TRANSPORTADORA DE GAS DEL NORTE S.A.

Unaudited Interim Financial Statements as of and for the nine-month period ended September 30, 2009, presented in comparative form

TRANSPORTADORA DE GAS DEL NORTE S.A.
Index to the 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, 2009*

(in million of pesos)

	Nine-month periods ended 09.30.		
	2009	**2008**	**Variation $**
Net Revenues			
Gas transportation service	432.3	382.7	49.6
Receivables for disputed amounts	(52.8)	(40.2)	(12.6)
Discount as per Decrees No 292/1520/814	(1.2)	(1.3)	0.1
Subtotal gas transportation service	**378.3**	**341.2**	**37.1**
Pipeline O&M services	22.8	19.4	3.4
Management fees – Gas Trust Program	11.2	6.6	4.6
Subtotal pipeline operation and maintenance service and other services	**34.0**	**26.0**	**8.0**
Total Net Revenues	**412.3**	**367.2**	**45.1**
Cost of services			
Operating and maintenance costs	(135.3)	(100.1)	(35.2)
Fixed assets depreciation	(92.5)	(91.0)	(1.5)
Subtotal	**(227.8)**	**(191.1)**	**(36.7)**
Gross Profit	**184.5**	**176.1**	**8.4**
Administrative and selling expenses	(53.1)	(42.4)	(10.7)
Operating Income	**131.4**	**133.7**	**(2.3)**
Gain from equity investments, net	1.7	0.9	0.8
Financial and holding results, net	(208.0)	(68.3)	(139.7)
Other (expense) income, net	5.1	0.9	4.2
Net (loss) income before income tax	**(69.8)**	**67.2**	**(137.0)**
Income Tax	11.0	(35.9)	46.9
Net (loss) income for the period	**(58.8)**	**31.3**	**(90.1)**
EBITDA(2)	**234.3**	**227.6**	**6.7**

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

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

(in million of pesos)

	09.30.09	**12.31.08**
Total Assets	2,826	2,639
Total Liabilities	1,607	1,361
Shareholders' Equity	1,219	1,278

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

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

** Net Revenues*

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

(in million of pesos)

	Nine-month periods ended 09.30.			
Type of service	**2009**	**%**	**2008**	**%**
Gas transportation	378.3	91.8	341.2	92.9
Gas Pipeline O&M services	34.0	8.2	26.0	7.1
Total net Revenues	**412.3**	**100.0**	**367.2**	**100.0**

- Gas Transportation services

The net variation between both periods resulted in an increase of $ 37.1 million. The main variations are explained below:

i. an increase of $ 40.5 million as a result of the increase in the exchange rates which had an impact on the services billed in dollars;

ii. higher invoicing of interruptible services and interchange and displacement services for $ 6.8 million;

iii. new transportation services invoiced during the period for $ 5.1 million;

iv. an increase of $ 0.9 million in the export revenues due to the increase of the PPI (Producer Price Index) index applicable to the period;

v. a $ 12.6 million decrease due to the setting up of higher allowances for disputed receivables for $ 23.3 million, mainly caused by the situations of export clients described in Notes 13.e), g) and h) to the Company's interim financial statements; net of the effect of higher allowances set up in 2008 for $ 10.7 million, related to fines billed to local customers; and

vi. a $ 5.3 million decrease related to changes in an exporting agreement, according to what is mentioned in Note 1.c.v) to the Company´s interim financial statements.

- Gas pipeline operation and maintenance and works management services

The net variation between the compared periods resulted in an increase of $ 8.0 million, principally caused by:

i. a $ 4.6 million increase correspond to the income accrued during the period related to works management fees under gas Trust Programs. These incomes are recognized according to the criteria stated in Notes 3.p) and 15.b) of the Company´s interim financial statements, and

ii. a $ 3.4 million increase correspond to variations in the price of agreements in force.

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

*** Cost of services***

(in million of pesos)

	Nine-month periods ended 09.30.		
	2009	**2008**	**Variation $**
Fees for professional services	3.2	2.8	0.4
Salaries, wages and other personnel benefits and social security contributions	47.9	40.1	7.8
Fees for technical operator services	8.3	9.7	(1.4)
Foreign staff residence	2.0	1.6	0.4
Consumption of spare parts and materials	10.8	9.4	1.4
Gas imbalance	0.2	0.9	(0.7)
Maintenance and repair of fixed assets and third party services and supplies	39.0	20.7	18.3
Communications, freight and transportation, travel expenses	6.1	5.6	0.5
Insurance	4.0	4.0	-
Rentals and office supplies	1.7	1.4	0.3
Easements	8.1	4.0	4.1
Taxes, rates and contributions	0.4	-	0.4
Fixed assets depreciation	92.5	91.0	1.5
Materials and spare parts slow-moving and obsolescence	1.6	(1.2)	2.8
Others	2.0	1.1	0.9
Total	**227.8**	**191.1**	**36.7**
% of Costs of services on net revenues	**55.3%**	**52.0%**	**-**

The most significant variations between the periods ended September 30, 2009 and 2008 are presented below:

i. An increase of $ 18.3 million in repair and maintenance costs of fixed assets and third party services and supplies. This increase is explained by the following variations: $ 9.4 million correspond to planned corrective maintenance of turbocompressors and gas pipelines, $ 7.6 million correspond to costs of, inspection wells, river intersections, passage of gas pipeline corrosion detection and cathodic protection units. In addition, the costs of plant safety, environmental impact studies and line survey related to the expansions mentioned in Note 15.b) to the financial statements increased by $ 1.3 million.

ii. $ 7.8 million in salaries, wages and other personnel benefits and social security contributions as a result of pay increases granted by the Company during 2008 and 2009, corresponding to inflation adjustment.

iii. an increase of $ 4.1 million in easements to the new values set by the corresponding authorities for the respective 2009 fees; and

iv. $ 2.8 million increase corresponding to the allowance for slow-moving and obsolenscence due to materials items that are not used in the minimum quantities required for regular maintenance.

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

** Administrative and Selling expenses*

(in million of pesos)

	Nine-month periods ended 09.30.		
	2009	**2008**	**Variation $**
Salaries, wages and other personnel benefits and social security contributions	18.2	17.3	0.9
Fixed assets depreciation	1.3	1.3	-
Fees for professional services	4.2	4.1	0.1
Taxes, rates and contributions	17.3	18.3	(1.0)
Communications, freight and transportation, travel expenses	1.1	0.9	0.2
Maintenance and repair of fixed assets and third party services and supplies	1.3	1.3	-
Rentals and office supplies	1.0	0.7	0.3
Doubtful accounts	1.2	(1.8)	3.0
Contingencies	5.7	(1.9)	7.6
Fees for technical and administrative services	0.9	1.4	(0.5)
Insurances	0.3	0.2	0.1
Others	0.6	0.6	-
Total	**53.1**	**42.4**	**10.7**
% of Administrative and Selling expenses on net revenues	**12.9%**	**11.2%**	

The net variation between the two periods was an increase of $ 10.7 million. The most significant causes are presented below:

i. An increase of $ 7.6 million in Contingencies derived from the adjustment, to their current condition, of the balance of the provisions for contingencies related to claims and complaints filed against the Company net of $ 2.4 million recovery during the comparative period due to the resolution of a dispute with a Company´s customer.

ii. An increase of $ 3.0 million in Doubtful accounts despite the fact that the charge for this period is only $ 1.2 million. The remaining $ 1.8 million increase is principally due to the reversion as of September 30, 2008 of the allowances that had been registered in relation to certain customers' balances, with whom the Company finally reached a commercial agreement.

iii. An increase of $ 0.9 million in salaries, wages and other personnel benefits and social security contributions as a result of pay increases granted by the Company during 2008 and 2009, corresponding to inflation adjustment; and

iv. a decrease of $ 1.0 million in taxes, rates and contributions. This amount principally results from, $ 2.4 million for a higher control and surveillance rate accrued in favor of ENARGAS and $ 2.9 million for smaller turnover tax accrued on revenues from sales have been offset as a result of the adaptation of the turnover tax base to the litigation with certain customers.

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

*** Financial and Holding Results**

(in million of pesos)

	Nine-month periods ended 09.30.		
	2009	**2008**	**Variation $**
Interests and indexing generated by liabilities	(80.0)	(68.7)	(11.3)
Bank commissions, expenses and taxes on banking and financial operations	(7.5)	(6.3)	(1.2)
Result of repurchases of debt	-	1.1	(1.1)
Result on discounting of non-current and current liabilities	0.1	0.1	-
Subtotal financial result generated by liabilities before exchange rate differences	**(87.4)**	**(73.8)**	**(13.6)**
Interests, indexing and expenses generated by assets	6.9	1.0	5.9
Holding results generated by assets	4.4	(1.4)	5.8
Results from US$ forward operations	(3.5)	-	(3.5)
Results on discounting of non-current and current assets	(17.1)	0.7	(17.8)
Subtotal financial result generated by assets before exchange rate differences	**(9.3)**	**0.3**	**(9.6)**
Exchange rate differences:			
Generated by liabilities	(141.1)	6.9	(148.0)
Generated by assets	29.8	(1.7)	31.5
Subtotal exchange rate differences	**(111.3)**	**5.2**	**(116.5)**
Total	**(208.0)**	**(68.3)**	**(139.7)**

The net variation of $ 139.7 million of higher loss between the compared periods was principally generated by the following variations:

i. The main variation is a loss of $ 148.0 million on exchange rate differences generated by liabilities in view of the depreciation of the peso against the US dollar at September 30, 2009 compared to December 31, 2008. The exchanges rates were US$ 1 = $ 3.843 and $ 3.453, respectively, that is a variation of approximately 11%. At September 30, 2008 and December 31, 2007, exchange rates had been US$ 1 = 3.135 and $ 3.149, respectively. The most important impact is produced in relation to debt balances that amounted to US$ 371.6 million as of September 30, 2009 and US$ 351.3 million as of December 31, 2008.

ii. The asset US dollar positions produced an exchange gain of $ 31.5 million.

iii. The loss for $ 17.8 million principally from the discount at present value on non-current accounts receivables.

TRANSPORTADORA DE GAS DEL NORTE S.A.

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

** Summary of the Statement of Cash Flows*

(in million of pesos)

	Nine-month periods ended 09.30.	
	2009	2008
Net (loss) income for the period	(58.8)	31.3
Adjustments to arrive to cash net flow arising from operating activities	336.9	222.8
Subtotal	278.1	254.1
Net changes in operating assets and liabilities	(89.9)	(74.1)
Net cash flows generated by operating activities	**188.2**	**180.0**
Temporary investments granted as guarantee	(18.1)	-
Purchase of fixed assets	(33.8)	(14.5)
Net cash flows used in investing activities	**(51.9)**	**(14.5)**
Payment and repurchase of debt	-	(54.5)
Court attachments and deposits	(31.4)	-
Interest paid	-	(61.6)
Net increase in customer advances	1.0	1.3
Net cash used in financing activities	**(30.4)**	**(114.8)**
Financial and holding result generated by (used in) cash and cash equivalents	**21.8**	**(3.2)**
Net increase (decrease) in cash	**127.7**	**47.5**
Cash and cash equivalents as of beginning of the year	**153.0**	**64.1**
Cash and cash equivalents as of end of the period	**280.7**	**111.6**

(in million of pesos)

	As of 09.30.	
	2009	2008
Cash and cash equivalents		
Cash and banks	23.4	61.4
United States Treasury Bills in US$	-	30.9
Mutual funds in $ (1)	29.7	19.3
Time deposits in $	25.2	-
Time deposit in US$	135.0	-
Republic of Argentina Central Bank Notes (NOBAC´s) (2)	2.4	-
Stock exchange securities in $	65.0	-
Cash and cash equivalents as of end of the period	**280.7**	**111.6**

(1) In 2009 does not include $ 4.9 million that have been granted as guarantee and thus, have not been considered as cash equivalents.

(2) In 2009 does not include $ 11.7 million that have been granted as guarantee and thus, have not been considered as cash equivalents.

II) MAYOR EVENTS FOR FISCAL 2009 AND BUSINESS PROSPECTS

* Financial aspects

The postponement of payments of the financial debt and proposal for its restructuring

Refer to Note 10, 11 and 13.k) to the Company´s interim financial statements as of September 30, 2009.

II) MAYOR EVENTS FOR FISCAL 2009 AND BUSINESS PROSPECTS (Cont.)

* Commercial issues

The main commercial issues which impact on the future prospects of the TGN business and on which further information has been provided in the Notes to the September 30, 2009 interim financial statements of the Company are the following:

The Argentine economic context (Note 1.b)); the pending renegotiation of rates charged for TGN's regulated business (Note 1.c.iii)); the decline in revenues from carried gas for export (Note 1.c.v)); the commercial situation with the customer AES Paraná (Note 13.c)); the redirecting of the gas carrying capacity (Note 13.e)); the commercial situation with the customer Eléctrica Santiago S.A. (Note 13.g)); with the customer YPF S.A. (Note 13.h)); with the customer Metrogas Chile (Note 1.c.v)) and with the customer Compañía Eléctrica San Isidro (Note 1.c.v)).

Commercial startup of the Quintero liquid natural gas plant (Chile)

During the period, the liquefied natural gas terminal facilities situated in Bahía de Quintero, in Chile, became commercially operational. As a consequence, both Santiago and the 5th Region have access to natural gas supply with regard to the imports from Argentina. The startup of the gas plant could possibly result in conflicts in relation to the exportation contracts entered into with customers in that country which have already started to raise objections to the terms thereof in view of the export restrictions imposed by the Argentine authorities.

Notwithstanding this, the natural gas carriage contracts TGN has with Chilean customers are in full force and effect, which is independent of the natural gas available at the gas pipeline intake.

* Regulatory matters

ENARGAS Resolution I/873 dated September 30, 2009 extended for further 60 calendar days, that is until November 30, 2009, the term over which TGN shall continue to be subject to supervision and control by ENARGAS in relation to the acts of administration and disposition that could affect the normal public gas carriage utility service provided by the Company.

III) COMPARATIVE BALANCE SHEET STRUCTURE AT SEPTEMBER 30, 2009, 2008, 2007, 2006 and 2005

(in million of pesos)

	As of 09.30.				
	2009	**2008**	**2007**	**2006**	**2005**
Current Assets	434	238	214	222	483
Non-current Assets	2,392	2,345	2,432	2,482	2,497
Total	**2,826**	**2,583**	**2,646**	**2,704**	**2,980**
Current Liabilities	1,549	199	209	215	1,366
Non-current Liabilities	58	1,041	1,135	1,234	725
Subtotal	**1,607**	**1,240**	**1,344**	**1,449**	**2,091**
Shareholders' Equity	1,219	1,343	1,302	1,255	889
Total	**2,826**	**2,583**	**2,646**	**2,704**	**2,980**

TRANSPORTADORA DE GAS DEL NORTE S.A.

IV) COMPARATIVE STRUCTURE OF RESULTS FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2009, 2008, 2007, 2006 and 2005

(in million of pesos)

	Nine-month periods ended 09.30.				
	2009	**2008**	**2007**	**2006**	**2005**
Ordinary operating income	131.4	133.7	165.6	150.5	118.0
Financial and holding results, net	(208.0)	(68.3)	(110.3)	(194.5)	(104.8)
Gain from equity investments, net	1.7	0.9	1.7	0.7	0.5
Gain on debt restructuring	-	-	-	245.1	3.8
Other income (expenses), net	5.1	0.9	1.8	(0.2)	(3.9)
Income before income tax	(69.8)	67.2	58.8	201.6	13.6
Income Tax charge	11.0	(35.9)	(34.6)	(9.3)	(21.7)
Net (loss) income for the period	**(58.8)**	**31.3**	**24.2**	**192.3**	**(8.1)**

V) COMPARATIVE STATISTICAL DATA CORRESPONDING TO THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2009, 2008, 2007, 2006 and 2005

Volume dispatched in million of cubic meters:

According to the type of carrying agreement

	Nine-month periods ended 09.30.				
	2009	**2008**	**2007**	**2006**	**2005**
Firm transportation	10,227	10,851	11,389	12,318	12,356
Interruptible transportation and exchange and shifting	3,376	2,667	2,497	1,916	1,385
Total	**13,603**	**13,518**	**13,886**	**14,234**	**13,741**

According to the type of source

	Nine-month periods ended 09.30.				
	2009	**2008**	**2007**	**2006**	**2005**
Norte Gas pipeline	5,635	5,371	5,662	5,496	5,018
Centro-Oeste Gas pipeline	7,968	8,147	8,224	8,738	8,723
Total	**13,603**	**13,518**	**13,886**	**14,234**	**13,741**

VI) COMPARATIVE INDICATORS AT SEPTEMBER 30, 2009, 2008, 2007, 2006 and 2005

	Nine-month periods ended 09.30.				
	2009	**2008**	**2007**	**2006**	**2005**
Current liquidity (1)	0.28	1.19	1.02	1.03	0.35
Solvency (2)	0.76	1.08	0.97	0.87	0.42
Freezing Capital (3)	0.85	0.91	0.92	0.92	0.84

(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 05, 2009

The Board of Directors
Eduardo Ojea Quintana

TRANSPORTADORA DE GAS DEL NORTE S.A.

Balance Sheets as of September 30, 2009
compared with the year ended on December 2008
(in thousands of Argentine Pesos, except per share amounts)

		September 30, 2009		December 31, 2008
ASSETS				
Current Assets				
Cash and banks	$	23,384	$	135,575
Short-term investments (Note 18.(c))		276,315		18,405
Accounts receivables, net (Note 4.a))		53,423		55,695
Other receivables, net (Note 4.b))		68,962		23,237
Materials and spare parts, net (Note 4.c))		12,176		12,176
Total Current Assets		434,260		245,088
Non-current Assets				
Accounts receivables, net (Note 4.a))		75,666		36,202
Other receivables, net (Note 4.b))		198,573		184,228
Materials and spare parts, net (Note 4.c))		33,793		33,289
Fixed Assets, net (Note 18.(a))		2,055,131		2,115,686
Investments (Note 18.(b))		3,181		1,467
Other assets		25,450		23,291
Total Non–Current Assets		2,391,794		2,394,163
Total Assets		**2,826,054**		**2,639,251**
LIABILITIES AND SHAREHOLDERS´ EQUITY				
Current Liabilities				
Accounts payable (Note 4.d))		32,492		26,388
Debt (Note 10)		1,428,142		1,212,965
Salaries and social security payable		25,132		20,054
Taxes payable (Note 4.e))		23,338		10,839
Customer advances		1,494		503
Others (Note 4.f))		5,249		6,077
Subtotal		1,515,847		1,276,826
Contingencies (Note 13 and 18.(d))		33,288		32,008
Total Current Liabilities		1,549,135		1,308,834
Non–Current Liabilities				
Accounts payable (Note 4.d))		-		1,492
Others (Note 4.f))		19,809		16,858
Subtotal		19,809		18,350
Contingencies (Note 13 and 18.(d))		37,661		33,839
Total Non–Current Liabilities		57,470		52,189
Total Liabilities		1,606,605		**1,361,023**
Shareholders´ Equity		**1,219,449**		**1,278,228**
Total Liabilities and Shareholders´ Equity	$	**2,826,054**	$	**2,639,251**

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, 2009 and 2008
(in thousands of Argentine Pesos, except per share amounts)

	September 30, 2009	September 30, 2008
Net revenues (Note 4.g))	$ 412,279	$ 367,236
Cost of services (Note 18.f))	(227,818)	(191,117)
Gross Profit	**184,461**	**176,119**
Selling expenses (Note 18.f))	(11,332)	(11,678)
Administrative expenses (Note 18.f))	(41,756)	(30,717)
Operating income	**131,373**	**133,724**
Gain from equity investments, net	1,714	913
Financial and holding results, net		
Generated by assets:		
Interest and indexing	7,534	1,390
Exchange rate differences	29,768	(1,640)
Others (Note 4.h))	(16,804)	(1,098)
Subtotal	20,498	(1,348)
Generated by liabilities:		
Interest and indexing	(80,042)	(68,729)
Exchange rate differences	(141,128)	6,993
Others (Note 4.h))	(7,356)	(5,182)
Subtotal	(228,526)	(66,918)
Other incomes, net (Note 4.i))	5,182	910
Net (loss) income before income tax	**(69,759)**	**67,281**
Income tax charge (Note 7)	10,980	(35,950)
Net (loss) income for the period	**$ (58,779)**	**$ 31,331**
(Loss) income per share in pesos (Note 6)	**(0.1338)**	**0.0713**

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, 2009 and 2008
(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, 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**
Complementary loss for the three-month period up to December 31, 2008	-	-	-	-	-	(64,865)	(64,865)
Balances as of December 31, 2008	**439,374**	**506,053**	**945,427**	**57,216**	**309,119**	**(33,534)**	**1,278,228**
Resolution adopted by the Ordinary Meeting of Shareholders held on April 28, 2009:							
Partial absorption of the voluntary reserve for future dividend distributions	-	-	-	-	(33,534)	33,534	-
Net loss for the period	-	-	-	-	-	(58,779)	(58,779)
Balances as of September 30, 2009	**439,374**	**506,053**	**945,427**	**57,216**	**275,585**	**(58,779)**	**1,219,449**

The accompanying notes are an integral part of these financial statements

TRANSPORTADORA DE GAS DEL NORTE S.A.

Statements of Cash Flows for the periods ended September 30, 2009 and 2008

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

	September 30, 2009	September 30, 2008
Cash and cash equivalents as of beginning of the year.	$ 152,961	$ 64,131
Cash and cash equivalents as of end of the period (Note 4.j))	280,642	111,641
Net increase in cash	**127,681**	**47,510**
Cash flows from operating activities		
Net (loss) income of the period	(58,779)	31,331
Adjustments to arrive to cash net flow arising from operating activities:		
Income tax	(10,980)	35,950
Depreciation of fixed assets	93,830	92,251
Net book value of fixed assets written off	540	978
Increase in allowances and provisions, net	65,333	34,337
Financial and holding results generated by liabilities	80,042	68,729
Exchange rate differences and other financial results, net	109,867	(8,590)
Gain on equity investments	(1,714)	(913)
Net changes in assets and liabilities:		
Increase in accounts receivable	(72,181)	(57,154)
(Increase) decrease in other receivables	(18,084)	15,357
Increase in materials and spare parts and other assets	(777)	(2,320)
Increase (decrease) in accounts payable	4,612	(5,924)
Increase in salaries and social security payable	5,078	7,965
Increase (decrease) in taxes payable	12,499	(29,560)
Increase in other payables	2,123	268
Decrease in contingencies	(23,193)	(2,714)
Net cash flows generated by operating activities	**188,216**	**179,991**
Cash flows from investing activities		
Short-term investments granted as guarantee	(18,066)	-
Purchase of fixed assets	(33,815)	(14,490)
Net cash used in investing activities	**(51,881)**	**(14,490)**
Cash flows from financing activities		
Payment and repurchase of debt	-	(54,511)
Court attachments and deposits (Note 18.e))	(31,411)	-
Debt interests paid	-	(61,605)
Increase in customer advances	991	1,317
Net cash used in financing activities	**(30,420)**	**(114,799)**
Financial and holding results generated by (used in) cash and cash equivalents		
Interests, exchange rate differences and other financial results	21,766	(3,192)
Total financial and holding results generated by (used in) cash	**21,766**	**(3,192)**
Net increase in cash and cash equivalents	**$ 127,681**	**$ 47,510**

The accompanying notes are an integral part of these financial statements

Notes to the Unaudited Interim Financial Statements as of and for the nine-month period ended September 30, 2009 presented in comparative form
(In thousands of Argentine Pesos, except per share amounts)

1. Situation of the Company and regulatory framework

(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) The Public Emergency Law ("LEP") 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. At the date of issuance of these financial statements, and considering the transitory agreement mentioned in section c.iii) of this Note, no substantial progress has been made regarding rates renegotiation.

Note 1.c) details several issues relating to the rates, the License and the implications of the amendments introduced by 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.

TGN considers that these government measures have produced negative results regarding its transportation agreements.

In this way, several contractual disputes with significant impacts regarding export customers presented below in Note 1.c.v) and Note 13.e), g) and h) have been generated by the described situations.

(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, 2009 no effects have been produced on the revenues from sales recognized by TGN.

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

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

(iv) As indicated in Note 1.c.vi) and in Note 10, on December 22, 2008 the Board of Directors of the Company decided to postpone the payment of the principal and interest installments on the Negotiable Obligations that fell due in December 2008 and 2009 maturities. Furthermore, on December 29, 2008, through Resolution I/587 the ENARGAS established an intervention in TGN for 120 days, as well as a comprehensive audit in charge of the intervener. Upon expiration of such term, the intervention was repeatedly extended by ENARGAS resolutions but with a much restricted scope, as explained in Note 1.c)vi). The intervention of this agency is currently in force until late November 2009.

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

The impact generated by all the measures adopted so far by the National Government on the balance sheet and financial position of the Company as of September 30, 2009 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

c.i) General

The Law on Gas and its regulations, together with the License, the Transfer Agreement, the Bidding Terms and Conditions for the privatization of GdE and the resolutions adopted by the 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.

c.ii) 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;

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

(c) Regulatory framework (Continued)

c.ii) Regulation of transportation rates (Continued)

(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), the LEP 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.

c.iii) License

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

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

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

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

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 domestic activity of TGN in force at August 31, 2008.

The proposal has been approved by the Board of Directors of TGN and the Temporary Agreement has been subscribed by TGN on October 7, 2008, ad referendum of the Extraordinary Shareholders’ Meeting, which ratified the subscription on December 4, 2008.

The Temporary Agreement establishes that TGN will assign the rights of the resulting incremental revenue to a specific fund that will be set up as a trust for

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

(c) Regulatory framework (Continued)

c.iii) License (Continued)

the payment of works and/or tasks detailed in a document attached to the Temporary Agreement.

The Temporary Agreement assumed that at December 31, 2008, Law 25,561 would no longer be effective, which did not occur since the that law will actually be in force until December 31, 2009. Consequently, by that date the parties should had agreed on the methodology, term and time of the execution of an Overall Contractual Renegotiation Minute. Otherwise, the Executive Branch, if it deems it convenient, would rule on the enforcement of the Temporary Agreement and, in turn, UNIREN would make the necessary recommendations to the Executive Branch pursuant to section 1 subsection e) of Decree No. 311/03 and section 11 of the Joint Resolution No. 188/03 and No. 44/03 of the Ministries of Economy and Planning.

In spite of what has been previously mentioned and according to causes unknown by TGN, the Temporary Agreement has no been ratified by the Executive Branch yet and consequently, it has not been in force. However, the project has been executed by TGN, according to its cost. As of September 30, 2009 the Temporary Agreement proposal have not produced any economic effect.

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

c.iv) Technical assistance agreement

Within its regulatory framework, TGN receives auditing assistance and technical assistance from its shareholders and their related companies. Such assistance covers issues relating to system performance, security, environment, preventive maintenance, in-house procedures, training, information technology systems and compliance with certain international standards governing the gas 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. During the current period, the corresponding portion of the US$ 3,000,000 minimum compensation has been accrued.

Certain restrictions and limitations regarding the payment of the mentioned compensation are described in Note 10.

In consideration of the decision to postpone the due dates of TGN financial debt adopted on December 22, 2008, the Board of Directors resolved to temporarily suspend effective December 31, 2008 the payments of fees envisaged in the Contract for Technical Assistance and Assistance to the Audit Area.

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

At the end of fiscal year 2008, approximately 50% of TGN revenues (in pesos) derived from contracts for the carriage of natural gas to Chile, Brazil and Uruguay, at US dollar-denominated rates PPI-adjusted semiannually.

Effective February 2004, the Argentine government adopted a series of measures which still apply, to ensure a natural gas supply sufficient to satisfy domestic demand. These measures, which involve restrictions on exports of gas, have increasingly limited the sales of gas abroad. Consequently, the use of the firm carriage capacity hired by loaders for export has gradually decreased.

Since the first months of 2009, 10% of that carriage capacity was used on average. As a result, all exporting loaders stated that they were experiencing

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

(c) Regulatory framework (Continued)

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

difficulty in continuing to pay the fixed cost of reservation of gas carriage capacity.

In that context, there are loaders that ceased to pay the rate in whole or in part (such as Eléctrica Santiago S.A. or "ESSA" and YPF S.A. or "YPF", respectively), paid under protest (Gasoducto Norandino S.A. and Colbun S.A.) initiated legal action to obtain the rescission without negligence of the carriage contracts in effect (such as Eléctrica Santiago S.A.), have unilaterally rescinded the agreement (Metrogás Chile) or announced their intention of correcting agreement´s conditions (Compañía Eléctrica San Isidro S.A.).

Without prejudice to these loaders' contractual obligation to pay for the reservation of firm carriage capacity until expiration of the contract, the behaviors exhibited, in addition to the decline in exportable balances of natural gas, generate uncertainty as to the future collectibility of export customer balances.

ESSA and YPF carry outstanding balances of $ 65.9 million and $ 171.0 million, respectively, as of September 30, 2009, so the Company has set up an allowance for $ 118.4 million to cover the uncollectible amounts due for the carriage service. In terms of annual revenues (in pesos) these clients represents the 22% of the transportation revenues of the Company.

Ongoing legal disputes with Company´s customers are described in Note 13.g) and h).

Compromise and settlement with Compañía Eléctrica San Isidro S.A.

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

The Contract had been entered into in October 1995 for a term of 25 years, expiring in October 2023, for a volume of up to 1,684,000 MMm3/day.

In essence, the Compromise and Settlement (which is subject to the approval of the Board of Directors of CESI) sets forth as follows: (i) the Contract shall expire on December 31, 2013; (ii) initially, the hired capacity shall be reduced to 600,000 m3/d, and from April 30, 2011 to the termination of the Contract, the firm capacity shall be restored at 1,684,000 m3/d, but CESI shall have the option to reduce it up to a floor of 10,000 m3/d per annum; and (iii) CESI shall pay TGN a variable compensation amount, according to effectively used transport capacity, in 54 monthly consecutive installments until January 2014. Adding together the compensation and gas carriage, TGN ensures monthly PPI-adjusted revenues of US$ 0.9 million until that date.

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

Dispute with Metrogás (Chile)

On April 21, 2009, TGN was notified of a declarative action filed by Metrogás S.A. ("Metrogás Chile"), the Chilean gas distributor, seeking the judicial declaration of inapplicability of the US dollar denominated rate envisaged in its carriage contract, if the gas is not actually carried.

In September 2009 Metrogás Chile communicated its unilateral decision to rescind its firm gas carrying contract with TGN, and claimed damages for approximately US$ 202 million from TGN, stating that it had suffered harm

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

(c) Regulatory framework (Continued)

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

Dispute with Metrogás (Chile) (Continued)

occasioned by alleged noncompliance by TGN when the latter ceased to deliver gas which, according to Metrogás Chile, had apparently been confirmed and injected into the intake by its producers / suppliers. Additionally, the Chilean distributor saved his right to claim a US$ 20 million payment regarding the lack of gas volumes previously mentioned.

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

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

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

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

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

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

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

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

TGN considered that Resolution I/587 was partly illegal on the grounds that the ENARGAS does not have powers to designate an intervener/co-administrator of the licensee companies regulated and controlled by it and subject to Law N° 24,076. TGN also considers that Resolution I/587 is unfounded inasmuch as the decision to postpone the payment of financial obligations does not pose a risk to the provision of the public utility service by the Company. For those reasons, TGN filed a direct appeal against the said resolution with the Federal Court of Appeals on administrative litigation, and requested interim relief from that judicial authority. In this regard, on March 26, 2009 TGN was served notice of the ruling issued by Panel I of that Appellate Court, which resolved: (i) to stay the effects of ENARGAS Resolution I/587 which had established an intervention in TGN and

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

(c) Regulatory framework (Continued)

c.vi) Debt payments postponement and intervention established by the ENARGAS (Continued)

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

By Resolution I/732 of April 28, 2009, the ENARGAS extended for further 90 days the term over which TGN continued to be subject only to surveillance and control of the usual acts of administration and disposition that may affect the normal provision of the gas carriage public utility service under its charge. This period expired on July 27, 2009 and was extended by Resolution I/811 and I/873 dated July 28, 2009 and September 30, 2009, respectively for a 60-day additional period in both occasions with Resolution I/732 ´s mentioned scope.

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, 2009 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 preparation and presentation

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

Furthermore, the provisions of ENARGAS Resolution No. 1,660/00 (as amended by Resolution No. 1,903/00) regulating certain valuation and disclosure criteria for the regulated natural gas 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, 2009 and 2008. The Company´s Board of Directors 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, 2009 and 2008 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, according to accounting standards. From January 1, 2002 to March 1, 2003 the effects of inflation were recognized due to the existence of an inflationary period. As from that date, restatement of financial statements was discontinued again. The criterion required by the CNV differs from that previously required by professional

2. Preparation of financial statements (Continued)

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

accounting standards in force, under which financial statements were to be restated until September 30, 2003. Nevertheless, at September 30, 2009 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, issued by Instituto Nacional de Estadísticas y Censos.

(d) Use of estimates

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

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

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

(e) Comparative Information

The figures at September 30, 2008 and December 31, 2008 that are disclosed in these financial statements for comparative purposes arise from financial statements at these dates.

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 as of September 30, 2008 and December 31, 2008.

(a) Cash and banks

Cash and banks are stated at nominal value.

(b) Foreign currency assets and liabilities

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

(c) Short-term investments

Short-term investments in mutual funds have been valued at the prices of units at the end of each period. Government securities and Stock Exchange securities have been valued at estimated net realizable value. Time deposits and US Treasury Bills have been valued considering nominal invested capital plus accrued interests up to the end of the period / year.

3. Summary of significant accounting policies (Continued)

(d) Accounts receivables, net and Accounts payable

Non-current trade receivables have been valued on the basis of the best estimate of the amount to be collected, discounted at a discount rate to reflect the time value of money and the specific risks associated with the transaction estimated at the time of its addition to assets and considering the estimated collection term.

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

(e) Other receivables, net and other liabilities

Other non-current receivables, have been valued on the basis of the best estimate of the sum to be used, discounted at a rate reflecting the time value of money and the specific risks 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 period / year end, where applicable. The values thus obtained do not differ significantly from those that would have been obtained if they have been valued based on the best estimate of the amount receivable and payable, respectively, discounted at a rate reflecting the time value of money and the specific risks attaching to the transaction estimated at the date of their addition to assets and liabilities.

(f) Investments

The investments in the foreign related companies Comgás Andina S.A. (“COMGAS”) and Companhia Operadora de Rio Grande do Sul (“COPERG”) have been valued according to the equity method of accounting, on the basis of the financial statements of those companies as of September 30, 2009 and December 31, 2008 (Note 18.(b)).

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

The Company 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.

3. Summary of significant accounting policies (Continued)

(h) Fixed assets, net

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

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

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

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

Furthermore, from 2005 to September 30, 2009 a pipeline recoating campaign was carried out over a length of 191.4 km. In accordance with ENARGAS Resolutions Nos. 1,660/00 and 1,903/00, $ 64.4 million were capitalized, becoming part of the Company's Essential Fixed Assets and, consequently, of its Tariff Base.

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

(i) Other assets-Gas stored

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

(j) Debt

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

In view of the circumstances described in Note 10, at September 30, 2009 and December 31, 2008 loans have been stated at nominal value of principal, interests and penalties accrued calculated at the contractual rates.

(k) Income tax

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

For purposes of determining the deferred 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.

3. Summary of significant accounting policies (Continued)

(l) Minimum presumed income tax (MPIT)

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

The Company has recognized the notional minimum income tax accrued during the period ended September 30, 2009 and the tax paid in previous years as a credit, due to the fact that it estimates that in future fiscal years it may be able to record it as a payment on account of income tax. The aforementioned credit has been recorded at its nominal value.

(m) Allowances and provisions

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

- Allowance for disputed amounts (charged to Net Revenues): set up on the basis of an individual analysis of the recoverability of the receivables portfolio.

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

- Provision for contingencies (charged to Administrative Expenses and Selling Expenses, according to their nature): set up to cover possible payments claimed from the Company under lawsuits to which it is a defendant.

(n) Shareholders' equity accounts

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

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

(o) Profit and loss accounts

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

(p) Revenue recognition

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

3. Summary of significant accounting policies (Continued)

(p) Revenue recognition (Continued)

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

The Company records an allowance for differences between the total amount invoiced and the estimate of the recoverability of certain balances in contractual and regulatory dispute, such as the cases described in Note 13.f), h), i) and Note 1.c.v) to these financial statements (redirection of gas), fines and index-adjustments. These allowances are 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 15.b)) have been recognized on the basis of the expenses incurred by the Company.

(q) Balances and transactions with related parties

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

As for the information presented in Note 5, foreign related parties´ shareholders (see Note 3.f)), 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 still in force. Restrictions on operations with related parties are described in Note 10.

r) Derivative instruments

The Company has conducted in the period certain transactions with derivative products to reduce the risks of the peso/US dollar exchange rate fluctuations. These derivative products have been stated at period-end market value and the loss from these transactions amounts to $ 3.5 million, which has been charged to financial and holding results for the period. The contracts in force until September 30, 2009 to protect against exposure to those fluctuations in the peso/US dollar exchange rate correspond to purchase transactions for US$ 35.5 million.

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

4. Breakdown of the main accounts

		September 30, 2009		December 31, 2008
a) Accounts receivable, net				
Current				
Gas transportation services				
Billed				
Distributors	$	17,724	$	15,771
Industrial		10,999		34,515
Generators		9,232		8,567
Unbilled		29,553		35,614
Subtotal		67,508		94,467
Other services				
Billed		3,137		654
Unbilled		2,325		1,600
Subtotal		5,462		2,254
Allowance for doubtful accounts (Note 18.(d))		(8,462)		(8,778)
Allowance for disputed amounts (Note 18.(d))		(11,085)		(32,248)
Total	**$**	**53,423**	**$**	**55,695**
Non Current				
Gas transportation services				
Billed				
Industrial	$	133,920	$	64,452
Generators		51,596		24,811
Unbilled		8,569		8,890
Subtotal		194,085		98,153
Allowance for disputed amounts (Note 18.(d))		(118,419)		(61,951)
Total	**$**	**75,666**	**$**	**36,202**
b) Other receivables, net				
Current				
Gas transportation services				
Court attachments and deposits	$	32,118	$	-
VAT, net		-		313
Tax credits – withholdings and perceptions		4,170		2,015
Income tax prepayments		3,477		-
Minimum presumed income tax		59		-
Directors' and management fees (Note 5)		1,330		1,759
Prepaid expenses		3,413		5,225
Fees and expenses – debt restructuring		10,794		-
Receivables from transactions on behalf of third parties and sundry		6,130		5,007
Subtotal		61,491		14,319
Other services				
Management fees – Gas Trust Program (Note 15.a))	$	149	$	1,338
Receivable with controlling shareholder (Note 5)		8		8
Foreign related parties (Note 5)		402		613
Other related parties (Note 5)		280		230
Receivables from transactions on behalf of third parties		2,487		2,962
Advances to employees		1,090		1,193
Receivables from sundry sales		4,184		3,460
Subtotal		8,600		9,804
Allowance for doubtful accounts (Note 18.(d))		(1,129)		(886)
Total	**$**	**68,962**	**$**	**23,237**

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

4. Breakdown of the main accounts (Continued)

		September 30, 2009		December 31, 2008
b) Other receivables, net – Non Current				
Gas transportation services				
Deferred tax asset, net (Note 7)	$	85,189	$	74,209
Minimum presumed income tax (Note 7)		104,102		92,638
Gross revenue tax withholdings		113		113
Deposit in escrow and disputed tax payments		10,831		7,316
Guarantee deposits		627		529
Allowance for deposit in escrow and disputed tax payments (Note 18.(d))		(7,478)		(7,316)
Subtotal		193,384		167,489
Other services				
Management contract fees relating to gas trust programs (Note 15.b))		4,740		15,878
Sundry		449		861
Subtotal		5,189		16,739
Total	**$**	**198,573**	**$**	**184,228**
c) Materials and spare parts, net				
Current				
Materials and spare parts	$	12,176	$	12,176
Total		**12,176**		**12,176**
Non-current				
Materials and spare parts		103,300		101,152
Allowance for slow-moving and obsolescence (Note 18.(d))		(69,507)		(67,863)
Total	**$**	**33,793**	**$**	**33,289**
d) Accounts payable				
Gas transportation services				
Current				
Suppliers	$	1,263	$	2,930
Foreign related parties (Note 5)		-		21
Importation of natural gas administration trust (Note 16)		36		-
Others related parties (Note 5)		13,487		3,151
Unbilled services		17,706		20,286
Total		**32,492**		**26,388**
Non-Current				
Others related parties (Note 5)		-		1,492
Total	**$**	**-**	**$**	**1,492**
e) Taxes payable				
VAT, net	$	2,540	$	-
Turnover tax		-		312
Minimum presumed income tax		12,582		6,267
VAT withholdings and perceptions		904		1,344
Income tax withholdings		7,041		2,622
Gross revenue tax withholdings and perceptions		271		294
Total	**$**	**23,338**	**$**	**10,839**
f) Others				
Current				
Easements	$	3,613	$	3,900
Directors’ and management fees (Note 5)		1,469		2,012
Customer´s warrants and others		167		165
Total		**5,249**		**6,077**
Non-current				
Easements		19,809		16,858
Total	**$**	**19,809**	**$**	**16,858**

TRANSPORTADORA DE GAS DEL NORTE S.A.

Notes to the Unaudited Interim Financial Statements as of and for the nine-month period ended September 30, 2009 presented in comparative form
(In thousands of Argentine Pesos, except per share amounts)

4. Breakdown of the main accounts (Continued)

		September 30, 2009		September 30, 2008
g) Net revenues				
Gas transportation services				
Gas transportation services	$	432,275	$	382,706
Discounts as per Decrees No. 292/95, 1520/98, 814/01 (Note 3.(p))		(1,203)		(1,273)
Allowance for disputed amounts (Note 3.(p))		(52,756)		(40,172)
Subtotal...		378,316		341,261
Other services				
Pipeline O&M services..............................		22,756		19,359
Management fees – Gas Trust Program (Note 15).......		11,207		6,616
Subtotal		33,963		25,975
Total	**$**	**412,279**	**$**	**367,236**
h) Financial and holding results, net:				
Generated by assets:				
Bank commissions and expenses	$	(592)	$	(396)
Holding results		4,355		(1,436)
Results from US$ forward operations (Note 3.(r))		(3,518)		-
Loss on discounting of non-current and current assets		(17,049)		734
Total	**$**	**(16,804)**	**$**	**(1,098)**
Generated by liabilities:				
Bank commissions, expenses and taxes on banking and financial operations		(7,496)		(6,348)
Result of repurchases of debts		-		1,079
Loss on discounting of non-current and current liabilities		13		38
Discounts		127		49
Total	**$**	**(7,356)**	**$**	**(5,182)**
i) Other income, net				
Result of disposal of fixed assets	$	219	$	(631)
Net income from sundry sales and others		4,244		(11)
Net income from service projects sales		716		1,360
Recovery of contingencies		3		193
Donations		-		(1)
Total	**$**	**5,182**	**$**	**910**
j) Cash and cash equivalents:				
Cash and banks	$	23,384	$	61,356
Mutual funds in $ (1)		29,676		19,335
Time deposits in $		25,176		-
US Treasury Bills		-		30,950
Time deposit in US$		135,022		-
Republic of Argentina Central Bank Notes (NOBAC´s) (2)		2,375		-
Stock exchange securities in $		65,009		-
Cash and cash equivalents as shown in the statements of Cash flows	**$**	**280,642**	**$**	**111,641**

(1) In 2009 does not include $ 4.9 million that have been granted as guarantee and thus, have not been considered as cash equivalents.
(2) In 2009 does not include $ 11.7 million that have been granted as guarantee and thus, have not been considered as cash equivalents.

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

5. Balances and transactions with related parties

Balances with related parties

		September 30, 2009		December 31, 2008
Accounts receivable:				
Other related parties	$	2,892	$	581
Other receivables:				
Current:				
Receivable with controlling shareholder (Note 4.b)) ..		8		8
Foreign related parties (Note 4.b))		402		613
Other related parties (Note 4.b))		280		230
Directors' and management fees (Note 4.b))		1,330		1,759
Accounts payable:				
Current:				
Foreign related parties (Note 4.d))		-		21
Other related parties (Note 4.d))		13,487		3,151
Non-Current:				
Other related parties (Note 4.d))		-		1,492
Others:				
Directors' and management fees (Note 4.f))		1,469		2,012

Transactions with related parties

		September 30, 2009		September 30, 2008
Controlling shareholder:				
Other income	$	19	$	19
Foreign related parties:				
Net revenues		43		76
Cost of services		(16)		(25)
Other incomes, net		2		-
Other related parties:				
Net revenues		2,340		2,025
Cost of services		(10,342)		(11,289)
Full expenses by third party account		111		134
Directors' and management fees:				
Fees for Directory and the Committee of Syndics (Note 18.(f))		(855)		(1,432)
Professional fees		-		(469)
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 periods ended September 30, 2009 and 2008, by the weighed average of outstanding ordinary shares, which made a total of 439,373,939 shares at those dates.

At September 30, 2009 and 2008 there are no debt securities convertible into shares, so no diluted earnings per share have been disclosed.

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

7. Income tax and MPIT

A breakdown of the Company's deferred tax assets and liabilities as of September 30, 2009 and December 31, 2008 are presented below:

		September 30, 2009		December 31, 2008
Deferred tax assets and liabilities:				
Accounts receivable	$	27,858	$	43,929
Other receivables		11,694		9,935
Fixed assets		(21,100)		(21,617)
Materials and spare parts		24,327		23,752
Other assets		(7,255)		(6,500)
Accounts payable and other payables		4,885		1,401
Debt and expenses related to debt restructuring		3,208		5,213
Contingencies		19,938		18,096
Tax loss carryforward		21,634		-
Net deferred tax asset	**$**	**85,189**	**$**	**74,209**

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

Had there been recognized the inflation adjustment as a temporary difference, the deferred liability would have increased by approximately $ 341.5 million, and its reversal would have taken place in a total approximate term of 18 years, according to the following annual detail:

Year	**Inflation adjustment that would be reversed**	**Effect on the income tax charge**
	Million $ (projected figures – not audited)	
2009 (4th quarter)	13.1	4.6
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	**975.6**	**341.5**

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

7. Income tax and MPIT (Continued)

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

		September, 30 2009		September 30, 2008
Net (loss) income before income tax	$	(69,759)	$	67,281
Income tax rate		35%		35%
Income tax charge at statutory tax rate		24,416		(23,548)
Permanent differences:				
Inflation adjustment		(13,745)		(13,906)
Gain from equity investments, net		600		320
Others		(291)		1,184
Income tax charge	**$**	**10,980**	**$**	**(35,950)**
Current income tax charge		-		(28,158)
Deferred income tax charge		10,980		(7,792)
Income tax charge	**$**	**10,980**	**$**	**(35,950)**

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:

	09.30.09	09.30.08
Recorded income tax	**10,980**	**(35,950)**
Temporary differences:		
Variation in valuation for doubtful accounts	14,312	(14,401)
Variation in valuation of fixed assets	(517)	(373)
Variation of the provision for contingencies	(1,842)	1,611
Variation of debt and expenses relating to debt restructuring	2,005	268
Variation of the provision for inventories	(575)	423
Variation of tax loss carryforwards	(21,634)	19,851
Other net temporary differences	(2,729)	413
Total tax assessed for fiscal purposes (estimated)	**-**	**(28,158)**

As of September 30, 2009 income tax calculation results in an estimated tax loss carryforward of $ 61.8 million. There was no tax loss carryfowards balances recorded as of December 31, 2008 pending to be used.

On the other hand, below is a detail of the breakdown of the credit for the minimum presumed income tax accumulated at September 30, 2009:

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	6,797	2018
2009 (estimated)	12,800	2019
Balance at the closing of the period (Note 4.b))	**104,102**	

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.

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

8. Segment information

The following table shows additional information about the income statements at September 30, 2009 and 2008 and the main balance sheet captions of the Company at September 30, 2009 and December 31, 2008 segregated by business segment:

For the nine-month period ended September 30, 2009	Gas transportation services		**Others**	**Total**
	Domestic	**Exports**		
Net revenues .... $	207,865	170,451	33,963	412,279
Cost of services, administrative and selling expenses (before depreciation)	(141,988)	(28,384)	(16,704)	(187,076)
Depreciation	(79,474)	(14,300)	(56)	(93,830)
Other income, net	4,390	789	3	5,182
Gain from equity investments, net	-	-	1,714	1,714
Financial and holding results, net	(176,200)	(31,704)	(124)	(208,028)
Income tax	29,182	(15,244)	(2,958)	10,980
Net income for the period .... $	**(156,225)**	**81,608**	**15,838**	**(58,779)**

As of September 30, 2009	Gas transportation services		**Others**	**Total**
	Domestic	**Exports**		
Fixed assets, net.......................... $	1,740,696	313,202	1,233	2,055,131
Accounts receivable, net....................	33,316	90,372	5,401	129,089
Debt..	1,209,636	217,649	857	1,428,142
Other net assets............................	392,475	70,618	278	463,371
Shareholders' equity........................	956,851	256,543	6,055	1,219,449
Purchase of fixed assets....................	28,642	5,153	20	33,815

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)	(106,891)	(21,318)	(13,052)	(141,261)
Depreciation	(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 December 31, 2008	Gas transportation services		**Others**	**Total**
	Domestic	**Exports**		
Fixed assets, net .... $	1,791,986	322,431	1,269	2,115,686
Accounts receivable, net	39,520	50,123	2,254	91,897
Debt	1,027,381	184,856	728	1,212,965
Other net assets	240,218	43,222	170	283,610
Shareholders' equity	1,044,343	230,920	2,965	1,278,228
Purchase of fixed assets	38,581	6,942	27	45,550

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

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

9. Restricted assets

Certain restrictions with respect to Essential Assets

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

(ii) The Company has granted short-term investments for $ 18.1 million as guarantee of certain derivative instruments arranged during the period in order to shorten Argentine peso – US dollar exchange rate fluctuations (Note 3.r) and Note 18.(c)).

(iii) 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.

(iv) As a result of the postponement of the payments of its financial debt (Note 10), at the date of issuance of these financial statements 22 executory proceedings and 4 notified petitions for bankruptcy are pending against TGN before the commercial courts, under which there are funds subject to court attachments for approximately US$ 8.3 million at the balance sheet date.

On October 26, 2009 the First Instance Court in Commercial Matters No. 2, Office No. 4, ordered that legal notices be published as prescribed by section 74 of the Bankruptcy and Insolvency Law for the stay of all pecuniary actions filed against TGN, with the exceptions of the actions established by section 21 of the law mentioned before.

10. Debt

The Negotiable Obligations issued by the Company, in force as of September 30, 2009, 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

10. Debt (Continued)

be used first in proportion to the reduction of unpaid installments of the Series A negotiable obligations until their exhaustion and, upon redemption of the latter, to redeem Series B negotiable obligations.

Such *excess cash* is calculated semi-annually on the basis of the cash flow for the period and the computation of the cash balance at the end of the period.

This cash shall be allocated to the redemption in advance or purchase of the negotiable obligations subject to the exchange (amount called *"creditor´s cash surplus"*), based on certain proportions defined in the contract, and then to the available basket amount.

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

(ii) TGN may not sell assets, unless the sales price is at least equal to the fair market value of those assets and 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.

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.

(viii) On October 16, 2009, within the context of the restructuring of the Company’s financial liabilities, the meeting of Series A and B corporate bond holders allowed TGN to incur additional indebtedness and create liens on certain financial assets.

December 2008 debt payments postponement

Due to 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 limitations in the dispatch of gas balances, mentioned in Note 1.c.v), a widespread increase in its costs and the significant growth of the exchange rate at the end of the last year, on December 22, 2008, The Board of Directors of TGN has decided: (i) to prioritize the safe and reliable provision by TGN of the public utility natural gas carriage service; (ii) to adhere to the going concern principle; and (iii) to ensure the equal treatment of all its financial creditors.

In view of this, it has been necessary for TGN to postpone the principal and interest payments that fell due in December 2008 and 2009 maturities. Interest payment for US$ 24.4 million and principal installments for US$ 31.7 million fell due on September 30, 2009.

To meet financial covenants, TGN has decided to start preparing a sustainable debt schedule to be submitted to the consideration of creditors, with a view to rescheduling its financial liabilities.

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

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

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

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

10. Debt (Continued)

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

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

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

At September 30, 2009 and December 31, 2008, the breakdown of debt is as follows:

	09.30.09	12.31.08
	Thousands of $	
Ordinary non-convertible Class A		
Principal	542,939	487,840
Interests	35,291	7,927
Punitive	2,375	-
Ordinary non-convertible Class B		
Principal	782,551	703,135
Interests	62,604	14,063
Punitive	2,382	-
Total current	**1,428,142**	**1,212,965**
Total Debt	**1,428,142**	**1,212,965**

Proposal of restructuring of the financial debt

After less than 120 days have elapsed from the decision to postpone the payment of the principal and interest installments that fell due in December 2008, the Board of Directors of TGN approved the debt restructuring proposal to remedy the situation with its financial creditors.

On April 23, 2009 TGN announced the launch of a swap offer and the petition for an Out-of-court Reorganization Agreement (“APE”) aimed at fully restructuring its financial liabilities. Within the framework of the Restructuring Offer, TGN made a first swap offer that was subsequently improved and modified by a new offer and petition for APE, which remained open until October 14, 2009 (the “Swap Offer”), as approved by the Board of Directors of the Company on September 8, 2009. The new proposal is to restructure: (i) the remaining principal for US$ 141,279,932 on the Series A Corporate Bonds issued by the Company; (ii) the remaining principal for US$ 203,630,111 on the Series B Corporate Bonds issued by the Company; and (iii) US$ 2,386,014 for the unpaid principal balance owed to third party service providers, according to their respective commercial agreements (jointly referred to as the “Outstanding Debt”).

In relation to the restructuration proposal, subject to compliance with certain conditions, each holder of Outstanding Debt will receive at its choice:

- Cash Option

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

- Swap Option at Par

Principal for US$ 1,000 on new Corporate Bonds at Par per each US$ 1,000 of principal on the Outstanding Debt assigned to the Swap Option at Par, subject to proration and reassignment mechanisms. The Corporate Bonds at par shall be

10. Debt (Continued)

Proposal of restructuring of the financial debt (Continued)

amortized in full over a term of 7 years, and shall accrue interest at a step-up rate of between 6.50% and 8.50% per annum, payable quarterly in arrears. The principal on the Corporate Bonds at par shall be amortized semiannually starting 5 years after the computation date or, in some cases, on the Approval Date. TGN will issue Corporate Bonds at par for up to US$ 247.3 million under the Swap Option at Par.

At the request of TGN, the Court of Original Jurisdiction on Commercial Matters N° 2, Clerk's Office N° 4, convened a meeting of holders of Outstanding Debt, as envisaged in Section 45 bis of the Argentine Bankruptcy Act, which was held on October 14, 2009 to vote for the payment proposal formulated by the Company. The offer was accepted by 87.25% of the holders, computed based on the outstanding principal amount of the Series A and Series B Corporate Bonds, and it was approved at the Bondholders' Meeting by majority of votes of 87.95%, computed based on the total number of bondholders in attendance who cast their vote at that meeting.

An Ordinary Meeting of Shareholders of TGN held on October 19, 2009 ratified the Board's decision to submit to court for its confirmation the Out-of-court Reorganization Agreement ("ORA") entered into with the accepting creditors, as laid down by the Bankruptcy Act. On October 26, 2009 the First Instance Court in Commercial Matters No. 2, Office No. 4, ordered that legal notices be published as prescribed by section 74 of the Bankruptcy and Insolvency Law.

The ORA envisages certain grounds for automatic rescission of the reorganization plan (ORA, article 10.1(a)), and other grounds empowering creditors that have already given their consent to the terms of that plan to rescind it at their exclusive discretion (ORA, article 10.1(b)). Furthermore, with regard to certain assumptions, a qualified majority is required for the rescission to be valid.

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

Upon the decision adopted by the Board of Directors on December 22, 2008 to defer the payment of financial obligations (see Note 10), TGN prepared a sustainable debt schedule that led to the issuance of a swap offer on April 23, 2009.

In view of this, it is important to highlight that according to the Trust Agreement regulating the terms and conditions of the Negotiable Obligations to be rescheduled, the attempt to obtain the approval from our creditors of an out-of-court reorganization plan by any means, automatically accelerates the maturity of the principal on all the Negotiable Obligations to be restructured, plus unpaid accrued interest, which have fallen due and become claimable. Considering this and according to currently in force accounting standards and to the International Accounting Standard 1 ("IAS 1") (supplementary to Argentina´s accounting standards), the Company classifies the complete financial debt balances into current liabilities.

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

On October 26, 2009 the First Instance Court in Commercial Matters No. 2, Office No. 4, ordered that legal notices be published as prescribed by section 74 of the Bankruptcy and Insolvency Law for the stay of all pecuniary actions filed

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

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

against TGN, with the exceptions of the actions established by section 21 of the law mentioned before.

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

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

12. Shareholders´ equity

(a) Common stock

Item	Date	Thousands of $	Registration in the Superintendence of Corporations			
			Date	Nº	Book	Volume
Incorporation of the Company	11.24.92	12	12.01.92	11667	112	A
Capitalizations of irrevocable contributions:	12.28.92 03.25.94	267,255 84,232	03.07.94 06.09.94	1894 5589	114 115	A A
Issuance of new shares for capitalized loans (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.

Under the terms of the financial agreements, TGN shall not make dividend payments in the event of default or grounds for default in an adverse event period (as defined in the contract) or if such payment exceeds the Available basket amount in each calculation period (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.

13. Contingencies

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

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

(a) 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 twenty fines applied by the ENARGAS for a total amount of $ 9.8 million, of which ten have been appealed in the administrative orbit for $ 4.7 million and ten for $ 5.1 million have been appealed before the judicial courts.

(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.

13. Contingencies (Continued)

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

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

In June 2006, both parties reached a transitory agreement by which they will: (i) suspend the prosecution of their respective claims and (ii) rescind the firm 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.

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

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

Although the actual provision of the carriage service for the minimum volume had not started at December 1, 2008 and AES was empowered to terminate the agreement, in which case the parties would be free to continue with their respective actions, the temporary agreement was successively extended until July 11, 2009. At present negotiations with AES continue so as to achieve a new extension of the temporary agreement.

As of September 30, 2009, the allowance amount recorded to settle possible claims being made by AES.

(d) Tax assessments related to payments to note holders

In December 2004 TGN was notified of certain assessed adjustments made by the federal tax authorities to income tax and value added tax on the interest payments in favor of the holders of the negotiable obligations issued under a negotiable obligation program, pursuant to Law N° 23,576. These assessed income and value added tax adjustments with fines and interest amount to $ 50.7 million and $ 31.7 million, respectively. The computation included the taxes on the interest payments made to the International Finance Corporation (“IFC”).

These assessments were made as a result of an audit to verify compliance with the requirements of Law N° 23,576, whereby interest paid to holders of negotiable obligations are entitled to certain tax benefits, provided that those requirements have been fulfilled.

On August 17, 2007, the Argentine Tax Authority decided to put an end to the income tax case in its entirety. Moreover, the Tax Authority partially dropped its value added tax claim on September 20, 2007. TGN ratified the settlement of the claim by the Tax Authority and the National Tax Tribunal resolved that the Argentine Tax Authority’s claim (in the value added tax case) be considered to have been partially dropped in December 2007, and that the claim in the income tax case be considered to have been dropped in July 2008. As a result of the settlement of

13. Contingencies (Continued)

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

the tax authority's claim, the dispute with this authority is limited exclusively to value added tax on interest paid to the IFC for an amount of $ 14.6 million.

In December 2007, the Tax Authority gave the Company further notice of an assessment of interest and fines in respect of value added tax on the interest paid to the IFC under these programs (for the period from January to May 2002, which had not been included in the original assessment). The amount claimed was $ 3.6 million. The Company has appealed this new computation before the National Tax Tribunal.

TGN estimates that the amount claimed is approximately $ 21.5 million.

(e) Redirecting of the transportation capacity

In April 2004, the ENARGAS adopted a regulatory resolution establishing: (i) the reassignment 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 YPF would continue paying TGN the export rate for the total reserved transport capacity and (iii) YPF would charge GasNea and Redengás the rate for the portion of the reassigned volume.

In April 2006, at a request of YPF, the ENARGAS issued two resolutions establishing: (i) the extension the abovementioned reassignments for an additional year (ii) that GasNea and Redengas would pay TGN for the reassigned volume 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 had been carrying an allowance of US$ 3.5 million that has been reverted at the end of fiscal year 2008 since TGN considers that the right to collect that account has prescribed.

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

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

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

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

13. Contingencies (Continued)

(e) Redirecting of the transportation capacity (Continued)

La Mora 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 was 1.575 MMm3/day. This mechanism was extended by ENARGAS until April 2010 for a volume of 2.246 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. It should be noted that from 2004 to the present, TGN did not have the need to redirect the carrying capacity hired by YPF, which had always been made available to the loader.

(f) 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 15.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.

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

In February 2008, the Chilean customer “ESSA” communicated to TGN its unilateral decision to terminate the firm transportation contract, arguing the alleged impossibility of fulfillment of the contractual purpose, and informed that it was thus ceasing to pay the applicable rate with effect as from January 1, 2008. TGN rejected this line of argument, and demanded compliance with the contract. TGN is still making the hired transportation capacity available to ESSA, and issuing invoices for the service rendered. Considering the rate in force as of December 31, 2008, the annual invoicing to ESSA for the firm transportation service amounts to US$ 10.0 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.

13. Contingencies (Continued)

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

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.

In October 2008, the ENARGAS sustained the motion filed by TGN and declared that does not have jurisdiction to mediate in the dispute raised by ESSA.

In December 2008, the Company filed legal action for collection of pesos, requesting that ESSA be ordered to pay US$ 794,073, interest and court costs, for the January 2008 invoice, and reserving the right to lodge further complaints if unpaid invoices accumulate.

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

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

On February 9, 2009 TGN started the out-of-court mediation required by law, with an unsatisfactory outcome. On April 20, 2009 TGN filed legal action against YPF: (i) demanding compliance with the carriage contract signed with YPF; (ii) claiming payment of US$ 30.4 million from YPF, based on the invoices issued by TGN for services rendered between February 2007 and March 2009, both of them plus interest accrued at each respective date, plus interest to be accrued until the sums are repaid by YPF.

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

During the period YPF paid $ 9.9 million, remaining a balance of $ 171.0 million pending to be collected by TGN.

i) Intervention in TGN established by the ENARGAS

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

j) Declaration of the administrative inefficiency of the resolutions adopted by the Board of Directors on December 22, 2008

On December 22, 2008 the Board of Directors of the Company had the need to suspend payments of the financial debt installments (see Note 10). In January 2009, the CNV (Argentine Securities Commission) declared this decision irregular and ineffective for administrative purposes, on the grounds that the respective Board meeting minutes had not been transcribed to the book while the meeting was being held or immediately after termination thereof. TGN considers that the said declaration, which involves neither the nullity nor the stay of the decision made by the Board of Directors, is a null and void act which departures from current law; for this reason, TGN filed a direct appeal with the Commercial Court of Appeals.

13. Contingencies (Continued)

k) Petitions for bankruptcy and action for executory collection

As a result of the postponement of the payments of its financial debt (Note 10), at the date of issuance of these financial statements 22 notified executory proceedings are pending against TGN before the commercial courts, under which there are funds subject to court attachments for approximately US$ 8.3 million (including principal, interests and estimated legal expenses). In 15 of those lawsuits, writs of execution and judicial sale were issued, all of which were appealed by the Company.

Moreover, the Company faced three petitions for bankruptcy for approximately US$ 2.5 million before the Argentine commercial courts, which were rejected by the courts on grounds that, as far as TGN is concerned, the legal requirements for filing those petitions are not met. The Company expects that a fourth petition for bankruptcy for approximately US$ 1.5 million will also be rejected. Other two pending petitions for bankruptcy not yet notified to TGN have been suspended by the courts.

It is important to mention that on October 26, 2009 the First Instance Court in Commercial Matters No. 2, Office No. 4, ordered that legal notices be published as prescribed by section 74 of the Bankruptcy and Insolvency Law for the stay of all pecuniary actions filed against TGN, with the exceptions of the actions established by section 21 of the law mentioned before.

14. TGN financial trusts

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

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

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

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

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

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

14. TGN financial trusts (Continued)

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

The projects have been completed. At September 30, 2009 the investment amounts to $ 29 million and its residual value is approximately $ 23 million at that date.

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

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

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

a) Trust for the 2005 Northern Gas Pipeline expansion work

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

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

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

b) Trust for the 2006-2008 expansion work

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

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

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

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

The first stage of the work, "Hito AP" began in October 2007. Although as of the end of the period some final tasks and complementary works (refurbishment of compressor plants and measurement and regulation stations were still pending, at December 2008 the carrying capacity was increased by 1.5 MMm3/d in the Northern Pipeline from the Lumbreras compressor plant (Salta) and the Litoral region (final

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

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

sections of the pipeline and the Timbúes Power Plant). To that end, new 319-Km gas pipelines and a 10,310-HP compressor plant were built in the locality of Tío Pujio, province of Córdoba.

Additionally, at the instigation of the provincial authorities, progress was made in the construction of 28.3 Km gas pipelines between the Beazley compression plant and La Dormida measurement and regulation station to relief the pipelines satisfying most of the demand in the Cuyo region and increased the mentioned pipe section´s transport capacity in 1.4 MMm3/d.

The second stage of the work, “Hito Post AP”, includes the construction of almost 800 km of loops (between North and West Center pipeline) together with three 10,310-HP compressor plants in Salta, Córdoba and Santa Fe. These works had to be completed by winter of 2010.

The start, originally scheduled for September 2008, has been delayed for reasons associated mainly with the lack of financing. So far, only a compressor plant of 10,310 HP has been put into service in Leones (Córdoba) and two 30-km and 57-km loops between Miraflores and Lumbreras and Campo Durán and Pichanal, respectively, are under way. The date of commissioning of the two loops is still uncertain.

For the repayment of these investments, the ENARGAS created a specific new charge which amounts to 380% of the transportation rate in force and is being applied to all the users of the gas system except residential users, CNG, and the General Service-Small Users. The charge has been abated by 20% until December 2009.

As for the project management fee, the Company received from Nación Fideicomisos up to September 30, 2009 $ 43.5 million in cash, that jointly with the $ 17.9 million received in bonds, had been applied to past due invoices. This year, until the date of issuance of these financial statements, cash receipts for $ 25.5 million were recorded as payment for the invoices for January to August 2008.

As of September 30, 2009 the management fee billed amounted to $ 79.7 million, including VAT.

At the request of Nación Fideicomisos, in May 2009 the Company accepted that, if necessary for the continuation of the “Post AP Milestone” expansion works, the trust would apply the source of repayment of those government securities.

The final net receivable registered by the Company amounts to $ 4.7 million based on the estimate of the revenue accrual, as described in Note 3.p), and on the estimate of its present value.

On September 30, 2009 the time frame for the services envisaged in the project management contract entered into by TGN expired. Prior to said expiration, TGN informed the authorities of this situation and was ready to agree to the terms under which the service would continue to be provided given that the work is still under way.

As set forth in the contract, until a new agreement is reached and for a period of three months, TGN shall be empowered to receive a monthly sum equivalent to 1% of the contract value.

On October 15, 2009, a note was received form the Secretariat of Energy indicating that both the ENARGAS and Nación Fideicomisos “are analyzing the action and behavior of that Project Manager within the framework of the referenced contract, to evaluate compliance and possible noncompliance with the services under

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

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

its charge" and that meanwhile, "… TGN should continue to provide the services, without collecting any additional amount whatsoever, until the Regulatory Authority and Nación Fideicomisos complete their report and decide in favor of or against the continuity of the contract." At present, the possible outcome of this situation is unknown.

16. "Importation of Natural Gas" administration trust

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

TGN must not apply this charge to those customers that are connected with a Distributor or Sub-distributor or with power generation plants, and it is responsible for their collection, TGN being required to transfer the monthly collected amounts to the trust. Resolution I/615 establishes that in the case of partial collections, the payment received shall be apportioned to all the items included in the respective invoice. As of September 30, 2009, the balance to be transferred to the trust amounts to $ 36 thousands.

17. Subsequent events

Subsequent to September 30, 2009, there have been no other events, situations or circumstances that have impacted or could impact significantly on the net worth, or economic and financial situation of the Company that have not been considered or mentioned in these financial statements.

18. 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)

18. Other financial statement information (Continued)

(a) Fixed Assets, net

	09.30.2009														12.31.2008
	Original values					Depreciation									
							For the period								
Account	**At the beginning of the year**	**Increases**	**Disposals**	**Transfers**	**At the end of the period**	**At the beginning of the year**	**%**	**Amount**	**Disposals**	**Transfers**	**Accumulated at the end of the period**	**Net book value**	**Net book value Essential items**	**Net book value Non-essential items**	**Net book value**
Land	3,274	-	-	-	3,274	-	-	-	-	-	-	3,274	1,976	1,298	3,274
Buildings and constructions	76,712	-	(2)	139	76,849	20,221	2	1,153	-	-	21,374	55,475	42,125	13,350	56,491
Installations and mixtures	2,344	-	-	-	2,344	640	4	69	-	-	709	1,635	-	1,635	1,704
Gas pipelines	2,025,554	-	(38)	38	2,025,554	636,870	3.33 and 2.22	42,018	(11)	47	678,924	1,346,630	1,346,630	-	1,388,684
Recoating (Note 3.h))	64,422	-	-	-	64,422	7,278	5.88	2,806	-	-	10,084	54,338	54,338	-	57,144
High-pressure branch lines	890	-	-	-	890	277	3.33 and 2.22	19	-	-	296	594	594	-	613
Compressor plants	851,285	-	(283)	15,294	866,296	385,811	4	37,980	(152)	(40)	423,599	442,697	442,697	-	465,474
High-pressure control and/or measurement stations	68,618	-	-	35	68,653	35,298	5	2,784	-	-	38,082	30,571	30,571	-	33,320
Other technical installations	46,543	-	(636)	548	46,455	25,845	6.67	1,880	(346)	(2)	27,377	19,078	18,745	333	20,698
Machinery, equipment and Tools	24,215	-	(303)	992	24,904	20,174	10, 20 and 50	870	(289)	(8)	20,747	4,157	-	4,157	4,041
Computer and telecomunication Systems	73,115	-	(338)	183	72,960	49,432	10 and 20	2,977	(321)	2	52,090	20,870	-	20,870	23,683
Vehicles	17,311	-	(494)	-	16,817	13,289	20	925	(438)	-	13,776	3,041	-	3,041	4,022
Furniture and mixtures	9,916	-	(17)	89	9,988	8,963	10	159	(14)	1	9,109	879	-	879	953
Assets held at tirad parties	6,598	-	-	1	6,599	5,824	12.5	190	-	-	6,014	585	92	493	774
Work in process (1)	54,621	31,991	-	(16,481)	70,131	-	-	-	-	-	-	70,131	51,993	18,138	54,621
Advances to suppliers	190	1,824	-	(838)	1,176	-	-	-	-	-	-	1,176	-	1,176	190
Total as of 09.30.2009	**3,325,608**	**33,815**	**(2,111)**	**-**	**3,357,312**	**1,209,922**		**93,830**	**(1,571)**	**-**	**1,302,181**	**2,055,131**	**1,989,761**	**65,370**	**-**
Total as of 12.31.2008	**3,285,754**	**45,550**	**(5,696)**	**-**	**3,325,608**	**1,089,679**		**123,707**	**(3,464)**	**-**	**1,209,922**	**-**	**2,052,000**	**63,686**	**2,115,686**

(1) **Increases in Fixed Assets (Work in Process) are reduced in $ 9.2 million corresponding to the delivery during the period of Mars 100 and Taurus 70 equipments that have been interchanged with the supplier Solar Turbines International Co.**

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

18. Other financial statement information (Continued)

(b) Investments

Issuer	Class	Par value	Amount	Cost value	Book value 09.30.2009	Book value 12.31.2008	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	3,181	1,467	Gas pipeline services	09.30.09	8	-	6,485	6,493	49.0
Companhia Operadora de Rio Grande do Sul........	Common	(b) 1	49	0.1	417	226	Gas pipeline services	09.30.09	-	115	736	851	49.0
Impairment of investment(Note 18.(d) and 3.f))................					(417)	(226)							
Total....................					**3,181**	**1,467**							

(a) Chilean Pesos
(b) Brazilian Reais

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

18. Other financial statement information (Continued)

(c) Short-term investments

		September 30, 2009			December 31, 2008
Mutual funds in $	$	34,525	(1)	$	-
Time deposits in $		25,176			-
Time deposit in US$		135,022			-
US Treasury Bills in US$		-			17,386
Stock exchange securities in $		65,009			-
Republic of Argentina Central Bank Notes (NOBAC´s)		14,100	(2)		-
Government bonds in US$ – Discount bond		2,483	(3)		1,019
Total	**$**	**276,315**		**$**	**18,405**

(1) Include $ 4.9 million granted as guarantee.

(2) Include $ 11.7 million granted as guarantee.

(3) Include $ 1.5 million granted as guarantee.

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

18. Other financial statement information (Continued)

(d) Allowances and provisions

		09.30.2009					12.31.2008
		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							
Accounts receivables							
Allowance for doubtful accounts........................		8,778	848 (2)	(1,164)	(6)	8,462	8,778
Allowance for disputed amounts.........................		32,248	206 (1)	(21,369)	(6)	11,085	32,248
Other receivables							
Allowance for doubtful accounts........................		886	243 (2)	-		1,129	886
Non Current							
Accounts receivables							
Allowance for disputed amounts.........................		61,951	56,654 (1)	(186)		118,419	61,951
Other receivables							
Allowance for disputed tax payments and judicial escrow accounts...		7,316	162 (4)	-		7,478	7,316
Materials and spare parts							
Allowance for slow-moving and obsolescence............		67,863	1,644 (5)	-		69,507	67,863
Investments							
Allowance for impairment of COPERG (Note 18.(b) and 3.(f))		226	191 (3)	-		417	226
Total allowances deducted from assets	**$**	**179,268**	**59,948**	**(22,719)**		**216,497**	**179,268**
Included in Liabilities							
Current							
Contingencies							
Provision for contingencies...........................		32,008	1,754 (4)	(474)		33,288	32,008
Non Current							
Contingencies							
Provision for contingencies...........................		33,839	3,822 (4)	-		37,661	33,839
Total provisions included in liabilities................		**65,847**	**5,576**	**(474)**		**70,949**	**65,847**
Total as of 09.30.2009..................................	**$**	**245,115**	**65,524**	**(23,193)**		**287,446**	**-**
Total as of 12.31.2008..................................	**$**	**191,879**	**59,575**	**(6,339)**		**-**	**245,115**

(1) $ 52,756 charged to Net Revenues (Nota 4.g)), $ 75 to Selling Expenses – Doubtful accounts (Note 18.f)) and $ 4,028 to Financial and holding results generated by assets.
(2) Charged to Selling Expenses – Doubtful accounts (Note 18.f)).
(3) Charged to Gain from equity investments.
(4) Charged to Administrative expenses – Contingencies (Note 18. f))
(5) Charged to Cost of Services, materials and spare parts slow-moving and obsolescence (Note 18.f)).
(6) Corresponding to credit notes issued during the period.

18. Other financial statement information (Continued)

(e) Assets and liabilities in foreign currency

	09.30.2009					12.31.2008			
	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$	3	3,803	$	11	US$	8	$	29
Banks	US$	5,974	3,803		22,719	US$	38,085		129,983
					22,730				130,012
Short-term investments									
Time deposit in US$	US$	35,504	3,803		135,022				-
US Treasury Bills in US$					-	US$	5,094		17,386
Government bonds in US$– Discount bonds	US$	653	3,803		2,483	US$	299		1,019
					137,505				18,405
Accounts receivable									
Gas transportation services (1)	US$	4,078	3,803		15,508	US$	6,822		23,283
Other services	US$	1,254	3,803		4,770	US$	582		1,985
					20,278				25,268
Other receivables									
Court attachments and deposits	US$	8,260	3,803		31,411				-
Prepaid expenses on behalf of third parties and others	R$	126	2,030		256	R$	126		183
	£	2	6,082		12				-
	US$	652	3,803		2,480	US$	737		2,517
					34,159				2,700
Total current assets				$	**214,672**			$	**176,385**
Non-current assets									
Accounts receivables									
Gas transportation services (1)	US$	62,277	3,803		236,838	US$	36,303		123,902
					236,838				123,902
Other receivables									
Guarantee deposits	US$	200	3,803		761	US$	200		683
					761				683
Investments									
Comgas Andina (Note 18.b)	$ch	485,829	0,0066		3,181	$ch	265,124		1,467
					3,181				1,467
Total non-current assets				$	**240,780**			$	**126,052**
Total assets				$	**455,452**			$	**302,437**

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

18. Other financial statement information (Continued)

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

	09.30.2009					12.31.2008		
	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$	102	3,843	$	392	US$	15	$ 52
Other related parties	US$	3,432	3,843		13,189	US$	873	3,015
Foreign related parties					-	$ch	3,788	21
					13,581			3,088
Debt								
Ordinary non-convertible Class A								
Principal	US$	141,280	3,843		542,939	US$	141,280	487,840
Interests	US$	9,183	3,843		35,291	US$	2,296	7,927
Punitive	US$	618	3,843		2,375			-
Ordinary non-convertible Class B								
Principal	US$	203,630	3,843		782,551	US$	203,630	703,135
Interests	US$	16,290	3,843		62,604	US$	4,073	14,063
Punitive	US$	620			2,382			-
					1,428,142			**1,212,965**
Total current liabilities				**$**	**1,441,723**			**$ 1,216,053**
Non-current liabilities								
Accounts payable								
Other related parties					-	US$	432	1,492
					-			1,492
Total non-current liabilities				**$**	**-**			**$ 1,492**
Total liabilities				**$**	**1,441,723**			**$ 1,217,545**

US$: United States dollars
$ch : Chilean Pesos
R$: Brazilian Reais

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

18. Other financial statement information (Continued)

(f) Cost of services, administrative and selling expenses

		Cost of services			Selling expenses					
	Total At 09.30.2009	Transportation service	Other services	Total	Transportation service	Others services	Total	Administrative expenses	Investments in fixed assets	Total At 09.30.2008
Fees for Directory and the Committee of Syndics	855	-	-	-	-	-	-	855	-	1,432
Fees for professional services	7,809	658	2,503	3,161	145	-	145	4,101	402	7,335
Salaries, wages and other personnel benefits	54,237	30,901	7,869	38,770	471	-	471	14,552	444	48,453
Social security contributions	12,324	8,152	1,024	9,176	191	-	191	2,957	-	10,111
Fees for technical operator services	8,328	8,328	-	8,328	-	-	-	-	-	9,676
Foreign staff residences	2,011	2,011	-	2,011	-	-	-	-	-	1,624
Consumption of spare parts and materials	14,347	10,464	363	10,827	-	-	-	42	3,478	14,075
Gas imbalance	163	163	-	163	-	-	-	-	-	942
Third party services and supplies .	4,477	3,751	388	4,139	18	-	18	320	-	3,643
Maintenance and repair of fixed assets [(1)].........................	31,828	33,201	1,697	34,898	12	-	12	953	(4,035)	23,135
Travel expenses	5,582	3,878	840	4,718	39	-	39	731	94	5,448
Freight and transportation	1,787	741	34	775	-	-	-	6	1,006	1,009
Communications	884	432	123	555	15	-	15	306	8	818
Insurance	4,328	4,045	-	4,045	-	-	-	283	-	4,216
Office supplies	1,610	559	109	668	10	-	10	904	28	1,272
Rentals	1,147	593	407	1,000	11	-	11	78	58	1,113
Easements	8,060	8,060	-	8,060	-	-	-	-	-	3,959
Taxes, rates and contributions	17,634	301	51	352	8,081	975	9,056	8,222	4	18,637
Fixed assets depreciation	93,830	92,460	56	92,516	188	-	188	1,126	-	92,251
Fixed assets expenses	3,311	18	-	18	-	-	-	-	3,293	2,043
Doubtful accounts	1,166	-	-	-	1,166	-	1,166	-	-	(1,797)
Contingencies	5,738	-	-	-	-	-	-	5,738	-	(1,889)
Material and spare parts slow-moving and obsolescence	1,644	1,644	-	1,644	-	-	-	-	-	(1,209)
Others.............................	3,176	1,673	321	1,994	10	-	10	582	590	1,301
Total at 09.30.2009	**286,276**	**212,033**	**15,785**	**227,818**	**10,357**	**975**	**11,332**	**41,756**	**5,370**	**-**
Total at 09.30.2008	**-**	**178,861**	**12,256**	**191,117**	**10,827**	**851**	**11,678**	**30,717**	**14,086**	**247,598**

[(1)] Expenses in maintenance and repair of fixed assets are reduced in $ 9.2 million corresponding to the delivery during the period of Mars 100 and Taurus 70 equipments that have been interchanged with the supplier Solar Turbines International Co.

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

18. Other financial statement information (Continued)

(g) Aging of assets and liabilities

	09.30.2009			
	Short-term investments (a)	**Account receivables and other receivables (b)**	**Debt (c)**	**Other liabilities (d)**
a) Past due until				
09.30.2008	-	67,281	-	-
12.31.2008	-	17,413	1,349,963	185
03.31.2009	-	16,908	25,357	-
06.30.2009	-	20,620	25,952	-
09.30.2009	-	28,087	26,870	-
b) Without due date	116,117	323,635	-	33,010
c) To be due				
12.31.2009	160,198	63,678	-	69,225
03.31.2010	-	2,761	-	3,144
06.30.2010	-	1,563	-	975
09.30.2010	-	185	-	975
09.30.2011	-	444	-	-
09.30.2012	-	622	-	-
Total at 09.30.2009	**276,315**	**543,197**	**1,428,142**	**107,514**
Balances subject to adjustment	276,315	6,145	-	-
Balances not subject to adjustment	-	537,502	1,428,142	107,514
Total at 09.30.2009	**276,315**	**543,197**	**1,428,142**	**107,514**
a) Interest bearing balances	241,251	1,518	1,424,563	23,422
b) Non - interest bearing balances	35,064	541,679	3,579	84,092
Total at 09.30.2009	**276,315**	**543,197**	**1,428,142**	**107,514**

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

Free translation from the original in Spanish for publication in Argentina

Limited Review Report

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

1. We have reviewed the accompanying balance sheet of Transportadora de Gas del Norte S.A. ("TGN") as of September 30, 2009, and the related statements of operations, of changes in shareholders equity and of cash flows for the nine-month periods ended September 30, 2009 and 2008, and their supplementary notes. The preparation and issuance of the mentioned financial statements are the responsibility of the Company.

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

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

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

With regard to the recovery of non-current assets, as explained in Note 3.h) to the accompanying financial statements, the Company tested its fixed assets for recoverability based on which it estimates that their carrying value is not in excess of their recoverable value. The assumptions, premises and estimates of future events used in that test evidence the vision projected by the Company’s Board of Directors, which may occur or materialize in the future or not; furthermore, those assumptions, premises and estimates are affected mainly by the uncertainty regarding the rate adjustment and the evolution of certain commercial contracts. In view of this, we are not in a position to anticipate whether the premises used by the Company in preparing its projections will materialize in the future in order to corroborate the recoverable value of fixed assets, the net book value of which amounts to $ 2,055 at September 30, 2009.

4. As mentioned in Note 1.c) to the attached financial statements, at September 30, 2009 the Company has contractual disputes with certain customers that provide gas carriage services for export for outstanding balances of $ 236.8 million not yet collected from those customers. In view of the uncertainty as to the possibility of recovering those receivables in the future, the balances due and pending collection have been partially covered by an allowance at the balance sheet date. In addition, as explained in Note 15.b), the Company is a party to the work management contract entered into in relation to the 2006-2008 expansion project and carries at September 30, 2009 a net receivable for $ 4.7 million for its services, which is in arrears under the contract terms agreed upon. There is a delay in the performance of this work project as well as limitations on its scope, the conditions agreed under the contract being subject to possible changes. Consequently, there is uncertainty as to the effects this situation could have on the value of receivables and allowances recorded and on the future revenues from those contracts.

5. As explained in Notes 1 and 10 to the attached financial statements, the Company’s Board of Directors decided to suspend effective December 22, 2008 principal and interest payments on its financial debt. At September 30, 2009, the Company carries financial debts denominated in US dollars for a total of US$ 371.6 million, and has not paid principal for US$ 31.7 million and interest for US$ 24.4 million on these debts. International Accounting Standard No. 1 (IAS 1), of complementary application to Argentine GAAP, provides that debts “in default” are to be disclosed as current in view of the possibility of creditors accelerating the maturities, regardless of the due dates originally agreed upon, consequently, the Company has disclosed all balances due under loans in current liabilities.

   Furthermore, as mentioned in Note 10 to the accompanying financial statements, on October 14, 2009 the Meeting of Holders representing approximately 88% of the outstanding principal and votes accepted the payment proposal offered by the Company through the petition for an out-of-court restructuring agreement and subsequently, on October 19, 2009, the Company’s Ordinary Meeting of Shareholders ratified the Boards’ decision to submit this Out-of-court Restructuring Agreement to the commercial court for its confirmation as laid down by the Argentine Bankruptcy Law. This judicial approval is pending at the date of issue of these financial statements.

6. The September 30, 2009 financial statements of TGN have been prepared following accounting principles applicable to a going concern; therefore, those financial statements do not include the effects of possible adjustments and/or reclassifications, if any, that might be required if the situations described above are not resolved in favor of the normal course of the Company’s business. Consequently, the Company’s financial statements should be read in the light of these uncertain circumstances.

7. Based on the work done and on our examinations of the Company’s financial statements for the years ended December 31, 2008 and 2007, on which we issued our report on March 9, 2009 including qualifications regarding the circumstances referred to in sections 3., 4., 5. and 6. of this report, we state that:

   a) The financial statements of TGN at September 30, 2009 and 2008 detailed in section 1., prepared in accordance with accounting standards in effect in the Autonomous City of Buenos Aires, give consideration to all significant facts and circumstances which are known to us and that we have no further observations to make on them other than those mentioned in sections 3., 4., 5. and 6.

b) The comparative information included in the balance sheet and in the complementary notes and exhibits to the attached financial statements arises from the financial statements of the Company at December 31, 2008.

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

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

b) the financial statements of TGN arise from accounting records carried in all formal aspects in accordance with current legal regulations that maintain the conditions of security and integrity based on those authorized by the National Securities Commission;

c) we have read the Summary of Activities and the additional information to the notes to the financial statements required by Section 68 of the Buenos Aires Stock Exchange Regulations (included in the Spanish version of the financial statements), on which, as regards those matters that are within our competence, we have no observation to make other than those indicated in points 3., 4., 5. and 6.;

d) at September 30, 2009, the debt accrued in favor of the Argentine Integrated Social Security System amounted, as shown by the Company´s accounting records, to $ 1,676,244 which was not yet due at that date.

Autonomous City of Buenos Aires, November 5, 2009

PRICE WATERHOUSE & CO. S.R.L.

by (Partner)
Marcelo D. Pfaff