	16,968	32,356
Exchange rate differences and other financial results, net	12,713	21,298
Gain on foreign equity investments	(254)	242
Net changes in assets and liabilities:		
Increase in accounts receivable	(21,188)	(64,184)
Increase (decrease) in other receivables	6,177	(6,270)
Decrease (increase) in materials and spare parts and other assets	208	(3,552)
Decrease in accounts payable	(9,088)	(12,670)
Decrease in salaries and social security payable	(6,233)	(1,904)
Decrease in taxes payable	(1,907)	(6,747)
Increase in other payables	941	1,273
Decrease in contingencies	(222)	(90)
Net cash flows generated by operating activities	**80,599**	**4,763**
Cash flows from investing activities		
Purchase of fixed assets	(11,173)	(6,551)
Net changes in short-term investments	30,088	19,412
Changes in short-term investments granted as guarantee	-	(398)
Collection of cash dividends	-	1,145
Net cash flows generated by investing activities	**18,915**	**13,608**
Cash flows from financing activities		
Increase in attachments and guaranty deposits	(635)	-
Increase in customer advances	576	3,538
Net cash flows (used in) generated by financing activities	**(59)**	**3,538**
Financial and holding results generated by cash and cash equivalents		
Interest, exchange rate differences and other financial results	6,626	6,052
Total financial and holding results generated by cash and cash equivalents	**6,626**	**6,052**
Net increase in cash and cash equivalents	**$ 106,081**	**$ 27,961**

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 ("Law on Gas") 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 two former Gas del Estado S.E. ("GdE") pipelines in the northern and central-western regions of Argentina.

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

In view of the major changes in the main macroeconomic variables Argentina has recorded since the end of 2001, as from January 2002 the National Government issued laws, executive orders and regulations that involved a profound change to the then prevailing economic model, which 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 National Executive Branch 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 Argentine Government adopted a series of measures to redistribute in the short term the effects of the energy sector crisis derived from a natural gas and electricity shortage. The Energy Secretariat, the Fuel 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 terminated 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 June, 2011, as explained in Note 1.c.vi).

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 change in the economic environment and the legal and regulatory conditions in which the Company is currently operating and the current status of the renegotiation of the License give rise to uncertainty as to the future net cash that will enable it to recover non-current assets, re-payment of the financial debts, the future development of its business and the normal continuity of the Company´s operations.

The impact generated by all the measures adopted so far by the National Government on the balance sheet and financial position of the Company as of March 31, 2011 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 economic crisis might require that the Government modify some measures adopted or issue additional regulations. However, it is important to remark that actual future results could differ from the evaluations and estimates made at the date preparing these unaudited interim financial statements and these differences could be significant.

(c) Regulatory framework

c.i) General

The Law on Gas and its regulations, together with the License, the Transfer Agreement, the Bidding Terms and Conditions for the privatization of GdE and the resolutions adopted by the ENARGAS establish the legal framework within which the Company carries out its business activities.

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

c.ii) Regulation of carriage rates

The regulatory regime applicable to gas carriage companies is established under the Natural Gas Act and the License. Rates are regulated by ENARGAS. The Law on Gas establishes that rates must cover reasonable operating costs, taxes and amortization charges, enable obtaining reasonable profit margins similar to those derived from other comparable or equivalent risky activities and must be related to the degree of efficiency in the providing of the services.

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

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

(ii) 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) Regulation of carriage rates (Continued)

Regarding the rate setting mechanism, as mentioned in Note 1.b), the LEP on Public Emergency 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 PPI.

c.iii) License

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

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

At present, the Unit for the Renegotiation and Analysis of Public Utility Services Contracts ("UNIREN") is responsible for the renegotiation process. This Unit was created in July 2003 within the jurisdiction of the Ministries of Economy and Production ("MEP") and 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 that an indemnity provision be added 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 ("Temporary Agreement") envisaging a transition tariff regime as from September 1, 2008 on which a 20% increase is 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 at December 31, 2008, Law 25,561 would no longer be effective, which did not occur since that law will actually be in force until December 31, 2011. 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 Executive Branch, 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 Executive Branch 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 Ministries of Economy and Planning.

Although the Temporary Agreement was ratified by the National Executive Branch through Decree N° 458 of April 5, 2010, the rate increase can not be invoiced by TGN until the ENARGAS approves the new rate schedules. However, TGN performed the foreseen works at its expense. At March 31, 2011, no economic

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

(c) Regulatory framework (Continued)

c.iii) License (Continued)

effects were noted in relation to the Temporary Agreement. Given the lack of a reply on the part of the administration to the reiterated requests for approval of the new rates, in September 2010 TGN filed action for protection due to delay against the ENARGAS and against the Under-secretariat for Management Coordination and Control (Ministry of Federal Planning) to obtain an express ruling requiring compliance with the Temporary Agreement and with Decree N° 458/10. This action is currently under way.

At the date of issue 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.

Notwithstanding the renegotiation process before the Unit for the Renegotiation and Analysis of Public Utility Services Contracts (UNIREN), TGN requested ENARGAS to perform a comprehensive rate review on the basis of section No. 46 of the Gas Law and considering that the domestic carriage rates had been frozen since July 1999. Given the negative reply on the part of the administration, in November 2010 TGN filed an action for protection against the ENARGAS to obtain a court ruling ordering that said review is carried out. This action is currently under way.

c.iv) Technical assistance agreement

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

The contract for Auditing and Technical Assistance currently in force, with the latest amendment made in 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 year. As of March 31, 2011 the Company accrued this compensation based on the EBIT at the end of the period. This compensation amounted to $ 4.4 million. The final compensation for the year 2011 will be calculated on the basis of the results for the full year.

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 Assistance and Assistance to the Audit Area.

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

Effective February 2004, the Argentine government adopted a series of measures which still apply, to ensure a natural gas supply sufficient to satisfy domestic demand. With these measures, the Government forced TGN to interrupt the gas carriage service hired by foreign loaders (including those with firm carrying capacity contracts) in order to supply domestic customers.

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 Metrogás Chile S.A. (“Metrogás”) attempted to unilaterally rescind the agreement and claimed compensation.

YPF and Metrogás recorded unpaid balances of $ 301.2 million and $ 115.3 million, respectively, as of March, 31, 2011, so the Company has set up an allowance of $ 208.1 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., Compañía Eléctrica San Isidro S.A., Gasoducto Norandino Argentina S.A. and Colbún 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) Debt 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 TGN 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 Gas Law and Section 10 of the LEP, on December 29, 2008, through Resolution I/587/08 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/587/08 as regards the corporate joint management and in March 2009, Room I of the Federal Court Appeals in administrative litigation matters resolved as follows: (i) to stay the effects of ENARGAS Resolution I/587/08 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 principal place of business.

Resolution I/587/08 was successively extended until June 19, 2011, term over which TGN will continue to be subject only 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 of financial statements

(a) Purpose of these unaudited interim financial statements

The unaudited interim financial statements have been translated from the original unaudited interim financial statements for the period ended March 31, 2011 including the summary of information required by General Resolution Nº 368/01

2. Preparation of financial statements (Continued)

(a) Purpose of these financial statements (Continued)

prepared in Spanish originally issued in Argentina. The translation into English has been made solely for the convenience of English – speaking readers, and certain notes have been rephrased to facilitate the understanding of legislation and the local economic environment. The additional information to the notes to the financial statements required by section 68 of the Buenos Aires Stock Exchange Regulations for local purpose has not been included.

(b) Basis of preparation and presentation

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

Furthermore, the provisions of ENARGAS Resolution No. 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 three-month periods ended March 31, 2011 and 2010. 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 three-month periods ended March 31, 2011 and 2010 do not necessarily reflect the proportion of the results of the Company for the complete fiscal years.

(c) Presentation of financial statements in constant Argentine Pesos

The unaudited interim financial statements have been prepared in constant currency recognizing the overall effects of inflation through August 31, 1995. Restatement of financial statements was discontinued from that date to December 31, 2001, 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. 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 March 31, 2011 this deviation has not had a significant impact on the unaudited interim financial statements of TGN.

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 Board of Directors of the Company 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, depreciation charges, the

2. Preparation of financial statements (Continued)

(d) Use of estimates (Continued)

recoverable value of assets, the income tax charge and provisions for contingencies. Future actual results may significantly differ from those estimates and assessments made at the date these unaudited interim financial statements were prepared.

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

(e) Comparative Information

The figures at March 31, 2010 and December 31, 2010 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

The CNV has established the application of Technical Pronouncement Nº 26 of the FACPCE which adopted the international financial reporting standards ("IFRS") issued by the I.A.S.B. ("International Accounting Standards Board"), for all the entities encompassed by the public offering regime of Law N°17,811, either because of their capital or corporate bonds, or because those entities have requested authorization to be encompassed by this regime. Application of those standards shall be mandatory for the Company as from the fiscal year starting January 1, 2012, being the first interim financial statements those as of March 31, 2012.

On March 4, 2010 TGN Board approved the IFRS Implementation Plan, as called for by Technical Resolution N° 26.

The Company is giving priority to the analysis of those IFRS which it considers will be applicable to the preparation of its financial statements in the first year of adoption of those standards. Further, as a result of this analysis, the Company is working on the evaluation of the most significant economic impact of the adoption of IFRS.

3. Summary of significant accounting policies

Below is a detail of the most important accounting standards and policies used by the Company in preparing these unaudited interim financial statements, which have been applied consistently with those as of March 31, 2010 and December 31, 2010.

(a) Cash and banks

Cash and banks are stated at nominal value.

(b) Foreign currency assets and liabilities

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

(c) Short-term investments and other investments

Short-term investments in mutual funds have been valued at the prices of units at the end of each period/year. Government securities and Stock Exchange securities have been valued at estimated net realizable value. Time deposits and

3. Summary of significant accounting policies (Continued)

(c) Short-term investments and other investments (Continued)

other investments in US$ have been valued at nominal invested capital plus accrued interest.

(d) Accounts receivables, net and Accounts payable

Non-current trade receivables, related to doubtful 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.

(e) Other receivables, net and other 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 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 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) Investments

The investments in the foreign related companies Comgás Andina S.A. (“COMGAS”) and Companhia Operadora de Rio Grande do Sul (“COPERG”) have been valued according to the equity method of accounting, on the basis of the unaudited interim financial statements of those companies as of March 31, 2011 (Note 19.b)).

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

The Company keeps fully cover with an allowance its investment in the Brazilian company COPERG because that business 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, net

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

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

3. Summary of significant accounting policies (Continued)

(h) Fixed assets, net

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

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

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

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

Furthermore, from 2005 to March 31, 2011 a pipeline recoating campaign was carried out over a length of 324.9 km. In accordance with ENARGAS Resolutions Nos. 1,660/00 and 1,903/00, $ 115.6 million were capitalized and were included in the "Recoating" 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 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 essential fixed assets.

(i) Other assets-Gas stored

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

(j) Loans

Under professional accounting standards, 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 March 31, 2011 and December 31, 2010, loans have been stated at nominal value of principal, interest and penalties accrued 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. The main timing differences stem from the provisions for contingencies, the allowance for doubtful accounts, disputed amounts and the materials and spare parts obsolescence allowance, and from the valuation and useful life of fixed assets.

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 issue of these unaudited interim financial statements.

3. Summary of significant accounting policies (Continued)

(l) Minimum presumed income tax (MPIT)

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

The Company has recognized the notional minimum income tax 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. Also, for the three-month period ended March 31, 2011 the income tax exceeds the minimum presumed income tax and therefore no liabilities have been recorded for the latter.

(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 Net Revenues): set up on the basis of an individual analysis of the recoverability of the receivables portfolio.

- Allowance for slow-moving and obsolete spare parts and materials (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 from the Company under lawsuits to which it is a defendant.

(n) Shareholders’ equity accounts

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

The voluntary reserve for future dividends and retained earnings (accumulated deficit) has 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 foreign equity investments, calculated by the equity method of accounting and (iii) the use of inventories and the charge of the allowance for spare parts, slow-moving and obsolete consumption materials were determined based on the value of those assets.

3. Summary of significant accounting policies (Continued)

(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.

Decrees No. 292/95, 1,520/98 and 814/01 of the Argentine Government provided for a reduction in certain social security benefits paid by companies. However, Resolution 234/95 of ENARGAS stated that gas carriage companies should pass this benefit through their customers via a reduction in their monthly billings. The benefits passed by the Company on to the customers have been disclosed under a net revenues line adjustment account.

Considering that TGN will no longer make savings but a deficit from the application of the methodology envisaged in ENARGAS Resolution N° 234/95, TGN no longer included the respective discount in the gas bills as from November 2010.

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) to these unaudited interim financial statements). These allowances are recorded adjusting the net revenues line.

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

Revenues from Management Contract fees relating to gas trust programs (as described in Note 16.b)) have been recognized on the basis of the expenses incurred by the Company.

(q) Balances and transactions with related parties

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

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

(r) Derivative instruments

During the period ended March 31, 2010 TGN conducted exchange rate risk hedging transactions to cover its funds balances in pesos. The cost of these operations at that date amounted to $ 3.6 million.

As of March 31, 2011, there are no contracts in force to protect against exposure to those potential fluctuations in the peso/US dollar exchange rate.

(in thousands of Argentine Pesos, except for per share amounts)

4. Breakdown of the main accounts

		March 31, 2011		December 31, 2010
a) Accounts receivable, net				
Current				
Gas carriage services				
Billed				
Distributors	$	19,009	$	19,922
Industrial		11,627		30,671
Generators		239		631
Unbilled		27,178		14,175
Subtotal		58,053		65,399
Other services				
Billed		11,008		9,516
Unbilled		2,478		2,477
Subtotal		13,486		11,993
Allowance for doubtful accounts (Note 19.d))		(12,903)		(11,363)
Allowance for disputed amounts (Note 19.d))		(11,631)		(11,622)
Total	**$**	**47,005**	**$**	**54,407**
Non Current				
Gas carriage services				
Billed				
Distributors	$	92,422	$	73,235
Industrial		255,825		244,386
Unbilled		5,607		9,192
Subtotal		353,854		326,813
Allowance for disputed amounts (Note 19.d))		(208,088)		(194,318)
Total	**$**	**145,766**	**$**	**132,495**
b) Other receivables, net				
Current				
Gas carriage services				
Commercial indemnifications receivable (Note 14)	$	66,474	$	70,305
Attachments and guaranty deposits		32,985		32,350
Tax credits – withholdings and perceptions		3,024		2,622
Directors' and management fees (Note 5)		1,614		1,378
Prepaid expenses		5,114		4,655
Fees and expenses – debt restructuring		25,505		24,452
Guarantee deposits		733		-
Sundry		74		6,820
Subtotal		135,523		142,582
Others				
Gas Trust Program management (Note 16.a))	$	2,770	$	2,346
Gas Trust Program management (Note 16.b))		2,343		1,246
Receivables with controlling shareholder (Note 5)		8		8
Foreign related parties (Note 5)		347		318
Other related parties (Note 5)		566		385
Receivables from transactions on behalf of third parties		1,361		1,451
Advances to employees		550		654
Receivables from sundry sales		7,045		13,118
Subtotal		14,990		19,526
Allowance for doubtful accounts (Note 19.d))		(1,866)		(1,856)
Total	**$**	**148,647**	**$**	**160,252**

(in thousands of Argentine Pesos, except for per share amounts)

4. Breakdown of the main accounts (Continued)

		March 31, 2011		December 31, 2010
b) Other receivables, net (Continued)				
Non Current				
Gas carriage services				
Commercial indemnifications receivable (Note 14)	$	119,894	$	114,433
Deferred tax asset, net (Note 7)		60,008		55,988
Minimum presumed income tax (Note 7)		68,429		79,041
Turnover tax withholdings		113		113
Deposit in escrow and disputed tax payments		8,057		7,994
Guarantee deposits		-		699
Allowance for deposit in escrow and disputed tax payments (Note 19.d))		(8,057)		(7,994)
Subtotal		248,444		250,274
Others				
Gas Trust Program management fee (Note 16.b))		5,920		4,744
Sundry		283		231
Subtotal		6,203		4,975
Total	**$**	**254,647**	**$**	**255,249**
c) Materials and spare parts, net				
Current				
Consumable materials and spare parts	$	17,665	$	17,665
Total		**17,665**		**17,665**
Non-current				
Consumable materials and spare parts		118,403		118,336
Allowance for slow-moving and obsolescence (Note 19.d))		(84,764)		(83,807)
Total	**$**	**33,639**	**$**	**34,529**
d) Accounts payable				
Gas carriage services				
Suppliers	$	3,733	$	9,589
Importation of natural gas administration trust (Note 17)		2,574		1,650
Others related parties (Note 5)		47,780		42,472
Unbilled services		14,886		24,350
Total		**68,973**		**78,061**
e) Taxes payable				
Income tax	$	2,614	$	7,314
VAT, net		1,371		657
VAT withholdings and perceptions		942		881
Income tax withholdings		19,989		17,934
Turnover tax withholdings and perceptions		121		158
Total	**$**	**25,037**	**$**	**26,944**
f) Others				
Current				
Easements	$	2,462	$	2,462
Directors’ and management fees (Note 5)		1,616		1,378
Customer´s warrants and others		367		171
Total		**4,445**		**4,011**
Non-current				
Easements		28,672		28,165
Total	**$**	**28,672**	**$**	**28,165**

(in thousands of Argentine Pesos, except for per share amounts)

4. Breakdown of the main accounts (Continued)

		March 31, 2011		March 31, 2010
g) Net revenues				
Gas carriage services				
Gas carriage services	$	99,358	$	139,051
Discounts as per Decrees No. 292/95, 1520/98, 814/01 (Note 3.p))		-		(378)
Allowance for disputed amounts (Note 3.p))		(9,951)		(25,550)
Subtotal		89,407		113,123
Other services				
Pipeline O&M services	$	6,452	$	7,111
Management fees – Gas Trust Program (Notes 3.p and 16.b))		1,176		4,753
Subtotal		7,628		11,864
Total	**$**	**97,035**	**$**	**124,987**
h) Other financial and holding results, net:				
Generated by assets:				
Bank commissions and expenses	$	(214)	$	(244)
Holding results		855		1,225
Result of exchange rate risk hedging transactions (Note 3.r))		-		(3,631)
Loss on discounting of non-current and current assets		3,977		(5,976)
Total	**$**	**4,618**	**$**	**(8,626)**
Generated by liabilities:				
Bank commissions, expenses and taxes on banking and financial operations	$	(1,311)	$	(1,272)
Result on discounting of non-current and current liabilities		-		(48)
Discounts		29		13
Total	**$**	**(1,282)**	**$**	**(1,307)**
i) Income from commercial indemnifications and other incomes, net				
Income from commercial indemnifications (Note 14)	$	60,369	$	9,592
Result of disposal of fixed assets		(122)		(70)
Net income from service projects sales		88		630
Net income from sundry sales and others		1,144		298
Recovery of damages		2		-
Total	**$**	**61,481**	**$**	**10,450**
j) Cash and cash equivalents:				
Cash and banks	$	147,377	$	10,519
Mutual funds in $		40,915		40,601
Foreign mutual funds in US$		24,245		-
Time deposits in $		22,378		49,484
Time deposits in US$		125,124		157,371
Stock exchange securities in $		28,148		42,322
Cash and cash equivalents as shown in the statements of Cash flows	**$**	**388,187**	**$**	**300,297**

(in thousands of Argentine Pesos, except for per share amounts)

5. Balances and transactions with related parties

Balances with related parties

	March 31, 2011	December 31, 2010
Accounts receivable:		
Current:		
Other related parties	$ 11,093	$ 15,826
Other receivables:		
Current:		
Receivable with controlling shareholder (Note 4.b))	8	8
Foreign related parties (Note 4.b))	347	318
Other related parties (Note 4.b))	566	385
Directors’ and management fees (Note 4.b))	1,614	1,378
Accounts payable:		
Other related parties (Note 4.d))	47,780	42,472
Others:		
Current:		
Directors’ and management fees (Note 4.f))	1,616	1,378

Transactions with related parties

	March 31, 2011	March 31, 2010
Controlling shareholder:		
Other income, net	$ 6	$ 6
Foreign related parties:		
Net revenues	14	16
Collection of cash dividends	-	1,145
Other related parties:		
Net revenues	16,628	16,257
Cost of services	(5,222)	(3,477)
Administrative expenses	(415)	(526)
Other income, net	238	53
Full expenses by third party account	-	129
Materials and spare parts, net	-	350
Fixed assets, net	-	104
Directors’ and management fees:		
Directors and Syndics’ fees (Note 19.f))	-	(156)
Technical-administrative services (Note 19.f))	(236)	(174)

6. Income per share

Income per ordinary share have been calculated as the quotient obtained by dividing the results for the periods ended March 31, 2011 and 2010, by the weighed average of outstanding ordinary shares, which made a total of 439,373,939 shares at those dates.

At March 31, 2011 and 2010 there are no debt securities convertible into shares, so no diluted earnings per share have been disclosed.

(in thousands of Argentine Pesos, except for per share amounts)

7. Income tax and MPIT

A breakdown of the Company's deferred tax assets and liabilities as of March 31, 2011 and December 31, 2010 are presented below:

	March 31, 2011	December 31, 2010
Deferred tax assets and liabilities:		
Accounts receivable	1,863	(1,719)
Other receivables	19,393	21,365
Fixed assets	(20,981)	(21,432)
Materials and spare parts	29,667	29,332
Other assets	(7,632)	(7,821)
Accounts payable and other payables	17,073	15,213
Debt and expenses related to debt restructuring	(166)	(166)
Contingencies	20,709	20,547
Directors´ fees	82	669
Net deferred tax asset	**$ 60,008**	**$ 55,988**

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 C.P.C.E.C.A.B.A.), the Company chose to recognize the inflation adjustment contained in the accounting valuation of the fixed assets as a permanent difference.

Had there been recognized the inflation adjustment as a temporary difference, the deferred liability would have increased by approximately $ 313.7 million, and its reversal would have taken place in a total approximate term of 17 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)	
2011 (3 quarters)	38.8	13.6
2012	51.2	17.9
2013	50.3	17.6
2014	50.2	17.6
2015	49.9	17.5
2016	49.3	17.3
2017	48.8	17.1
2018	43.2	15.1
2019	42.7	14.9
2020	41.1	14.4
2021	40.2	14.1
2022	39.4	13.8
2023	33.1	11.6
2024	29.0	10.2
2025	27.3	9.6
2026	23.0	8.1
2027	238.7	83.3
Total	**896.2**	**313.7**

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

(in thousands of Argentine Pesos, except for per share amounts)

7. Income tax and MPIT (Continued)

		March 31, 2011		March 31, 2010
Net income (loss) before income tax	$	4,483	$	(19,101)
Income tax rate		35%		35%
Income tax charge at statutory tax rate		**(1,569)**		6,685
Permanent differences:				
Inflation adjustment		(4,564)		(4,557)
Non-deductible expenses		(4)		(12)
Gain from equity investments, net		89		(85)
Others		(544)		(428)
Income tax charge	**$**	**(6,592)**	**$**	**1,603**
Current income tax charge		(10,612)		-
Deferred income tax charge		4,020		1,603
Income tax charge	**$**	**(6,592)**	**$**	**1,603**

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

	03.31.11	03.31.10
Recorded income tax	**(6,592)**	**1,603**
Temporary differences:		
Variation in valuation for doubtful accounts	(1,610)	(3,216)
Variation in valuation of fixed assets	(451)	(756)
Variation of the provision for contingencies	(162)	(334)
Variation of debt and expenses relating to debt restructuring	-	675
Variation of the provision for inventories	(524)	(753)
Variation of tax loss carryforwards	-	3,590
Other net temporary differences	(1,273)	(809)
Total tax assessed for fiscal purposes (estimated)	**(10,612)**	**-**

Below is a detail of the breakdown of the credit for the minimum presumed income tax accumulated at March 31, 2011:

Year	Amount	Expires in
2002	12,959	2012
2003	14,097	2013
2004	15,366	2014
2005	16,294	2015
2006	12,362	2016
2007	13,426	2017
2008	6,797	2018
2009	17,085	2019
2010 (estimated)	(29,345)	
As of 03/31/2011 (estimated)	(10,612)	
Balance at the closing of the period (Note 4.b))	**68,429**	

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 for per share amounts)

8. Business Segment information

The following table shows additional information about the income statements and the main balance sheet captions of the Company at March 31, 2011 and 2010 segregated by business segment:

For the three-month period ended March 31, 2011		**Gas carriage Services**		**Others**	**Total**
		Domestic	**Exports**		
Net revenues	$	70,744	18,663	7,628	97,035
Cost of services, administrative and selling expenses (before depreciation)		(51,203)	(10,235)	(3,318)	(64,756)
Depreciation		(27,205)	(4,895)	(19)	(32,119)
Other income (expense), net		941	60,539	1	61,481
Gain from equity investments, net		-	-	254	254
Financial and holding results, net		(48,628)	(8,750)	(34)	(57,412)
Income tax		15,274	(20,374)	(1,492)	(6,592)
Net income for the period	**$**	**(40,077)**	**34,948**	**3,020**	**(2,109)**

As of March 31, 2011		**Gas carriage services**		**Others**	**Total**
		Domestic	**Exports**		
Fixed assets, net	$	1,685,785	303,322	1,196	1,990,303
Accounts receivable, net		32,508	146,777	13,486	192,771
Debt		1,446,129	260,201	1,025	1,707,355
Other net assets		696,165	125,261	492	821,918
Shareholders' equity		968,329	315,159	14,149	1,297,637
Purchase of fixed assets		9,463	1,703	7	11,173

For the three-month period ended March 31, 2010		**Gas carriage services**		**Others**	**Total**
		Domestic	**Exports**		
Net revenues	$	67,605	45,518	11,864	124,987
Cost of services, administrative and selling expenses (before depreciation)		(46,125)	(9,222)	(3,975)	(59,322)
Depreciation		(26,960)	(4,850)	(19)	(31,829)
Income from commercial indemnifications and other income, net		726	9,723	1	10,450
Gain from equity investments, net		-	-	(242)	(242)
Financial and holding results, net		(53,484)	(9,623)	(38)	(63,145)
Income tax		4,890	(2,649)	(638)	1,603
Net income for the period	**$**	**(53,348)**	**28,897**	**6,953**	**(17,498)**

As of December 31, 2010		**Gas carriage services**		**Others**	**Total**
		Domestic	**Exports**		
Fixed assets, net	$	1,703,878	306,416	1,207	2,011,501
Accounts receivable, net		34,360	140,549	11,993	186,902
Debt		1,386,528	249,477	982	1,636,987
Other net assets		625,228	112,658	444	738,330
Shareholders' equity		976,938	310,146	12,662	1,299,746
Purchase of fixed assets		66,103	11,894	44	78,041

Net sales 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 net 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 for per share amounts)

9. Restricted assets

Certain restrictions with respect to Essential Assets

(i) A substantial portion of the assets transferred by GdE (mainly pipelines, high-pressure branch lines, compressor plants and high-pressure control and measurement stations), has been defined in the License as “Essential Assets” for the performance of the licensed service. Pursuant to the License, the Company is required to segregate and maintain the Essential Assets, together with any future improvements, in accordance with certain standards defined in License. The Company may not, for any reason, dispose of, encumber, lease, sublease or lend Essential Assets for purposes other than the provision of the licensed service without ENARGAS´ prior authorization.

(ii) There are funds subject to attachments for approximately US$ 8.2 million, according to what it is mentioned in Note 13.j).

10. Loans

The Negotiable Obligations issued by the Company in 2006, in force up to December 22, 2008, have the following characteristics:

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

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 Board of Directors of TGN 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 the Board of Directors of TGN to postpone, after their due date, the principal and interest payments on the Series A and B Corporate Bonds. At March 31, 2011 the past due principal installments amounted to US$ 82.7 million. Total debt as of March 31, 2011 amounts to US$ 421.1 million, which is formed by US$ 344.9 million of principal, US$ 66.8 million of past-due contractual interest and US$ 9.4 million of punitive interest.

(in thousands of Argentine Pesos, except for per share amounts)

10. Loans (Continued)

Breakdown of loan balances as of March 31, 2011 and 2010

	03.31.11	**12.31.10**
	Thousands of $	
Ordinary non-convertible Class A		
Principal	572,749	561,729
Interest	94,504	82,153
Punitive	17,351	13,558
Ordinary non-convertible Class B		
Principal	825,516	809,633
Interest	176,454	153,830
Punitive	20,781	16,084
Total current	**1,707,355**	**1,636,987**
Total Debt	**1,707,355**	**1,636,987**

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 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, Not Convertible for Shares

Resolutions adopted by the Board of Directors of TGN on December 11, 2007 and by the Ordinary Meeting of Shareholders held on January 22, 2008 established the creation of a new global program for the issuance of ordinary Negotiable Obligations not convertible for shares, which qualify as Negotiable Obligations under the terms of Law No. 23,576 (text pursuant to Law No. 23,962), for a nominal value of up to US$ 400 million or its equivalent in other currencies at any time.

The duration of this Global Program shall be five years counted as from the date of its approval by the Argentine Securities Commission (CNV).

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

Proposal of restructuring of the financial debt

A swap offer and request 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 24522, 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 representing 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 which is computed on the total debt to be restructured.

The Swap Offer is to restructure: (i) the remaining principal for US$ 141,279,932 on the Series A Corporate Bonds issued by the Company; (ii) the remaining principal for US$ 203,630,111 on the Series B Corporate Bonds issued by the Company; and (iii) US$ 2,386,014 for the unpaid principal balance owed to third

10. Loans (Continued)

Proposal of restructuring of the financial debt (Continued)

party service providers, according to their respective commercial agreements (jointly referred to as the “Outstanding Debt”).

The Swap Offer establishes, subject to compliance with certain conditions, that each holder of Outstanding Debt will receive at its choice:

- Cash Option

A cash payment in US dollars at a purchase price of US$ 400 per each US$ 1,000 of principal on the Outstanding Debt assigned to the cash option, subject to proration and reassignment mechanisms. The maximum cash amount available to redeem Outstanding Debt pursuant to the Cash Option is US$ 40 million, subject to increases under certain circumstances.

- Swap Option at Par

Principal for US$ 1,000 on new Corporate Bonds at Par per each US$ 1,000 of principal on the Outstanding Debt assigned to the Swap Option at Par, subject to proration and reassignment mechanisms. TGN will issue Corporate Bonds at par for up to US$ 247.3 million.

The Corporate Bonds at Par shall be amortized over 7 years and accrue interest at a step-up rate ranging between 6.50% and 8.50% per annum, payable quarterly in arrears. Out of the total interest accrued in each period, TGN shall pay at least 3.5% in cash and may capitalize the difference if it does not have the necessary funds. Principal shall be amortized semi-annually starting as from the fifth year.

On October 26, 2009 the same Court, ordered that the pertinent legal notices be published, as prescribed by Section 74 of the Bankruptcy and Insolvency Law, all pecuniary actions filed against TGN having been stayed, with the exceptions of the actions established by section 21 of that law. This suspention is still in force.

The Restructuring Agreement Proposal subject to confirmation by the court had been contested by private creditors which as a whole represented approximately 2.4% of the total liabilities subject to restructuring.

In September 2010, TGN was served notice of the request for annulment filed by the Attorney General in relation to the Restructuring Agreement Proposal on the grounds that the bondholders’ meeting held on October 14, 2009 was illegal, the Restructuring Agreement Proposal was unconstitutional and TGN’s swap offer was misleading and fraudulent. This request was rejected in April, 2011 by the court.

In March 2011, TGN was notified of a complaint filed by ANSeS (Social Security Agency) as holder of the defaulted debt, seeking that the aforementioned bondholders’ meeting held on October 14, 2009 and a supplementary meeting held on October 16, 2009 be declared null and void. The Company answer this complaint and requested to be declared null (Note 13.j))

Lastly, the Restructuring Agreement Proposal envisages certain grounds for automatic rescission of the reorganization proposal (Restructuring Agreement Proposal, Article 10.1(a)), and other grounds allowing creditors who have given their consent to the terms of this agreement the possibility of rescinding it at their sole option (Restructuring Agreement Proposal, Article 10.1 (b)). Under the terms of the Restructuring Agreement Proposal, failing the confirmation, effective July 14, 2010 two thirds of the accepting creditors may request the termination of the Restructuring Agreement Proposal; 50% could do it as from October 14, 2010; and 25% as from April 14, 2011. At the date of

(in thousands of Argentine Pesos, except for per share amounts)

10. Loans (Continued)

Proposal of restructuring of the financial debt (Continued)

issuance of these unaudited interim financial statements, the judicial approval of the APE is pending resolution and the Company has only been served notice of the termination of the APE from an accepting creditor holding claims for US$ 100,000.

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 sustainable debt schedule that led to the issuance of a 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 rescheduled, the attempt to obtain the approval from our creditors of an out-of-court reorganization plan 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 International Accounting Standard 1 ("IAS 1") (supplementary to Argentina´s accounting standards), 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 actions for executory collection, as described in Note 13.j), 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 and Insolvency Law.

The Basic Rules of the License ("RBL") of TGN provide that the "declaration of bankruptcy" is a 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 foreseen for the termination of the license.

Nevertheless, in accordance with the RBL, TGN considers that this would cause no adverse immediate effect on its Gas Carriage License, because the mere petition for declaration of bankruptcy or insolvency is not a 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 article 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, the controlling shareholder of the Company, and Gasinvest´s shareholders, are restricted by the Pliego and the Transfer Agreement as to dispose of a portion of their interests in the Company and Gasinvest, respectively. Unless a prior regulatory approval from ENARGAS is obtained, Gasinvest is precluded from reducing its interest in the Company to less than 51%. Likewise, the shareholders of Gasinvest are precluded from reducing their interest in Gasinvest without prior regulatory approval. However, restrictions are not applicable where shares are transferred among related parties of each shareholder. ENARGAS may approve the transfer of shares provided that (i) the shares are transferred in whole but not in part, or the new acquirer purchases all of the outstanding Class A shares of common stock and (ii) the quality of the service is not affected.

(c) Restriction on the distribution of profits

Under the Argentine Commercial Law, the by-laws of the Company and rules and regulations of the CNV, a minimum of 5% of net income for the year calculated in accordance with Argentine GAAP must be appropriated by resolution of the shareholders to a legal reserve until such reserve reaches 20% of the outstanding capital.

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

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

13. Contingencies

The Company is a party to several civil, taxes, commercial and labor proceedings and claims that have arisen in the ordinary course of its business. Although there can be no assurance as to the ultimate disposition of these matters, it is the opinion of the Company's Board of Directors based upon the information available at this time and consultation with external and internal legal counsel, that the expected outcome of these claims and legal actions, individually or in the aggregate, will not have a material effect on the Company's financial position, cash flows or results of operations in excess of the reserves that the Company has established to cover for potential losses under these claims. However, the actual outcome of these claims could differ from the estimated recorded amounts.

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

(a) Turnover Tax – Province of Salta

In December 2010, the Supreme Court of Justice dismissed the motion for admission of a denied appeal filed by TGN, thus confirming an ex-officio assessment made by the Tax Authorities of the province. The assessment was related to the tax on economic activities based on the market value of the withheld gas. A case for an analogous assessment is still pending. The Tax Authorities demand payment of $ 2.1 million as tax, $ 1.6 million as interest, and $ 1.0 million as fines for the tax periods from January 1996 to March 2004.

In view of the uncertain outcome of this issue, and reserving the pertinent rights, TGN paid the tax amount claimed for $ 2.1 million and interest for $ 2.4 million (including, in addition to the $ 1.6 million amount claimed by the Tax

13. Contingencies (Continued)

(a) Turnover Tax – Province of Salta (Continued)

Authority, interest accrued between the official assessment date and the actual payment date) and has been paying the accrued tax since April 2004.

(b) Fines imposed by the ENARGAS

At the date of issuance of these unaudited interim financial statements, the Company was notified of twenty four fines applied by the ENARGAS for a total amount of $ 10.0 million, of which fourteen have been appealed in the administrative orbit for $ 5.0 million and ten for $ 5.0 million, which were confirmed by the Court of Appeals on Administrative Matters and have been appealed by TGN to the Supreme Court of Justice, either by ordinary and extraordinary appeals.

(c) Rescission of firm gas carriage contract with AES Parana S.C.A.

In July 1999, AES Parana S.C.A. ("AESP") and the Company had entered into a firm gas carriage contract (the "AES-TGN Agreement"), whereby the Company committed to carry up to 1.81 MMm3/day of natural gas as from an agreed-upon date for a period of 20 years. The gas carriage rate set in the contract was the ENARGAS-regulated rate for Loma La Lata - Litoral zones and included an additional contribution equal to 5.6% of such regulated rate. The execution of the contract would create the need to substantially expand the carriage system. In view of the political and economic changes occurred in December 2001, which led to the pesification and freezing of the carriage rates in January 2002, in February 2003 the Company had the pressing need to request the ENARGAS to rescind the gas carriage contract because performance thereof would become too burdensome.

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

In June 2006, both parties reached a transitory agreement by which they will: (i) suspend the prosecution of their respective claims and (ii) rescind the firm carriage contract if AES Parana obtains the providing of the carriage service of at least 1.5 MM m3/d (minimum volume) before December 1, 2008.

In 2008 AES Paraná notified TGN of the merger into AES Alicura S.A. ("AES"), the latter being the succeeding company.

In addition, since the commencement of the provision of the carriage service for the minimum volume and until December 2027, TGN shall pay a compensation amount equivalent to 36% of the Access and Use Charge ("CAU") applicable in each moment, calculated on the basis of the daily volume that remains available to AES upon completion of the enlargement works required for the provision of the carriage service. For the purpose of the calculation of the said compensation the volume may not be lower than the minimum volume. CAU is the monthly remuneration per daily cubic meter of reserved capacity that each loader shall pay TGN while the firm carriage service is provided for access to, use and availability of the said reserved capacity in favor of the loader.

Although the actual provision of the carriage service for the minimum volume had not started at December 1, 2008 and AES was empowered to terminate the agreement, in which case the parties would be free to continue with their respective actions, the temporary agreement was successively extended until March 1, 2010. At present negotiations with AES continue so as to achieve changes in terms of the agreement.

As of March 31, 2011, the allowance amount recorded to settle possible claims being made by AES.

13. Contingencies (Continued)

(d) Tax assessments related to payments to note holders

Since December 2004, TGN is engaged in litigation with AFIP (Federal Administration of Public Revenue) for 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. 23576. The case is pending before the Argentine Tax Court. According to TGN, the claim might amount to $ 21.5 million approximately.

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

In late December 2005 TGN was notified of two resolutions whereby the Argentine tax authorities assessed differences in income tax for the fiscal periods 1999 to 2002. The total amount claimed is $ 21.1 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 higher than those adopted by the Company apply.

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

(f) Redirecting of the carrying capacity

In April 2004, the ENARGAS started to adopt several regulatory resolutions establishing the reassignment to the distributor GasNea and the sub-distributor Redengás of certain firm carrying capacity volume which originally corresponded to the firm carriage contract entered into by and between TGN and YPF S.A. in 1998 for up to 2.8 MM m3/d to supply a power plant in Uruguayana.

In May 2007 the ENARGAS instructed TGN to apportion the reallocation of certain carrying capacity originally destined for various direct loaders (other than distributors) of the Central-Western Gas Pipeline, in favor of the distributor Ecogás Cuyo.

TGN requested that the precautionary measures be reconsidered because it understands that the ENARGAS does not have jurisdiction to take that measure, as it affects the Company’s vested rights and, in the alternative, that the ENARGAS dispenses with the application of the “useful disruption of supply” criterion.

In April 2008, ENARGAS issued a regulatory order –without resolving the claims filed by TGN- whereby it modified its prior decisions approving a criterion for flexible redirecting for the benefit of GasNea, Ecogás Cuyo and Redengás, according to which the uninterruptible demand from those entities which exceeds their firm capacity contracted with TGN shall be satisfied affecting the abovementioned YPF transportation contract or the export contracts with delivery in La Mora where necessary, as a result of the unavailable transportation in the system.

The regulatory order establishes that payments YPF is to make to TGN by virtue of that mechanism shall include a deduction arising from the carrying capacity that might not be authorized for that loader because of the redirecting stipulated, and that the redirected volumes shall be invoiced to the companies using them at the applicable firm rate charged. It should be noted that from 2004 to the present, TGN did not have the need to redirect the carrying capacity hired by YPF, which had always been made available to the loader.

13. Contingencies (Continued)

(f) Redirecting of the carrying capacity (Continued)

In May 2010, the ENARGAS notified TGN of a new regulatory order establishing assignments of carriage capacity for up to the following maximum volumes: (i) GasNea, for 915,000 m3/day; (ii) Redengás, for 244,000 m3/day; and (iii) Distribuidora de Gas Cuyana, for 1,580,000 m3/day, from May 1, 2010 to April 30, 2011.

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

On November 2006, Revenue Bureau of Salta Resolution No. 1,649 confirmed an official assessment for $ 181.9 million including compensatory interest calculated until November 30, 2006 and imposed a fine on TGN for twice the amount assessed for $ 262.5 million because of alleged commission of tax fraud. TGN considers that the assessment made by the tax authority is excessive as it has resulted from serious calculation errors.

The instrument object of this assessment was the contract for the operation and maintenance of the expansion works under the Gas Trust Agreement entered into by TGN, the National State (Secretariat of Energy) and Nación Fideicomisos S.A. in December 2004, within the framework of the Basic Gas Infrastructure Investment Regime established by Decree No. 180/04 and (MPFIPyS) Resolution No. 185/04 (Note 16.a)).

On November 29, 2006 TGN lodged a special appeal before the Governor, although holding Nación Fideicomisos S.A. liable for the damage the Company could suffer as a result of this legal proceeding. This appeal is in process of resolution at the date of issuance of these unaudited interim financial statements.

It should be noted that the operation and maintenance contract contains a provision, which is valid between the parties but ineffective as against the Tax Authority, pursuant to which the final liability for payment of stamp duty, where applicable, should fall exclusively on the Trust.

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

In view of the carrying capacity redirecting established by the ENARGAS, YPF started to irregularly pay the invoices alleging a partial availability of capacity. In February 2007 YPF requested a thorough review of the carriage contract on the grounds that the measures adopted by the National Government in relation to gas exports had affected the economic and financial equation of the said contract in an unforeseen manner. TGN rejected these allegations and demanded compliance.

On April 20, 2009 TGN filed legal action against YPF: (i) demanding compliance with the carriage contract signed with YPF; (ii) claiming payment of US$ 30.4 million from YPF, based on the invoices issued by TGN for services rendered between January 2007 and February 2009, both of them plus interest accrued at each respective date, plus interest to be accrued until the sums are repaid by YPF. The amount claimed was increased to approximately US$ 30.8 million at July 2010, corresponding to periods between March 2009 and May 2010.

In December 2010 the amount claimed was again increased by US$ 10.4 million corresponding to the invoices issued by TGN for firm gas carriage services provided to YPF from June 2010 up to and including October 2010.

YPF filed motion for challenge to the jurisdiction of the court and, in the alternative, 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.

13. Contingencies (Continued)

h) YPF S.A. debt for the provision of carriage services (Continued)

On September 3, 2009 TGN was notified of an administrative action filed by YPF with the ENARGAS in pursue of the rescission of the transport contract, effective September 15, 2009. 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.

On April 28, 2011 the court hearing the case rejected the motion to dismiss for lack of jurisdiction filed by YPF

i) Intervention in TGN established by the ENARGAS

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

j) Petitions for bankruptcy and action for executory collection – Court confirmation of the Restructuring Agreement Proposal.

As a result of the postponement of the payments of its financial debt (Note 10), 22 notified executory proceedings are pending against TGN before the commercial courts. In all of those lawsuits, writs of execution and judicial sale were issued. 21 of those writs became firm. Moreover, the Company faced three petitions for bankruptcy for approximately US$ 2.5 million before the Argentine commercial courts, which were rejected by the courts on grounds that, as far as TGN is concerned, the legal requirements for filing those petitions are not met.

The Company expects that a fourth petition for bankruptcy for approximately US$ 1.0 million will also be rejected. Other pending petition for bankruptcy not yet notified to TGN has been suspended by the courts and a sixth petition for bankruptcy has been desisted. Under the mentioned petitions for bankruptcy and actions for executory collection there are funds subject to court attachments for approximately US$ 8.2 million (including principal, interest and estimated legal expenses).

It is worth mentioning that on October 26, 2009 the First Instance Court on Commercial Matters No. 2, Office No. 4, ordered that legal notices be published as prescribed by section 74 of the Bankruptcy and Insolvency Law for the stay of all pecuniary actions filed against TGN, with the exceptions of the actions established by section 21 of the law mentioned before. The Restructuring Agreement Proposal submitted to the court for approval was challenged by private creditors which as a whole represented approximately 2.4% of the total liabilities subject to restructuring.

However, on December 30, 2009 the Company was served notice of a preliminary injunction ordered by the subrogating judge in charge of said court at the request of the ANSeS, in its capacity as a financial creditor, whereby the formalities for the confirmation of the Restructuring Agreement Proposal and the protection by the said Section 72 of the Bankruptcy and Insolvency Law previously decreed and the authorization process of public tender of the new bond before the CNV was suspended. The protection provided by section 72 was restored in January 2010 by the Court of Appeals in Commercial Matters during the legal recess and on July 15, 2010 Panel C left the other suspensions without effect.

13. Contingencies (Continued)

j) Petitions for bankruptcy and action for executory collection – Court confirmation of the Restructuring Agreement Proposal (Continued)

In September 2010 TGN was notified of a presentation made by the Attorney General whereby this lawyer requested that all the resolutions adopted within the framework of the Restructuring Agreement Proposal be declared null and void, alleging the illegality of the bondholders' meeting held on October 14, 2009, in line with article 45 bis of the Insolvency and Bankruptcy Law, the unconstitutionality of the Restructuring Agreement Proposal, and the fraudulent and deceitful nature of TGN swap offer. All this was answered and refuted by TGN.

In March 2011, TGN was notified of a complaint filed by ANSeS as holder of the defaulted debt, seeking that the aforementioned bondholders' meeting held on October 14, 2009 and a supplementary meeting held on October 16, 2009 be declared null and void. TGN answer the complaint and requested to be declared null.

In April 2011, the court resolved: (1) to dismiss the request for annulment of the Restructuring Agreement Proposal and the requests for the declaration of unconstitutionality filed by the Attorney General and (ii) delay the treatment to be given to the challenges to the APE once the above resolutions have been issued or implemented. For that purpose, a conciliation hearing will be held in which TGN, the dissenting creditors, challenging creditors, Attorney General, CNV (Securities Exchange Commission) and APE creditors will be summoned to participate.

k) Dispute with Metrogás S.A.

On April 21, 2009, TGN was notified of a declarative action filed by Metrogás S.A. ("Metrogás Chile"), 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.

In September 2009 Metrogás Chile 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 Metrogás Chile, had apparently been confirmed and injected into the intake by its producers / suppliers.

As it is publicly known, in the last few years local gas production has not been sufficient to satisfy the additional domestic demand and exports, a situation that is not attributable to TGN because it does not produce or sell gas.

Within this context, effective 2004 and based on the general principles of the Hydrocarbons Act and the Gas Act, the Argentine authorities implemented a series of regulations imposing restrictions on exports of natural gas, to give priority to gas supply in the domestic market.

Since then, the firm carrying capacity hired by Metrogás Chile from TGN has been and is fully available to the customer without any restriction whatsoever, for carrying the gas its producers/suppliers are legally permitted to export in light of those regulations.

In view of the foregoing, TGN rejected, on inadmissibility grounds, the unilateral declaration of contract rescission, as well as the claim for damages made by Metrogás Chile, as TGN has complied with its obligations under the binding gas carriage contract between the parties.

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

13. Contingencies (Continued)

k) Dispute with Metrogás S.A. (Continued)

Subsequently, on December 29, 2009, Metrogás convened an off-court mediation hearing with TGN which was held in Buenos Aires on February 23, 2010; this instance was extended; the parties agreed to extend this instance and in May 2, 2011 the mediation was terminated without the parties reaching to an agreement.

14. Compromise and settlements with export customers

a) Compromise and settlement with Sociedad Eléctrica Santiago S.A. ("ESSA")

In December 2010 the Company and ESSA entered into a compromise and settlement which states: (i) termination of the firm natural gas carriage contract entered into in August 1995, for a term that would expire in July 2022, and for a volume of up to 1,740,000 m3/day as of December 20, 2007 and that they waive all claims directly or indirectly related to the contract; (2) ESSA undertakes under the compromise and settlement, and TGN accepts thereunder, as full and final compensation for the contract rescission, to pay TGN: (i) a fixed amount of US$ 51.9 million, payable in 4 installments between October 2011 and April 2013; and (ii) a contingent amount, equivalent to one third of the possible spot margin for the energy to be generated at ESSA's power plants between January 1, 2011 and December 31, 2027, up to the amount of US$ 22.0 million, valued at September 1, 2010 at an annual discount rate of 10%.

Notwithstanding this, if prior to December 31, 2020 the amounts actually paid by ESSA to TGN as a contingent payment, valued at September 1, 2010 at an annual discount rate of 10%, make a total of US$ 12.0 million, any and all ESSA's obligations to make contingent payments of additional amounts will extinguish as from verification of compliance with the said condition. In March 2011, TGN collected US$ 11.3 million and in April 2011, an additional sum of US$ 1.3 million for the contingent amount mentioned in paragraph (ii) above.

ESSA's payment obligations are jointly guaranteed by its parent company AES Gener S.A. Under the compromise and settlement, TGN shall cease to collect the revenues agreed under the gas carriage contract from December 2007 to July 2022 (US$ 0.8 million per month, at the currently applicable rate); in exchange for this, TGN shall collect the revenues described in point (2) above, which will eventually produce a negative net effect on its expected cash flows.

The accounting effect of the settlement agreement is recorded under Other income and expenses, net.

b) Compromise and Settlement with Compañía Eléctrica San Isidro S.A. ("CESI")

In September 2009, TGN and its Chilean customer, the generator Compañía Eléctrica San Isidro S.A. entered into a compromise and settlement which put an end to the dispute between the two parties in relation to the firm natural gas carriage contract signed by them.

That contract was signed in 1995 and became operative in October 1998 for a term of 25 years, expiring in October 2023, for a volume of up to 1,684,000 MMm3/day.

In essence, the compromise and settlement sets forth as follows: (i) the Contract shall expire on December 31, 2013; (ii) initially, the hired capacity shall be reduced to 600,000 m3/d, and from April 30, 2011 to the termination of the contract, the firm capacity shall be restored at 1,684,000 m3/d, but CESI shall have the option to reduce it up to a floor of 10,000 m3/d per annum; and (iii) CESI

14. Renegotiations with export customers (Continued)

b) Compromise and Settlement with Compañía Eléctrica San Isidro S.A. ("CESI") (Continued)

shall pay TGN a variable compensation amount, according to effectively used carrying capacity, in 54 monthly consecutive installments until January 2014, which have been regularly honored. Adding together the compensation and gas carriage, TGN ensures monthly PPI-adjusted revenues of US$ 0.9 million until that date.

As a result of the compromise and settlement, TGN shall cease to receive the revenues agreed under the Contract from February 2014 to October 2023 (US$ 0.7 million per month, at the currently applicable rate); in exchange for this, TGN shall collect the monthly revenues described in point (iii), which will ultimately produce a negative net effect on its expected cash flows.

The accounting effect of the settlement agreement is recorded under Other income and expenses, net.

c) Compromise and Settlement with Colbún S.A. ("Colbún")

In July 2010, TGN and Colbún S.A. entered into a compromise and settlement which brought to a conclusion the disputes between both companies over the natural gas firm carriage contract and the firm carriage contract which involved HSBC Bank Argentina S.A. as trustee (the "Trustee") under the TGN Serie 02 Financial Trust (the "Trust") and Colbún (hereinafter the "Reverted Contract" and together with the contract, the "Contracts").

The compromise and settlement, which was finally settled on August 24, 2010 when certain condition precedent occurred, establishes that:

(A) the contract will be rescinded as from October 1, 2009 with the Reverted Contract as from July 15, 2010, with the parties waiving the right to directly or indirectly file claims related to those contracts;

(B) Colbún agrees, in order to settle the claims, to pay TGN, as total and final compensation for the rescission of the carriage contract and the Reverted Contract: (i) an Initial Compensation not subject to any condition for US$ 5.06 million, which has already been paid by Colbún; (ii) a fixed compensation for US$ 36.65 million plus interest, payable in up to twelve months. As of October 4, 2010, TGN has already collected US$ 12.22 million in cash and US$ 12.22 million on April 4, 2011; and (iii) a variable compensation for up to US$ 5.65 million and payable based on the effective use of an uninterruptible carriage contract for a 36-month period as from June 18, 2010.

In addition, through an addendum to the Trust, the Trustee, TGN and Colbún resolved to: (i) dissolve the Trust; (ii) waive the right to reciprocally file claims, subject to compliance with the obligations of each of the parties under that addendum; and (iii) acquire the pipelines whose trust ownership by TGN corresponds to the Trust for US$ 2.6 million.

The compromise and settlement also implies that TGN will no longer receive the income agreed upon in the contract from October 2009 inclusive until December 22 (US$ 0.699 million monthly, as per the tariff effective as of today) and for the Reverted Contract from July 2010 until December 2027 (US$ 0.113 million monthly as per the effective tariff as of today); rather, it will receive the income described in section (B), which generates a negative net effect on its expected cash flows.

As of the date of issuance of these unaudited interim financial statements, TGN collected US$ 1.7 million on account of the variable compensation mentioned in paragraph (B)(iii) above.

The accounting effect of the settlement agreement is recorded under Other income and expenses, net.

14. Renegotiations with export customers (Continued)

d) Temporary compromise and settlement with Gasoducto Norandino Argentina S.A. ("NAA")

In December 2010 the Company entered into a temporary compromise and settlement with its loader for export NAA, which put an end to the previous disputes between the two parties in relation to the two firm natural gas carriage contracts for an accumulated reserved capacity of 2,600,000 m3/day.

In essence, the temporary compromise and settlement sets forth that over a suspension period which may be extended from two to six years counted as from May 2010, at the option of NAA, the parties agree: (1) to suspend the exercise of their respective rights arising from their disputes and not to file any claim, action or procedure in relation to those disputes; (2) to reduce the accumulated reserved capacity to 800,000 m3/day; (3) the parties further agree that NAA shall pay TGN (i) an initial one-off compensation equivalent to US$ 1.74 million, payable at the date of the temporary compromise and settlement, and (ii) a compensation payable in monthly installments, equivalent to US$ 0.21 million adjustable semi-annually, the first installment being payable on February 20, 2011 and the last installment on May 20 of the year in which the suspension period ends. The initial indemnity compensation, amounting to US$ 1.74 million, was effectively paid to TGN on January 6, 2011. Furthermore, in February, March and April 2011, NAA paid the first three installments of the compensation mentioned in paragraph ii).

Subject to the terms of the temporary compromise and settlement, over the suspension period NAA shall pay TGN a monthly sum as compensation and gas carriage, equivalent to approximately 65% of the sum that should be paid for the original volume under the carriage contracts.

The accounting effect of the settlement agreement is recorded under Other income and expenses, net.

15. TGN financial trusts

On March 8, 2004, in accordance with ENARGAS Resolution 2,877 and the Law N° 24,441, the Company (as "Trustor") and HSBC Bank Argentina S.A. (as "Trustee") entered into a Trust Agreement. Under the Trust Agreement, the trusts can be funded by private and/or public placement of securities for up to a total amount of US$ 50 million within a 5-year timeframe.

The Program envisages the possibility of financial trusts being set up for the issue of securities that are authorized for their public offering or not, so as to finance the expansion of the capacity of the Company's gas pipeline systems. The Program also establishes that, at expiration of the trust, the enlarged assets shall be exclusively assigned to the Company only, free of charge or encumbrances. While the trust is in force, the Company shall be responsible for the operation and maintenance of those assets.

On March 26, 2004, the TGN Serie 01 Trust was funded by the issuance of US$ 7.5 million in principal amount of securities to private contributors, the proceeds from which were used to finance the expansion of carrying capacity of 303,000 m3/d contracted by Metrogas S.A.

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

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

15. TGN financial trusts (Continued)

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 unaudited interim financial statement.

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

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

On April, 2006 the National Congress enacted the law 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

The Government requested the participation of TGN as licensee and of other companies as investors in order to undertake the expansion of the capacity of its system for the carriage of 1.8 MMm3/day of gas in the Northern Gas Pipeline. A local trust (the “trust”) organized by the Energy Secretariat and administered by Nación Fideicomisos S.A., as trustee, entrusted TGN with the management of the Northern Gas Pipeline expansion works. TGN contributed US$ 8.4 million to the total cost of the works.

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

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

Again, at the request of the Ministry of Energy, in September 2005, we called for a new open bid for capacity for the expansion of the Northern Gas Pipeline. As a result, more than 15.2 MMm3/d were awarded by the ENARGAS.

This project will imply the construction of approximately 1,860 km of parallel pipelines, and the incorporation of 55,000 HP in additional power in three new plants and in two already existing compressor plants.

For this purpose on December, 2006 the Company, the Energy Secretariat and Nación Fideicomisos S.A. entered into the Supplementary Financial Trust Agreement for the Northern Gas Pipeline Work, the first amendment to this Contract and the Management Contract. The Operation and Maintenance Contract has not yet been entered into.

The total fee to be collected by TGN as the project manager will be $ 75.8 million (before value added tax) and was supposed to be monthly collected in 44 installments between February 2006 and September 2009.

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

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

The work was divided into stages, the first of which started in October 2007. At the date of these financial statements, 460.6 km of new gas pipes (loops) and 2 new compressor stations of 20,620 HP have been built. The works performed led to an increase in the transportation capacity of 1.5 MMm3/d in the Northern Gas Pipe from the compressor station Lumbreras (Salta) and Litoral (final sections and Timbúes on the Aldao- Santa Fe gas pipes) and 1.4 MMm3/d between the Ceazley compressor station and La Dormida measurement and regulation to relieve the bypass the supplies the greater part of the demand in the Cuyo region.

A 67.4 km loop section and a third compressor station of 10.310 HP are being built.

For the repayment of these investments, the ENARGAS created a specific new charge which amounts to 415% of the transportation rate in force and is being applied to all the users of the gas system except residential users, CNG, and the General Service-Small Users. The charge has been abated by 20% until December 2009 and since January 2010 it has been collected in full, without any discount.

As for the project management fee, the Company received from Nación Fideicomisos $ 57.5 million in cash, that jointly with the $ 17.9 million received in bonds, had been applied to past due invoices.

As of late March, 2011 the management fee billed amounted to $ 94.5 million, including VAT, totaling the 44 installments envisaged by the contract. As set forth in the contract and until a new agreement is reached, TGN shall be empowered to receive a monthly sum equivalent to 1% of the contract value for a three-month period. For that reason and notwithstanding the above, at March 31, 2011 TGN billed $2.8 million (including VAT) for the October to December 2009 period.

On September 2009 the time frame for the services envisaged in the project Management Contract entered into by TGN expired. Prior to said expiration, TGN informed the authorities of this situation and was ready to agree to the terms under which the service would continue to be provided given that the work is still under way.

However, on October 15, 2009, a note was received form the Secretariat of Energy indicating that both the ENARGAS and Nación Fideicomisos “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 Nación Fideicomisos 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.

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.

The final net receivable registered by the Company as of March 31, 2011 amounts to $ 5.9 million (recorded Other receivables) based on the estimate of the revenue accrual, as described in Note 3.p), and on the estimate of its present value.

17. “Importation of Natural Gas” administration trust

As provided for by Executive Branch Decree 2,067/08 and ENARGAS Resolutions Nos. I/563 and I/615, as from January 2009 the Company started to invoice effective November 2008 a new charge on behalf of the “Importation of Natural Gas” Administration Trust, to create a fund for such purpose. TGN must not apply this charge to those customers that are connected with a Distributor or Sub-distributor or with power generation plants, and it is responsible for their collection, TGN being required to transfer the monthly collected amounts to the trust.

Resolution I/615 establishes that in the case of partial collections, the payment received shall be apportionately distributed between all the items included in the respective invoice. As of March 31, 2011, the balance to be transferred to the trust amounts to $ 2.6 million.

18. Subsequent events

Shareholder´ meeting held on April 14, 2011

The Shareholders’ Meeting held on April 14, 2011 decided to allocate income for the year 2010 as follows: (i) $ 3,653 in thousands, equivalent to 5% of the income for the year, was allocated to the setting up of the legal reserve pursuant to Law 19550 and (ii) $ 69,410 in thousands to the setting up of a free reserve for future dividends, considering the Company’s economic and financial situation and aiming at ensuring the safe and reliable provision of the gas carriage public service. In addition, the Shareholders’ Meeting approved the payment of $ 708 in thousands on account of fees for the technical-administrative services to the Directors that form part of the Audit Committee and $ 636 in thousands on account of fees to the members of the Statutory Auditors Committee.

Subsequent to March 31, 2011, there have been no other events, situations or circumstances that have impacted or could impact significantly on the net worth, or economic and financial situation of the Company that have not been considered or mentioned in these unaudited interim financial statements.

19. Other financial statement information

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

(a) Fixed assets, net
(b) Investments
(c) Short-term investments and other investments
(d) Allowances and provisions
(e) Assets and liabilities in foreign currency
(f) Cost of services, administrative and selling expenses
(g) Aging of assets and liabilities

(in thousands of Argentine Pesos, except for per share amounts)

19. Other financial statement information (Continued)

(a) Fixed Assets, net

	03.31.2011														12.31.2010
	Original values					Depreciation									
							For the period								
Account	**At the beginning of the year**	**Increases**	**Disposals**	**Transfers**	**At the end of the period**	**At the beginning of the year**	**%**	**Amount**	**Disposals**	**Transfers**	**Accumulated at the end of the period**	**Net book value**	**Net book value Essential items**	**Net book value Non-essential items**	**Net book value**
Land	3,274	-	-	-	3,274	-	-	-	-	-	-	**3,274**	1,976	1,298	**3,274**
Buildings and constructions	77,258	-	-	-	77,258	23,248	2	386	-	-	23,634	**53,624**	40,874	12,750	**54,010**
Installations and building	2,344	-	-	-	2,344	824	4	23	-	-	847	**1,497**	-	1,497	**1,520**
Gas pipelines	2,061,017	-	-	-	2,061,017	749,604	3.33 and 2.22	14,347	-	-	763,951	**1,297,066**	1,297,066	-	**1,311,413**
Recoating (Note 3.h))	109,145	-	-	6,504	115,649	17,559	5.88	1,882	-	-	19,441	**96,208**	96,208	-	**91,586**
High-pressure branch lines	890	-	-	-	890	329	3.33 and 2.22	7	-	-	336	**554**	554	-	**561**
Compressor plants	887,758	-	(1)	7	887,764	488,071	4	11,903	(1)	-	499,973	**387,791**	387,791	-	**399,687**
High-pressure control and/or measurement stations	68,932	-	-	-	68,932	42,589	5	931	-	-	43,520	**25,412**	25,412	-	**26,343**
Other technical installations	45,849	-	(349)	-	45,500	29,901	6.67	617	(188)	-	30,330	**15,170**	14,884	286	**15,948**
Machinery, equipment and Tools	25,968	42	(10)	-	26,000	23,026	10, 20 and 50	262	(10)	-	23,278	**2,722**	-	2,722	**2,942**
Computer and telecommunication Systems	85,836	-	(513)	998	86,321	56,905	10 and 20	1,270	(500)	-	57,675	**28,646**	1,399	27,247	**28,931**
Vehicles	17,928	-	(221)	-	17,707	14,507	20	270	(144)	-	14,633	**3,074**	-	3,074	**3,421**
Furniture and office supplies	10,272	10	(5)	-	10,277	9,342	10	47	(4)	-	9,385	**892**	-	892	**930**
Assets held at third parties	10,918	-	(19)	68	10,967	6,470	12.5	174	(19)	-	6,625	**4,342**	1,746	2,596	**4,448**
Works in process	65,822	11,051	-	(7,156)	69,717	-	-	-	-	-	-	**69,717**	57,914	11,803	**65,822**
Advances to suppliers	665	70	-	(421)	314	-	-	-	-	-	-	**314**	-	314	**665**
Total as of 03.31.2011	**3,473,876**	**11,173**	**(1,118)**	**-**	**3,483,931**	**1,462,375**		**32,119**	**(866)**	**-**	**1,493,628**	**1,990,303**	**1,925,824**	**64,479**	**-**
Total as of 12.31.2010	**3,400,067**	**78,041**	**(4,232)**	**-**	**3,473,876**	**1,333,714**		**131,463**	**(2,802)**	**-**	**1,462,375**	**-**	**1,945,101**	**66,400**	**2,011,501**

(in thousands of Argentine Pesos, except for per share amounts)

19. Other financial statement information (Continued)

(b) Investments

					Book value		Information on the issuer						
							Principal activity	Latest financial statements					
Issuer	**Class**	**Par value**	**Amount**	**Cost value**	**03.31.2011**	**12.31.2010**		**Date**	**Capital stock and capital adjustment**	**Other Reserves**	**Retained earnings**	**Shareholders' equity**	**% of direct holding**
Non–current investments													
Comgas Andina S.A.	Common	(a) 1	490	246	3,354	3,100	Gas pipeline services	03.31.11	10	5,761	1,073	6,844	49.0
Companhia Operadora de Rio Grande do Sul	Common	(b) 1	49	0.1	577	552	Gas pipeline services	03.31.11	-	1,040	137	1,177	49.0
Impairment of investment(Note 19.(d) and 3.f))					(577)	(552)							
Total....................					**3,354**	**3,100**							

(a) Chilean Pesos
(b) Brazilian Reais

(in thousands of Argentine Pesos, except for per share amounts)

19. Other financial statement information (Continued)

(c) Short-term investments

	March 31, 2011	December 31, 2010
Mutual funds in $	$ 40,915	$ 18,677
Foreign mutual funds in US$	24,245	-
Time deposits in $	22,378	31,229
Time deposits in US$	143,191	148,685
US Treasury bills in US$	64,212	102,291
Other investments in US$	99,975	97,084
Stock exchange securities in $	28,148	27,404
Government bonds in US$	1,263	1,092
Subtotal	**$ 424,327**	**$ 426,462**

(in thousands of Argentine Pesos, except for per share amounts)

19. Other financial statement information (Continued)

(d) Allowances and provisions

		03.31.2011				12.31.2010
		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........................		11,363	1,540 (2)	-	12,903	11,363
Allowance for disputed amounts.........................		11,622	9 (1)	-	11,631	11,622
Other receivables						
Allowance for doubtful accounts........................		1,856	10 (2)	-	1,866	1,856
Non Current						
Accounts receivables						
Allowance for disputed amounts.........................		194,318	13,770 (1)	-	208,088	194,318
Other receivables						
Allowance for disputed tax payments and judicial escrow accounts...		7,994	63 (3)	-	8,057	7,994
Materials and spare parts						
Allowance for slow-moving and obsolescence............		83,807	957 (4)	-	84,764	83,807
Investments						
Allowance for impairment of COPERG (Note 19.(b) and 3.(f))		552	25	-	577	552
Total allowances deducted from assets	**$**	**311,512**	**16,374**	**-**	**327,886**	**311,512**
Included in Liabilities						
Current						
Contingencies						
Provision for contingencies...........................		33,209	(145) (3)	(222)	32,842	33,209
Non Current						
Contingencies						
Provision for contingencies...........................		38,965	764 (3)	-	39,729	38,965
Total provisions included in liabilities................		**72,174**	**619**	**(222)**	**72,571**	**72,174**
Total as of 03.31.2011..................................	**$**	**383,686**	**16,993**	**(222)**	**400,457**	**-**
Total as of 12.31.2010..................................	**$**	**317,387**	**121,620**	**(55,321)**	**-**	**383,686**

(1) $ 9,951 charged to Net Revenues (Nota 4.g)) and $ 3,828 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 financial statement information (Continued)

(e) Assets and liabilities in foreign currency

	03.31.2011					12.31.2010			
	Foreign currency class and amounts		Exchange rate		Amount in Thousands of $	Foreign currency class and amounts			Amount in Thousands of $
Assets									
Current assets									
Cash and banks									
Banks	US$	34,830	4.014	$	139,808	US$	15,949	$	62,775
					139,808				62,775
Short-term investments									
Time deposit in US$	US$	35,673	4.014		143,191	US$	37,776		148,685
Foreign mutual funds in US$	US$	6,040	4.014		24,245				-
US Treasury bills in US$	US$	15,997	4.014		64,212	US$	25,989		102,291
Other investments in US$	US$	24,906	4.014		99,975	US$	24,666		97,084
Government bonds in US$ – Discount bonds	US$	315	4.014		1,263	US$	277		1,092
					332,886				349,152
Accounts receivable									
Gas carriage services (1)	US$	223	4.014		896	US$	2,163		8,514
Other services	US$	2,849	4.014		11,436	US$	2,571		10,119
					12,332				18,633
Other receivables									
Commercial indemnifications receivable	US$	17,500	4.014		70,245	US$	19,242		75,737
Court attachments and deposits	US$	8,149	4.014		32,711	US$	8,219		32,350
Guarantee deposits	US$	200	4.014		803		-		-
Prepaid expenses on behalf of third parties and others	€	12	5.6959		68	€	12		63
	US$	2,362	4.014		9,481	US$	3,651		14,370
Foreign related parties	$ch	9,500	0.0080		76	$ch	6,385		53
	R$	114	2.34		268	R$	114		265
					113,652				122,838
Total current assets				**$**	**598,678**			**$**	**553,398**
Non-current assets									
Accounts receivables									
Gas carriage services (1)	US$	103,681	4.014		416,175	US$	98,739		388,636
					416,175				388,636
Other receivables									
Commercial indemnifications receivable	US$	34,400	4.014		138,082	US$	34,400		135,398
Guarantee deposits					-	US$	200		787
					138,082				136,185
Investments									
Comgas Andina (Note 19.b)	$ch	419,235	0.0080		3,354	$ch	373,468		3,100
Compañía Operadora de Rio Grande do Sul (Note 19.b)	R$	247	2.34		577	R$	238		552
					3,931				3,652
Total non-current assets				**$**	**558,188**			**$**	**528,473**
Total assets				**$**	**1,156,866**			**$**	**1,081,871**

19. Other financial statement information (Continued)

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

	03.31.2011					03.31.2010			
	Foreign currency class and amounts		Exchange rate		Amount in Thousands of $	Foreign currency class and amounts			Amount in Thousands of $
Liabilities									
Current liabilities									
Accounts payable									
Suppliers and unbilled services.........................	US$	153	4.054	$	620	US$	872	$	3,466
	£	1.5	6.1187		9	£	1.47		9
Other related parties..................................	US$	11,742	4.054		47,602	US$	10,932		43,464
					48,231				46,939
Debt									
Ordinary non-convertible Class A									
Principal...	US$	141,280	4.054		572,749	US$	141,280		561,729
Interest..	US$	23,311	4.054		94,504	US$	20,662		82,153
Punitive..	US$	4,280	4.054		17,351	US$	3,410		13,558
Ordinary non-convertible Class B									
Principal...	US$	203,630	4.054		825,516	US$	203,630		809,633
Interest..	US$	43,526	4.054		176,454	US$	38,690		153,830
Punitive..	US$	5,126	4.054		20,781	US$	4,045		16,084
					1,707,355				1,636,987
Total current liabilities				**$**	**1,755,586**			**$**	**1,683,926**
Total liabilities				**$**	**1,755,586**			**$**	**1,683,926**

US$: United States dollars; $ch: Chilean Pesos; R$: Brazilian Reais; £: Pound Sterling; €: Euros
(1) Nominal value of the gas carriage services receivables, not considering the allowances for doubtful accounts.

(in thousands of Argentine Pesos, except for per share amounts)

19. Other financial statement information (Continued)

(f) Cost of services, administrative and selling expenses

		Cost of services			Selling expenses					
	Total at 03.31.2011	Carriage service	Other services	Total	Carriage service	Others services	Total	Administrative expenses	Investments in fixed assets	Total at 03.31.2010
Fees for technical-administrative services	236	-	-	-	-	-	-	236	-	174
Board of Directors and Statutory auditors committee fees	-	-	-	-	-	-	-	-	-	156
Fees for professional services	1,625	243	88	331	21	-	21	1,071	202	1,879
Salaries, wages and other personnel benefits	23,321	12,929	1,747	14,676	376	-	376	8,102	167	17,575
Social security contributions	5,679	3,527	386	3,913	105	-	105	1,661	-	4,534
Fees for technical operator services	4,432	4,432	-	4,432	-	-	-	-	-	2,879
Foreign staff residences	738	738	-	738	-	-	-	-	-	692
Consumption of spare parts and materials	4,098	2,684	41	2,725	-	-	-	-	1,373	3,503
Gas imbalance	-	-	-	-	-	-	-	-	-	(1,379)
Third party services and supplies .	2,218	2,018	141	2,159	5	-	5	54	-	1,438
Maintenance and repair of fixed assets	6,772	6,156	207	6,363	11	-	11	196	202	3,579
Travel expenses	1,990	1,410	280	1,690	22	-	22	242	36	1,726
Freight and transportation	230	206	8	214	-	-	-	-	16	601
Communications	388	202	33	235	10	-	10	141	2	265
Insurance	1,363	1,245	-	1,245	-	-	-	118	-	1,393
Office supplies	386	191	30	221	5	-	5	154	6	428
Rentals	432	247	150	397	4	-	4	31	-	439
Easements	1,986	1,986	-	1,986	-	-	-	-	-	2,400
Taxes, rates and contributions	7,547	34	2	36	2,572	203	2,775	4,736	-	7,728
Fixed assets depreciation	32,119	31,651	19	31,670	64	-	64	385	-	31,829
Fixed assets expenses	733	-	-	-	-	-	-	1	732	860
Doubtful accounts	1,550	-	-	-	1,550	-	1,550	-	-	789
Contingencies	682	-	-	-	-	-	-	682	-	1,044
Slow-moving and obsolete consumption materials and spare parts	957	957	-	957	-	-	-	-	-	2,151
Others.............................	141	72	2	74	-	-	-	55	12	(331)
Total at 03.31.2011	**99,623**	**70,928**	**3,134**	**74,062**	**4,745**	**203**	**4,948**	**17,865**	**2,748**	**-**
Total at 03.31.2010	**-**	**68,936**	**3,527**	**72,463**	**4,955**	**467**	**5,422**	**13,266**	**(4,799)**	**86,352**

(in thousands of Argentine Pesos, except for per share amounts)

19. Other financial statement information (Continued)

(g) Aging of assets and liabilities

	03.31.2011			
	Short-term investments (a)	**Account receivables and other receivables (b)**	**Debt (c)**	**Other liabilities (d)**
Past due until				
03.31.2010	-	153,900	1,567,491	-
06.30.2010	-	25,845	32,866	-
09.30.2010	-	23,322	34,010	-
12.31.2010	-	25,747	34,734	-
03.31.2011	-	20,932	38,254	-
Without due date	66,424	346,881	-	77,463
To be due				
06.30.2011	308,892	48,326	-	82,383
09.30.2011	-	5,668	-	616
12.31.2011	49,011	521	-	615
03.31.2012	-	67,302	-	615
03.31.2013	-	118,794	-	-
03.31.2014	-	1,372	-	-
Total at 03.31.2011	**424,327**	**838,610**	**1,707,355**	**161,692**
Balances subject to adjustment	66,424	-	-	-
Balances not subject to adjustment	357,903	838,610	1,707,355	161,692
Total at 03.31.2011	**424,327**	**838,610**	**1,707,355**	**161,692**
Interest bearing balances	356,929	799	1,669,223	31,134
Non – interest bearing balances	67,398	837,811	38,132	130,558
Total at 03.31.2011	**424,327**	**838,610**	**1,707,355**	**161,692**

(a) Excludes Equity Investments.
(b) Excludes allowances.
(c) Classified into current liabilities (Note 10).
(d) Includes all non-financial liabilities, excluding Contingencies.

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 March 31, 2011, and the related statements of operations, of changes in shareholders equity and of cash flows for the three-month periods ended March 31, 2011 and 2010, 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 earlier in Note 1 to the attached financial statements, principally the suspension of the original regime to update tariffs, affect the economic and financial equation of the Company, generating uncertainty in respect to future development of its regulated business. The Company is in the process of renegotiating with the National Government the terms of the License. Furthermore, the impact of the energy crisis in Argentina on certain gas carriage services the Company provides could cause future actual results to differ from certain assessments and estimates made at the date of preparing the attached financial statements and those positive or negative differences could be significant.

Additionally, given that the Public Emergency Law and Reform of the Exchange Regime authorizes the 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 Note 3.h) to the accompanying financial statements, the Company tested its fixed assets 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, the net book value of which amounts to $ 1,990 million and $ 2,012 million at March 31, 2011 and at December 31, 2010, respectively.

4. As mentioned in Note 1.c) to the attached financial statements, at March 31, 2011 the Company has contractual disputes for significant amounts with certain customers that provide gas carriage services for export for outstanding balances of $ 416.2 million ($ 388.6 million at December 31, 2010) 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 March 31, 2011 a net receivable for $ 5.9 million ($ 4.7 million at December 31, 2010) 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 March 31, 2011, the Company carries financial debts denominated in US dollars for a total of US$ 421.1 million (US$ 411.7 million at December 31, 2010), and has not paid principal for US$ 82.7 million and interest for US$ 76.2 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 and 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.

6. The March 31, 2011 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, 2010 and 2009, on which we issued our report on March 3, 2011 including qualifications regarding the circumstances referred to in sections 3., 4., 5. and 6. of this report, we state that:

   a) The financial statements of TGN at March 31, 2011 and 2010 detailed in section 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 sections 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, 2010.

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 (included in the Spanish version of the financial statements), on which, as regards those matters that are within our competence, we have no observation to make other than those indicated in points 3., 4., 5. and 6.;

d) at March 31, 2011, the debt accrued in favor of the Argentine Integrated Social Security System amounted, as shown by the Company´s accounting records, to $ 2,195,722 which was not yet due at that date.

Autonomous City of Buenos Aires, May 10, 2011

PRICE WATERHOUSE & CO. S.R.L.

by (Partner)
Fernando A. Rodríguez