TRANSPORTADORA DE GAS DEL NORTE S.A.

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

TRANSPORTADORA DE GAS DEL NORTE S.A.
Index to the Unaudited Interim Financial Statements

TRANSPORTADORA DE GAS DEL NORTE S.A.

In accordance with the terms of General Resolution 368/01 and its modifications issued by the National Securities Commission (CNV), we detail below an analysis of the results of the operations of Transportadora de Gas del Norte S.A.[1] ("TGN" or "the Company") and its financial situation, which should be read together with the attached financial statements.

I) ANALYSIS OF RESULTS AND FINANCIAL SITUATION

**** Net Result for the nine-month period ended September 30, 2008***

(in millions of pesos)

	Nine-month periods ended 09.30.		
	2008	**2007**	**Variation $**
Net Revenues			
Gas transportation service	382.7	367.9	14.8
Allowances for disputed amounts	(40.2)	(13.6)	(26.6)
Discount as per Decrees No 292/1520/814	(1.3)	(1.2)	(0.1)
Subtotal gas transportation service	**341.2**	**353.1**	**(11.9)**
Other Services			
Gas Pipeline O&M services	19.4	13.9	5.5
Management fees – Gas trust program	6.6	8.3	(1.7)
Subtotal other services	**26.0**	**22.2**	**3.8**
Total Net Revenues	**367.2**	**375.3**	**(8.1)**
Cost of Services			
Operating and mainteanance costs	(100.1)	(93.5)	(6.6)
Fixed assets depreciation	(91.0)	(87.0)	(4.0)
Subtotal	**(191.1)**	**(180.5)**	**(10.6)**
Gross profit	**176.1**	**194.8**	**(18.7)**
Administrative and selling expenses	(42.4)	(29.2)	(13.2)
Operating Income	**133.7**	**165.6**	**(31.9)**
Gain from equity investments, net	0.9	1.7	(0.8)
Financial and holding results	(68.3)	(110.3)	42.0
Other income (expense), net	0.9	1.8	(0.9)
Net income before income tax	**67.2**	**58.8**	**8.4**
Income tax	(35.9)	(34.6)	(1.3)
Net income for the period	**31.3**	**24.2**	**7.1**
EBITDA [2]	**227.6**	**258.4**	**(30.8)**

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

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

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

(in millions of pesos)

	09.30.08	12.31.07
Total Assets	2,583	2,614
Total Liabilities	1,240	1,302
Shareholders' Equity	1,343	1,312
Shareholders' Equity / Total Liabilities	1.08	1.01

The net result for the nine-month periods ended September 30, 2008 and 2007 was a $ 31.3 million and a $ 24.2 million gain, respectively.

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

** Net Revenues*

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

(in millions of pesos)

	Nine-month periods ended 09.30.			
Type of service	**2008**	**%**	**2007**	**%**
Gas transportation	341.2	92.9	353.1	94.1
Gas Pipeline O&M services	26.0	7.1	22.2	5.9
Total net Revenues	**367.2**	**100.0**	**375.3**	**100.0**

- Gas Transportation services

The revenues corresponding to the gas transportation services amounted to $ 341.2 million during the nine-month period ended September 30, 2008, compared to $ 353.1 million during the same period in 2007. The net decrease of $ 11.9 million resulting from the combined effect of the following main variations:

i. Higher invoicing of interruptible services and interchange and displacement services for $ 2.3 million;

ii. an increase of $ 14.2 in the export revenues due to the increase of the PPI (Producer Price Index) index applicable to the period, and

iii. a net $ 26.6 million decrease due to the setting up during 2008 of higher provisions for disputed receivables, mainly related to the situations described in Notes 12.h) and 12.f) to the Company’s financial statements.

- Gas pipeline operation and maintenance and works management services

Sales in this segment amounted to $ 26.0 million during the period compared with the $ 22.2 million amount in the same period of the previous year. Of the net increase of $ 3.8 million:

i. A $ 1.7 million decrese correspond to the lower income accrued in this period related to works management fees under gas Trust Programs, since they have been recognized based on their rate of progress and the portion of budgeted costs incurred for those works. Since there have been significant delays in payments by Nación Fideicomisos, the respective billings has suspended since last April;

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

**** Net Revenues (Cont.)***

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

ii. a $ 4.0 million increase correspond to the higher income related to the operation and maintenance services due to new commercial agreements celebrated during the present period, and

iii. a $ 1.5 million increase correspond to agreements adjustments due to PPI variations.

**** Cost of services***

(in millions of pesos)

	Nine month-periods ended 09.30.		
	2008	**2007**	**Variation $**
Fees for professional services	2.8	1.6	1.2
Salaries, wages and other personnel benefits and social security contributions	40.1	33.0	7.1
Fees for technical operator services	9.7	12.2	(2.5)
Foreign staff residence	1.6	1.6	-
Consumption of spare parts and materials	9.4	9.2	0.2
Gas imbalance	0.9	0.2	0.7
Maintenance and repair of fixed assets and third party services and supplies	20.7	22.5	(1.8)
Communications, freight and transportation, travel expenses	5.6	4.1	1.5
Insurance	4.0	3.8	0.2
Rentals and office supplies	1.4	1.3	0.1
Easements	4.0	4.2	(0.2)
Fixed assets depreciation	91.0	87.0	4.0
Materials and spare parts slow-moving and obsolescence	(1.2)	(1.1)	(0.1)
Others	1.1	0.9	0.2
Total	**191.1**	**180.5**	**10.6**
% of Costs of services on net revenues	**52.0%**	**48.1%**	

The main causes of the net increase of $ 10.6 are presented below:

i. $ 7.1 million in salaries, wages and other personnel benefits and social security contributions as a result of pay increases granted by the Company, and

ii. $ 1.8 million of lower maintenance and repair costs of fixed assets and services and supplies of third parties due to the delay in some works on the compression plants and meter and regulation stations, partially offset against higher costs incurred for security services of the plants.

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

** Administrative and Selling expenses*

(in millions of pesos)

	Nine-month periods ended 09.30.		
	2008	**2007**	**Variation $**
Salaries, wages and other personnel benefits and social security contributions	17.3	14.8	2.5
Fixed assets depreciation	1.3	1.2	0.1
Fees for professional services	4.1	2.5	1.6
Taxes, rates and contributions	18.3	18.4	(0.1)
Communications, freight and transportation, travel expenses	0.9	0.7	0.2
Maintenance and repair of fixed assets and third party services and supplies	1.3	1.0	0.3
Rentals and office supplies	0.7	0.5	0.2
Doubtful accounts	(1.8)	0.6	(2.4)
Contingencies	(1.9)	(14.1)	12.2
Fees for Directory and the Committee of Syndics	1.4	1.6	(0.2)
Insurances	0.2	0.8	(0.6)
Others	0.6	1.2	(0.6)
Total	**42.4**	**29.2**	**13.2**
% of Administrative and Selling expenses on net revenues	**11.2%**	**7.8%**	

The main causes of the net increase of $ 13.2 million are listed below:

i. $ 12,2 million increase in the lawsuits caption, notwithstanding that in both periods some of the provisions for contingencies have been recovered. The recovery for this period amounting to $ 1.9 million, is due to the fact that some of the lawsuits filed against TGN have been resolved in favor of TGN. In the comparative period, the recovery of $ 14.1 million results mainly from the resolution of the situation arising from the official assessments of the income tax and value added tax amounts related charges on the interest of the Global Program of Corporate Bonds (as explained by Note 12.d));

ii. a $ 2.4 million decrease in the doubtful accounts item, mainly due to specific agreements with customers during the period;

iii. an increase of $ 2.5 million in salaries, wages and other personnel benefits and social security contributions as a result of pay increases granted by the Company, and

iv. $ 1.1 million in higher fees for professional services, due to costs relating to advisory services in different areas of the Company's activity.

* Financial and Holding Results

(in millions of pesos)

	Nine-month periods ended 09.30.		
	2008	**2007**	**Variation $**
Interests and indexing generated by liabilities	(68.7)	(75.9)	7.2
Bank commissions, expenses and taxes on banking and financial operations.	(6.3)	(6.2)	(0.1)
Result of repurchases of debt	1.1	1.6	(0.5)
Result on discounting of non-current and current liabilities	0.1	(0.1)	0.2
Subtotal financial result generated by liabilities before exchange rate differences	**(73.8)**	**(80.6)**	**6.8**
Interests, indexing and expenses generated by assets	1.0	4.3	(3.3)
Holding results generated by assets	(1.4)	1.1	(2.5)
Result on discounting of non-current and current assets	0.7	(2.0)	2.7
Subtotal financial result generated by assets before exchange rate differences	**0.3**	**3.4**	**(3.1)**
Exchange rate differences:			
Generated by liabilities	6.9	(34.5)	41.4
Generated by assets	(1.7)	1.4	(3.1)
Subtotal exchange rate differences	**5.2**	**(33.1)**	**38.3**
Total	**(68.3)**	**(110.3)**	**42.0**

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

* Financial and Holding Results (Cont.)

Financial and holding losses for the nine-month period ended September 30, 2008 amounted to $ 68.3 million, that is, lower losses of $ 42.0 million compared with the loss of $ 110.3 million recorded in the same period, the previous year. The most important reason for the variations in financial and holding results is the $ 41.4 million increase related to *Exchange rate differences generated by liabilities*.

i. During the period, there was recorded $ 6.9 million gain for *Exchange differences generated by liabilities,* with regard to the $ 34.5 million losses in the same period of the fiscal year 2007. The financial nominal debt stock in force at the closing of each period amounted to US$ 345.0 million and to US$ 377.5 million, at September 30, 2008 and 2007 respectively, and

ii. during the period, TGN repurchased US$ 2.0 million of its financial debt balance corresponding to the A-series Bonds, paying US$ 1.6 million. The net results of these repurchases amounted to $ 1.1 million.

- **Summary of the Statement of Cash Flows**

(in millions of pesos)

	Nine-month periods ended 09.30.	
	2008	**2007**
Net income for the period	31.3	**24.2**
Adjustments to arrive to cash net flow arising from operating activities	222.8	221.1
Net changes in assets and liabilities	(74.1)	11.5
Net cash flows provided by operating activities	**180.0**	**256.8**
Purchase of fixed assets	(14.5)	(41.2)
Net cash used in investing activities	**(14.5)**	**(41.2)**
Payment and repurchase of debt	(54.5)	(73.6)
Interest paid	(61.6)	(64.7)
Net increase in customer advances	1.3	(0.2)
Net cash used in financing activities	**(114.8)**	**(138.5)**
Financial and holding result generated by cash and cash equivalents	**(3.2)**	**5.2**
Net increase in cash and cash equivalents	**47.5**	**82.3**
Cash and cash equivalents as of beginning of year	**64.1**	**39.2**
Cash and cash equivalents as of end of the period	**111.6**	**121.5**

(in millions of pesos)

	As of 09.30.	
	2008	**2007**
Cash and cash equivalents		
Cash and banks	61.4	65.3
Time deposits in foreign financial institutions in US$	-	21.8
United States Treasury Bills in US$	30.9	18.7
Mutual funds in $	19.3	12.7
Time deposits in $	-	3.0
Cash and cash equivalents as of end of the period	**111.6**	**121.5**

II) BUSINESS PROSPECTS

* Financial issues

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

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

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

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

* Commercial issues

i. Although until August 2008 there was no significant progress on the renegotiation process of the License, on September 16, 2008, the Company received from UNIREN a proposal for a temporary agreement ("Temporary Agreement") envisaging a transition tariff regime as from September 1, 2008 on which a 20% increase is applied to the remuneration of the ruled activity of TGN in force at August 31, 2008. Furthermore, 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 proposal sent by UNIREN assumes that at December 31, 2008, Law 25561 will no longer be effective. Consequently, by that date the parties should have agreed on the methodology, term and time of the execution of an Overall Contractual Renegotiation Minute. Otherwise, the Executive Branch, if it deems it convenient, will rule on the enforcement of the Temporary Agreement and, in turn, UNIREN will make the necessary recommendations to the Executive Branch pursuant to section 1 subsection e) of Decree No. 311/03 and section 11 of the Joint Resolution No. 188/03 and No. 44/03 of the Ministries of Economy and Planning.

The Temporary Agreement has been approved by the Board of Directors of TGN and has also been subscribed by Federal Planning and Economy and Production Ministries on October 7, 2008, ad referendum of the Extraordinary Shareholders' Meeting called for November 10, and being the National Executive Branch confirmation still pending.

TGN considers that the main obstacle that prevents reaching an overall renegotiation contract is Government's insistence on adding an indemnity clause on its favor, by delegating TGN the effects of rulings or arbitration awards ordering the Argentine Republic to pay compensation based on the effects of Law 25,561 on the License.

II) BUSINESS PROSPECTS (Cont.)

*** Commercial issues (Cont.)**

As of September 30, 2008 the Temporary Agreement proposal have not produced any economic effect.

We cannot assure that the possible result of the License renegotiation process will restore the balance of the License and provide TGN a fair compensation for the damages caused by the Public Emergency Law.

ii. In April 2004, the Gas Electronic Market ("MEG") was created with the intention of improving assignment efficiency in the gas industry. Consequently, the spot sales of natural gas and the remaining transport capacity are to be made through this market. In May 2005 the MEG started to administer the resale of capacity and services provided by gas distributors. Until September 30, 2008 no effects have been produced on the revenues from sales recognized by TGN and it is considered that the start-up of the MEG will have an uncertain effect on income relating to the transported gas sold on that market.

iii. Since May 2007 the gas supply has been shortening. This led into an unsatisfied demand. According to most distributors, the severe shortage in gas injection in natural gas fields led to an insufficient transportation capacity available. It should be noted that, TGN has always worked at full committed transportation capacity, with no limitations.

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

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

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

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

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

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

Furthermore, in May 2007 the ENARGAS instructed TGN to reassign in favor of the distributor Ecogás Cuyo a transport volume of 0.531 MMm3/day on a pro rata basis, originally destined for various direct chargers (other than distributors) of the Central-Western Gas Pipeline, for a term of one year counted as from the issue of

II) BUSINESS PROSPECTS (Cont.)

*** Commercial issues (Cont.)**

the measure and renewable at the discretion of the ENARGAS. TGN has filed an administrative appeal against the measure before the administrative authority, despite that the Company considers that there are no economic effects requiring accounting recognition at the end of the period.

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

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

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

(in millions of pesos)

	As of 09.30.				
	2008	**2007**	**2006**	**2005**	**2004**
Current Assets	238	214	222	483	436
Non-current Assets	2,345	2,432	2,482	2,497	2,521
Total	**2,583**	**2,646**	**2,704**	**2,980**	**2,957**
Current Liabilities	199	209	215	1,366	1,228
Non-current Liabilities	1,041	1,135	1,234	725	836
Subtotal	1,240	**1,344**	**1,449**	**2,091**	**2,064**
Shareholders' Equity	1,343	1,302	1,255	889	893
Total	**2,583**	**2,646**	**2,704**	**2,980**	**2,957**

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

(in millions of pesos)

	Nine-month periods ended 09.30.				
	2008	**2007**	**2006**	**2005**	**2004**
Ordinary operating income	133.7	165.6	150.5	118.0	113.6
Financial and holding results, net	(68.3)	(110.3)	(194.5)	(104.8)	(154.3)
Gain from equity investments, net	0.9	1.7	0.7	0.5	0.9
Gain on debt restructuring	-	-	245.1	3.8	-
Other (expenses) income, net	0.9	1.8	(0.2)	(3.9)	3.5
Net result before income tax	**67.2**	58.8	201.6	13.6	(36.3)
Income Tax charge	(35.9)	(34.6)	(9.3)	(21.7)	1.8
Net income (loss) for the period	**31.3**	**24.2**	**192.3**	**(8.1)**	**(34.5)**

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

Volume delivered in millions of cubic meters:

According to the type of carrying agreement

	Nine-month periods ended 09.30.				
	2008	**2007**	**2006**	**2005**	**2004**
Firm transportation	10,851	11,389	12,318	12,356	11,743
Interruptible transportation and exchange and shifting	2,667	2,497	1,916	1,385	860
Total	**13,518**	**13,886**	**14,234**	**13,741**	**12,603**

According to the type of source

	Nine-month periods ended 09.30.				
	2008	**2007**	**2006**	**2005**	**2004**
Norte Gas pipeline	5,371	5,662	5,496	5,018	5,078
Centro-Oeste Gas pipeline	8,147	8,224	8,738	8,723	7,525
Total	**13,518**	**13,886**	**14,234**	**13,741**	**12,603**

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

	Nine-month periods ended 09.30.				
	2008	**2007**	**2006**	**2005**	**2004**
Current liquidity (1)	1.19	1.02	1.03	0.35	0.36
Solvency (2)	1.08	0.97	0.87	0.42	0.43
Freezing Capital (3)	0.91	0.92	0.92	0.84	0.85

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

Autonomous City of Buenos Aires, November 4, 2008

The Board of Directors
Eduardo Ojea Quintana

TRANSPORTADORA DE GAS DEL NORTE S.A.

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

	September 30, 2008	December 31, 2007
ASSETS		
Current Assets		
Cash and banks	$ 61,356	$ 62,929
Short-term investments (Note 16.(c))	52,077	4,099
Accounts receivables, net (Note 4.a))	93,538	76,055
Other receivables, net (Note 4.b))	19,519	24,430
Materials and spare parts, net (Note 4.c))	11,359	11,359
Total Current Assets	237,849	178,872
Non-current Assets		
Other receivables (Note 4.b))	164,662	180,958
Materials and spare parts, net (Note 4.c))	39,115	34,866
Fixed Assets, net (Note 16.(a))	2,117,336	2,196,075
Investments (Note 16.(b))	2,691	1,778
Other assets	21,153	21,006
Total Non–Current Assets	2,344,957	2,434,683
Total Assets	**2,582,806**	**2,613,555**
LIABILITIES AND SHAREHOLDERS´ EQUITY		
Current Liabilities		
Accounts payable (Note 4.d))	20,550	27,676
Debt (Note 10.a))	101,590	104,931
Salaries and social security payable	19,333	11,368
Taxes payable (Note 4.e))	9,543	10,945
Customer advances	1,317	-
Others (Note 4.f))	4,086	3,818
Subtotal	156,419	158,738
Contingencies (Note 12 and 16.(d))	42,727	49,378
Total Current Liabilities	199,146	208,116
Non–Current Liabilities		
Accounts payable (Note 4.d))	1,355	153
Debt (Note 10.b))	993,338	1,049,404
Others (Note 4.f))	15,527	15,527
Subtotal	1,010,220	1,065,084
Contingencies (Note 12 and 16.(d))	30,347	28,593
Total Non–Current Liabilities	1,040,567	1,093,677
Total Liabilities	**1,239,713**	**1,301,793**
Shareholders´ Equity	**1,343,093**	**1,311,762**
Total Liabilities and Shareholders´ Equity	**$ 2,582,806**	**$ 2,613,555**

The accompanying notes are an integral part of these financial statements

TRANSPORTADORA DE GAS DEL NORTE S.A.

Statements of Operations for the nine-month periods ended September 30, 2008 and 2007
(in thousands of Argentine Pesos, except per share amounts)

	September 30, 2008	September 30, 2007
Net revenues (Note 4.g))	$ 367,236	$ 375,252
Cost of services (Note 16.(f))	(191,117)	(180,493)
Gross Profit	**176,119**	**194,759**
Selling expenses (Note 16.(f))	(11,678)	(14,086)
Administrative expenses (Note 16.(f))	(30,717)	(15,053)
Operating income	**133,724**	**165,620**
Gain from equity investments, net	913	1,687
Financial and holding results, net		
Generated by assets:		
Interest and indexing	1,390	4,579
Exchange rate differences	(1,640)	1,448
Others (Note 4.h))	(1,098)	(1,111)
Subtotal	(1,348)	4,916
Generated by liabilities:		
Interest and indexing	(68,729)	(75,917)
Exchange rate differences	6,993	(34,580)
Others (Note 4.h))	(5,182)	(4,738)
Subtotal	(66,918)	(115,235)
Other incomes, net (Note 4.i))	910	1,866
Income before income tax	**67,281**	**58,854**
Income tax charge (Note 7)	(35,950)	(34,645)
Net income for the period	**$ 31,331**	**$ 24,209**
Income per share in pesos (Note 6)	**0.0713**	**0.0551**

The accompanying notes are an integral part of these financial statements

TRANSPORTADORA DE GAS DEL NORTE S.A.

Statements of Changes in Shareholders' Equity
for the nine-month periods ended September 30, 2008 and 2007
(in thousands of Argentine Pesos, except per share amounts)

	Shareholders' contributions			Legal reserve	Voluntary reserve for future dividends	Retained earnings	Total shareholders' equity
	Common stock	Inflation adjustment of common stock	Total				
Balances as of December 31, 2006	**439,374**	**506,053**	**945,427**	**46,205**	**125,588**	**160,574**	**1,277,794**
Resolution adopted by the Ordinary Meeting of Shareholders held on April 10, 2007:							
Setting up of the legal reserve	-	-	-	8,029	-	(8,029)	-
Allocation to the voluntary reserve for future dividend distributions	-	-	-	-	152,545	(152,545)	-
Net income for the period	-	-	-	-	-	24,209	24,209
Balances as of September 30, 2007	**439,374**	**506,053**	**945,427**	**54,234**	**278,133**	**24,209**	**1,302,003**
Board Meeting Resolution dated December 14, 2007:							
Distribution of cash dividends (Note 11.d))	-	-	-	-	(25,683)	-	(25,683)
Complementary income for the three-month period up to December 31, 2007	-	-	-	-	-	35,442	35,442
Balances as of December 31, 2007	**439,374**	**506,053**	**945,427**	**54,234**	**252,450**	**59,651**	**1,311,762**
Resolution adopted by the Ordinary Meeting of Shareholders held on April 22, 2008:							
Setting up of the legal reserve	-	-	-	2,982	-	(2,982)	-
Allocation to the voluntary reserve for future dividend distributions	-	-	-	-	56,669	(56,669)	-
Net income for the period	-	-	-	-	-	31,331	31,331
Balances as of September 30, 2008	**439,374**	**506,053**	**945,427**	**57,216**	**309,119**	**31,331**	**1,343,093**

The accompanying notes are an integral part of these financial statements

TRANSPORTADORA DE GAS DEL NORTE S.A.

Statements of Cash Flows for the nine-month periods ended September 30, 2008 and 2007
(in thousands of Argentine Pesos, except per share amounts)

	September 30, 2008	September 30, 2007
Cash and cash equivalents as of beginning of the year.	$ 64,131	$ 39,191
Cash and cash equivalents as of end of the period (Note 4.j))	111,641	121,547
Net increase in cash................................	**47,510**	**82,356**
Cash flows from operating activities		
Net income for the period	31,331	24,209
Adjustments to arrive to cash net flow arising from operating activities:		
Income tax	35,950	34,645
Depreciation of fixed assets	92,251	88,233
Net book value of fixed assets written off	978	2,174
Increase (decrease) in allowances and provisions, net	34,337	(363)
Financial and holding results generated by liabilities	68,729	75,917
Other financial and holding results	(8,590)	22,154
Gain on equity investments	(913)	(1,687)
Net changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(57,154)	2,833
Decrease (increase) in other receivables	15,357	(15,492)
(Increase) decrease in materials and spare parts and other assets	(2,320)	547
(Decrease) increase in accounts payable	(5,924)	4,622
Increase in salaries and social security payable	7,965	6,295
(Decrease) increase in taxes payable	(29,560)	11,747
Increase in other payables	268	1,532
Decrease in contingencies	(2,714)	(542)
Net cash flows provided by operating activities.......	**179,991**	**256,824**
Cash flows from investing activities		
Purchase of fixed assets	(14,490)	(41,235)
Net cash used in investing activities................	**(14,490)**	**(41,235)**
Cash flows from financing activities		
Payment and repurchase of debt	(54,511)	(73,550)
Debt interests paid	(61,605)	(64,725)
Increase (decrease) in customer advances	1,317	(149)
Net cash used in financing activities................	**(114,799)**	**(138,424)**
Financial and holding results generated by cash and cash equivalents		
Interests, exchange rate differences and other results generated by cash and cash equivalents	(3,192)	5,191
Total financial and holding results (used in) generated by cash	**(3,192)**	**5,191**
Net increase in cash and cash equivalents.............	**$ 47,510**	**$ 82,356**

The accompanying notes are an integral part of these financial statements

1. The Company and its operations

(a) Formation of the Company

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

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

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

In view of the major changes in the main macroeconomic variables Argentina has recorded since the end of 2001, as from January 2002 the National Government issued laws, executive orders and regulations that involved a profound change to the then prevailing economic model, which had the following material effects on the Company:

(i) Law No. 25,561 on public Emergency and Exchange System Reform established the pesification of the rates of transportation of natural gas destined for the domestic market and the repeal of the semi-annual adjustment mechanism based on the Producer Price Index ("PPI"). Furthermore, this law authorized the National Executive Branch to renegotiate the public works and services contracts and rates.

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

(ii) As from 2004 the Argentine Government adopted a series of measures to redistribute in the short term the effects of the energy sector crisis derived from a natural gas and electricity shortage. The Energy Secretariat, the Fuel Undersecretariat and the ENARGAS have issued a number of rules establishing precautionary measures to prevent a shortfall in domestic natural gas supply and its effects on the wholesale electricity supply, including measures severely restricting exports of natural gas to first ensure the supply of domestic consumption. The creation of a trust fund was established to finance investments in the expansion of the capacity of the natural gas transport and distribution systems. Note 12.f) and h) describes certain aspects regarding the redirecting of the transport capacity and the contractual controversy related to the customer Eléctrica Santiago S.A.

(iii) In April 2004, the National Executive Branch established the creation of the Gas Electronic Market ("MEG") with a view to improving assignment efficiency in the gas industry. Consequently, the spot sales of natural gas and the remaining transport capacity are to be made through this market. Effective May 2005 the MEG started to administer the resale of capacity and services provided by gas distributors.

Until September 30, 2008 no effects have been produced on the revenues from sales recognized by TGN. The Company considers that the start-up of the MEG will have an uncertain effect on income relating to the transported gas sold on that market.

(iv) The change in the economic enviroment and the legal and regulatory conditions in which the Company is currently operating and the current status of the renegotiation of the License, give rise to uncertainty as to the future net cash that will enable it to recover non-current assets and payment of the financial debts.

1. The Company and its operations (Continued)

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

The impact generated by all the measures adopted so far by the National Government on the balance sheet and financial position of the Company at September 30, 2008 was calculated on the basis of evaluations and estimates made by the Company’s Board of Directors at the date its financial statements were prepared.

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

(c) Regulatory framework

General

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

The License was granted for an original term of thirty five years. However, the Natural Gas Act and the License provide that TGN may apply to ENARGAS for a renewal of the License for an additional ten-year term. ENARGAS is required at that time to evaluate the Company’s performance and make a recommendation to the Executive Branch of the Argentine Government.

Regulation of transportation rates

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

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

(i) Adjustments for the five-yearly review of rates by the ENARGAS, which affect as far as possible the "X" efficiency factor and "K" investment factor, where "X" reduces the rate as a counterpart for increased efficiency and "K" increases rates to encourage unprofitable investments;
(ii) Non-recurring adjustments to reflect the variations in the costs resulting from changes in tax regulations (except in the case of variations in income tax), and
(iii) Unplanned adjustments for other objective and justifiable reasons at the discretion of the ENARGAS.

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

Renegotiation of public service agreements

Under the provisions of Law 25,561, the Argentine Government is entitled to renegotiate the terms of the licenses granted for the provision of public services based on the following criteria:

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

1. The Company and its operations (Continued)

(c) Regulatory framework (Continued)

Renegotiation of public service agreements (Continued)

- The safety of the systems; and
- The profitability of the companies.

At present, the Unit for the Renegotiation and Analysis of Public Utility Services Contracts ("UNIREN") is responsible for the renegotiation process. This Unit was created in July 2003 within the jurisdiction of the Ministries of Economy and Production ("MEP") and Federal Planning, Public Investment and Services ("MPFIPyS"). Law No. 25,790 dated October 2003 established that the decisions to be made by the PEN throughout the renegotiation process would not be limited to or conditioned by the stipulations contained in the regulatory frameworks for the concession or license contracts involving the respective public utility services.

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

Although until August 2008 there was no significant progress on the renegotiation process of the License, on September 16, 2008, the Company received from UNIREN a proposal for a temporary agreement ("Temporary Agreement") envisaging a transition tariff regime as from September 1, 2008 on which a 20% increase is applied to the remuneration of the ruled activity of TGN in force at August 31, 2008. Furthermore, 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 proposal sent by UNIREN assumes that at December 31, 2008, Law 25561 will no longer be effective. Consequently, by that date the parties should have agreed on the methodology, term and time of the execution of an Overall Contractual Renegotiation Minute. Otherwise, the Executive Branch, if it deems it convenient, will rule on the enforcement of the Temporary Agreement and, in turn, UNIREN will make the necessary recommendations to the Executive Branch pursuant to section 1 (subsection e) of Decree No. 311/03 and section 11 of the Joint Resolution No. 188/03 and No. 44/03 of the Ministries of Economy and Planning.

The Temporary Agreement has been approved by the Board of Directors of TGN and has also been subscribed by Federal Planning and Economy and Production Ministries on October 7, 2008, ad referendum of the Extraordinary Shareholders' Meeting called for November 10, and being the National Executive Branch confirmation still pending.

As of September 30, 2008 the Temporary Agreement proposal have not produced any economic effect.

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

Technical assistance agreement

Within its regulatory framework, TGN receives auditing assistance and technical assistance from its shareholders and their related companies. Such

1. The Company and its operations (Continued)

(c) Regulatory framework (Continued)

Technical assistance agreement (Continued)

assistance covers issues relating to system performance, security, environment, preventive maintenance, in-house procedures, training, information technology systems and compliance with certain international standards governing the gas transportation industry.

The contract for Auditing and Technical Assistance currently in force, with the latest amendment made in February 2006, will expire on December 31, 2017. In consideration for the services under the contract, an annual compensation is envisaged, which shall be the higher of (i) US$ 3,000,000 or (ii) 7% of EBIT for each year.

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

2. Preparation of financial statements

(a) Purpose of these financial statements

The financial statements have been translated from the original Financial Statements for the nine-month period ended September 30, 2008 including the summary of information required by General Resolution Nº 368/01 prepared in Spanish originally issued in Argentina. The translation into English has been made solely for the convenience of English – speaking readers, and certain notes have been rephrased to facilitate the understanding of legislation and the local economic environment. The additional information to the notes to the financial statements required by section 68 of the Buenos Aires Stock Exchange Regulations for local purpose has not been included.

(b) Basis of presentation

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

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

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

(c) Presentation of financial statements in constant Argentine Pesos

The financial statements have been prepared in constant currency recognizing the overall effects of inflation through August 31, 1995. Restatement of financial statements was discontinued from that date to December 31, 2001 because this was a period of monetary stability. From January 1, 2002 to March 1, 2003 the effects of inflation were recognized due to the existence of an inflationary period. As from that date, restatement of financial statements was discontinued again.

2. Preparation of financial statements (Continued)

(c) Presentation of financial statements in constant Argentine Pesos (Continued)

The criterion required by the CNV differs from that previously required by professional accounting standards in force, under which financial statements were to be restated until September 30, 2003. Nevertheless, at September 30, 2008 this deviation has not had a significant impact on the financial statements of TGN.

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

(d) Use of estimates

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

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

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

(e) Comparative Information

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

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

3. Summary of significant accounting policies

Below is a detail of the most important accounting standards and policies used by the Company in preparing these financial statements, which have been applied consistently with those of the previous year.

(a) Cash and banks

Cash and banks are stated at face value.

(b) Foreign currency assets and liabilities

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

(c) Short-term investments

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

3. Summary of significant accounting policies (Continued)

(d) Accounts receivables, net and Accounts payable

Accounts receivables and accounts payable have been stated at nominal value. The values thus obtained do not differ significantly from those that would have been obtained if current accounting standards had been applied, which require those items to be valued at the cash price estimated at the transaction date plus interest and implicit financial components accrued at the internal rate of return determined at that time.

(e) Other receivables, net and other liabilities

Other non-current receivables, prepaid expenses and other receivables of a similar nature have been valued on the basis of the best estimate of the sum to be used, discounted at a rate reflecting the time value of money and the specific risks attaching to the transaction estimated at the date of their addition to assets. The assets and liabilities derived from deferred tax and minimum presumed income tax have been stated at nominal value.

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

(f) Investments

The investments in the foreign related companies Comgas Andina S.A. (“COMGAS”) and Companhia Operadora de Rio Grande do Sul (“COPERG”) have been valued according to the equity method of accounting, on the basis of the financial statements of those companies at September 30, 2008 and December 31, 2007 (Note 16.(b)).

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

The Company has decided to fully cover with an allowance its investment in the Brazilian company COPERG because that business fell short of expectations. This company had been originally established to provide operation and maintenance services involving the gas pipeline that would extend from Uruguayana to Porto Alegre. The construction of this pipeline has been postponed and the possibility of this infrastructure work being actually performed is unknown. At present, the service provided by COPERG is limited to a region adjoining the Brazilian-Argentine border. Consequently, it is estimated that the reduced level of activity of that company will not allow recovering the value of the investment in it.

(g) Materials and spare parts, net

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

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

(h) Fixed assets, net

Fixed assets received from GdE have been valued at their transfer price stated in the Transfer Agreement. The assets acquired or built after the takeover

3. Summary of significant accounting policies (Continued)

(h) Fixed assets, net (Continued)

date have been valued at acquisition or construction cost, including the costs of materials, labor and overheads.

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

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

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

Furthermore, from 2005 to September 30, 2008 a pipeline recoating campaign was carried out over a length of 186 km. In accordance with ENARGAS Resolutions Nos. 1,660/00 and 1,903/00, $ 60.3 million were capitalized, becoming part of the Company's Essential Fixed Assets and, consequently, of its Tariff Base.

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

(i) Other assets-Gas stored

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

(j) Debt

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

(k) Income tax

The Company has recognized the income tax charge according to the deferred tax method, thus considering the timing differences between measurements of accounting and taxable assets and liabilities. The main timing differences stem from the provisions for contingencies, the allowance for doubtful accounts and the materials and spare parts obsolescence allowance, and from the valuation and useful life of fixed assets.

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

(l) Minimum presumed income tax (MPIT)

The Company is subject to a tax on minimum presumed income. This tax is supplementary to income tax. The tax is calculated by applying the effective tax rate of 1% on certain production assets valued according to the tax regulations in

3. Summary of significant accounting policies (Continued)

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

effect as of the end of each year. The Company's tax liabilities will be the higher of these two taxes. However, if the tax on minimum presumed income exceeds income tax during one fiscal year, such excess may be computed as a prepayment of any income tax excess over the tax on minimum presumed income that may arise in the next ten fiscal years.

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

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

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

(m) Allowances and provisions

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

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

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

(n) Shareholders' equity accounts

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

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

(o) Profit and loss accounts

Statements of operation accounts have been stated in nominal currency except for: (i) charges for used assets (fixed assets depreciation and disposals), calculated according to the values of those assets; (ii) results from equity investments, calculated by the equity method of accounting and (iii) the use of inventories and the charge for spare parts, slow-moving and obsolete consumption materials determined based on the value of those assets.

(p) Revenue recognition

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

(In thousands of Argentine Pesos, except per share amounts)

3. Summary of significant accounting policies (Continued)

(p) Revenue recognition (Continued)

operating and maintenance service contracts, revenues are recognized when services are provided.

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

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

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

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

(q) Balances and transactions with related parties

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

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

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

4. Breakdown of the main accounts

	September 30, 2008	December 31, 2007
a) Accounts receivable, net		
Gas transportation services		
Billed		
Distributors	$ 16,350	$ 14,049
Industrial	94,048	63,799
Generators	28,811	8,608
Unbilled	42,678	38,584
Subtotal	181,887	125,040
Other services		
Billed	313	112
Unbilled	1,448	1,342
Subtotal	1,761	1,454
Allowance for doubtful accounts (Note 16.d))	(8,722)	(9,289)
Allowance for disputed amounts (Note 16.d))	(81,388)	(41,150)
Total	**$ 93,538**	**$ 76,055**

(In thousands of Argentine Pesos, except per share amounts)

4. Breakdown of the main accounts (Continued)

	September 30, 2008	December 31, 2007
b) Other receivables, net		
Current		
Gas transportation services		
Tax credits	$ 1,410	$ 1,568
Other tax credits	-	837
Directors' and management fees (Note 5)	1,374	1,863
Advances to employees	871	559
Deposit in escrow	125	16
Prepaid expenses	1,294	7,691
Receivables from transactions on behalf of third parties	4,673	7,834
Subtotal	9,747	20,368
Other services		
Management fees – Gas Trust Program (Note 14)	$ 299	$ 830
Receivable with controlling shareholder (Note 5)	8	8
Foreign related parties (Note 5)	503	469
Other related parties (Note 5)	117	250
Receivables from transactions on behalf of third parties	2,536	1,762
Receivables from sundry transactions	7,183	3,853
Subtotal	10,646	7,172
Allowance for doubtful accounts (Note 16.(d))	(874)	(3,110)
Total	**$ 19,519**	**$ 24,430**
Non-current		
Gas transportation services		
Deferred tax asset, net (Note 7)	$ 66,810	$ 74,602
Minimum presumed income tax (Note 7)	67,259	84,379
Gross revenue tax withholdings	113	602
Deposit in escrow and disputed tax payments	7,182	6,888
Guarantee deposits	470	444
Allowance for deposit in escrow and disputed tax payments (Note 16.(d))	(7,182)	(6,888)
Subtotal	134,652	160,027
Other services		
Management contract fees relating to gas trust programs (Note 14)	29,457	20,416
Sundry	553	515
Subtotal	30,010	20,931
Total	**$ 164,662**	**$ 180,958**
c) Materials and spare parts, net		
Current		
Materials and spare parts	$ 11,359	$ 11,359
Total	**11,359**	**11,359**
Non-current		
Materials and spare parts	91,167	88,127
Allowance for slow-moving and obsolescence (Note 16.(d))	(52,052)	(53,261)
Total	**$ 39,115**	**$ 34,866**
d) Accounts payable		
Gas transportation services		
Current		
Suppliers	$ 2,980	$ 2,961
Foreign related parties (Note 5)	22	-
Others related parties (Note 5)	3,766	6,450
Unbilled services	13,782	18,265
Total	**20,550**	**27,676**

(In thousands of Argentine Pesos, except per share amounts)

4. Breakdown of the main accounts (Continued)

		September 30, 2008		December 31, 2007
d) Accounts payable (Continued)				
Gas transportation services (Continued)				
Non-Current				
Others related parties (Note 5)		1,355		153
Total	**$**	**1,355**	**$**	**153**
e) Taxes payable				
VAT, net	$	1,489	$	785
Gross revenue tax		5		1,237
Minimum presumed income tax		-		4,904
Income tax (Note 7)		5,767		-
VAT withholdings		604		1,310
Income tax withholdings		1,472		2,585
Gross revenue tax withholdings		206		124
Total	**$**	**9,543**	**$**	**10,945**
f) Others				
Current				
Easements	$	2,218	$	1,410
Other related parties (Note 5)		-		85
Directors' and management fees (Note 5)		1,651		2,029
Customer´s warrants and others		217		294
Total		**4,086**		**3,818**
Non-current				
Easements		15,527		15,527
Total	**$**	**15,527**	**$**	**15,527**

		September 30, 2008		September 30, 2007
g) Net revenues				
Gas transportation services				
Gas transportation services	$	382,706	$	367,926
Discounts as per Decrees No. 292/1520/814 (Note 3.(p))		(1,273)		(1,204)
Allowance for disputed amounts (Note 3.(p))		(40,172)		(13,662)
Subtotal Gas transportation services		341,261		353,060
Other services				
Pipeline O&M services.............................		19,359		13,912
Management fees – Gas Trust Program (Note 14).......		6,616		8,280
Subtotal other services		25,975		22,192
Total	**$**	**367,236**	**$**	**375,252**
h) Financial and holding results, net:				
Generated by assets:				
Bank commissions and expenses	$	(396)	$	(327)
Holding results		(1,436)		1,144
Loss on discounting of non-current and current assets		734		(1,928)
Total		**(1,098)**		**(1,111)**
Generated by liabilities:				
Bank commissions, expenses and taxes on banking and financial operations		(6,348)		(6,227)
Result of repurchases of debts		1,079		1,629
Loss on discounting of non-current and current liabilities		38		(158)
Discounts		49		18
Total	**$**	**(5,182)**	**$**	**(4,738)**

(In thousands of Argentine Pesos, except per share amounts)

4. Breakdown of the main accounts (Continued)

		September 30, 2008		September 30, 2007
i) Other (expense) income, net				
Result of disposal of fixed assets and other expenses	$	718	$	1,743
Recovery of contingencies		193		218
Donations		(1)		(95)
Total	**$**	**910**	**$**	**1,866**
j) Cash and cash equivalents:				
Cash and banks	$	61,356	$	65,310
Mutual funds in foreign currency		-		29
Mutual funds in $		19,335		12,749
Time deposits in US$		-		21,799
US Treasury Bills in US$		30,950		18,660
Time deposits in $		-		3,000
Cash and cash equivalents as shown in the statements of Cash flows	**$**	**111,641**	**$**	**121,547**

5. Balances and transactions with related parties

Balances with related parties

		September 30, 2008		December 31, 2007
Accounts receivable:				
Other related parties	$	278	$	266
Other receivables:				
Current:				
Receivable with controlling shareholder (Note 4.b))		8		8
Foreign related parties (Note 4.b))		503		469
Other related parties (Note 4.b))		117		250
Directors' and management fees (Note 4.b))		1,374		1,863
Accounts payable:				
Current:				
Foreign related parties (Note 4.d))		22		-
Other related parties (Note 4.d))		3,766		6,450
Non-Current:				
Other related parties (Note 4.d))		1,355		153
Others:				
Other related parties(Note 4.f))		-		85
Directors' and management fees (Note 4.f))		1,651		2,029

Transactions with related parties

		September 30, 2008		September 30, 2007
Controlling shareholder:				
Other income	$	19	$	19
Foreign related parties:				
Net revenues		76		66
Cost of services		(25)		-
Others		-		117
Full expenses by third party account		-		43
Other related parties:				
Net revenues		2,025		1,932
Cost of services		(11,289)		(13,785)
Others		-		7

(In thousands of Argentine Pesos, except per share amounts)

5. Balances and transactions with related parties (Continued)

Transactions with related parties (Continued)

	September 30, 2008	September 30, 2007
Other related parties (Continued):		
Full expenses by third party account................	134	800
Directors' and management fees:		
Fees for Directory and the Committee of Syndics (Note 16.(f))..	(1,432)	(1,571)
Professional fees..................................	(469)	(326)
Other incomes, net.................................	48	-

6. Income per share

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

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

7. Income tax and MPIT

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

	September 30, 2008	December 31, 2007
Deferred tax assets and liabilities:		
Accounts receivable	$ 31,290	$ 17,405
Other receivables	11,961	11,445
Fixed assets	(21,670)	(22,043)
Materials and spare parts	18,218	18,641
Other assets	(5,751)	(5,700)
Accounts payable	1,630	1,992
Debt and expenses related to debt restructuring	10,554	10,822
Contingencies	20,578	22,189
Tax loss carry forwards	-	87,621
Allowance for tax loss carry-forwards	-	(67,770)
Net deferred tax asset	**$ 66,810**	**$ 74,602**

According to General Resolution No. 487/06 of the National Securities Commission (CNV), and by the application of the professional accounting standards in force as from 2006 (CD Resolution No. 93/05 of the Professional Council in Economic Sciences of the Autonomous City of Buenos Aires, C.P.C.E.C.A.B.A), the Company chose to recognize the inflation adjustment contained in the accounting valuation of the fixed assets as a permanent difference. Had there been followed the option contemplated in those provisions (recognition as a temporary difference), the deferred liability would have increased by approximately $ 360.0 million, and its reversal would have taken place in a total approximate term of 19 years, according to the following annual detail:

(In thousands of Argentine Pesos, except per share amounts)

7. Income tax and MPIT (Continued)

Year	**Inflation adjustment that would be reversed**	**Effect on the income tax charge**
Period/year	Million $ (projected figures – not audited)	
2008 (IV quarter)	13.3	4.7
2009	52.5	18.4
2010	52.4	18.3
2011	51.7	18.1
2012	51.2	17.9
2013	50.3	17.6
2014	50.2	17.6
2015	49.9	17.5
2016	49.3	17.3
2017	48.8	17.1
2018	43.2	15.1
2019	42.7	14.9
2020	41.1	14.4
2021	40.2	14.1
2022	39.4	13.8
2023	33.1	11.6
2024	29.0	10.2
2025	27.3	9.6
2026	23.0	8.1
2027	239.7	83.7
Total	**1,028.3**	**360.0**

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

		September 30, 2008		**September 30, 2007**
Net income before income tax	$	67,281	$	58,854
Income tax rate		35%		35%
Income tax charge at statutory tax rate		(23,548)		(20,599)
Permanent differences:				
Inflation adjustment		(13,906)		(14,298)
Donations and non-deductible expenses		(22)		(92)
Gain from equity investments, net		320		590
Others		1,206		(246)
Income tax charge	**$**	**(35,950)**	**$**	**(34,645)**
Current income tax charge		(28,158)		-
Deferred income tax charge		(7,792)		(34,645)
Income tax charge	**$**	**(35,950)**	**$**	**(34,645)**

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

(In thousands of Argentine Pesos, except per share amounts)

7. Income tax and MPIT (Continued)

	09.30.08	09.30.07
Recorded income tax	**(35,950)**	**(34,645)**
Temporary differences:		
Financial results generated by short term investments..........	-	(44)
Variation in valuation for doubtful accounts..................	(14,401)	(9,955)
Variation in valuation of fixed assets.........................	(373)	675
Variation of the provision for contingencies..................	1,611	5,125
Variation of debt and expenses relating to debt restructuring..	268	1,940
Variation of the provision for inventories.....................	423	375
Variation in accounts payable..................................	362	(1,900)
Variation of tax loss carryforwards...........................	19,851	38,376
Other net temporary differences................................	51	53
Total tax assessed for fiscal purposes	**(28,158)**	**-**

	09.30.08
Current income tax:	**28,158**
Less:	
MPIT advance payment (paid in 2008)	(5,145)
Use of MPIT credit (previous years)	(17,246)
Income tax payable (Note 4.e))	**5,767**

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

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

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

Year	Amount	Expires in
2002	12,959	2012
2003	14,097	2013
2004	15,366	2014
2005	16,295	2015
2006	12,362	2016
2007	13,426	2017
2008 (estimated)	(17,246)	
Balance at the closing of the period (Note 4.b))	**67,259**	

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

8. Segment information

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

(In thousands of Argentine Pesos, except per share amounts)

8. Segment information (Continued)

For the nine-month period ended September 30, 2008		Gas transportation services		Others	Total
		Domestic	Exports		
Net revenues	$	180,964	160,297	25,975	367,236
Cost of services, administrative and selling expenses (before depreciation and amortization)		(106,891)	(21,318)	(13,052)	(141,261)
Depreciation and amortization		(78,137)	(14,059)	(55)	(92,251)
Other income, net		771	139	-	910
Gain from equity investments, net		-	-	913	913
Financial and holding results, net		(57,821)	(10,404)	(41)	(68,266)
Income tax		32,654	(61,262)	(7,342)	(35,950)
Net income for the period	**$**	**(28,460)**	**53,393**	**6,398**	**31,331**

As of September 30, 2008		Gas transportation services		Others	Total
		Domestic	Exports		
Fixed assets, net	$	1,793,384	322,682	1,270	2,117,336
Accounts receivable, net		36,277	55,499	1,762	93,538
Debt		927,404	166,867	657	1,094,928
Other net assets		192,394	34,616	137	227,147
Shareholders’ equity		1,094,651	245,930	2,512	1,343,093
Purchase of fixed assets		12,275	2,206	9	14,490

For the nine-month period ended September 30, 2007		Gas transportation services		Others	Total
		Domestic	Exports		
Net revenues	$	188,180	164,880	22,192	375,252
Cost of services, administrative and selling expenses (before depreciation and amortization)		(91,759)	(18,651)	(10,989)	(121,399)
Depreciation and amortization		(74,733)	(13,447)	(53)	(88,233)
Other income, net		1,581	284	1	1,866
Gain from equity investments, net		-	-	1,687	1,687
Financial and holding results, net		(93,440)	(16,813)	(66)	(110,319)
Income tax		41,308	(68,434)	(7,519)	(34,645)
Net income for the period	**$**	**(28,863)**	**47,819**	**5,253**	**24,209**

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

9. Restricted assets

Certain restrictions with respect to Essential Assets

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

(In thousands of Argentine Pesos, except per share amounts)

9. Restricted assets (Continued)

Certain restrictions with respect to Essential Assets (Continued)

(ii) As established in the financial agreements held for the restructuring of the financial debt in 2006, TGN may not sell assets, unless certain conditions are met, as described in Note 10.

10. Debt

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

In August 2006 TGN publicly launched an offer to exchange its financial debt, which was accepted by 99.94% of creditors of the total debt subject to restructuring and, upon execution of the Out-of-court Reorganization Agreement with the accepting creditors, on September 29, 2006 TGN consummated the exchange privately, without requesting approval from the court.

This pro rata offer consisted of (i) a cash payment of up to US$ 52.4 million, (ii) the delivery of up to 87,874,754 new Class C Common shares representative of 20% of the Company's Capital to be issued as a result of the capitalization of the US$ 68.0 million financial debt, (iii) new ordinary non-convertible Class A negotiable obligations for up to US$ 249,999,970, and (iv) new ordinary non-convertible Class B negotiable obligations denominated in US dollars for US$ 203,630,111.

The abovementioned issuance of Class C shares was approved by the ENARGAS on June 23, 2006. This amendment was registered with the Public Registry of Commerce on August 18, 2006. The public offering of the Negotiable Obligations under the exchange and Class C shares was authorized by CNV Resolution No. 15,466 dated September 14, 2006.

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

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

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

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

10. Debt (Continued)

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

The *"available basket amount"* is the amount in cash that TGN may use for discrtional purposes.

Creditor´s cash surplus and the *available basket amount* registered and available at the first semester of 2008 arise to US$ 1.1 millions and $ 7.9 millions, respectively.

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

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

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

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

(In thousands of Argentine Pesos, except per share amounts)

10. Debt (Continued)

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

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

At September 30, 2008 and December 31, 2007, the breakdown of the Company’s loans is as follows:

	09.30.08	**12.31.07**
	Thousands of $	
a) Current		
Ordinary non-convertible Class A	99,242	100,923
Creditors not accepting the exchange offer	134	2,105
Adjustement to arrive at present value	2,214	1,903
Total current	**101,590**	**104,931**
b) Non Current		
Ordinary non-convertible Class A	343,671	399,956
Ordinary non-convertible Class B	638,380	641,231
Adjustement to arrive at present value	11,287	8,217
Total Non-current	**993,338**	**1,049,404**
Total Debt	**1,094,928**	**1,154,335**

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

	09.30.08	**12.31.07**
	Thousands of $	
Total loans as per financial condition	1,094,928	1,154,335
Adjustments to arrive at the present value (using an IRR)	(13,501)	(10,120)
Nominal capital plus interest accrued at a contractual rate	**1,081,427**	**1,144,215**

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

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

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

(In thousands of Argentine Pesos, except per share amounts)

10. Debt (Continued)

Resolutions adopted by the Board of Directors of TGN on December 11, 2007 and by the Ordinary Meeting of Shareholders held on January 22, 2008 established the creation of a new global program for the issuance of ordinary Negotiable

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

Obligations not convertible for shares, which qualify as Negotiable Obligations under the terms of Law No. 23,576 (text pursuant to Law No. 23,962), for a nominal value of up to US$ 400 million or its equivalent in other currencies at any time. The duration of this Global Program shall be five years counted as from the date of its approval by the Argentine Securities Commission. That Program will be used as a tool to facilitate the implementation, of decisions to be made by the Company in terms of financial policy, particularly, the renewal of current debt at the due date and/or the improvements under the terms and conditions currently in force.

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

11. Shareholders´ equity

(a) Common stock

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

Item	Date	Thousands of $	Registration in the Superintendency of Corporations			
			Date	Nº	Book	Volume
Incorporation of the Company	11.24.92	12	12.01.92	11667	112	A
Capitalizations of irrevocable contributions:	12.28.92	267,255	03.07.94	1894	114	A
	03.25.94	84,232	06.09.94	5589	115	A
Issuance of new shares for capitalized loans (Note 10)	09.29.06	87,875	08.18.06	13005	32	-
Total		**439,374**				

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

Gasinvest, the controlling shareholder of the Company, and Gasinvest´s shareholders, are restricted by the Pliego and the Transfer Agreement as to dispose of a portion of their interests in the Company and Gasinvest, respectively. Unless a prior regulatory approval from ENARGAS is obtained, Gasinvest is precluded from reducing its interest in the Company to less than 51%. Likewise, the shareholders of Gasinvest are precluded from reducing their interest in Gasinvest without prior regulatory approval. However, restrictions are not applicable where shares are transferred among related parties of each shareholder. ENARGAS may approve the transfer of shares provided that (i) the shares are transferred in whole but not in part, or the new acquirer purchases all of the outstanding Class A shares of common stock and (ii) the quality of the service is not affected.

(c) Restriction on distribution of profits

Under the Argentine Commercial Law, the by-laws of the Company and rules and regulations of the CNV, a minimum of 5% of net income for the year calculated in accordance with Argentine GAAP must be appropriated by resolution of the shareholders to a legal reserve until such reserve reaches 20% of the outstanding capital (common stock plus inflation adjustment of common stock accounts). This legal reserve may be used only to absorb deficits.

11. Shareholders´ equity (Continued)

(c) Restriction on distribution of profits (Continued)

Under the terms of the financial agreements in force, TGN may make dividend payments only in accordance with the negative covenants described in Note 10.iii).

(d) Voluntary reserves for future dividends

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

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

12. Contingencies

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

Following is a summary of the most significant claims and legal actions. At September 30, 2008 the allowance set up by the Company amounted to $ 73.1 million (Note 16.(d)).

(a) Gross Revenue Tax – Province of Salta

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

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

In view of the uncertain outcome of this issue, reserving the pertinent rights, the Company paid the amounts claimed and has been paying the accrued tax since April 2004.

In July 2008, the Company was served notice of a negative ruling (ratifying the tax assessment) and as a result the Company filed an appeal before the local Supreme Court.

(b) Fines imposed by the ENARGAS

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

On August 21, 2008, TGN was notified of ENRG I/396 Resolution through which the Company was imposed a fine of $ 3.5 million calculated at August 21, 2007 due to the application of Point 3, Exhibit I of Resolution ENRG No. 393/96.

12. Contingencies (Continued)

(b) Fines imposed by the ENARGAS (Continued)

On September 22, 2008, the Company filed a motion for reconsideration with an administrative court since it considered the fine inappropriate based on (i) serious errors in the calculations made by ENARGAS, (ii) ENARGAS incompetence to impose penalties irrespective of Law 24,076 and the License, and (iii) the seizing nature of the penalty applied.

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

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

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

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

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

At September 30, 2008, the allowance amount recorded to settle possible claims being made by AES was calculated on the basis of the present value of compensation.

(d) Tax assessments related to payments to note holders

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

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

In August 2007 the National Tax Authority acquiesced to the Company's claim dropping its claim of income tax in its entirety and in September 2007, it partially acquiesced to Company's claim regarding value added tax. The settlement

12. Contingencies (Continued)

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

of these claims was consented to by TGN, the National Tax Tribunal having yet to render judgment approving it. As a result of the acquiescence to the Company's claim by the Tax Authority, the latter's claim, which is restricted exclusively to value added tax on the Program relating to the International Finance Corporation (¨IFC¨) and continues to be in dispute with the Company, was reduced to $ 14.6 million.

In December 2007 the Company was notified of a resolution whereby the Tax Authority assessed interest and fines relating to value added tax corresponding to those programs (for the period from January to May 2002, subsequent to that included in the assessments alluded to above). The claim amounts to $ 3.6 million.

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

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

(e) Tax assessment related to fixed asset useful life

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

(f) Redirecting of the transportation capacity

In April 2006, the ENARGAS adopted two resolutions establishing: (i) the reassignment for the term of one year –renewed for an additional year in April 2007- to the distributor GasNea and the sub-distributor Redengás of certain firm transportation capacity volume which originally corresponded to the firm transportation contract entered into by and between TGN and YPF S.A. ("YPF") in 1998 for up to 2.8 MM m3/d to supply a power plant in Uruguayana, Brazil; (ii) that the rate payable by GasNea and Redengás to TGN for the reassigned volume is the peso rate as opposed to the US dollar rate applicable to the contract entered into by and between TGN and YPF; (iii) that GasNea and Redengás must pay TGN the peso rate for the capacity reassigned between April, 2004 and April, 2006, and (iv) obliging TGN to reimburse YPF for the proportional part of the transportation rate in US dollars collected by TGN from April, 2004 to April, 2006 for the reassigned volume. In relation to the latter point, the Company carries the allowance set up at March 31, 2008 in the amount of US$ 3.5 million.

The motions for reconsideration of the two resolutions filed by TGN were dismissed by the ENARGAS in June 2007. TGN filed an appeal before a higher administrative authority as it considered that the ENARGAS lacks jurisdiction over the adoption of those resolutions, which also infringe the Company's vested rights.

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

12. Contingencies (Continued)

(f) Redirecting of the transportation capacity (Continued)

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

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

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

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

Revenue Bureau of Salta Resolution No. 1,649 dated November 7, 2006 confirmed an official assessment for $ 181.9 million including compensatory interest calculated until November 30, 2006 and imposed a fine on TGN for twice the amount assessed for $ 262.5 million because of alleged commission of tax fraud. TGN considers that the assessment made by the tax authority is excessive as it has resulted from serious calculation errors.

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

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

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

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

12. Contingencies (Continued)

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

rate in force as of September 30, 2008, the annual invoicing to ESSA for the firm transportation service amounts to US$ 9 million.

In March 2008, the Company was notified of the controversy (claim) filed by ESSA against TGN before the ENARGAS, invoking the jurisdictional powers of said entity under section 66 of Law No. 24,076. The purpose of the controversy is to request the ENARGAS to declare the termination of the firm transportation contract through no fault of any of the parties as from December 21, 2007, with the argument that the provision of the public service of gas transportation is impossible to fulfill, due –according to ESSA- to the unforeseeable extinction of their right to have natural gas liable to be exported from Argentina. Subsidiarily, ESSA alleges the frustration of the contract's purpose, and requests that ENARGAS establish a special rate applicable to a reserve of transportation capacity that cannot be used due to lack of gas.

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

13. TGN financial trusts

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

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

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

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

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

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

Under the Trust Agreement, neither the Company nor the Trustee are liable with their own respective assets to pay, if principal and/or interest and/or taxes and expenses on the securities issued by the Trusts are dishonored. The holders of the securities will have no right to claim such difference from TGN or the Trustee

13. TGN financial trusts (Continued)

and the limitation on TGN's liability as Technical Operator has been established in the contract.

The projects have been completed. At September 30, 2008 the investment amounts to $ 29 million and its residual value is approximately $ 24 million at that date.

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

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

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

a) Trust for the 2005 Northern Gas Pipeline expansion work

Within the framework of Resolution No. 185/04, the Government requested the participation of TGN as licensee and of other companies as investors in order to undertake the expansion of the capacity of its system for the transportation of additional 1.8 MMm3/day of gas in the Northern Gas Pipeline. The principal in charge of the project, a local trust (the "trust") organized by the Energy Secretariat in December 2004 and administered by Nación Fideicomisos S.A., as trustee, entrusted TGN with the management of the Northern Gas Pipeline expansion works, for which the Company will receive 1% of the work amount before value added tax (approximately US$ 1.5 million), and with its subsequent operation and maintenance. TGN contributed US$ 8.4 million to the total cost of the works, which coincides with the net present value of the amounts receivable for the regulated (pesified) rate charged for the firm transportation services as a result of the incremental capacity until expiration of the License, taking into account the extension works operation and maintenance costs.

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

As instructed by the ENARGAS through Note No. 3,767, in July 2005 TGN began to bill certain customers for the "Gas Trust Charge" on behalf of the "Gas Trust - Extension of the Northern Gas Pipeline" and for its account.

b) Trust for the 2006-2008 expansion work

Pursuant to the same regulatory framework applicable to the above-mentioned expansion works, and again at the request of the Ministry of Energy, in September 2005, we called for a new open bid for capacity for the expansion of the Gasoductos Norte system. As a result of this call for bids, proposals were received for more than 15.2 MMm3/d, which shall be destined to satisfying the demand of electric energy generators for supplying the internal market (49% of the total capacity to be expanded), gas distributors for the supply of residential users and CNG (38%) and other industrial users and commercializing companies of the provinces of Salta, Tucumán, Córdoba, Santa Fe and Buenos Aires (13%).

This project will imply the construction of approximately 1855 km of parallel pipelines, and the incorporation of 55,000 HP in additional power in three new plants and in two already existing compressor plants.

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

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

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

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

The total fee to be collected by TGN will be $ 75.8 million (before value added tax).

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

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

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

With regard to the abovementioned, on March 17, TGN received from Nación Fideicomisos a note requesting, among other things, that a proposal for renegotiation of the management fee payment agreed be submitted. In view of this request and the significant delays in payments by Nación Fideicomisos, the respective billings have been suspended since April 2008.

At September 30, 2008, the receivable billed for those fees under the contract terms originally agreed amounts to $ 60.4 million including VAT, which the Company has recorded for $ 29.5 million, based on the estimate of the revenue accrual, as described in Note 3.p), and on the estimate of its present value.

In October 2008, the Company received from Nación Fideicomisos $ 6.5 million as partial payment of past-due invoices.

During the same month, a new compressor station was added to the system of gas transportation in Tio Pujio, Province of Córdoba, on the progressive 1,231 of the Gasoducto Norte (North Pipeline), equipped with a turbocompressor of 10,000 HP. Within the framework of the extension project, another three stations will be added in 2009.

15. Subsequent events

Subsecuent to September 30, 2008, there have been no other events, situations or circumstances that have impacted or could impact significantly on the net worth, or economic and financial situation of the Company that have not been mentioned in these financial statements, except for those mentioned in Note 10.

16. Other financial statement information

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

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

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

16. Other financial statement information (Continued)

(a) Fixed Assets, net

	09.30.2008												12.31.2007
	Original values					Depreciation							
Items	**At the beginning of the year**	**Increases (1)**	**Disposals**	**Transfers**	**At the end of the period**	**At the beginning of the year**	**For the period %**	**For the period ammount**	**Disposals**	**Transfers**	**Accumulated at the end of the period**	**Net book value**	**Net book value**
Land	3,275	-	(1)	-	3,274	-	-	-	-	-	-	3,274	3,275
Buildings and constructions ...	76,495	-	(21)	52	76,526	18,690	2	1,148	-	-	19,838	56,688	57,805
Installations and fixtures	2,067	-	-	277	2,344	554	4	63	-	-	617	1,727	1,513
Gas pipelines	2,019,450	-	(37)	(292)	2,019,121	580,440	3.33 and 2.22	41,860	(15)	695	622,980	1,396,141	1,439,010
Recoating	57,775	-	-	2,522	60,297	4,614	5.88	2,545	-	(770)	6,389	53,908	53,161
High-pressure branch lines ...	661	-	-	100	761	249	3.33 and 2.22	16	-	6	271	490	412
Compressor Plants	840,108	-	(379)	10,969	850,698	337,204	4	36,485	(181)	43	373,551	477,147	502,904
High pressure control and/or measurement stations	67,585	-	(972)	1,433	68,046	32,190	5	2,763	(564)	-	34,389	33,657	35,395
Other technical installations	45,353	-	-	473	45,826	23,372	6.67	1,854	-	-	25,226	20,600	21,981
Machinery, equipment and tools	23,276	-	(147)	813	23,942	18,980	10, 20 and 50	985	(129)	13	19,849	4,093	4,296
Computer and telecommunications system	72,279	-	(219)	862	72,922	45,458	10 and 20	3,087	(191)	20	48,374	24,548	26,821
Vehicles	16,474	-	(1,389)	1,646	16,731	13,933	20	809	(1,132)	(5)	13,605	3,126	2,541
Furniture and fixtures	9,769	-	(16)	109	9,862	8,740	10	194	(10)	(22)	8,902	960	1,029
Assets held at third parties ..	6,549	-	(16)	63	6,596	5,255	12.5	442	(16)	20	5,701	895	1,294
Work in process	43,786	13,850	(19)	(17,681)	39,936	-	-	-	-	-	-	39,936	43,786
Advances to suppliers	852	640	-	(1,346)	146	-	-	-	-	-	-	146	852
Total as of 09.30.2008	**3,285,754**	**14,490**	**(3,216)**	**-**	**3,297,028**	**1,089,679**		**92,251**	**(2,238)**	**-**	**1,179,692**	**2,117,336**	**-**
Total as of 12.31.2007	**3,231,538**	**59,672**	**(5,456)**	**-**	**3,285,754**	**974,390**		**118,378**	**(3,089)**	**-**	**1,089,679**	**-**	**2,196,075**

(1) Increases in Fixed Assets (Work in Progress) are reduced in $ 11.7 millions corresponding to the delivery during the period of Mars 100 equipments that have been interchanged with the supplier Solar Turbines International Co.

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

16. Other financial statement information (Continued)

(b) Investments

Issuer	Class	Par value	Amount	Cost value	Book value 09.30.2008	Book value 12.31.2007	Information on the issuer: Principal activity	Latest financial statements: Date	Capital stock and capital adjustment	Other Reserves	Retained earnings	Shareholders' equity	% of direct holding
Non–current investments													
Comgas Andina S.A.	Common	(a) 1	490	246	2,691	1,778	Gas pipeline services	09.30.08	8	-	5,484	5,492	49.0
Companhia Operadora de Rio Grande do Sul	Common	(b) 1	49	0.1	257	210	Gas pipeline services	09.30.08	-	133	392	525	49.0
Impairment of investment(Note 16.(d) and 3.f))					(257)	(210)							
Total...................				**246.1**	**2,691**	**1,778**							

a. Chilean Pesos
b. Brazilian Reais

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

16. Other financial statement information (Continued)

(c) Short-term investments

		September 30, 2008		December 31, 2007
Mutual funds in $	$	19,335	$	1,202
US Treasury Bills in US$		30,950		-
Government bonds – Discount bond		1,792		2,897
Total	**$**	**52,077**	**$**	**4,099**

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

16. Other financial statement information (Continued)

(d) Allowances and provisions

		09.30.2008					12.31.2007
		Balances at the beginning of the year	Net increases		Decreases	Balances at the end of the period	Balances at the end of the year
Deducted from assets							
Current							
Allowance for doubtful accounts		9,289	(567)	(2)	-	8,722	9,289
Allowance for disputed amounts		41,150	40,238	(1)	-	81,388	41,150
Allowance for other receivables		3,110	(2,236)	(2)	-	874	3,110
Subtotal		**53,549**	**37,435**		**-**	**90,984**	**53,549**
Non Current							
Allowance for disputed tax payments and judicial escrow accounts		6,888	294	(4)	-	7,182	6,888
Allowance for slow-moving and obsolescence		53,261	(1,209)	(5)	-	52,052	53,261
Allowance for impairment of COPERG (Note 16.(b) and 3.(f))		210	47	(3)	-	257	210
Subtotal		**60,359**	**(868)**		**-**	**59,491**	**60,359**
Total allowances deducted from assets	**$**	**113,908**	**36,567**		**-**	**150,475**	**113,908**
Included in Liabilities							
Current							
Provision for contingencies		49,378	(3,937)	(4)	(2,714)	42,727	49,378
Non Current							
Provision for contingencies		28,593	1,754	(4)	-	30,347	28,593
Total provisions included in liabilities		**77,971**	**(2,183)**		**(2,714)**	**73,074**	**77,971**
Total as of 09.30.2008	**$**	**191,879**	**34,384**		**(2,714)**	**223,549**	**-**
Total as of 12.31.2007	**$**	**161,986**	**30,418**		**(525)**	**-**	**191,879**

(1) $ 40,172 charged to Net Revenues (Nota 4.g)) and $ 66 to Selling Expenses – Allowance for doubtful accounts (Note 16.f)).
(2) Charged to Selling Expenses – Allowance for doubtful accounts (Note 16.f)). Does not include $ 940 related to a client´s agreement, charged directly to Selling Expenses – Allowance for doubtful accounts (Note 16.f)).
(3) Charged to Gain from equity investments.
(4) $ (1,840) recovery charged to Administrative expenses – Provision for contingencies (Note 16. f)) and $ (49) charged to Selling Expenses - Provision for contingencies (Note 16.f)).
(5) Recovery charged to Allowance for slow-moving and obsolescence (Note 16.f)).

16. Other financial statement information (Continued)

(e) Assets and liabilities in foreign currency

	09.30.2008					12.31.2007			
	Foreign currency class and amounts		Exchange rate		Amount in Thousands of $	Foreign currency class and amounts			Amount in Thousands of $
Assets									
Current assets									
Cash and banks									
Cash	US$	10	3.095	$	31	US$	11	$	33
Banks	US$	18,425	3.095		57,026	US$	18,572		57,739
					57,057				57,772
Short-term investments									
Short-term investments in US$ - Euroclear	US$	10,000	3.095		30,950		-		-
Government bonds – Discount bonds	US$	579	3.095		1,792	US$	932		2,897
					32,742				2,897
Accounts receivable									
Gas transportation services (1)	US$	36,030	3.095		111,514	US$	19,057		59,248
Other services	US$	594	3.095		1,837	US$	874		2,717
					113,351				61,965
Other receivables									
Prepaid expenses on behalf of third parties and others	R$	114	1.510		173	R$	114		192
	US$	388	3.095		1,200	US$	609		1,893
					1,373				2,085
Total current assets..........				**$**	**204,523**			**$**	**124,719**
Non-current assets									
Other receivables									
Guarantee deposits..........	US$	200	3.095		619	US$	200		622
					619				622
Investments									
Comgas Andina (Note 16.b)..........	$ch	474,225	0.0057		2,691	$ch	276,705		1,778
					2,691				1,778
Total non-current assets..........				**$**	**3,310**			**$**	**2,400**
Total assets..........				**$**	**207,833**			**$**	**127,119**

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

16. Other financial statement information (Continued)

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

	09.30.2008					12.31.2007		
	Foreign currency class and amounts		Exchange rate		Amount in Thousands of $	Foreign currency class and amounts		Amount in Thousands of $
Liabilities								
Current liabilities								
Accounts payable								
Suppliers		-	-	$	-	US$	48	$ 151
		-	-		-	£	53	335
Other related parties	US$	1,158	3.135		3,630	US$	1,977	6,225
Foreign related parties	$ch	3,788	0.0058		22			-
					3,652			6,711
Debt (2)								
Ordinary non-convertible Class A	US$	31,656	3.135		99,242	US$	32,049	100,923
Creditors not accepting the exchange offer	US$	43	3.135		134	US$	668	2,105
					99,376			103,028
Total current liabilities				$	**103,028**			**$ 109,739**
Non-current liabilities								
Accounts payable								
Other related parties	US$	432	3.135		1,355	US$	49	153
					1,355			153
Debt (2)								
Ordinary non-convertible Class A	US$	109,624	3.135		343,671	US$	127,010	399,956
Ordinary non-convertible Class B	US$	203,630	3.135		638,380	US$	203,630	641,231
					982,051			1,041,187
Total non-current liabilities				$	**983,406**			**$ 1,041,340**
Total liabilities				$	**1,086,434**			**$ 1,151,079**

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

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

16. Other financial statement information (Continued)

(f) Cost of services, administrative and selling expenses

	Total At 09.30.2008	Cost of services			Selling expenses			Administrative expenses	Investments in fixed assets	Total At 09.30.2007
		Transportation service	Other services	Total	Transportation service	Others services	Total			
Fees for Directory and the Committee of Syndics	1,432	-	-	-	-	-	-	1,432	-	1,571
Fees for professional services	7,335	403	2,403	2,806	170	-	170	3,942	417	4,469
Salaries, wages and other personnel benefits	48,453	27,605	5,002	32,607	436	-	436	14,287	1,123	40,020
Social security contributions	10,111	6,636	905	7,541	121	-	121	2,449	-	8,145
Fees for technical operator services	9,676	9,676	-	9,676	-	-	-	-	-	12,200
Foreing staff residences	1,624	1,624	-	1,624	-	-	-	-	-	1,579
Consumption of spare parts and materials	14,075	8,903	517	9,420	-	-	-	69	4,586	12,475
Gas imbalance	942	942	-	942	-	-	-	-	-	216
Third party services and supplies .	3,643	3,034	328	3,362	15	-	15	266	-	2,889
Maintenance and repair of fixed assets (1)	23,135	15,865	1,456	17,321	8	-	8	984	4,822	32,812
Travel expenses	5,448	3,470	903	4,373	38	-	38	602	435	3,849
Freight and transportation	1,009	597	44	641	-	-	-	10	358	1,284
Communications	818	460	111	571	9	-	9	225	13	703
Insurance	4,216	3,975	-	3,975	-	-	-	241	-	4,638
Office supplies	1,272	452	88	540	14	-	14	663	55	953
Rentals	1,113	446	376	822	7	-	7	50	234	931
Easements	3,959	3,959	-	3,959	-	-	-	-	-	4,250
Taxes, rates and contributions	18,637	329	19	348	11,648	851	12,499	5,790	-	18,718
Fixed assets depreciation	92,251	90,905	55	90,960	184	-	184	1,107	-	88,233
Fixed assets expenses	2,043	-	-	-	-	-	-	-	2,043	3,088
Doubtful accounts	(1,797)	-	-	-	(1,797)	-	(1,797)	-	-	624
Contingencies	(1,889)	-	-	-	(49)	-	(49)	(1,840)	-	(14,101)
Material and spare parts slow-moving and obsolescence	(1,209)	(1,209)	-	(1,209)	-	-	-	-	-	(1,072)
Others.............................	1,301	789	49	838	23	-	23	440	-	1,178
Total at 09.30.2008	**247,598**	**178,861**	**12,256**	**191,117**	**10,827**	**851**	**11,678**	**30,717**	**14,086**	**-**
Total at 09.30.2007	**-**	**170,537**	**9,956**	**180,493**	**13,000**	**1,086**	**14,086**	**15,053**	**20,020**	**229,652**

(1) **Increases in Fixed Assets (Work in Progress) are reduced in $ 11.7 millions corresponding to the delivery during the period of Mars 100 equipments that have been interchanged with the supplier Solar Turbines International Co.**

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

16. Other financial statement information (Continued)

(g) Aging of assets and liabilities

	09.30.2008			
	Short-term investments	**Account receivables and other receivables (a)**	**Debt**	**Other liabilities (b)**
a) Past due until				
09.30.2007	-	30,023	114	-
12.31.2007	-	14,851	2	-
03.31.2008	-	38,158	2	-
06.30.2008	-	21,115	2	-
09.30.2008	-	32,341	1	-
b) Without due date	52,077	163,956	13,513	11
c) To be due				
12.31.2008	-	63,453	49,621	51,400
03.31.2009	-	1,935	-	1,767
06.30.2009	-	1,566	49,622	1,651
09.30.2009	-	170	-	-
09.30.2010	-	7,746	104,755	15,527
09.30.2011	-	101	110,269	-
09.30.2012	-	470	91,891	-
09.30.2013	-	-	675,136	1,355
Total at 09.30.2008	**52,077**	**375,885**	**1,094,928**	**71,711**
Balances subject to adjustment	52,077	4,680	-	-
Balances not subject to adjustment	-	371,205	1,094,928	71,711
Total at 09.30.2008	**52,077**	**375,885**	**1,094,928**	**71,711**
a) Interest bearing balances	1,345	1,418	1,081,403	675
b) Non - interest bearing balances	50,732	374,467	13,525	71,036
Total at 09.30.2008	**52,077**	**375,885**	**1,094,928**	**71,711**

(a) Excludes allowances.
(b) Excludes debt and contingencies.

Limited Review Report

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

We have reviewed the accompanying balance sheet of Transportadora de Gas del Norte S.A. ("TGN") as of September 30, 2008, and the related statements of operations, of changes in shareholders equity and of cash flows for the nine-month periods ended September 30, 2008 and 2007. These interim financial statements are the responsibility of the Company's management.

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

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

Additionally, the Public Emergency Law authorizes the Argentine Government to renegotiate the contracts and rates with the privatized companies, including gas transportation companies. Taking into account that there can be no assurance as to the outcome of these renegotiations, there is uncertainty as to the future net cash inflows sufficient to recover the net book value of non-current assets aggregating $2,321 million as well to the capacity to meet the future maturities of its financial obligations under conditions agreed upon, as mentioned in Note 10.

As explained in Note 14.b) to the accompanying financial statements, the Company is a party in a project management contract entered into for the 2006-2008 expansion works. The Company has recorded a net receivable of $ 29.5 million for its services, the collection of which within expected terms is overdue. Similarly, delays are being experienced in the execution of the works, which could in the future lead to changes in schedules and conditions agreed upon under the contract. As a result, uncertainty exists on the effects that this situation might create on the value of recorded receivables and future revenues under this management contract.

We previously audited in accordance with auditing standards generally accepted in Argentina, the balance sheet as of December 31, 2007, and the related statements of operations, of changes in shareholders equity and of cash flows for the year then ended (not presented herein), and in our report dated March 4, 2008, we expressed a qualified opinion on those financial statements related to the circumstances mentioned in the third and fourth preceding paragraphs of this report. In our opinion, the information set forth in the accompanying balance sheet as of December 31, 2007, is fairly stated in all material respects in relation to the balance sheet from which it has been derived.

Based on our review, we report that the financial statements of TGN at September 30, 2008 and 2007 detailed in paragraph 1., prepared in accordance with accepted accounting principles in Argentina, consider all significant facts and circumstances of which we are aware, and we have no observations to make on them other than those mentioned in third, fourth and fifth preceding paragraphs of this report;

As part of our examination, we have read the Summary of Activities on which, as regards those matters that are within our competence, we have no observations to make other than those mentioned in the preceding paragraphs three, four and five of this report.

Autonomous City of Buenos Aires, November 4, 2008

PRICE WATERHOUSE & CO. S.R.L.

By (Partner)

Dr. Daniel Lopez Lado