



*TRANSPORTADORA
DE GAS DEL NORTE S.A.*

**Interim financial statements at March 31, 2013 presented in thousands of pesos
and in a comparative format**

Transportadora de Gas del Norte S.A.

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Limited review report

Transportadora de Gas del Norte S.A.

Legal address: Don Bosco 3672 - 3rd floor - Autonomous City of Buenos Aires.

FINANCIAL STATEMENTS for the three-month period ended on March 31, 2013, presented in a comparative format.

Main activity of the Company ⁽¹⁾: provision of the natural gas carriage utility service.

Date of registration with the Public Registry of Commerce: December 1st, 1992.

Registration number with the Superintendency of Corporations: 11,667 - Book 112 - Tome A of Corporations.

Amendments to by-laws registered with the Public Registry of Commerce: March 7, 1994; June 9, 1994; July 5, 1994; February 14, 1995; August 9, 1995; June 27, 1996; December 23, 1996; September 20, 2000; July 7, 2004; August 24, 2005 and August 18, 2006.

Date of expiry of Company's by-laws: December 1st, 2091

Controlling shareholder: Gasinvest S.A.

Legal domicile: Avda. Roque Sáenz Peña 938 - 3rd floor - Autonomous City of Buenos Aires.

Main activity: investments in securities, real estate and financial activities.

Percentage of shares held by the controlling shareholder: 56.354%.

Percentage of votes held by the controlling shareholder: 56.354%.

Capital status (Note 15)

Type of shares	Subscribed and paid in	
	03.31.13	12.31.12
	Thousands of \$	
Ordinary, book-entry class A shares, of \$ 1 par value each and entitled to 1 vote per share	179,264	179,264
Ordinary, book-entry class B shares, of \$ 1 par value each and entitled to 1 vote per share	172,235	172,235
Ordinary, book-entry class C shares, of \$ 1 par value each and entitled to 1 vote per share	87,875	87,875
Total	439,374	439,374

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

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE THREE-MONTH PERIODS ENDED MARCH 31, 2013 AND 2012

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

D) ANALYSIS OF COMPREHENSIVE RESULT AND FINANCIAL SITUATION

- *Comprehensive loss for the period:*

	<i>(in million of pesos)</i>		
	Three-month period ended 03.31		
	2013	2012	Variation
Revenues			
Gas carriage service	119.6	101.2	18.4
Allowances for disputed amounts and others	(13.5)	(11.6)	(1.9)
Subtotal gas carriage service	106.1	89.6	16.5
<i>Other services:</i>			
Gas pipeline operation and maintenance (“O&M”) services	12.5	7.5	5.0
Management fees – Gas Trust Program	0.6	1.5	(0.9)
Subtotal other services	13.1	9.0	4.1
Total revenues	119.2	98.6	20.6
Cost of services			
Operation and maintenance costs	(56.7)	(50.0)	(6.7)
Fixed assets depreciation	(32.3)	(33.0)	0.7
Subtotal	(89.0)	(83.0)	(6.0)
Gross profit	30.2	15.6	14.6
Administrative and selling expenses	(30.3)	(41.3)	11.0
Loss before other net income	(0.1)	(25.7)	25.6
Other net income	15.7	11.1	4.6
Income (loss) before financial results	15.6	(14.6)	30.2
Net financial results	(17.5)	(64.6)	47.1
Result from investments in affiliate companies	0.4	0.6	(0.2)
Result before income tax	(1.5)	(78.6)	77.1
Income tax	0.8	27.0	(26.2)
Loss for the period	(0.7)	(51.6)	50.9
Other comprehensive results	-	-	-
Comprehensive loss for the period	(0.7)	(51.6)	50.9
EBITDA ⁽²⁾	51.2	19.8	31.4

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

(2) Result before income tax, financial results, fixed assets depreciation and charges for consumable goods not entailing outlays of cash.

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE THREE-MONTH PERIODS ENDED MARCH 31, 2013 AND 2012

D) ANALYSIS OF COMPREHENSIVE RESULT AND FINANCIAL SITUATION (Cont.)

	<i>(in million of pesos)</i>	
	<i>03.31.2013</i>	<i>12.31.2012</i>
<i>Total assets</i>	2,833	2,835
<i>Total liabilities</i>	1,776	1,778
<i>Shareholders' equity</i>	1,057	1,057

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

- *Revenues*

Revenues' variation of \$ 20.6 million between 2013 and 2012 first quarter is mainly explained by:

- increase of \$ 7.4 million in billings denominated in foreign currency as a result of the joint effect of the increase in the US dollar exchange rate and in the Producer Price Index ("PPI");
- \$ 1.9 million decrease due to higher allowances for disputed amounts during 2013 first quarter, compared to the same period in 2012, related to the situation of Metrogas Chile S.A. (refer to Note 1.3.5);
- higher income for \$ 11 million mainly in interruptible services and exchange and displacement services and others; and
- \$ 4.1 million increase corresponding to Other services, due to contract renegotiation and others.

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE THREE-MONTH PERIODS ENDED MARCH 31, 2013 AND 2012

I) ANALYSIS OF COMPREHENSIVE RESULT AND FINANCIAL SITUATION (Cont.)

- *Cost of services*

<i>Accounts</i>	<i>(in million of pesos)</i>		
	<i>Three-month periods ended 03.31</i>		
	<i>2013</i>	<i>2012</i>	<i>Variation</i>
<i>Fees for professional services</i>	0.8	0.9	(0.1)
<i>Salaries, wages and other personnel benefits and social security contributions</i>	28.6	21.3	7.3
<i>Fees for technical operator and audit services</i>	3.8	3.3	0.5
<i>Consumption of materials and spare parts</i>	3.5	3.5	-
<i>Maintenance and repair of fixed assets and third-party services and supplies</i>	10.8	12.3	(1.5)
<i>Communications, freight, transportation and travel expenses</i>	3.4	2.6	0.8
<i>Insurance</i>	1.5	1.6	(0.1)
<i>Rentals and office supplies</i>	0.7	0.6	0.1
<i>Easements</i>	0.9	3.3	(2.4)
<i>Taxes, rates and contributions</i>	0.1	-	0.1
<i>Fixed assets depreciation</i>	32.3	33.0	(0.7)
<i>Slow-moving and obsolete materials and spare parts</i>	2.3	0.2	2.1
<i>Others</i>	0.3	0.4	(0.1)
Total	89.0	83.0	6.0
% of Costs of services on revenues	74.6%	84.2%	

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

- i. \$ 7.3 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. \$ 2.4 million decrease in Easements, due to the extinctive prescription of balances owed;
- iii. \$ 2.1 million increase in Slow-moving and obsolete materials and spare parts, mainly due to the slow rotation of the security stock; and
- iv. \$ 1.5 million decrease in Maintenance and repairs of fixed assets and third-party services and supplies, mainly due to the fact that during 2012 first quarter higher expenses were made in internal inspection of gas pipelines, repair of pipes, and river and road crossings (\$ 1.9 million), which were partially offset by greater expenses incurred during the first quarter of 2013 in cleaning and weeding of facilities (\$ 0.4 million).

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE THREE-MONTH PERIODS ENDED MARCH 31, 2013 AND 2012

I) ANALYSIS OF COMPREHENSIVE RESULT AND FINANCIAL SITUATION (Cont.)

- *Administrative and selling expenses*

(in million of pesos)

<i>Accounts</i>	<i>Three-month period ended 03.31</i>		
	2013	2012	Variation
<i>Salaries, wages and other personnel benefits and social security contributions</i>	13.1	9.9	3.2
<i>Fixed assets depreciation</i>	0.5	0.5	-
<i>Fees for professional services</i>	2.5	2.1	0.4
<i>Taxes, rates and contributions</i>	12.0	10.2	1.8
<i>Communications, freight, transportation and travel expenses</i>	0.6	0.5	0.1
<i>Maintenance and repair of fixed assets and third-party services and supplies</i>	0.7	0.5	0.2
<i>Rentals and office supplies</i>	0.6	0.3	0.3
<i>Doubtful accounts</i>	(1.3)	1.6	(2.9)
<i>Contingencies</i>	0.4	1.0	(0.6)
<i>Statutory auditors committee's fees</i>	0.3	-	0.3
<i>Fees for technical-administrative services</i>	0.5	0.3	0.2
<i>Compensation for damages</i>	0.3	14.3	(14.0)
<i>Others</i>	0.1	0.1	-
Total	30.3	41.3	(11.0)
% of Administrative and selling expenses on revenues	25.4%	41.9%	

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

- i. \$ 1.8 million increase in Taxes, rates and contributions due to a higher charge for the turnover tax, as a consequence of higher revenues, and a higher charge for the verification and control rate in favor of the Ente Nacional Regulador del Gas;
- ii. \$ 14.0 million of less expenses in Compensation for damages, due to the registration, during fiscal year 2012, of the compromise and settlement agreement entered into with AES Argentina Generación S.A. (refer to Note 21);
- iii. \$ 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; and
- iv. \$ 2.9 million decrease in Doubtful accounts due to the recovery of allowances set up during the last fiscal year, related to past due customers' balances.

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE THREE-MONTH PERIODS ENDED MARCH 31, 2013 AND 2012

I) ANALYSIS OF COMPREHENSIVE RESULT AND FINANCIAL SITUATION (Cont.)

- *Net financial results*

(in million of pesos)

<i>Accounts</i>	<i>Three-month period ended 03.31</i>		
	<i>2013</i>	<i>2012</i>	<i>Variation</i>
<i>Generated by exchange rate differences:</i>			
<i>Income on exchange rate variations</i>	29.8	18.6	11.2
<i>Expenses on exchange rate variations</i>	(55.0)	(35.9)	(19.1)
<i>Total financial results generated by exchange rate differences:</i>	(25.2)	(17.3)	(7.9)
<i>Financial income:</i>			
<i>Interest</i>	6.6	2.1	4.5
<i>Holding results</i>	20.3	1.1	19.2
<i>Expenses recovered from loans restructuring and others</i>	8.7	-	8.7
<i>Results on discounting at present value</i>	-	0.9	(0.9)
<i>Total financial income</i>	35.6	4.1	31.5
<i>Financial expenses</i>			
<i>Interest</i>	(19.3)	(50.0)	30.7
<i>Results on discounting at present value</i>	(6.4)	-	(6.4)
<i>Commissions, taxes and expenses on banking and financial operations</i>	(2.2)	(1.4)	(0.8)
<i>Total financial expenses</i>	(27.9)	(51.4)	23.5
<i>Total net financial results</i>	(17.5)	(64.6)	47.1

Net financial results for the three-month period ended March 31, 2013 decreased by \$ 47.1 million compared to 2012 first quarter. Accounts showing the most significant variations between both periods were:

- i. higher losses for \$ 19.1 million resulting from exchange rate differences generated by liabilities denominated in US dollars;
- ii. a \$ 30.7 million decrease in interest and penalties accrued on financial loan balances due to the restructuring process occurred in 2012. See Note 17;
- iii. higher losses for \$ 6.4 million related to the Claim Protection Notes (Note 17) and the non-current accounts payable's valuation at their net present value;
- iv. the US dollar asset positions produced a higher exchange rate profit of \$ 11.2 million;
- v. \$ 19.2 million of higher profit due to yields accrued in relation to short-term investments; and
- vi. lower losses for \$ 8.7 million as a result of the recovery of allowances set up during fiscal year 2012 and other individual financial agreements.

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE THREE-MONTH PERIODS ENDED MARCH 31, 2013 AND 2012

I) ANALYSIS OF COMPREHENSIVE RESULT AND FINANCIAL SITUATION (Cont.)

- *Other net income*

(in million of pesos)

<i>Accounts</i>	<i>Three-month period ended 03.31</i>		
	<i>2013</i>	<i>2012</i>	<i>Variation</i>
<i>Income from commercial indemnifications</i>	13.2	11.1	2.1
<i>Net result from disposal of fixed assets</i>	0.5	-	0.5
<i>Net income from sundry sales and others</i>	2.0	-	2.0
<i>Total</i>	15.7	11.1	4.6

Note 21 describe the agreements reached with certain export customers. Those agreements, among others, have generated incomes amounting to \$ 13.2 million and \$ 11.1 million during the three-month periods ended March 31, 2013 and 2012, respectively, on account of income from commercial indemnifications. Compromise and settlement agreements result in TGN no longer collecting future income in exchange for economic compensations, which generates a negative effect on its expected cash flows.

- *Summary of the statement of cash flows*

(in million of pesos)

	<i>Three-month period ended 03.31</i>	
	<i>2013</i>	<i>2012</i>
<i>Cash (used in) generated by the operations</i>	(1.0)	30.3
<i>Income tax</i>	(0.8)	(27.0)
<i>Accrued interest</i>	19.3	50.0
<i>Net cash flow generated by the operations</i>	17.5	53.3
<i>Purchase of fixed assets</i>	(10.8)	(11.7)
<i>Changes in short-term investments (non-cash equivalents)</i>	61.7	(31.3)
<i>Net cash flow generated by (used in) investing activities</i>	50.9	(43.0)
<i>Increase in attachments and guarantee deposits</i>	(4.2)	-
<i>Loans payment</i>	(8.4)	-
<i>Net cash flow used in financing activities</i>	(12.6)	-
<i>Net increase in cash and cash equivalents</i>	55.8	10.3
<i>Cash and cash equivalents at the beginning of the year</i>	123.9	208.1
<i>Financial results generated by cash</i>	5.8	4.2
<i>Cash and cash equivalents at the end of the period</i>	185.5	222.6

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE THREE-MONTH PERIODS ENDED MARCH 31, 2013 AND 2012

I) ANALYSIS OF COMPREHENSIVE RESULT AND FINANCIAL SITUATION (Cont.)

- *Breakdown of cash and cash equivalents*

	<i>(in million of pesos)</i>	
	<i>Three-month period ended 03.31</i>	
	<i>2013</i>	<i>2012</i>
<i>Cash and banks</i>	18.7	19.5
<i>Time deposits in US\$</i>	104.7	135.4
<i>Time deposits in \$</i>	-	30.8
<i>Government bonds in \$</i>	3.6	-
<i>Mutual funds in \$</i>	58.5	35.5
<i>Stock exchange securities in \$</i>	-	1.4
<i>Cash and cash equivalents at the end of the period</i>	185.5	222.6

II) BUSINESS PROSPECTS AND OTHERS

The Company's business, operating, financial and regulatory prospects are fully described in the Notes to the interim financial statements and the additional information required by Section 68 of the Buenos Aires Stock Exchange Listing Rules as of March 31, 2013; 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.

To prevent a potential claim, and its subsequent economic impact, related to possible discrepancies in the interpretation criteria applied to determine the payment of non-remunerative items to the personnel outside union collective bargaining agreements, in March 2013 TGN voluntarily decided to deposit the calculable hypothetical differences of "Employer and employee contributions" for an amount of \$ 5.9 million for principal and accessories.

III) COMPARATIVE BALANCE SHEET STRUCTURE AT MARCH 31, 2013, 2012, 2011, 2010 and 2009

	<i>(in million of pesos)</i>				
	<i>At 03.31</i>				
	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
<i>Non-current assets</i>	2,191	2,274	2,394	2,347	2,301
<i>Current assets</i>	642	1,009	785	480	337
<i>Total</i>	2,833	3,283	3,179	2,827	2,638
<i>Shareholders' equity</i>	1,057	795	984	877	887
<i>Non-current liabilities</i>	1,484	250	322	313	314
<i>Current liabilities</i>	292	2,238	1,873	1,637	1,437
<i>Subtotal liabilities</i>	1,776	2,488	2,195	1,950	1,751
<i>Total</i>	2,833	3,283	3,179	2,827	2,638

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE THREE-MONTH PERIODS ENDED MARCH 31, 2013 AND 2012

IV) COMPARATIVE STRUCTURE OF COMPREHENSIVE RESULTS FOR THE PERIODS ENDED MARCH 31, 2013, 2012, 2011, 2010 and 2009

(in million of pesos)

	<i>At 03.31</i>				
	2013	2012	2011	2010	2009
<i>(Loss) income before other net income</i>	(0.1)	(25.7)	0.1	33.8	45.3
<i>Other net income</i>	15.7	11.1	61.5	10.4	1.2
<i>Income (loss) before financial results</i>	15.6	(14.6)	61.6	44.2	46.5
<i>Net financial results</i>	(17.5)	(64.6)	(57.4)	(63.1)	(104.6)
<i>Result from investments in affiliate companies</i>	0.4	0.6	0.3	(0.2)	0.5
<i>Result before income tax</i>	(1.5)	(78.6)	4.5	(19.1)	(57.6)
<i>Income tax</i>	0.8	27.0	(2.0)	6.2	21.1
<i>(Loss) income for the period</i>	(0.7)	(51.6)	2.5	(12.9)	(36.5)
<i>Other comprehensive results</i>	-	-	-	-	-
<i>Comprehensive (loss) income for the period</i>	(0.7)	(51.6)	2.5	(12.9)	(36.5)

V) COMPARATIVE STATISTICAL DATA CORRESPONDING TO THE PERIODS ENDED MARCH 31, 2013, 2012, 2011, 2010 and 2009

Volume dispatched in million of cubic meters:

According to the type of carriage agreement

	<i>At 03.31</i>				
	2013	2012	2011	2010	2009
<i>Firm carriage</i>	3,387	3,360	3,236	3,050	3,221
<i>Interruptible carriage and Exchange and displacement</i>	1,897	1,704	1,344	1,143	1,327
<i>Total</i>	5,284	5,064	4,580	4,193	4,548

According to the type of source

	<i>At 03.31</i>				
	2013	2012	2011	2010	2009
<i>Norte Gas pipeline</i>	2,064	2,020	1,943	1,788	1,760
<i>Centro-Oeste Gas pipeline</i>	3,220	3,044	2,637	2,405	2,788
<i>Total</i>	5,284	5,064	4,580	4,193	4,548

TRANSPORTADORA DE GAS DEL NORTE S.A.

SUMMARY OF INFORMATION CORRESPONDING TO THE THREE-MONTH PERIODS ENDED MARCH 31, 2013 AND 2012

VI) COMPARATIVE INDICATORS AT MARCH 31, 2013, 2012, 2011, 2010 and 2009

	<i>At 03.31</i>				
	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
<i>Current liquidity (1)</i>	2.20	0.45	0.42	0.29	0.23
<i>Solvency (2)</i>	0.60	0.32	0.45	0.45	0.51
<i>Freezing capital (3)</i>	0.77	0.69	0.75	0.83	0.87

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

Autonomous City of Buenos Aires, May 15, 2013

Santiago Marfort
Vice-President

Transportadora de Gas del Norte S.A.

INTERIM BALANCE SHEET AT MARCH 31, 2013 COMPARATIVE WITH THAT AT DECEMBER 31, 2012 AND AT JANUARY 1st 2012 (in thousands of pesos)

	Note	<u>03.31.2013</u>	<u>12.31.2012</u>	<u>01.01.2012</u>
ASSETS				
Non-current assets				
Fixed assets	7	1,825,010	1,847,095	1,937,603
Investments in affiliate companies	8	2,195	2,399	1,162
Other assets		33,274	31,725	28,027
Materials and spare parts	11	30,600	29,618	30,090
Other accounts receivable	12	51,724	59,751	118,953
Trade accounts receivable	13	220,419	198,383	152,101
Investments at amortised cost	10	27,546	28,278	-
Total non-current assets		<u>2,190,768</u>	<u>2,197,249</u>	<u>2,267,936</u>
Current assets				
Materials and spare parts		19,407	19,407	18,072
Other accounts receivable	12	55,420	53,895	245,565
Trade accounts receivable	13	123,301	121,820	57,192
Investments at amortised cost	10	282,020	306,903	603,194
Investments at fair value	10	143,146	124,832	48,007
Cash and banks		18,675	11,450	6,033
Total current assets		<u>641,969</u>	<u>638,307</u>	<u>978,063</u>
Total assets		<u>2,832,737</u>	<u>2,835,556</u>	<u>3,245,999</u>

The accompanying notes 1 to 34 are an integral part of these interim financial statements.

Transportadora de Gas del Norte S.A.

INTERIM BALANCE SHEET AT MARCH 31, 2013 COMPARATIVE WITH THAT AT DECEMBER 31, 2012 AND AT JANUARY 1st 2012 (in thousands of pesos)

	Note	<u>03.31.2013</u>	<u>12.31.2012</u>	<u>01.01.2012</u>
SHAREHOLDERS' EQUITY				
Common stock and reserves				
Common stock	15	439,374	439,374	439,374
Inflation adjustment of common stock	2.11	506,053	506,053	506,053
Legal reserve	15	60,869	60,869	60,869
Voluntary reserve for future dividends	15	-	-	293,450
Optional reserve	15	139,372	139,372	-
Retained earnings	16	(88,976)	(88,360)	(457,051)
Total shareholders' equity		<u>1,056,692</u>	<u>1,057,308</u>	<u>842,695</u>
LIABILITIES				
Non-current liabilities				
Contingencies	20	51,692	49,585	42,179
Loans	17	1,119,360	1,057,237	-
Deferred tax liability	9	228,523	239,997	188,251
Other debts	18	37,989	39,131	34,727
Trade accounts payable	19	46,495	48,032	-
Total non-current liabilities		<u>1,484,059</u>	<u>1,433,982</u>	<u>265,157</u>
Current liabilities				
Contingencies	20	34,651	40,009	33,103
Loans	17	68,719	87,192	1,942,330
Salaries and social security contributions		16,111	29,169	12,535
Taxes payable		9,925	17,025	39,687
Other debts	18	35,891	34,713	23,605
Trade accounts payable	19	126,689	136,158	86,887
Total current liabilities		<u>291,986</u>	<u>344,266</u>	<u>2,138,147</u>
Total liabilities		<u>1,776,045</u>	<u>1,778,248</u>	<u>2,403,304</u>
Total liabilities and shareholders' equity		<u>2,832,737</u>	<u>2,835,556</u>	<u>3,245,999</u>

The accompanying notes 1 to 34 are an integral part of these interim financial statements.

Transportadora de Gas del Norte S.A.

INTERIM STATEMENT OF COMPREHENSIVE INCOME AT MARCH 31, 2013 AND 2012 (in thousands of pesos)

	Note	<u>03.31.2013</u>	<u>03.31.2012</u>
Revenues	22	119,277	98,593
Cost of services	23	(88,978)	(83,024)
Gross profit		30,299	15,569
Selling expenses	23	(4,180)	(19,706)
Administrative expenses	23	(26,144)	(21,614)
Loss before other net income		(25)	(25,751)
Other net income	24	15,690	11,127
Income (loss) before financial results		15,665	(14,624)
Financial results			
Generated by exchange rate differences	25	(25,151)	(17,258)
Financial income	25	35,660	4,112
Financial expenses	25	(27,967)	(51,480)
Net financial results		(17,458)	(64,626)
Result from investments in affiliate companies		356	572
Result before income tax		(1,437)	(78,678)
Income tax			
Current		(10,652)	-
Deferred		11,473	27,061
Subtotal income tax	26	821	27,061
Loss for the period		(616)	(51,617)
Other comprehensive results		-	-
Comprehensive loss for the period		(616)	(51,617)
Net result per share	27	(0.0014)	(0.1175)

The accompanying notes 1 to 34 are an integral part of these interim financial statements.

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT MARCH 31, 2013, MARCH 31, 2012 AND DECEMBER 31, 2012 (in thousands of pesos)

Item	Common stock	Inflation adjustment of common stock	Legal reserve	Optional reserve	Voluntary reserve for future dividends	Retained earnings	Total shareholders' equity
Balances at December 31, 2011	439,374	506,053	60,869	-	293,450	(457,051)	842,695
Loss for the period	-	-	-	-	-	(51,617)	(51,617)
Balances at March 31, 2012	439,374	506,053	60,869	-	293,450	(508,668)	791,078
Resolution of Ordinary Shareholders' Meeting held on April 13, 2012:							
Absorption of losses for fiscal year 2011 against the Voluntary reserve for future dividends	-	-	-	-	(154,078)	154,078	-
Release of the Voluntary reserve for future dividends and set up of an Optional reserve	-	-	-	139,372	(139,372)	-	-
Income for the supplementary nine-month period until December 31, 2012	-	-	-	-	-	266,230	266,230
Balances at December 31, 2012	439,374	506,053	60,869	139,372	-	(88,360)	1,057,308
Loss for the period	-	-	-	-	-	(616)	(616)
Balances at March 31, 2013	439,374	506,053	60,869	139,372	-	(88,976)	1,056,692

The accompanying notes 1 to 34 are an integral part of these interim financial statements.

Transportadora de Gas del Norte S.A.

INTERIM STATEMENT OF CASH FLOWS AT MARCH 31, 2013 AND 2012 (in thousands of pesos)

	Note	<u>03.31.2013</u>	<u>03.31.2012</u>
Cash (used in) generated by the operations	28	(893)	30,359
Income tax	26	(821)	(27,061)
Accrued interest	25	19,266	50,012
Net cash flow generated by the operations		<u>17,552</u>	<u>53,310</u>
Purchase of fixed assets	7	(10,856)	(11,662)
Changes in short-term investments (non-cash equivalents)		61,696	(31,395)
Net cash flow generated by (used in) investing activities		<u>50,840</u>	<u>(43,057)</u>
Increase in attachments and guarantee deposits		(4,151)	-
Loans payment		(8,412)	-
Net cash flow used in financing activities		<u>(12,563)</u>	<u>-</u>
Net increase in cash and cash equivalents		55,829	10,253
Cash and cash equivalents at the beginning of the year		123,903	208,174
Financial results generated by cash		5,791	4,204
Cash and cash equivalents at the end of the period	14	<u>185,523</u>	<u>222,631</u>

The accompanying notes 1 to 34 are an integral part of these interim financial statements.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2013, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

1 - GENERAL INFORMATION

1.1 - Incorporation of the Company

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

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

1.2 - Argentine economic context, energy crisis and its impact on the economic and financial position of the Company

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

- (i) The Public Emergency Law 25,561 (“LEP”) established the pesification of the rates of carriage of natural gas destined for the domestic market and the repeal of the semi-annual adjustment mechanism based on the Producer Price Index (“PPI”). Furthermore, the LEP authorized the PEN to renegotiate the public works and services contracts and rates. At the date of issuance of these financial statements, and considering the transitory agreement mentioned in Note 1.3.3, no substantial progress has been made regarding rates renegotiation.

Note 1.3 details several issues relating to the rates, the License and the implications of the amendments introduced by the LEP within the Company’s regulatory framework.

- (ii) As from 2004 the National State adopted a series of measures to redistribute in the short term the effects of the energy sector crisis derived from a natural gas and electricity shortage. The National Energy Secretariat, the Fuel Under-secretariat and the National Gas Regulatory Entity (“ENARGAS”) have issued a series 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 certain export customers that led to the execution of compromise and settlement agreements that modified and/or generated the termination of such contracts, as mentioned in Note 21.

- (iii) As indicated in Note 1.3.6 and in Note 17, 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 fall 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

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the intervener. Upon expiration of such term, the intervention was repeatedly extended by ENARGAS resolutions up to early June 2013. During 2012, TGN restructured its financial liabilities existing as of December 31, 2008. Refer to Note 17.

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

The impact generated by all the measures adopted so far by the National State on the balance sheet and financial position of the Company as of March 31, 2013 was calculated on the basis of evaluations and estimates used by the Board of Directors at the date these financial statements were issued. The future development of the economy might require that the National State modify some measures adopted or issue additional regulations. However, it is important to remark that actual future results could differ from the evaluations and estimates made at the date of issuance of these financial statements and these differences could be significant.

1.3 - Regulatory framework

1.3.1 - General

The Natural Gas Act and its regulations, together with the License, the Transfer Agreement, the Bidding Terms and Conditions for the privatization of Gas del Estado S.E. ("GdE") and the resolutions adopted by the ENARGAS establish the legal framework within which the Company carries out its business activities. The License was granted for an original term of 35 years, which expires in December 2027. However, the Natural Gas Act and the License provide that TGN may apply to ENARGAS for a renewal of the License for an additional ten-year term. ENARGAS is required at that time to evaluate the Company's performance and make a recommendation to the PEN.

1.3.2 - Rates

Gas carriage service's rates were established by the License and are regulated by the ENARGAS. The Natural Gas Act establishes that rates must cover reasonable operating costs, taxes and depreciations 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.

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As mentioned in Note 1.2, the LEP established the pesification of natural gas carriage rates of gas destined for the domestic market and the repeal of the semi-annual adjustment mechanism based on the PPI.

1.3.3 - License

Under the provisions of LEP, the PEN is entitled to renegotiate the terms of the licenses granted for the provision of public services based on the following criteria: (i) the impact of the rates on the competitiveness of the economy and the distribution of people's income; (ii) the quality of the services and the investment plans, as contractually agreed; (iii) the customers' interests and accessibility to the services; (iv) the safety of the systems; and (v) the profitability of the companies.

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

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

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

On October 2008, the Company entered into a temporary agreement ("the Temporary Agreement") that does not involve an indemnity clause for the benefit of the National State, and envisage a transition rates regime as from September 1, 2008 on which a 20% increase would be applied to the remuneration of the ruled domestic activity of TGN in force at August 31, 2008. The Temporary Agreement establishes that TGN will assign the rights of the resulting incremental revenue to a specific fund that will be set up as a trust for the payment of works and/or tasks detailed in a document attached to the Temporary Agreement. The Temporary Agreement assumed that on December 31, 2008 the LEP would no longer be effective, which did not occur since that law will actually be in force until December 31, 2013. Consequently, by that date the parties had to agree on the methodology, term and time of the execution of an Overall Contractual Renegotiation Minute. Otherwise, the PEN, if it deems it convenient, would rule on the enforcement of the Temporary Agreement and, in turn, UNIREN would make the necessary recommendations to the PEN pursuant to section 1 subsection e) of Decree No. 311/03 and section 11 of the Joint Resolution No. 188/03 and No. 44/03 of the MEP and MPFIPyS. Although the Temporary Agreement was ratified by the PEN through Decree N° 458 of April 5, 2010, the rate increase cannot be invoiced by TGN because the ENARGAS did not approved the new rate schedules. However, TGN performed the foreseen works at its expense. At March 31, 2013, no economic effects were noted in relation to the Temporary Agreement. Given the lack of a reply by the Administration to the reiterated requests for approval of the new rates, in October 2010 TGN filed action for protection due to delay (refer to Note 20.1.8).

At the date of issuance of these financial statements, no significant progress had been made to ensure compliance with the objective to sign a comprehensive agreement in the short term. Furthermore, it cannot be assured that the final outcome of the renegotiation will effectively restore the balance of the License and award a fair and reasonable rate in order to redress TGN for the damage suffered as a result of the LEP. Refer to Notes 20.1.7 and 20.1.8.

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1.3.4 - Technical Operator and Audit Services agreement

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

The agreement for technical operator and audit services in force since January 2006 will expire on December 31, 2017. In consideration for the services under the contract, an annual compensation is envisaged, which shall be the higher of (i) US\$ 3,000,000 or (ii) 7% of EBIT for each fiscal year. As of March 31, 2013 the Company accrued this compensation according to point (i) previously mentioned.

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

1.3.5 - Decrease in revenues from carriage of gas for export

Effective February 2004, the National State adopted a series of measures, still in force, to ensure a natural gas supply sufficient to satisfy domestic demand, considerably limiting gas exportation. Dispatched export volume has systematically decreased from 2006 until the end of this period. In that context, YPF S.A. (“YPF”) ceased to pay and initiated administrative and judicial actions to obtain the rescission without negligence of the gas carriage contract, and the Chilean distributor Metrogas S.A. (“Metrogas”) attempted to unilaterally rescind the agreement and claimed compensation. YPF and Metrogas recorded unpaid balances of \$ 381 million and \$ 361 million, respectively, as of March 31, 2013, so the Company has set up an allowance of \$ 371 million to cover the uncollectible past due balance for the carriage service. Disputes with these customers are described in Notes 20.1.4 and 20.1.6.

Other customers entered into compromise and settlement agreements replacing and/or rescinding the contracts previously in force (as described in Note 21). Although the abovementioned compromise and settlement agreements contemplate the collection of compensation amounts, TGN shall cease to collect revenues in the future, which will eventually produce a negative net effect on its future cash flows.

1.3.6 - Loan payments postponement and intervention established by the ENARGAS

As explained in Note 17, on December 22, 2008, the Board of Directors of TGN decided that it was necessary for the Company to postpone the principal and interest payments that fell due since that date.

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

TGN challenged the legality of Resolution I/587 as regards the corporate joint management and in March 2009, Room I of the Federal Court of Appeals in administrative litigation matters resolved as follows: (i) to stay the

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effects of ENARGAS Resolution I/587 which had established an intervention in TGN and appointed an intervener with powers of company co-administration; (ii) to maintain the control and superintending powers vested in the officer appointed by the ENARGAS with respect to all the acts that may reasonably affect the normal provision of the public utility service by TGN; and (iii) to order the ENARGAS to return to TGN the meeting minutes books that had been withdrawn by the intervener from TGN's principal place of business.

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

2 - PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

These financial statements are the first ones prepared by the Company in accordance with International Financial Reporting Standards ("IFRS"). The effects generated by the application of such accounting standards are presented in Note 6.

These financial statements have been prepared under the historical cost convention, modified by the revaluation of financial assets at fair value through profit or loss.

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 IFRS.

These financial statements have been prepared in constant currency recognizing the overall effects of inflation up to August 31, 1995. Restatement of financial statements was discontinued from that date to December 31, 2001, according to accounting standards. From January 1, 2002 to March 1, 2003 the effects of inflation were recognized. As from that date, restatement of financial statements was discontinued again, according to the regulations issued by the National Securities Commission ("CNV"). The criterion adopted by the CNV differed from the one established by professional accounting standards, under which financial statements were to be restated until September 30, 2003. Nevertheless, at March 31, 2013 this deviation has not had a significant impact on TGN's financial statements.

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

2.1 - IFRS adoption

Through General Resolutions Nos. 562/09 and 576/10, the CNV established the application of Technical Resolutions Nos. 26 of the Federación Argentina de Consejos Profesionales de Ciencias Económicas, which adopts IFRS, issued by the International Accounting Standards Board ("IASB"), for entities encompassed by the public offering regime of Law N° 17,811, either because of their capital or negotiable obligations, or because those entities have requested authorization to be encompassed by this regime.

Application of these standards is mandatory for the Company as from this fiscal year, as per CNV General Resolution N° 600/12. The adoption of these Standards has brought about changes in the Company's accounting policies. Additionally, the presentation of the 2012 fiscal year financial statements was modified for comparative purposes. These effects are shown in the reconciliation of shareholders' equity as of January 1, 2012, as of March 31, 2012 and as of December 31, 2012. In addition, the 2012 modified statement of comprehensive income is presented, as well as its reconciliation with the statements already timely submitted. (Refer to Note 6).

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The Company has established January 1, 2012 as its transition date and has prepared its opening financial statements in accordance with IFRS as of that date.

IFRS 1 (First-time Adoption of IFRS) allows entities adopting these standards for the first time to consider certain one-time exemptions from the retroactive application of certain IFRS in effect, for financial statements closing at December 31, 2013. Such exemptions have been provided for by the IASB to simplify first-time application of said standards. Detailed below is the optional exemption applied by TGN:

- **Deemed cost of fixed assets:** The cost of fixed assets, restated in accordance with accounting standards in force at the date of transition to IFRS, was adopted as deemed cost at that date, since it is considered equivalent to the cost or depreciated cost in accordance with IFRS.

2.2 - Accounting estimates

The preparation of these financial statements in accordance with IFRS requires making estimates and assessments that affect the reported valuation of assets and liabilities at the date of issuance of these financial statements as well as income and expenses recorded for the period.

Such estimates are affected by uncertainties related to changes in the economic environment, and the legal and regulatory framework in which the Company is currently operating, as well as by the current status of the License renegotiations and the consequences of the gas supply shortage (mentioned in Note 1). In this context, there is uncertainty as to the generation of future cash flows sufficient to recover non-current assets, the re-payment of financial debts, the future development of the Company's business and the normal continuity of its operations.

The aspects involving a higher degree of complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

2.3 - Accounting standards

2.3.1 - Interpretations and standards issued but not yet adopted

At the date of issuance of these financial statements we are not aware of IFRS issued and applicable to the Company or to its affiliates, that has not been properly considered.

2.3.2 - New standards, amendments and interpretations applicable to the annual financial statements for 2013:

- **IFRS 9 "Financial instruments - classification and valuation":** This standard requires that all financial assets within the scope of IAS 39 be valued at amortised cost or fair value

2.4 - Investments in affiliate companies

Affiliate companies are all entities over which the Company exerts significant influence. These entities are those in which there is a shareholding of between 20% and 50% of the voting rights. Investments in affiliate companies are valued using the equity method of accounting. Investments in affiliate companies Comgas Andina S.A. ("COMGAS") and Companhia Operadora do Rio Grande do Sul ("COPERG") have been valued at equity value, on the basis of the financial statements of these companies (see Note 8). TGN keeps an allowance to fully cover its investment in the Brazilian company COPERG, due to the fact that the expectations on which the business was made have not been fulfilled. As a result, it is estimated that the reduced level of activity of that company will not allow recovering the value of the investment.

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2.5 - Foreign currency translation

(a) Functional and presentation currency

Items included in the Company's financial statements are stated using the currency of the primary economic environment in which the entity operates (functional currency).

(b) Transactions and balances

Foreign currency transactions are converted into the functional currency based on the exchange rate prevailing at the dates of the transactions or at the date of the financial statements in the case of payable or receivable balances. Income and expenses from exchange rate difference resulting from the settlement of such transactions and from the translation at period/year-end exchange rates of assets and liabilities denominated in foreign currency are recognized in the statement of comprehensive income.

Exchange rate differences (income or expenses) are shown in the statement of comprehensive income under "Net financial results".

2.6 - Fixed assets

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

The Company has considered as elements forming part of the value of fixed assets the net financial costs generated by third parties' capital, referred to fixed assets whose construction extends over time and until they are placed into service. The values mentioned above are shown net of accumulated depreciation. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Accounting and tax depreciation charges are calculated according to the straight line method at annual depreciation rates sufficient to extinguish the original values at the end of their useful lives. In determining the useful life, the ENARGAS regulations have been considered, among other parameters. 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 4 and the resolution of the uncertain situations mentioned in Notes 1.2 and 1.3, the aggregate fixed asset book value does not exceed its recoverable value. In this regard, the Company monitors the performance of the variables considered in those projections when there is evidence that the net book value of fixed assets might not be recoverable.

2.7 - Financial instruments

2.7.1 - Recognition and valuation

All financial instruments have been recognized and derecognized on the trade date, i.e. the date on which the Company purchases or sells the instruments. Investments are initially recognized at fair value plus transaction costs, for all financial assets not recorded at fair value through profit or loss. Financial assets at fair value through profit or

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loss are initially recognized at fair value, and transaction costs are recognized as a financial expense in the statement of comprehensive income.

Investments are derecognized when the rights to receive their cash flows expire or are transferred and the Company no longer possesses substantially all the risks and rewards of ownership. Trade accounts receivable and other accounts receivable are recorded at amortised cost applying the effective interest rate method.

Profits and losses from changes in the fair value of financial assets at fair value through profit or loss are included in the statement of comprehensive income under "Net financial results", in the period in which the aforementioned changes take place.

2.7.2 - Classification

The Company classifies its financial instruments into the following categories: financial assets at fair value through profit or loss, financial assets at amortised cost and financial liabilities at amortised cost. This classification depends on the way the Company manages its financial assets and the characteristics of the contractual cash flows thereof.

2.7.2.1 - Financial assets at amortised cost

Financial assets at amortised cost are those held with the purpose of collecting the contractual cash flows. Contractual conditions of the financial asset give rise on specified dates to cash flows that are only collections of principal, and interest on the outstanding principal. Within this category the following items have been included: checks, time deposits, US Treasury bills, other investments in US dollars, stock exchange securities, certain government bonds, trade accounts receivables and certain balances classified as other accounts receivables.

2.7.2.2 - Financial assets at fair value through profit or loss

Financial assets at fair value included within this category are mutual funds and certain government bonds.

2.7.2.3 - Financial liabilities at amortised cost

The Company has determined that all financial liabilities are valued at amortised cost using the effective interest rate method.

2.7.3 - Impairment

The Company assesses at each date of issuance of its financial statements if there is objective evidence of impairment or deterioration of a financial asset, valued at amortised cost. A financial asset is impaired and an impairment loss is recognized if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and such event, or events, have an impact on the estimated future cash flows from the financial asset.

2.8 - Materials and spare parts

Materials and spare parts are recorded at their historical cost.

The breakdown of materials and spare parts into current and non-current has been performed based on the estimated consumption plan.

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An allowance for slow-moving and obsolete materials and spare parts is determined for those slow-moving or obsolete assets.

Considering the economic and financial projections prepared by the Company on the basis of the best estimate, in accordance with what it is mentioned in Note 4 and the resolution of the uncertainties mentioned in Note 1.2 y 1.3, the carrying value of materials and spare parts does not exceed their recoverable value.

2.9 - Trade accounts receivable and other accounts receivable

Trade accounts receivable represent the amounts due from customers for services rendered by the Company in the normal course of its business. If they are expected to be collected within one year or less, they are classified as current assets. Otherwise, they are disclosed as non-current assets.

Non-current trade receivables are related to the customers in dispute mentioned in Notes 20.1.4 and 20.1.6 and have been valued at the best possible estimate of the amounts receivable discounted at a rate reflecting the time value of money and the specific risks of the transaction, considering the estimated collection term.

The other accounts receivable have been initially recorded at fair value and subsequently valued at amortised cost applying the effective interest rate method, net of an allowance for doubtful accounts. The allowance for doubtful accounts and disputed amounts for trade receivables and other accounts receivables is recorded when there is objective evidence of a risk related to the collection of amounts due, according to the original terms of the receivables.

2.10 - Cash and cash equivalents

This item includes available cash, bank deposits and other short-term liquid investments originally falling due within three months or less. Available cash and bank deposits are measured at nominal value, which is close to their fair value. Time deposits are valued at nominal value plus accrued interest, using the effective interest rate method. Mutual funds and government bonds are valued at their fair value. Note 14 provides a breakdown of cash and cash equivalents.

2.11 - Shareholders' equity accounts

The ordinary shares are included in the shareholders' equity at its historical nominal value. The difference between common stock stated in constant currency and its historical nominal value is shown under "Inflation adjustments of common stock" in the statement of changes in shareholders' equity.

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

2.12 - Trade accounts payable and other debts

Trade accounts payable represent payment obligations for goods and services purchased from suppliers in the normal course of the Company's business. Trade accounts payable and other debts are classified as current or non-current liabilities depending on the date on which the Company obligation to settle these liabilities becomes due. Trade accounts payables and other debts are initially recorded at fair value and subsequently valued at amortised cost, according to the effective interest rate method.

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2.13 - Loans

Loans are initially recognized at fair value, net of the incurred transaction costs, and subsequently valued at amortised cost. Any difference between the funds received (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the term of the loan, using the effective interest rate method. Loans are classified as current and non-current liabilities, depending on the date on which the obligations to make payments of principal and interest become due.

2.14 - Income tax and minimum presumed income tax

(a) Income tax

The Company has recognized the income tax charge using the deferred tax method, recognizing temporary differences between accounting and tax valuations of assets and liabilities. To calculate deferred income tax, the tax rate expected to be in effect at the time of reversal or use has been applied to temporary differences identified, considering the regulations in effect at the time of issuance of these financial statements.

(b) Minimum presumed income tax

The Company computes the minimum presumed income tax by applying the current 1% rate on computable assets at the end of each year. This tax complements income tax and the Company's tax obligation will be the higher of these two taxes.

However, if in a fiscal year minimum presumed income tax obligation exceeds income tax liability, the surplus will be computable as a payment on account of income tax through the next ten fiscal years.

The Company has recognized the minimum presumed income tax paid in prior years as a tax credit, because it estimates that in future years it will be computable as a payment on account of income tax. This tax credit has been measured at nominal valued.

2.15 - Contingencies

The provisions for labor, civil and contentious lawsuits, are recognized when the Company has a legal or constructive obligation as a result of past events, it is likely that an outflow of cash will be required to settle the obligation, and the amount can be reliably estimated.

Provisions for contingencies are measured at present value of the cash required to settle the obligation applying pre-tax interest rates that reflect current market conditions on the time value of money and the specific risks of such obligation. The increase in the provisions as a result of the passage of time is recognized under the item "Net financial results", in the statement of comprehensive income.

2.16 - Revenue recognition

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

The Company has recorded an allowance for differences between the total amount invoiced according to contractual conditions and the estimate of the recoverability of certain balances in contractual and regulatory dispute (Note 1.3.5). These allowances are recorded adjusting the Revenues line.

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

Revenues from management fees relating to gas trust program (Note 32) are recognized on the basis of the work progress.

2.16.1 - Interest

Interest income is recognized based on the proportion of time elapsed, using the effective interest rate method with the original rate of the instrument.

2.17 - Balances with related parties

Intercompany receivables and liabilities arising from sundry transactions with the controlling shareholder, affiliate companies and other related parties have been valued according to current market conditions. Individuals and companies included in Decree PEN No. 677/01 and CNV regulations have been considered as related parties.

2.18 - Purpose of these financial statements

These financial statements have been translated from the financial statements for the three-month period ended March 31, 2013 including the summary of information required by CNV's General Resolution N° 368/01, prepared in Spanish and originally issued in Argentina. The translation into English has been made solely for the convenience of English-speaking readers, and certain notes have been rephrased to facilitate the understanding of legislation and the local economic environment.

3 - FINANCIAL RISK MANAGEMENT

3.1 - Financial risk factors

The activities of the Company expose it to various financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The Company has an investment policy (approved by the Board on April 18, 2011) that provides a conceptual framework within which investments and fund placements are made, minimizing exposure to capital risk, maximizing return based on the specific characteristics of the market, and maintaining liquidity levels necessary for its ordinary operations.

3.2 - Capitalization

The following table shows our capitalization as of March 31, 2013, December 31, 2012 and January 1st, 2012:

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	<u>03.31.2013</u>	<u>12.31.2012</u>	<u>01.01.2012</u>
Current loans	68,719	87,192	1,942,330
Non-current loans	1,119,360	1,057,237	-
Total loans	1,188,079	1,144,429	1,942,330
Common stock	439,374	439,374	439,374
Inflation adjustment of common stock	506,053	506,053	506,053
Legal reserve	60,869	60,869	60,869
Voluntary reserve for future dividends	-	-	293,450
Optional reserve	139,372	139,372	-
Retained earnings	(88,976)	(88,360)	(457,051)
Total shareholders' equity	1,056,692	1,057,308	842,695
Total capitalization	2,244,771	2,201,737	2,785,025

The information on capitalization included above presents the Company's liabilities and equity and is prepared on the basis of the following main assumptions:

- (i) Due to the fact that at the date of issuance of these financial statements the Company records debt pending restructuring, such debt has been classified as a current liability. Likewise, the total amount of the outstanding principal as well as accrued and unpaid interests at March 31, 2013, December 31, 2012 and January 1st, 2012 is included.
- (ii) Amounts are denominated in pesos, the US dollars being translated into pesos using the selling exchange rate published by Banco de la Nación Argentina as of March 31, 2013, December 31, 2012 and January 1st, 2012, which was \$ 5.122, \$ 4.918, and \$ 4.304 per US dollar, respectively.

3.3 - Market risks

3.3.1 - Currency risks

The Company is exposed to the exchange rate risk, since most of its revenues are denominated in local currency and all of its financial debt is denominated in US dollars. In the case of devaluation or significant inflation without an adequate adjustment of rates, the Company might not be able to meet its financial commitments. It should be highlighted that the Company may capitalize the payment of interest on its financial loans in US dollars until December 2014.

Notwithstanding the above, it should be noted that part of the investments is made in financial instruments adjusted by the variation of the US dollar or is directly issued in US dollars, thus enabling the Company to partially mitigate the risk of a devaluation.

The potential impact on the statement of comprehensive income and the statement of changes in shareholders' equity resulting from each percentage point of devaluation of the peso against the US dollar would account for an approximate loss of \$ 4.5 million, provided that the other economic and financial variables affecting the Company remain stable. This sensitivity analysis is based on information and reasonable assumptions. Yet, actual results might differ significantly from such analysis.

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3.3.2 - Price risks

The Company is exposed to the risk of fluctuations in the price of the investments held and classified in its balance sheet as at fair value through profit or loss. To manage the exposure to price risk, the Company diversifies its portfolio by instrument. Portfolio diversification is done in accordance with the limitations set forth in the TGN's investment policy.

3.3.3 - Interest rate risks on fair value and cash flows

The Company does not record liabilities accruing interest at variable rates.

3.4 - Credit risks

Credit risk related to investments arises from the credit standing of the financial instrument and of the counterpart where such instrument is deposited. Minimum levels of credit rating are established for financial instruments and counterparts in the investment policy, which vary depending on the instrument, currency and market. Highly liquid instruments of very good credit rating are allowed, among the financial instruments authorized in Argentina and abroad. The financial institutions with which the Company is authorized to operate should have high credit ratings and/or strong presence in the market in which they operate. Lastly, limits are set to allow diversification by instrument as well as by institution. The credit rating of financial instruments is disclosed in Note 10.

In relation to customers, the Company uses independent risk ratings, provided that they are available, or otherwise, the Finance Department and the Commercial Department jointly assess a customer's credit rating considering its financial situation, past experience and other factors. If the analysis shows that the customer possesses certain risks related to the payment or compliance with its obligations, actions to eventually mitigate such risks are assessed (mainly payment guarantees).

Credit risk with export customers is explained in Note 1.3.5.

3.5 - Liquidity risks

Short and medium term cash flow forecasting is performed on a regular basis to ensure sufficient cash available to meet the Company's operational and maintenance needs.

The Company's Finance Department invests cash surplus in interest-bearing accounts, time deposits, mutual funds and securities, choosing instruments with adequate maturity dates or sufficient liquidity to be able to meet the needs mentioned above. The table below includes an analysis of the financial liabilities grouped on the basis of the remaining terms, from the date of the financial statements to the date of maturity.

At March 31, 2013	Less than 3 months	Between 3 months and a year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Without set term
Loans	68,719	-	50,050	103,025	966,285	-
Trade accounts payable and other debts	49,602	4,405	3,959	14,305	28,232	81,951

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At December 31, 2012	Less than 3 months	Between 3 months and a year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Without set term
Loans	87,192	-	48,056	96,393	912,788	-
Trade accounts payable and other debts	69,881	2,904	5,073	13,920	29,039	74,909

At January 1st, 2012	Less than 3 months	Between 3 months and a year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Without set term
Loans	1,942,330	-	-	-	-	-
Trade accounts payable and other debts	73,220	-	-	-	-	53,525

3.6 - Fair value estimation

Different valuation levels for financial instruments carried at fair value were defined as follows:

- * Level 1: quoted prices in active markets for identical assets.
- * Level 2: Information different from the quotation price included in Level 1 that can be confirmed for assets, both directly (i.e., prices) or indirectly (i.e., derived from prices).
- * Level 3: Information on assets not based on data that can be confirmed in the market (i.e., non-observable data).

The value of financial instruments traded in active markets is based on the quoted market prices at the date of the financial statements. The market quoted price used for financial assets held by the Company is the price offered at March 31, 2013. These instruments are included in Level 1 and comprise mainly investments in mutual funds, government bonds and bank deposits. The Company possesses only Level 1 assets at fair value. The following table shows the Company's Level 1 assets measured at fair value at March 31, 2013, December 31, 2012 and January 1st, 2012:

	<u>03.31.2013</u>	<u>12.31.2012</u>	<u>01.01.2012</u>
Financial assets at fair value:			
Mutual funds	58,518	44,608	46,995
Government bonds	84,628	80,224	1,012
Total financial assets at fair value	143,146	124,832	48,007

4 - CRITICAL ACCOUNTING ESTIMATES AND POLICIES

The preparation of these financial statements requires the Company's Board of Directors uses estimates that affect the valuation of contingent assets and liabilities disclosed at the date of issuance of these financial statements, as well as the incomes and expenses recorded in the pertinent period or year. However, future actual results may significantly differ from those estimates and assessments used in the preparation of these financial statements.

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

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The most significant estimates and assumptions are as follows:

a. Contingencies

TGN is exposed to different claims, lawsuits and other legal proceedings in which a third party seeks for a compensation or indemnity. The valuation of the liabilities related to those claims, lawsuits and legal proceedings cannot be accurately estimated. Periodically and with its legal advisors, the Company analyzes the situation of each significant issue, and assesses the potential effect on the financial statements. If the potential loss derived from the claim or proceeding is considered probable and the amount can be reasonably estimated, a provision for contingencies is recorded.

b. Recoverable value of non-current assets

To assess the recoverability of non-current non-financial assets, these are grouped at the lowest level for which there are individually identifiable cash flows (“cash generating units”). TGN has only one cash generating unit.

c. Provision for easements

The Company is subject to the payment of a right of way easement charge to the owners of the plots of land crossed by the gas pipeline. The Company makes an estimate of the liabilities not yet paid and claimable to the date of these financial statements, for those plots of land on which an agreement has not yet been entered into, based on the regulations issued by ENARGAS through Resolution I/145.

5 - BUSINESS SEGMENT INFORMATION

Segment reporting is presented in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (“CODM”). The Company's General Director has been identified as CODM. The management information used by the CODM in decision making is prepared on a monthly basis, in millions of US dollars, and does not include any breakdown by business segment, which means that the information is presented as a single segment and corresponds to the total for the Company. It has been determined that the representative measure used for decision making by the CODM is the “management EBITDA”, together with the projects for expenses and acquisitions of fixed assets.

Below is the information provided to the CODM (in million of US dollars):

	<u>03.31.2013</u>	<u>03.31.2012</u>
Total income	25.8	24.0
Fees for technical operator and audit services	(0.8)	(0.8)
Salaries, social security contributions and other personnel benefits	(8.4)	(7.2)
O&M/G&A	(6.2)	(9.8)
Expenses projects	(0.8)	(1.7)
Total operating costs	(16.1)	(19.5)
Management EBITDA	<u>9.7</u>	<u>4.5</u>
Fixed assets acquisition	<u>(2.0)</u>	<u>(2.4)</u>

Below is shown a reconciliation of management EBIDTA to the result before income tax and income reconciliation:

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	<u>03.31.2013</u>	<u>03.31.2012</u>
Management EBITDA in million of US dollars	9.7	4.5
Average exchange rate	5.015	4.341
Management EBITDA in million of pesos	48.6	19.5
Fixed assets depreciation	(32.8)	(33.5)
Other net income	(0.2)	(0.6)
Financial results	(17.5)	(64.6)
Result from investments in affiliate companies	0.4	0.6
Result before income tax	(1.5)	(78.6)

	<u>03.31.2013</u>	<u>03.31.2012</u>
Total income, in million of US dollars	25.8	24.0
Translation into million of pesos	128.9	104.7
Turnover tax	4.8	3.4
Doubtful accounts	(1.3)	1.6
Income from commercial indemnifications	(13.2)	(11.1)
Total revenues in million of pesos	119.2	98.6

5.1 - Information on services

In million of US dollars	<u>03.31.2013</u>	<u>03.31.2012</u>
Gas carriage	22.6	22.2
Operation and maintenance	2.4	1.7
Management fees	0.2	0.3
Others	0.7	(0.2)
Total revenues	25.8	24.0

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2013, PRESENTED IN A COMPARATIVE FORMAT (in thousands of pesos, except where specifically mentioned)

6 - RECONCILIATION FOR ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

6.1 - Asset, liabilities and results reconciliations in the financial statements under IFRS at December 31, 2012, March 31, 2012 and January 1st, 2012

	<u>Former AR- GAAP</u>	<u>12.31.2012 Effect of adoption</u>	<u>IFRS</u>	<u>Former AR- GAAP</u>	<u>03.31.2012 Effect of adoption</u>	<u>IFRS</u>	<u>Former AR- GAAP</u>	<u>01.01.2012 Effect of adoption</u>	<u>IFRS</u>
ASSETS									
Non-current assets									
Fixed assets	1,848,145	(1,050)	1,847,095	1,915,952	(1,167)	1,914,785	1,937,935	(332)	1,937,603
Investments in affiliate companies	2,698	(299)	2,399	1,798	(64)	1,734	1,226	(64)	1,162
Other assets	31,725	-	31,725	28,294	-	28,294	28,027	-	28,027
Materials and spare parts	39,429	(9,811)	29,618	36,177	(5,321)	30,856	35,043	(4,953)	30,090
Other accounts receivable	59,751	-	59,751	126,567	-	126,567	118,953	-	118,953
Trade accounts receivable	198,383	-	198,383	165,186	-	165,186	152,101	-	152,101
Investments at amortised cost	28,278	-	28,278	-	-	-	-	-	-
Total non-current assets	2,208,409	(11,160)	2,197,249	2,273,974	(6,552)	2,267,422	2,273,285	(5,349)	2,267,936
Current assets									
Materials and spare parts	19,407	-	19,407	18,072	-	18,072	18,072	-	18,072
Other accounts receivable	49,722	4,173	53,895	229,560	6,289	235,849	242,099	3,466	245,565
Trade accounts receivable	121,820	-	121,820	57,946	-	57,946	57,192	-	57,192
Investments at amortised cost	306,903	-	306,903	646,947	-	646,947	603,194	-	603,194
Investments at fair value	124,832	-	124,832	36,601	-	36,601	48,007	-	48,007
Cash and banks	11,450	-	11,450	19,538	-	19,538	6,033	-	6,033
Total current assets	634,134	4,173	638,307	1,008,664	6,289	1,014,953	974,597	3,466	978,063
Total assets	2,842,543	(6,987)	2,835,556	3,282,638	(263)	3,282,375	3,247,882	(1,883)	3,245,999

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	12.31.2012			03.31.2012			01.01.2012		
	Former AR- GAAP	Effect of adoption	IFRS	Former AR- GAAP	Effect of adoption	IFRS	Former AR- GAAP	Effect of adoption	IFRS
SHAREHOLDERS' EQUITY									
Common stock	439,374	-	439,374	439,374	-	439,374	439,374	-	439,374
Inflation adjustment of common stock	506,053	-	506,053	506,053	-	506,053	506,053	-	506,053
Legal reserve	60,869	-	60,869	60,869	-	60,869	60,869	-	60,869
Voluntary reserve for future dividends	-	-	-	293,450	-	293,450	293,450	-	293,450
Optional reserve	139,372	-	139,372	-	-	-	-	-	-
Retained earnings	(81,988)	(6,372)	(88,360)	(505,209)	(3,459)	(508,668)	(453,831)	(3,220)	(457,051)
Total shareholders' equity	1,063,680	(6,372)	1,057,308	794,537	(3,459)	791,078	845,915	(3,220)	842,695
LIABILITIES									
Non-current liabilities									
Contingencies	49,585	-	49,585	-	-	-	42,179	-	42,179
Loans	1,057,237	-	1,057,237	-	-	-	-	-	-
Deferred tax liability	243,430	(3,433)	239,997	163,052	(1,862)	161,190	189,984	(1,733)	188,251
Other debts	39,131	-	39,131	35,150	-	35,150	34,727	-	34,727
Trade accounts payable	48,032	-	48,032	52,037	-	52,037	-	-	-
Total non-current liabilities	1,437,415	(3,433)	1,433,982	250,239	(1,862)	248,377	266,890	(1,733)	265,157
Current liabilities									
Contingencies	40,009	-	40,009	33,266	-	33,266	33,103	-	33,103
Loans	87,192	-	87,192	2,023,673	-	2,023,673	1,942,330	-	1,942,330
Salaries and social security contributions	29,169	-	29,169	13,583	-	13,583	12,535	-	12,535
Taxes payable	17,025	-	17,025	45,464	-	45,464	39,687	-	39,687
Other debts	34,713	-	34,713	25,044	-	25,044	23,605	-	23,605
Trade accounts payable	133,340	2,818	136,158	96,832	5,058	101,890	83,817	3,070	86,887
Total current liabilities	341,448	2,818	344,266	2,237,862	5,058	2,242,920	2,135,077	3,070	2,138,147
Total liabilities	1,778,863	(615)	1,778,248	2,488,101	3,196	2,491,297	2,401,967	1,337	2,403,304
Total liabilities and shareholders' equity	2,842,543	(6,987)	2,835,556	3,282,638	(263)	3,282,375	3,247,882	(1,883)	3,245,999

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6.2 - Results reconciliation corresponding to financial statements under IFRS at December 31, 2012 and March 31, 2012

	<u>Former AR- GAAP</u>	<u>12.31.2012 Effect of adoption</u>	<u>IFRS</u>	<u>Former AR- GAAP</u>	<u>03.31.2012 Effect of adoption</u>	<u>IFRS</u>
Revenues	491,681	-	491,681	98,593	-	98,593
Cost of services	(394,330)	-	(394,330)	(83,024)	-	(83,024)
Gross profit	97,351	-	97,351	15,569	-	15,569
Selling expenses	(50,202)	-	(50,202)	(19,706)	-	(19,706)
Administrative expenses	(98,242)	-	(98,242)	(21,614)	-	(21,614)
Loss before other net income	(51,093)	-	(51,093)	(25,751)	-	(25,751)
Other net income	(12,420)	-	(12,420)	11,127	-	11,127
Loss before financial results	(63,513)	-	(63,513)	(14,624)	-	(14,624)
Financial results						
Generated by exchange rate differences	(90,628)	-	(90,628)	(17,258)	-	(17,258)
Financial income	128,638	(4,852)	123,786	4,480	(368)	4,112
Financial expenses	(217,563)	-	(217,563)	(51,480)	-	(51,480)
Net financial results	(179,553)	(4,852)	(184,405)	(64,258)	(368)	(64,626)
Result from investments in affiliate companies	1,472	-	1,472	572	-	572
Results from loans restructuring	575,203	-	575,203	-	-	-
Result before income tax	333,609	(4,852)	328,757	(78,310)	(368)	(78,678)
Income tax						
Current	(62,398)	-	(62,398)	-	-	-
Deferred	(53,446)	1,700	(51,746)	26,932	129	27,061
Income (loss) for the year / period	217,765	(3,152)	214,613	(51,378)	(239)	(51,617)

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6.3 - Explanation of the adjustments and reclassifications made for the adoption of IFRS

(a) Changes in the valuation criteria of materials and spare parts:

Under IFRS, inventories are valued at the lower of cost or net realizable value, while under the previous professional accounting standards inventories are valued at replacement cost. The adjustment for the valuation of inventories at historical cost represents a decrease in shareholders' equity and net income for the year ended December 31, 2012, and a decrease in shareholder's equity at January 1st, 2012 of \$ 4,858 thousand and \$ 4,953 thousand, respectively.

(b) Valuation of investments in affiliates:

It represents the effect on the Company's shareholders' equity and comprehensive income for the year, resulting from the valuation of affiliates following the equity method under IFRS.

(c) Effect on deferred income tax of the change in criteria for valuing materials and spare parts:

Represents the effect on income tax of the change of criterion for valuing materials under IFRS, as described above. The tax effect of the adjustments to IFRS represents an increase in shareholders' equity and net income for the year ended December 31, 2012, and a decrease in shareholder's equity at January 1st, 2012 of \$ 1,700 thousand and \$ 1,733 thousand, respectively.

(d) Reclassification of advances to suppliers:

Advances to suppliers under IFRS are shown under other accounts receivable.

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7 - FIXED ASSETS

	03.31.2013										Net book value		
	Original values					Depreciation					03.31.2013	12.31.2012	01.01.2012
	At the beginning of the year	Increases	Disposals	Transfers	At the end of the period / year	At the beginning of the year	Amount for the period	Disposals	Transfers	Accumulated at the end of the period			
Land	3,274	-	-	-	3,274	-	-	-	-	-	3,274	3,274	3,274
Buildings and constructions	78,206	-	-	-	78,206	26,350	391	-	-	26,741	51,465	51,856	52,618
Installations	2,344	-	-	-	2,344	1,008	23	-	-	1,031	1,313	1,336	1,428
Gas pipelines	2,096,492	-	-	-	2,096,492	865,418	14,826	-	-	880,244	1,216,248	1,231,074	1,269,434
Investments in pipeline maintenances	141,461	-	-	6,947	148,408	35,447	2,655	-	-	38,102	110,306	106,014	100,734
High-pressure branch lines	890	-	-	-	890	381	7	-	-	388	502	509	535
Compressor plants	932,859	-	-	67	932,926	590,669	11,592	-	-	602,261	330,665	342,190	390,848
High-pressure control and/or measurement stations	71,947	-	-	469	72,416	50,237	787	-	-	51,024	21,392	21,710	25,060
Other technical installations	46,709	-	-	-	46,709	34,650	550	-	-	35,200	11,509	12,059	13,370
Machinery, equipment and tools	26,776	-	-	-	26,776	24,738	163	-	-	24,901	1,875	2,038	2,097
IT and telecommunication systems	71,185	228	-	23	71,436	47,519	1,087	-	-	48,606	22,830	23,666	28,262
Vehicles	20,552	729	(403)	-	20,878	16,029	413	(303)	-	16,139	4,739	4,523	4,587
Furniture and office supplies	10,759	22	-	-	10,781	9,605	50	-	-	9,655	1,126	1,154	1,028
Assets held at third-parties facilities	12,113	-	-	21	12,134	7,783	187	-	-	7,970	4,164	4,330	4,002
Work in process	41,362	9,877	(110)	(7,527)	43,602	-	-	-	-	-	43,602	41,362	40,326
Total as of March 31, 2013	3,556,929	10,856	(513)	-	3,567,272	1,709,834	32,731	(303)	-	1,742,262	1,825,010	-	-
Total as of December 31, 2012	3,530,652	48,248	(21,971)	-	3,556,929	1,593,049	135,952	(19,167)	-	1,709,834	-	1,847,095	-
Total as of January 1st, 2012	3,473,211	61,411	(3,970)	-	3,530,652	1,462,375	133,103	(2,429)	-	1,593,049	-	-	1,937,603

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A substantial portion of the assets transferred by GdE has been defined in the License as “Essential assets for the performance of the licensed service”. Pursuant to the License, the Company is required to segregate and maintain the essential assets, together with any future improvements and expansions, in accordance with certain standards defined in License. The Company can not, for any reason, dispose of, encumber, lease, sublease or lend essential assets for purposes other than the provision of the licensed service without ENARGAS’ prior authorization.

7.1 - Fixed assets impairment

The Company analyzes the recoverability of its non-financial long-term assets when there are events or changes in circumstances that may be indicators of potential impairment. The recoverable value of assets is estimated by the Company as the value in use of the assets measured, based on the discounted future cash flow derived from its only cash generating unit, applying a discount rate that reflects the risks inherent to the activity.

Determining the discounted future cash flow implies a series of assumptions and estimates, such as the changes in the gas carriage levels, the price of the regulated rate, inflation, exchange rate, and costs and other cash expenditures. Future cash flows are projected for a period covering the term of the License. The discount rate applied is the rate that represents the weighted average cost of capital. During the current period, no results on assets impairment were computed for fixed assets, as a result of the recoverability analyses.

It should be mentioned that if changes were made to the estimates used to prepare projections of future cash flows, there would be necessary to record a significant impairment loss.

8 - INVESTMENTS IN AFFILIATE COMPANIES

	<u>03.31.2013</u>	<u>12.31.2012</u>
Balances at the beginning of the year	2,399	1,162
Dividends distribution	(560)	(235)
Results from investments in affiliate companies	356	1,472
Balances at period / year-end	<u>2,195</u>	<u>2,399</u>

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The interest held by the Company in its unlisted affiliates was as follows:

<u>Date / Company</u>	<u>Country</u>	<u>Equity</u>	<u>Participation</u> <u>%</u>	<u>Book value</u>
March 31, 2013				
Comgas Andina S.A.	Chile	4,480	49	2,195
Companhia Operadora do Rio Grande do Sul	Brasil	333	49	163
Allowance for investment in Companhia Operadora do Rio Grande do Sul				(163)
Total				<u>2,195</u>
December 31, 2012				
Comgas Andina S.A.	Chile	4,896	49	2,399
Companhia Operadora do Rio Grande do Sul	Brasil	220	49	107
Allowance for investment in Companhia Operadora do Rio Grande do Sul				(107)
Total				<u>2,399</u>
January 1st, 2012				
Comgas Andina S.A.	Chile	2,371	49	1,162
Companhia Operadora do Rio Grande do Sul	Brasil	233	49	114
Allowance for investment in Companhia Operadora do Rio Grande do Sul				(114)
Total				<u>1,162</u>

9 - DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when it is legally possible, when they derive from income tax corresponding to the same entity, are subject to the same tax authority and are presented to the authorities in their net form. The deferred income tax net position is as follows:

	<u>03.31.2013</u>	<u>12.31.2012</u>	<u>01.01.2012</u>
Deferred income tax assets	80,976	73,457	141,983
Deferred income tax liabilities	(309,499)	(313,454)	(330,234)
Deferred income tax net liability	<u>(228,523)</u>	<u>(239,997)</u>	<u>(188,251)</u>

The movement of deferred tax assets and liabilities, not considering the offsetting of balances, is as follows:

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Deferred income tax assets	Trade accounts payable	Materials and spare parts	Other accounts receivable	Contingencies	Trade accounts receivable	Fees for technical-administrative services	Tax-loss carryforward	Total
Balances at January 1st, 2012	22,736	31,618	19,300	21,771	(28,164)	642	74,080	141,983
Charged to statement of comprehensive income	(3,662)	1,905	(23,645)	5,160	26,438	(642)	(74,080)	(68,526)
Balances at December 31, 2012	19,074	33,523	(4,345)	26,931	(1,726)	-	-	73,457
Charged to statement of comprehensive income	712	(2,642)	6,186	(1,112)	4,375	-	-	7,519
Balances at March 31, 2013	19,786	30,881	1,841	25,819	2,649	-	-	80,976

Deferred income tax liabilities	Investments at fair value	Fixed assets	Others	Total
Balances at January 1st, 2012	-	(322,077)	(8,157)	(330,234)
Charged to statement of comprehensive income	(14)	18,089	(1,295)	16,780
Balances at December 31, 2012	(14)	(303,988)	(9,452)	(313,454)
Charged to statement of comprehensive income	-	4,497	(542)	3,955
Balances at March 31, 2013	(14)	(299,491)	(9,994)	(309,499)

10 - FINANCIAL INSTRUMENTS BY CATEGORY

	03.31.2013	12.31.2012	01.01.2012
Financial assets			
Financial assets at fair value			
Mutual funds in \$	58,518	44,608	18,261
Mutual funds in US\$	-	-	28,734
Government bonds in US\$	25,663	50,841	1,012
Government bonds in \$	58,965	29,383	-
Total	143,146	124,832	48,007
Financial assets at amortised cost:			
Other investments	2,714	-	-
US Treasury bills	155,728	135,798	326,578
Time deposits in \$	-	-	30,019
Time deposits in US\$	112,347	157,133	213,621
Government bonds in \$	38,777	42,250	32,976
Trade accounts receivable and other accounts receivable	383,852	366,484	442,989
Total	693,418	701,665	1,046,183
Financial liabilities			
Liabilities at amortised cost:			
Loans	1,188,079	1,144,429	1,942,330
Trade accounts payable and other debts	182,493	195,829	92,113
Total	1,370,572	1,340,258	2,034,443

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Advances are excluded from trade receivables and other accounts receivable, given that this analysis is only required for financial instruments. Balances for this item at March 31, 2013, December 31, 2012 and January 1st, 2012 are 7,746, 3,868 and 6,705, respectively.

Credit quality of the items representing cash equivalents and investments is as follows:

Cash equivalents and investments	<u>03.31.2013</u>
AAA	155,728
AA	19,375
A-1	112,347
A	39,143
B-	<u>25,165</u>
Total	351,758

11 - MATERIALS AND SPARE PARTS

	<u>03.31.2013</u>	<u>12.31.2012</u>	<u>01.01.2012</u>
Non-current			
Spare parts and consumption materials	118,834	115,591	115,475
Allowance for slow-moving and obsolescence	<u>(88,234)</u>	<u>(85,973)</u>	<u>(85,385)</u>
Total	<u>30,600</u>	<u>29,618</u>	<u>30,090</u>

12 - OTHER ACCOUNTS RECEIVABLE

	<u>03.31.2013</u>	<u>12.31.2012</u>	<u>01.01.2012</u>
Non-current			
Tax credits	51,450	58,823	102,147
Sundry	<u>274</u>	<u>928</u>	<u>16,806</u>
Total other accounts receivable - non-current	<u>51,724</u>	<u>59,751</u>	<u>118,953</u>
Current			
Commercial indemnifications to be collected	6,466	3,063	140,427
Attachments and guarantee court deposits	19,881	26,594	34,613
VAT, net	-	-	903
Tax credits - withholdings and perceptions	1,746	3,924	4,426
Key management personnel (Note 30)	3,487	2,726	1,871
Prepaid expenses and advances	12,071	10,128	11,353
Fees and expenses - loans restructuring	-	-	29,080
Expenses to be collected	8,031	5,124	4,866
Assistance fees - controlling shareholder (Note 30)	29	8	8
Dividends to be collected - affiliate companies (Note 30)	1,344	381	1,148
Other receivables - related parties (Note 30)	520	397	276
Transactions on behalf of third parties	963	1,013	1,608
Allowance for doubtful accounts	<u>(4,997)</u>	<u>(4,812)</u>	<u>(3,557)</u>
Sundry	<u>5,879</u>	<u>5,349</u>	<u>18,543</u>
Total other accounts receivable - current	<u>55,420</u>	<u>53,895</u>	<u>245,565</u>

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The fair value of the other accounts receivable does not significantly differ from the book value.

13 - TRADE ACCOUNTS RECEIVABLE

	<u>03.31.2013</u>	<u>12.31.2012</u>	<u>01.01.2012</u>
Non-current			
Trade accounts receivable with third parties	741,942	686,036	508,664
Less: Discount at present value	(150,552)	(144,635)	(102,231)
Less: Allowance for doubtful accounts	(370,971)	(343,018)	(254,332)
Total trade accounts receivable - non-current	<u>220,419</u>	<u>198,383</u>	<u>152,101</u>
Current			
Trade accounts receivable with third parties	130,689	134,491	64,943
Trade accounts receivable with related parties	35,988	32,160	21,400
Less: Allowance for doubtful accounts and disputed amounts	(43,376)	(44,831)	(29,151)
Total trade accounts receivable - current	<u>123,301</u>	<u>121,820</u>	<u>57,192</u>

At March 31, 2013 there were 49,177 in past due trade accounts receivable but not affected by an allowance. The aging of those receivables is as follows:

	<u>03.31.2013</u>
Balances past due from 0 and up to 3 months	26,589
Balances past due from 3 months	22,588
Total	<u>49,177</u>

At March 31, 2013, December 31, 2012 and January 1st, 2012 the amount of the allowance for trade accounts receivable is 414,347, 387,849 and 283,483, respectively. The variations in the allowance for trade accounts receivable are as follow:

	<u>03.31.2013</u>	<u>12.31.2012</u>
Balances at the beginning of the period / year	387.849	283.483
Increases	26.498	104.784
Usage	-	(418)
Balances at the end of the period / year	<u>414.347</u>	<u>387.849</u>

The Company estimates that it might be difficult to collect from certain customer's accounts receivable affected by the allowance, due to the aging of their pending balances. The aging of accounts receivable at nominal value is as follows:

	<u>03.31.2013</u>	<u>12.31.2012</u>	<u>01.01.2012</u>
To be due	82,543	90,161	44,096
Past due from 0 up to 6 months	97,827	91,338	62,344
Past due over 6 months	728,249	671,188	488,567
Total	<u>908,619</u>	<u>852,687</u>	<u>595,007</u>

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The maximum credit risk exposure at the date of issuance of these financial statements is the carrying amount of each type of trade receivable and other accounts receivable. The values recorded for the Company's accounts receivable at nominal value are stated in the following currencies:

	<u>03.31.2013</u>	<u>12.31.2012</u>	<u>01.01.2012</u>
Argentine Peso	127,909	139,879	65,680
US Dollar	780,710	712,808	529,327
Total	<u>908,619</u>	<u>852,687</u>	<u>595,007</u>

14 - CASH AND CASH EQUIVALENTS

	<u>03.31.2013</u>	<u>03.31.2012</u>
Cash and banks	18,675	19,538
Mutual funds in \$	58,518	35,543
Government bonds in \$	3,607	-
Time deposits in \$	-	30,747
Time deposits in US\$	104,723	135,391
Stock exchange securities in \$	-	1,412
Total	<u>185,523</u>	<u>222,631</u>

15 - COMMON STOCK AND RESERVES

Common stock, of 439,374, is represented by 179,264 ordinary nominative non-endorsable class A shares, of 1 peso par value each and entitled to 1 vote per share, 172,235 ordinary nominative non-endorsable class B shares, of 1 peso par value each and entitled to 1 vote per share, and 87,875 ordinary nominative non-endorsable class C shares, of 1 peso par value each and entitled to 1 vote per share.

All the shares issued are subscribed and paid-in.

15.1 - Limitation on the transferring of the Company's shares

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

Any transfer or cession or any action leading to a reduction below 51% of the participation of Gasinvest's original shareholders in the capital of such company, including any subscription defect by these shareholders regarding the capital increase of Gasinvest, can only be made with the ENARGAS' previous approval. The above-mentioned restrictions do not apply to transfers made between parties belonging to the same economic group, as established in the Bidding Terms and Conditions.

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15.2 - Restriction on the distribution of profits

Under the Argentine Commercial Law N° 19,550, the By-laws of the Company and the CNV Resolution N° 195, a minimum of 5% of net income for the year must be appropriated by resolution of the shareholders meeting to the Legal Reserve until such reserve reaches 20% of the outstanding capital. On April 18, 2013, the Ordinary Shareholders' Meeting approved the financial statements for the year ended December 31, 2012, and allocated 10,888 to the Legal Reserve.

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

15.3 - Optional reserve

The Shareholders' Meetings that approved the annual financial statements as of December 31, 2011, set up the sums included in this item (restrictions are presented in Note 15.2). On April 18, 2013, the Ordinary Shareholders' Meeting approved the financial statements for the year ended December 31, 2012, and allocated 206,877 to that reserve. In addition, it allocated to this reserve the liability for deferred income tax arising from the inflation adjustment of fixed assets for 299,753. After such allocation, the balance of the optional reserve amounts to 46,496.

16 - RETAINED EARNINGS

	<u>03.31.2013</u>	<u>12.31.2012</u>
Balances at the beginning of the year	(88,360)	(457,051)
(Loss) income for the period / year	(616)	214,613
Absorption of loss for fiscal year 2011	-	154,078
Balances at the end of the period / year	<u>(88,976)</u>	<u>(88,360)</u>

17 - LOANS

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

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

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

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	Class A Negotiable Obligations	Class B Negotiable Obligations
Amount	Nominal value US\$ 6.0 million ⁽¹⁾	Nominal value US\$ 0.6 million ⁽¹⁾
Due date	December 31, 2012	December 31, 2012
Amortization	They are amortized every six month: at 9% in 2005, 12% during 2006 and 2007, 13.5% in 2008 and 2009, 15% in 2010 and 2011, and 10% in 2012	In a one-off payment
Interest	They accrue interest at an annual rate of 6.0% during 2005, at 6.5% between 2006 and 2010, and at 7.5% during 2011 and 2012, payable quarterly.	They accrue interest at an annual rate of 7.0% during 2005, 7.5% during 2006 and 2007, 8.0% during 2008 and 2009, 9.0% during 2010, 9.5% during 2011 and 10% during 2012, payable quarterly.

⁽¹⁾ Remaining value as of March 31, 2013 after restructuring and settlements.

The terms and conditions of Class A and B Negotiable Obligations are fully detailed in the pertinent Offering Circular under the Negotiable Obligation issue program, which was published at the CNV on September 14, 2006. It is important to mention that Class A and B Negotiable Obligations representing 98.07% of the outstanding principal were cancelled as a result of the restructuring processes of the financial debt that took place in August 2012 and December 2012, as explained further in section “Restructuring of the financial debt” and/or as payment of certain owed amounts within the framework of execution or individual agreements. At March 31, 2013, there is remaining of nominal value of US\$ 6 million for Class A and of nominal value of US\$ 0.6 million for Class B.

17.1 - Postponement of December 2008 financial loan payments

In view of the continuous deterioration of the Company’s economic and financial equation due to the effect of the depreciation of the peso on the domestic rates that have remained unchanged, combined with a fall in revenues from gas carriage for export as a result of the restrictions on gas exports, as mentioned in Note 1.3.5, and with the widespread peso and US dollar cost increases, on December 22, 2008, it was necessary for the TGN’s Board of Directors to administer its resources in order to prioritize the safe and reliable provision by TGN of the public utility natural gas carriage service, adhere to the going concern principle and ensure the equal treatment of all its financial creditors.

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

17.2 - Restructuring of the financial debt

In view of the delay in obtaining the judicial confirmation of a restructuring agreement proposal accepted in October 2009, for an 87.97% of the debt subject to restructuring, in June 2012 the Company tried to start an insolvency proceeding, which was refused. Under those circumstances, on July 12, 2012 TGN launched a new private swap offer (“Restructuring Offer”) of the totality of its Class A and B Negotiable Obligations (the “Outstanding Debt”), according to the terms and conditions described in the Information Memorandum dated July 12, 2012.

The Restructuring Offer had a level of acceptance of 88.0388% of computable liabilities, with the private swap with accepting holders being completed on August 22, 2012. As a result of restructuring, TGN paid to the accepting holders an accumulated amount of US\$ 100,038,998 in cash, issued Step-up Notes for US\$ 150,065,959 and Claim

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Protection Notes for US\$ 50,005,735. The characteristics of the negotiable obligations issued by the Company in 2012 under the Program are as follows:

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

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

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

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

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

On October 30, 2012 TGN launched a second private swap offer (the "Second Restructuring Offer") addressed to the holders of Class A and B Negotiable Obligations for an amount of principal of US\$ 41,255,472 that did not enter into the previous restructuring agreement. The terms and conditions of this second offer are described in the Information Memorandum dated October 30, 2012. The Second Restructuring Offer had a level of acceptance of 59.82%, which resulted in the materialization of the swap in December 2012. Consequently, TGN issued Five-year Negotiable Obligations for a nominal amount of US\$ 29,314,449 and made a payment in cash for \$ 25,327,683.86. The characteristics of the Five-Year Negotiable Obligations issued by the Company in 2012 under the Program are as follows:

	Five-Year Negotiable Obligations
Amount	Nominal value US\$ 29.31 million.
Due date	December 21, 2017
Amortisation	33.33% on December 21, 2015; 33.33% on December 21, 2016 and 33.33% on December 21, 2017.
Interest	They accrue interest at a 7.0% annual rate

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

Considering the result of the two swaps implemented in 2012 plus the payment of certain owed amounts in the framework of executions or individual agreements, TGN has restructured 98.07% of its financial liabilities' principal at December 2008.

The fair values of current loans are close to their book values, due to the fact that the impact of their discount is not material. Non-current loans are disclosed net of a discount at present value for \$ 88,326.

The book value of the Company's financial loans is all denominated in US dollars.

18 - OTHER DEBTS

	<u>03.31.2013</u>	<u>12.31.2012</u>	<u>01.01.2012</u>
Non-current			
Provision for easements	37,989	39,131	34,727
Total other debts - non-current	<u>37,989</u>	<u>39,131</u>	<u>34,727</u>
Current			
Section 9.6.2 - Basic rules of the License	18,433	18,433	18,433
Provision for easements	2,492	2,492	2,462
Key management personnel (Note 30)	3,502	2,760	1,871
Advanced collections	11,231	10,851	528
Customer's warrants and others	233	177	311
Total other debts - current	<u>35,891</u>	<u>34,713</u>	<u>23,605</u>

19 - TRADE ACCOUNTS PAYABLE

	<u>03.31.2013</u>	<u>12.31.2012</u>	<u>01.01.2012</u>
Non-current			
AES Argentina Generación S.A. (Note 21)	46,495	48,032	-
Total trade accounts payable - non-current	<u>46,495</u>	<u>48,032</u>	<u>-</u>
Current			
Suppliers - purchases and services	18,019	17,080	1,937
Administration trust ("Importation of natural gas") (Note 33)	1,020	4,246	4,127
Other related parties (Note 30)	74,364	68,401	61,586
Unbilled services and purchases	33,286	46,431	19,237
Total trade accounts payable - current	<u>126,689</u>	<u>136,158</u>	<u>86,887</u>

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20 - CONTINGENCIES

Provisions for labor, civil and contentious lawsuits	<u>Non-current</u>	<u>Current</u>
Balances at January 1st, 2012	42,179	33,103
– Increases	50,320	8,235
– Usages	(42,914)	(1,329)
Balances at December 31, 2012	<u>49,585</u>	<u>40,009</u>
– Increases	2,107	(5,186)
– Usages	-	(172)
Balances at March 31, 2013	<u>51,692</u>	<u>34,651</u>

20.1 - Legal matters

The Company is party to several legal proceedings and claims that have arisen in the ordinary course of its business. Although there can be no assurance as to the ultimate disposition of these matters due to their complexity and current status, it is the opinion of the Company's Board of Directors, based upon the estimations described in Note 4.a, that the expected outcome of these claims and legal actions, individually or in the aggregate, would not have a material effect on the Company's financial position or results of operations in excess of the provisions that the Company has recorded. However, the actual future outcome of these claims could differ from the estimates and assessments performed as of the date of issuance of these financial statements. Following there is a summary of the most significant claims and legal actions, including those against TGN as well as those in which the Company acts as a claimer.

20.1.1 - Fines imposed by the ENARGAS

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

20.1.2 - Tax assessments related to payments to negotiable obligation holders

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

20.1.3 - Official assessments of the tax-purpose useful lives

In late December 2005 TGN was notified of two resolutions whereby AFIP assessed differences in income tax for the fiscal periods 1999 to 2002. The total amount claimed is \$ 21.2 million including interest at that date and a fine of 70% of the tax determined. These adjustments are justified by the disallowance of the useful lives assigned by TGN to its Norte gas pipeline and all of its compressor plants, which are used in calculating their depreciation for income tax purposes, as in the opinion of the tax authorities useful lives ought to be higher than those adopted by

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

20.1.4 - YPF debt for the provision of carriage services

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

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

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

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

20.1.5 - Intervention in TGN established by the ENARGAS

This issue is explained in further detail in Note 1.3.6.

20.1.6 - Dispute with Metrogas Chile S.A. (“Metrogas”)

In April 2009 Metrogas filed a declarative action against TGN to obtain a judicial statement on the inapplicability of the tariff denominated in US dollars provided for in the contract for gas carriage, if the gas is not effectively transported. As of the date of issuance of these financial statements, no court decision has been issued.

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

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

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regulations that set restrictions to the exportation of natural gas with the purpose of first ensuring the supply of the domestic market.

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

In September 2011 the Company filed a lawsuit regarding contract fulfillment, claiming a US\$ 37.2 million payment (plus interests) for carriage services billed and unpaid, from September 2009 and up to August 2011. Metrogas filed the answer to the complaint in November 2012, requesting that the complaint be dismissed and that the producers that supplied it with gas be summoned as third parties; there was no counterclaim for damages.

20.1.7 - Previous administrative claim against the National State and later action for damages

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

20.1.8 - Actions for protection against the National State

In October 2010 the Company filed an action for the protection of rights against the National State, aimed at obtaining enforcement of the 20% tariff increase set forth in the Temporary Agreement entered into with the National State in October 2008. The Company obtained a favorable ruling from the Appellate Court, which was appealed by the National State (ENARGAS) through a petition in error before the National Supreme Court of Justice.

21 - COMPROMISE AND SETTLEMENT AGREEMENTS WITH CUSTOMERS

During 2010 and 2011, TGN entered into compromise and settlement agreements with its export customers Sociedad Eléctrica Santiago S.A. ("ESSA"), Colbun S.A. ("Colbun") and Gasoducto Norandino Argentina S.A. ("NAA"), which were either early terminated or the scope of natural gas firm carriage agreements was limited in time. Until the date of issuance of these financial statements, TGN has collected economic compensations from its customers ESSA, Colbun and NAA for US\$ 64.6 million, US\$ 45.7 million and US\$ 8.1 million, respectively. Compromise and settlement agreements result in TGN no longer collecting future income in exchange for economic compensations, which generates a negative net effect on its expected cash flows. The effect of these compromise and settlement agreements was charged under "Other net income".

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Further, in 2012 TGN entered into a compromise and settlement agreement with AES Argentina Generación S.A., which ended certain disputes in connection with a contract for firm carriage of gas executed in July 1999 that would have represented the need to expand the transportation system for TGN. Under the terms of this agreement, the Company committed to make certain payments in exchange for the rescission of the contract mentioned above.

22 - REVENUES

	<u>03.31.2013</u>	<u>03.31.2012</u>
Gas carriage service		
Gas carriage service	119,665	101,171
Allowance for disputed amounts and others	<u>(13,512)</u>	<u>(11,554)</u>
Subtotal gas carriage service	<u>106,153</u>	<u>89,617</u>
Other services		
Pipeline operation and maintenance	12,542	7,520
Management fees – Gas Trust Program (Note 32)	<u>582</u>	<u>1,456</u>
Subtotal other services	<u>13,124</u>	<u>8,976</u>
Total revenues	<u>119,277</u>	<u>98,593</u>

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23 - EXPENSES BY NATURE

Item	Cost of services	Selling expenses	Administrative expenses	Total at 03.31.2013	Total at 03.31.2012
Fees for technical-administrative services	-	-	475	475	256
Statutory auditors committee's fees	-	-	267	267	-
Fees for professional services	838	-	2,455	3,293	2,981
Salaries, wages and other personnel benefits	23,179	528	9,494	33,201	26,632
Social security contributions	5,426	-	3,032	8,458	4,514
Fees for technical operator and audit services	3,762	-	-	3,762	3,324
Consumption of materials and spare parts	3,524	-	4	3,528	3,550
Third party services and supplies	3,150	12	122	3,284	2,819
Maintenance and repair of fixed assets	7,647	20	536	8,203	10,007
Travel expenses	2,759	12	420	3,191	2,532
Freight and transportation	394	-	3	397	229
Communications	240	13	177	430	376
Insurance	1,534	-	159	1,693	1,790
Office supplies	347	2	464	813	487
Rentals	380	7	107	494	454
Easements	944	-	-	944	3,252
Taxes, rates and contributions	95	4,491	7,523	12,109	10,251
Fixed assets depreciation	32,273	65	393	32,731	33,507
Compensation for damages	-	324	-	324	14,274
Doubtful accounts	-	(1,295)	-	(1,295)	1,551
Contingencies	-	-	417	417	995
Slow-moving and obsolete materials and spare parts	2,267	-	-	2,267	239
Others	219	1	96	316	324
Total at March 31, 2013	88,978	4,180	26,144	119,302	-
Total at March 31, 2012	83,024	19,706	21,614	-	124,344

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24 - OTHER NET INCOME

	<u>03.31.2013</u>	<u>03.31.2012</u>
Income from commercial indemnifications (Note 21)	13,239	11,107
Net result from disposal of fixed assets	549	(23)
Net income from sundry sales and others	1,902	43
Total other net income	<u>15,690</u>	<u>11,127</u>

25 - FINANCIAL RESULTS

	<u>03.31.2013</u>	<u>03.31.2012</u>
Generated by exchange rate differences		
Income on exchange rate variation	29,794	18,642
Expenses on exchange rate variation	<u>(54,945)</u>	<u>(35,900)</u>
Total financial results generated by exchange rate differences	<u>(25,151)</u>	<u>(17,258)</u>
Financial income		
Interest	6,604	2,144
Discounts earned	59	77
Expenses recovered from loans restructuring and others	8,683	-
Results on discounting at present value	-	830
Holding results	<u>20,314</u>	<u>1,061</u>
Total financial income	<u>35,660</u>	<u>4,112</u>
Financial expenses		
Interest	(19,266)	(50,012)
Results on discounting at present value	(6,390)	-
Commissions, taxes and expenses on banking and financial operations	<u>(2,311)</u>	<u>(1,468)</u>
Total financial expenses	<u>(27,967)</u>	<u>(51,480)</u>
Total net financial results	<u>(17,458)</u>	<u>(64,626)</u>

26 - INCOME TAX

Reconciliation between income tax charged to the comprehensive result and the amounts obtained by applying the Company's statutory income tax rate to pre-tax results is presented below:

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	<u>03.31.2013</u>	<u>03.31.2012</u>
Result before income tax	(1,437)	(78,678)
Statutory income tax rate	<u>35%</u>	<u>35%</u>
Income tax charge at statutory tax rate	503	27,537
Permanent differences at statutory income tax rate:		
- Non-deductible items	-	(3)
- Result from investment in affiliate companies	125	200
- Others	<u>193</u>	<u>(673)</u>
Total income tax charge	<u>821</u>	<u>27,061</u>

Below there is a detail of the breakdown of the minimum presumed income tax credits accumulated at March 31, 2013:

<u>Year</u>	<u>Amount</u>	<u>Expiration year</u>
2004	14,683	2014
2005	16,294	2015
2006	12,362	2016
2007	13,426	2017
2008	6,797	2018
2009	17,085	2019
2011	21,413	2021
2012 consumption (estimated)	(39,958)	
2013 consumption (estimated)	<u>(6,296)</u>	
Balance as of March 31, 2013	<u>55,806</u>	

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 4, and taking into consideration the resolution of the uncertainties mentioned in Notes 1.2 and 1.3, 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 credit for minimum presumed income tax does not exceed its recoverable value.

27 - NET RESULT PER SHARE

Income per ordinary share has been calculated as the quotient obtained by dividing the results for the periods ended March 31, 2013 and 2012, by the weighed average of outstanding ordinary shares, which made a total of 439,373,939 shares at those dates. At March 31, 2013 and 2012 there are neither negotiable obligations nor other debt securities convertible into shares, so no diluted earnings per share have been disclosed.

Basic earnings per share are calculated by dividing the net income attributable to the Company equity holders by the weighted average number of ordinary shares outstanding during the year. The Company does not have preferred shares or debt convertible to shares, so the basic earnings per share are equal to the diluted earnings per share.

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28 - CASH (USED IN) GENERATED BY THE OPERATIONS

	<u>03.31.2013</u>	<u>03.31.2012</u>
Comprehensive loss for the period	(616)	(51,617)
Adjustments to reach cash (used in) generated by the operations:		
Fixed assets depreciations	32,731	33,507
Net book value of disposed fixed assets	205	138
Net increase in allowances and provisions for contingencies	25,937	18,768
Exchange rate differences and other net financial results	25,494	26,861
Result from investments in affiliate companies	(356)	(572)
Net changes in operating assets and liabilities:		
Increase in trade accounts receivable	(50,013)	(29,217)
Decrease in other accounts receivable	304	3,336
Increase in materials and spare parts and other assets	(3,280)	(1,005)
(Decrease) increase in trade accounts payable	(11,006)	65,052
(Decrease) increase in salaries and social security contributions	(13,058)	1,048
(Decrease) increase in taxes payable	(7,098)	5,777
Increase in other debts	36	1,862
Decrease in contingencies	(173)	(43,579)
Cash (used in) generated by the operations	<u>(893)</u>	<u>30,359</u>

29 - COMMITMENTS

The Company does not possess any expenses committed to but not incurred at the date of these financial statements that are not properly valued and disclosed.

30 - RELATED PARTIES

The transactions performed between related parties are the following:

	<u>03.31.2013</u>	<u>03.31.2012</u>
Controlling shareholder		
<u>Other net income</u>		
Gasinvest S.A.	<u>24</u>	<u>6</u>
<u>Total other net income</u>	<u>24</u>	<u>6</u>
Affiliate companies		
<u>Revenues</u>		
Comgas Andina S.A.	<u>55</u>	<u>50</u>
<u>Total revenues</u>	<u>55</u>	<u>50</u>

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	<u>03.31.2013</u>	<u>03.31.2012</u>
Other related parties		
<u>Revenues</u>		
Litoral Gas S.A.	12,846	12,467
Siderar S.A.	1,815	1,893
Siderca S.A.	1,199	1,203
Total Gas Marketing Cono Sur S.A.	198	-
Transportadora de Gas del Mercosur S.A.	1,126	978
Gasoducto Gasandes Argentina S.A.	242	220
<u>Total revenues</u>	<u>17,426</u>	<u>16,761</u>
<u>Cost of services</u>		
Total Gas y Electricidad Argentina S.A.	(1,025)	(887)
Tecpetrol S.A.	(1,025)	(887)
Compañía General de Combustibles S.A.	(1,025)	(887)
Transportadora de Gas del Mercosur S.A.	-	(664)
<u>Total cost of services</u>	<u>(3,075)</u>	<u>(3,325)</u>
<u>Administrative expenses</u>		
Cainzos, Fernández & Premrou Soc. Civ.	(162)	-
Total Gas y Electricidad Argentina S.A.	(804)	(612)
<u>Total administrative expenses</u>	<u>(966)</u>	<u>(612)</u>
<u>Other net income</u>		
Litoral Gas S.A.	-	2
Gasoducto Gasandes Argentina S.A.	60	52
Compañía General de Combustibles S.A.	54	-
Tecpetrol S.A.	54	55
Total Austral S.A.	54	45
<u>Total other net income</u>	<u>222</u>	<u>154</u>
<u>Financial income</u>		
Transportadora de Gas del Mercosur S.A.	493	-
<u>Total financial income</u>	<u>493</u>	<u>-</u>
<u>Fixed assets purchases</u>		
Siat S.A.	-	(20)
<u>Total fixed assets purchases</u>	<u>-</u>	<u>(20)</u>
Key management personnel		
Statutory auditors committee's fees	(267)	-
Fees for technical-administrative services	(475)	(256)

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Balances with related parties are the following:

	<u>03.31.2013</u>	<u>12.31.2012</u>	<u>01.01.2012</u>
Trade accounts receivable			
<u>Other related parties</u>			
Litoral Gas S.A.	7,351	7,099	6,219
Siderar S.A.	975	931	1,038
Siderca S.A.	553	545	559
Transportadora de Gas del Mercosur S.A.	27,027	23,506	13,513
Gasoducto Gasandes Argentina S.A.	82	79	71
<u>Other related parties</u>	<u>35,988</u>	<u>32,160</u>	<u>21,400</u>
Other accounts receivable			
<u>Assistance fees - controlling shareholder</u>			
Gasinvest S.A.	29	8	8
<u>Total assistance fees - controlling shareholder</u>	<u>29</u>	<u>8</u>	<u>8</u>
<u>Dividends to be collected - affiliate companies</u>			
Comgas Andina S.A.	1,028	80	967
Companhia Operadora do Rio Grande do Sul	316	301	181
<u>Total dividends to be collected - affiliate companies</u>	<u>1,344</u>	<u>381</u>	<u>1,148</u>
<u>Other receivables - related parties</u>			
Siderar S.A.	8	8	-
Litoral Gas S.A.	122	122	129
Total Austral S.A.	67	-	-
Compañía General de Combustibles S.A.	67		
Tecgas N.V.	-	2	2
Tecpetrol S.A.	68	-	(13)
Transportadora de Gas del Mercosur S.A.	188	265	158
<u>Total other receivables - related parties</u>	<u>520</u>	<u>397</u>	<u>276</u>
<u>Key management personnel</u>			
Fees for technical-administrative services and to the statutory auditors committee paid in advance	3,487	2,726	1,871
<u>Total key management personnel</u>	<u>3,487</u>	<u>2,726</u>	<u>1,871</u>
Trade accounts payable			
<u>Other related parties</u>			
Total Gas y Electricidad Argentina S.A.	24,782	22,986	16,497
Tecpetrol S.A.	24,668	22,681	16,332
Compañía General de Combustibles S.A.	24,668	22,681	16,332
Argentinean Pipeline Holding Company S.A.	-	-	12,373
Cainzos, Fernández & Premrou Soc. Civ.	194	-	-
Transportadora de Gas del Mercosur S.A.	52	53	52
<u>Total other related parties</u>	<u>74,364</u>	<u>68,401</u>	<u>61,586</u>

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	<u>03.31.2013</u>	<u>12.31.2012</u>	<u>01.01.2012</u>
Other debts			
<u>Key management personnel</u>			
Provision for fees for technical-administrative services and to the statutory auditors committee	3,502	2,760	1,871
<u>Total key management personnel</u>	3,502	2,760	1,871

Social benefits for senior management

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

31 - FINANCIAL TRUST FOR EXPANSION ON THE EXPORTATION MARKET

On March 8, 2004, in accordance with ENARGAS Resolution 2,877 and the Law N° 24,441, the Company (as trustor) and HSBC Bank Argentina S.A. (as trustee) entered into a Trust Agreement (the "Program") for up to a total amount of US\$ 50 million within a 5-year timeframe. The Program envisages the possibility of financial trusts being set up for the issue of securities that are authorized for their public offering or not, so as to finance the expansion of the capacity of the Company's gas pipeline systems. The Trust Agreement also establishes that, at expiration of the trust, the enlarged assets shall be exclusively assigned to the Company only, free of charge or encumbrances. While the trust is in force, the Company shall be responsible for the operation and maintenance of those assets. Under this Program, the Company's Board of Directors authorized the creation of the "TGN Series 01" trust currently in force, through which securities were issued for a nominal value of US\$ 7.5 million that were subscribed and integrated on March 26, 2004, and were applied to the expansion of carrying capacity of 303,000 m3/d contracted by Metrogas S.A. Series 01 defines September 30, 2019 as Final and Definite Payment Date or the date on which the Series 01 securities are repaid. Under the Trust Agreement, neither the Company nor the Trustee is liable with their own respective assets to pay, if principal and/or interest and/or taxes and expenses on the securities issued by the trust are dishonored. The holders of the securities will have no right to claim such difference from TGN or the Trustee and the limitation on TGN's liability as technical operator has been established in the contract. The trust is not consolidated in the Company's financial statement.

32 - FINANCIAL TRUSTS FOR EXPANSION ON THE LOCAL MARKET ORGANIZED BY THE NATIONAL SECRETARIAT OF ENERGY

MPFIPyS Resolution No. 185/04, adopted under the aegis of Decree No. 180/04, provides for a Gas Trust Program organized by the National Secretariat of Energy for the purpose of financing infrastructure works for the carriage and distribution of natural gas. On April 2006 the National Congress enacted the law 26,095 vesting the PEN with the power to apply rate charges destined to finance those works.

32.1 - Trust for the 2005 Norte gas pipeline expansion work

In 2004 the National State requested the participation of TGN as licensee and of other companies as investors in order to undertake the expansion of the capacity of its system for the carriage of 1.8 MMm3/day of gas in the Norte

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gas pipeline. A local trust organized by the National Secretariat of Energy and administered by Nación Fideicomisos S.A., as trustee, entrusted TGN with the management of the Norte gas pipeline expansion works. TGN contributed with US\$ 8.4 million for a partial payment of the works. Expanded assets will form part of the trust until it is liquidated, on which date, the Company has the option to have the ownership of the trust assets transferred to it. In July 2005 TGN began to bill certain customers for the "Gas Trust Charge" on behalf of the "Gas Trust - Extension of the Norte Gas Pipeline" and for its account.

32.2 - Trust for the "2006-2008 Expansion Work"

In 2006 a second expansion project of 15.2 MMm³/day in the Centro-Oeste and Norte gas pipeline was started at the request of the National Secretariat of Energy. The trust structure previously mentioned in Note 32.1 was adopted. In February 2007, TGN started to invoice certain customers for "the Gas II Trust Charge" on behalf of the "Gas Trust - Expansion of the Norte Gas Pipeline".

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

33 - "IMPORTATION OF NATURAL GAS" ADMINISTRATION TRUST

As provided by PEN Decree 2,067/08 and ENARGAS Resolutions I/563 and I/615, in force in November 2008, as from January 2009 the Company started to invoice a new charge on behalf of the "Importation of Natural Gas" Administration Trust, in order to create a fund to such purpose. At present, TGN must apply the charge exclusively to those customers that are connected to its system through a *Physical By-Pass*, that is, without the intervention of a distributor, sub-distributor or other third-parties envisaged in Art 16 Section b) of the Natural Gas Act. Resolution I/1,988 establishes that in the case of partial collections, the payment received shall be proportionally distributed between all the items included in the respective invoice. As of March 31, 2013 the balance to be transferred to the Administration Trust amounts to \$ 1.0 million.

34 - SUBSEQUENT EVENTS

Subsequent to March 31, 2013, there have been no other events, situations or circumstances, that are not publicly known, that have impacted or could impact significantly on the net worth, or economic and financial situation of the Company that have not been considered or mentioned in these financial statements.

Santiago Marfort
Vice-President

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE FINANCIAL STATEMENTS REQUIRED BY SECTION 68 OF THE BUENOS AIRES STOCK EXCHANGE LISTING RULES FOR THE PERIOD ENDED MARCH 31, 2013.

General matters related to the Company's activities

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

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

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

Note 1 to TGN's financial statements as of March 31, 2013 describes the Company's legal and regulatory aspects.

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

See Notes 1.3.5; 2; 17 and 20 to the Company's financial statements as of March 31, 2013.

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

	03.31.2013			
	Investments ⁽¹⁾	Receivables ⁽²⁾	Loans ⁽³⁾	Other payables ⁽⁴⁾
Past due				
Up to 03.31.2012	-	539,532	-	-
From 04.01.2012 up to 06.30.2012	-	23,363	-	-
From 07.01.2012 up to 09.30.2012	-	33,198	-	-
From 10.01.2012 up to 12.31.2012	-	38,633	-	-
From 01.01.2013 up to 03.31.2013	-	51,164	68,719	-
Without due date	143,146	80,553	-	348,462
To be due				
06.30.2013	209,196	104,339	-	100,391
09.30.2013	65,932	7,474	-	935
12.31.2013	3,446	624	-	2,527
03.31.2014	3,446	65	-	2,812
03.31.2015	13,783	162	-	3,959
03.31.2016	4,483	-	50,050	3,813
03.31.2017	1,382	-	50,050	3,813
03.31.2018	1,382	-	52,975	3,452
03.31.2019	4,097	-	966,285	3,227
03.31.2020	1,382	-	-	3,227
03.31.2021	1,382	-	-	25,005
Total at 03.31.2013	452,712	879,107	1,188,079	501,623

(1) Excludes investments in affiliate companies.

(2) Includes trade accounts receivable and other accounts receivable at their present value, not including allowances.

(3) Denominated at their present value.

(4) Includes all non-financial liabilities, excluding contingencies.

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE FINANCIAL STATEMENTS REQUIRED BY SECTION 68 OF THE BUENOS AIRES STOCK EXCHANGE LISTING RULES FOR THE PERIOD ENDED MARCH 31, 2013.

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

See Notes 3.5, 10 and 25 to the Company's financial statements as of March 31, 2013.

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

See Note 8 to the Company's financial statements as of March 31, 2013. Balances with related companies are disclosed in Note 30 to those financial statements.

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

None.

7. Physical count of materials and spare parts:

Physical count of materials and spare parts is performed on an annual basis. Slow-moving and obsolete materials and spare parts amount to \$ 88.2 million and are totally written-off. (Refer to Note 11 to the Company's financial statements as of March 31, 2013).

Current Values:

8. Other Assets:

Gas stock: gas stock in the gas pipe network has been valued at the replacement cost of the gas cubic meter, plus the average carriage price

Fixed Assets:

9. Technically appraised fixed assets:

None.

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

None.

Equity investments in other companies:

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

None.

Recoverable value:

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

- Materials and spare parts and fixed assets: the recoverable value of such assets was determined based on their economic use - Notes 2.8 and 2.6, respectively - to the Company's financial statements as of March 31, 2013, subject to the resolution of the uncertainties generated by the changes in the economic context and the legal and contractual conditions under which the Company operates.

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE FINANCIAL STATEMENTS REQUIRED BY SECTION 68 OF THE BUENOS AIRES STOCK EXCHANGE LISTING RULES FOR THE PERIOD ENDED MARCH 31, 2013.

- Other assets: for the gas stock, the criterion followed to determine its recoverable value is the net realization value.

- Minimum presumed income tax credit: the projections of future taxable income have been taken into consideration for the calculation of the recoverable value. Such projections have been built on the basis of the best estimate in accordance with the guidelines pointed out in Notes 2.14.b) and 4 to the Company's financial statements as of March 31, 2013, and taking into consideration the resolution of the uncertainties mentioned in Notes 1.2 and 1.3 to the Company's financial statements as of March 31, 2013, referring to the modifications of the Argentine economic context and of the legal and contractual framework in which the Company operates.

Insurance:

13. Insurance covering the Company's tangible assets:

Property insured	Risks covered	Amount insured in thousands	Book value in thousands of \$
<ul style="list-style-type: none"> Personal and real property allocated to the provision of services, except for machinery and equipment 	All physical risks and loss of profits Liability insurance	US\$ 75,000 US\$ 50,000	259,568
<ul style="list-style-type: none"> Compressor plants 	Terrorism	US\$ 35,000	330,665
<ul style="list-style-type: none"> Machinery 	Machinery breakdown	US\$ 10,000	127,747
<ul style="list-style-type: none"> Automobiles: <ul style="list-style-type: none"> - Management's fleet - Operational fleet (cars and pick ups) - Trucks and trailers 	Limited liability insurance Total loss car accident Total or partial loss due to fire, robbery or theft Limited liability insurance Limited liability insurance	\$ 3,000 Replacement value \$ 3,000 \$ 10,000	369 3,946 424
<ul style="list-style-type: none"> Personal property located in Head Office and IT equipments 	Fire of contents Theft	US\$ 8,650 US\$ 10	5,902

Contingencies:

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

The provision for contingencies represents approximately 8.2% of the Company's shareholders' equity as of March 31, 2013 and was set up to face payments the Company would have to make in the event of claims and/or complaints filed against it (refer to Note 20 to the Company's financial statements as of March 31, 2013). In

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE FINANCIAL STATEMENTS REQUIRED BY SECTION 68 OF THE BUENOS AIRES STOCK EXCHANGE LISTING RULES FOR THE PERIOD ENDED MARCH 31, 2013.

estimating amounts, the likelihood of occurrence was taken into account based on the opinion of the legal consultants and the criteria detailed in Note 2.2 to the Company's financial statements as of March 31, 2013.

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

Except for the provisions mentioned in Note 20.1.3 to the Company's financial statements as of March 31, 2013, there are no such situations.

Irrevocable advances on account of future subscription of shares:

16. Status of the capitalization process:

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

17. Unpaid cumulative dividends of preferred shares:

None.

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

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

Autonomous City of Buenos Aires, May 15, 2013

Santiago Marfort
Vice-President

LIMITED REVIEW REPORT

To the President and Directors of
Transportadora de Gas del Norte S.A.

Legal domicile: Don Bosco 3672 - 3rd floor
City of Buenos Aires
Tax Code No. 30-65786305-6

1. We have reviewed the accompanying interim financial statements of Transportadora de Gas del Norte S.A. which comprise the statement of financial position as of March 31, 2013 and the statements comprehensive income, of changes in shareholders' equity and of cash flows for the three-month period then ended, as well as their selected explanatory notes. The balances and other information corresponding to the fiscal year ended December 31, 2012 and to its interim periods are an integral part of the financial statements mentioned above; therefore, they must be considered in connection with these financial statements.
2. The Board of Directors of the Company is responsible for the preparation and presentation of the financial statements under International Financing Reporting Standards, which were adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and incorporated into the regulations of the National Securities Commission (CNV), as approved by the International Accounting Standards Board (IASB); therefore, it is responsible for the preparation and presentation of the interim financial statements mentioned in paragraph 1. in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34). Our responsibility is to express a conclusion based on the review that we have performed with the scope detailed in paragraph 3.
3. Our review was limited to applying 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 in applying analytical procedures to the figures included in the interim financial statements, requesting information from the personnel in charge of preparing the information included in the interim financial statements, and 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 examination. Therefore, we do not issue an opinion on the financial position, the comprehensive income, or the cash flows of the Company.
4. As stated in Note 6, the interim financial statements mentioned in paragraph 1. have been prepared in accordance with International Accounting Standard 34, this being the first fiscal year in which the Company applies International Financial Reporting Standards. The effects of the changes generated by application of this new accounting basis are presented in Note 6. The items and amounts disclosed in the reconciliations included in that note are subject to changes that could result from amendments to the International Financial Reporting Standards to be finally applied, and may only be considered as final when the annual financial statements for this fiscal year are prepared.

5. 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 interim 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 interim financial statements and those positive or negative differences could be significant.

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

With regard to the recovery of non-current assets, as explained in Notes 2.6 and 26 to the accompanying interim financial statements, the Company tested its fixed assets and its tax credits for recoverability based on which it estimates that their carrying value is not in excess of their recoverable value. The assumptions, premises and estimates of future events used in that test evidence the vision projected by the Company's Board of Directors, which may occur or materialize in the future or not; furthermore, those assumptions, premises and estimates are affected mainly by the uncertainty regarding the rate adjustment and the evolution of certain commercial contracts. In view of this, we are not in a position to anticipate whether the premises used by the management in preparing its projections will materialize in the future in order to corroborate the recoverable value of fixed assets and tax credits, whose net book value as of March 31, 2013 amounts to \$ 1,825 million and \$ 55.8 million, respectively.

6. As mentioned in Notes 1.3.5., 20.1.4. and 20.1.6. to the attached interim financial statements, as of March 31, 2013 the Company has contractual disputes for significant amounts with certain customers related to the provision of gas carriage services for export for outstanding balances of \$ 742 million not yet collected from those customers. In view of the uncertainty as to the possibility of recovering those receivables in the future, the balances due and pending collection have been covered by an allowance partially at the date of issuance of these interim financial statements.
7. The interim financial statements of TGN as of March 31, 2013 have been prepared following accounting principles applicable to a going concern; therefore, those interim 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 must be read in the light of these uncertain circumstances.
8. Based on our review, subject to the effect that the possible adjustments and/or reclassifications could have on the interim financial statements, if any, which could be required following resolution of the situations of uncertainty described in paragraphs 5., 6. and 7., nothing has come to our attention so as to consider that the interim financial statements mentioned in paragraph 1. above have not been prepared, in all material respects, in conformity with International Accounting Standard No. 34.

9. In accordance with current regulations, we report that, in connection with Transportadora de Gas del Norte S.A.:
- a) the interim financial statements of Transportadora de Gas del Norte S.A. are transcribed into the "Inventory and Balance Sheet" book and as regards those matters that are within our competence, they are in compliance with the provisions of the Commercial Companies Law and pertinent resolutions of the National Securities Commission;
 - b) the interim financial statements of Transportadora de Gas del Norte S.A. stem from accounting records kept in all formal respects in conformity with legal regulations;
 - c) we have read the summary of activity and the additional information to the notes to the interim financial statements required by section 68 of the listing regulations of the Buenos Aires Stock Exchange, on which, as regards those matters that are within our competence, we have no observations to make other than those in paragraphs 5., 6. and 7.;
 - d) as of March 31, 2013 the liabilities accrued in favor of the Argentine Integrated Social Security System according to the Company's accounting records amounted to \$ 3,470,543, none of which was claimable at that date.

City of Buenos Aires, May 15, 2013

PRICE WATERHOUSE & CO. S.R.L.

by _____ (Partner)
Fernando A. Rodríguez

