Financial statements and Summary of Events
as of September 30st, 2011 and 2010
together with Independent Auditor's review report

ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2011 [(1)]

The following discussion of the financial condition and results of operations of the Company should be read in conjunction with the Company's consolidated interim financial statements as of September 30, 2011 and December 31, 2010 and for the nine-month periods ended September 30, 2011 and 2010 which have been prepared in accordance with generally accepted accounting principles in force in the Autonomous City of Buenos Aires (except for what is mentioned in Note 2.b. to the consolidated interim financial statements), and the regulations of the *Comisión Nacional de Valores* (the Argentine National Securities Commission, "CNV") and the *Ente Nacional Regulador del Gas* (National Gas Regulatory Body or "ENARGAS").

The Company's consolidated interim financial statements for the nine-month periods ended September 30, 2011, 2010, 2009, 2008 and 2007 have been subject to limited reviews performed by Sibille, the Argentine member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

1. Basis of Presentation of Financial Information

Effects of inflation:

The consolidated interim financial statements have been prepared in constant Argentine pesos, recognizing the overall effects of inflation up to August 31, 1995. As from that date, in line with professional accounting standards and the requirements of the supervisory bodies, the Company discontinued the restatement of its financial statements until December 31, 2001.

However, as a result of high inflation rates since early 2002 - and as established by Resolution No. 3/2002 of the Professional Council in Economic Sciences of the Autonomous City of Buenos Aires ("CPCECABA") and Resolution No. 415 of the CNV - as from January 1, 2002 the Company resumed the recognition of the effects of inflation in its consolidated interim financial statements, following the provisions of Technical Resolution ("TR") No. 6, as amended by TR No. 19, both issued by the Argentine Federation of Professional Councils in Economic Sciences ("Argentine Federation"). Accounting measurements restated due to the change in the purchasing power of the currency up to August 31, 1995, as well as those which have been originated between that date and December 31, 2001, are stated in the currency value as of the later date.

On March 25, 2003, the Argentine government issued Presidential Decree No. 664, which provides that financial statements for periods ending after such date shall be stated in historical Argentine pesos. As a consequence and in accordance with Resolution No. 441, issued by the CNV, the Company suspended inflation accounting effective March 1, 2003. This criterion is not in line with effective accounting standards, which stipulate that financial statements should be restated as of September 30, 2003. The non-recognized inflation effect on net income for the nine-month periods ended September 30, 2011 and 2010 is not significant.

The Argentine Wholesale Price Index ("WPI") published by the *Instituto Nacional de Estadísticas y Censos (INDEC)* was used for the restatement of the financial statements, as mentioned above.

[(1)] Not covered by Auditor's Limited Review, except for items 6, 7 and 9.

2. Implementation Plan for the Adoption of International Financial Reporting Standards ("IFRSs")

On December 29, 2009, CNV issued Resolution No. 562/09 which provides the application of TR No. 26 approved by the Argentine Federation. This TR establishes that certain Argentine companies which are subject to the Argentine Public Offering Regime (Law No. 17,811) will be required to adopt IFRS issued by the International Accounting Standards Board ("IASB"). The application of such standards is effective for financial statements issued for fiscal year beginning January 1, 2012. The Company's Management prepared an implementation plan for the adoption of said accounting rules under the regulations established by the Resolution No. 562/09 which was approved by the Board of Directors in its meeting held on April 8, 2010. For further information, see Note 2.s to the consolidated interim financial statements.

After monitoring the implementation plan mentioned above, the Company's Board of Directors was aware that Chapter 6, "Collateral Effects Evaluation" has not accomplished the established objectives and deadlines and, thus, it was decided, that the Board of Directors will complete the concerning objectives before December 31, 2011.

3. Results of Operations

The following table presents a summary of the consolidated results of operations for the nine-month periods ended September 30, 2011 and 2010:

	2011	2010	Variation
	(in millions of pesos)		
Net revenues	**1,245.8**	**1,223.6**	**22.2**
Gas transportation	436.0	470.1	(34.1)
Natural Gas Liquids ("Liquids") production and commercialization	745.1	685.7	59.4
Other services	64.7	67.8	(3.1)
Costs of sales	**(644.5)**	**(633.1)**	**(11.4)**
Operating costs	(485.4)	(478.4)	(7.0)
Depreciation and amortization	(159.1)	(154.7)	(4.4)
Gross profit	**601.3**	**590.5**	**10.8**
Administrative and selling expenses	(226.5)	(214.2)	(12.3)
Operating income	**374.8**	**376.3**	**(1.5)**
Other expenses, net	(4.4)	(23.1)	18.7
Gain on related companies	1.7	1.6	0.1
Net financial expense	(136.7)	(185.4)	48.7
Income tax expense	(106.7)	(79.3)	(27.4)
Net income	**128.7**	**90.1**	**38.6**

Overview

For the nine-month period ended September 30, 2011, the Company has reported a net income of Ps. 128.7 million, in comparison to the Ps. 90.1 million reported in the same period 2010.

Higher net income was mainly attributable to the Ps. 56.0 million loss recognized in the 2010's period as a result of the value adjustment of the 20% tariff increase trade receivable -registered in December 2009-, (for further information, see Note 7.a. to the consolidated interim financial statements).

Net revenues

Gas transportation

Gas transportation represented approximately 35% and 38% of total net revenues during the nine-month periods ended September 30, 2011 and 2010, respectively. Gas transportation revenues are derived principally from firm contracts, under which pipeline capacity is reserved and paid for, regardless of actual usage by the shipper. TGS also provides interruptible transportation services subject to available pipeline capacity. In addition, TGS renders operation and maintenance services of the gas transportation assets, which belong to the gas trusts created by the Argentine government to expand the transportation capacity of the pipeline system.

Gas transportation revenues for the nine-month period ended September 30, 2011 decreased by Ps. 34.1 million compared to the same period 2010. This reduction is mainly due to the accounting in the nine-month period ended September 30, 2010 of Ps. 46.5 million in revenues associated with the 20% tariff increase that was granted in December 2009 through Presidential Decree No. 1,918/2009. As a result of the fact that ENARGAS has yet not authorized the billing of the tariff increase, and, that ENARGAS and the Ministry of Federal Planning and Public Investment and Utilities ("MPFIPyS") filed an appeal against the verdict issued by the Judge, who upheld the *acción de amparo* (a summary proceeding to guarantee constitutional rights) filed by TGS, the Company decided to discontinue its recognition during the last quarter of 2010 (for further information, see Note 7.a. to the consolidated interim financial statements).

Production and commercialization of liquids

Unlike the gas transportation segment, the production and commercialization of liquids segment is not subject to regulation by ENARGAS.

Net revenues from the production and commercialization of liquids segment represented approximately 60% and 56% of TGS's total net revenues during nine-month periods ended September 30, 2011 and 2010, respectively. Production and commercialization of liquids activities are conducted at the Cerri Complex, which is located near Bahía Blanca and connected to each of the Company's main pipelines. At the Cerri Complex, TGS recovers ethane, propane, butane and natural gasoline. TGS sells its production of liquids in the domestic and the international markets. TGS sells part of its production of propane and butane to liquids marketers in the domestic market. The remainder of these products and all of its natural gasoline are exported at current international market prices. Ethane is entirely sold in the domestic market to PBB-Polisur S.A. at agreed prices.

Revenue from the production and commercialization of liquids segment increased by Ps. 59.4 million in the nine-month period ended September 30, 2011 in comparison with the same period 2010. This increase is mainly due to higher international reference prices for propane, butane and natural gasoline in the nine-month period ended September 30, 2011, partially offset by the 8.2% decrease in the volumes sold.

Other services

Other services are not subject to regulations by ENARGAS.

The Company renders "midstream" services, that mainly consist of gas conditioning, gathering and compression services, which are generally rendered at wellhead, as well as activities related to construction, operation and maintenance of pipelines and compressor plants. Other services also include telecommunication services rendered by Telcosur S.A., a company controlled by TGS.

In the nine-month period ended September 30, 2011, Other Services revenues decreased by Ps. 3.1 million in comparison with the same period 2010. The decrease is mainly explained by the lower revenues generated by management construction services (rendered in connection with pipeline expansion works).

Cost of sales and administrative and selling expenses

Costs of sales and administrative and selling expenses for the nine-month period ended September 30, 2011 increased Ps. 23.7 million in comparison with the same period in 2010, mainly due to a Ps. 39.4 million increase in labor costs and Ps. 24.5 million in export taxes which were partially offset by lower production costs of liquids.

Other expenses, net

Other expenses, net experienced a positive variation of Ps. 18.7 million, mainly due to Ps. 16.0 million corresponding to the early-cancellation of a contract related to the liquids business.

Net financial expense

Net financial expense decreased by Ps. 48.7 million in the nine-month period ended September 30, 2011 compared to the same period 2010. The breakdown of net financial results is as follows:

	2011	2010
	(in millions of pesos)	
Generated by assets		
Interest income	15.0	6.8
Foreign exchange gain	48.7	42.8
Receivables discounted value income / (loss)	5.8	(56.0)
Subtotal	**69.5**	**(6.4)**
Generated by liabilities		
Interest expense	(108.7)	(108.1)
Foreign exchange loss	(82.4)	(61.5)
Other financial charges	(15.1)	(9.4)
Subtotal	**(206.2)**	**(179.0)**
Total	**(136.7)**	**(185.4)**

This decrease was mainly related to the loss of Ps. 56.0 million generated in the nine-month period ended September 30, 2010 and related to the adjustment in the value of the 20% tariff increase trade receivable registered in December 2009 (for further information, see Notes 2.g and 7.a. to the consolidated interim financial statements).

Income tax expense

For the nine-month period ended September 30, 2011, TGS reported a Ps. 106.7 million income tax expense, compared to Ps. 79.3 million reported in the same period of 2010. This Ps. 27.4 million increase is due to higher taxable income reported in the nine-month period ended September 30, 2011.

4. Liquidity

The Company's primary sources and application of funds during the nine-month periods ended September 30, 2011 and 2010, are shown in the table below:

	2011	2010	Variation
	(in millions of pesos)		
Cash flows provided by operating activities	289.7	118.9	170.8
Cash flows used in investing activities	(128.7)	(107.3)	(21.4)
Cash flows used in financing activities	(905.9)	(113.3)	(792.6)
Net decrease in cash and cash equivalents	**(744.9)**	**(101.7)**	**(643.2)**

Cash flow from operating activities for the nine-month period ended September 30, 2011 amounted to Ps. 289.7 million, which more than double the same cash flow generated in same period of 2010. This increase is mainly explained by a higher cash flow generated by the liquids business by Ps. 95.3 million and the lower income tax paid of Ps. 41.9 million in the nine-month period ended September 30, 2011.

Cash flow used to financing activities increased by Ps. 792.6 million as the result of the higher dividend paid in June 2011, which amounted to Ps. 976.0 million compared to Ps. 30.3 million paid in the second quarter of 2010.

5. Third Quarter 2011 vs. Third Quarter 2010

The following table presents a summary of the consolidated results of operations for the third quarters ended September 30, 2011 and 2010:

	2011	2010	Variation
	(In millions of Pesos)		
Net revenues	**349.2**	**352.4**	**(3.2)**
Gas transportation	151.7	162.8	(11.1)
Liquids production and commercialization	174.8	168.8	6.0
Other services	22.7	20.8	1.9
Cost of sales	**(193.3)**	**(188.2)**	**(5.1)**
Operating costs	(139.8)	(136.4)	(3.4)
Depreciation and amortization	(53.5)	(51.8)	(1.7)
Gross profit	**155.9**	**164.2**	**(8.3)**
Administrative and selling expenses	(54.9)	(49.1)	(5.8)
Operating income	**101.0**	**115.1**	**(14.1)**
Other expenses, net	(9.7)	(6.3)	(3.4)
Gain on related companies	0.0	0.5	(0.5)
Net financial results	(64.0)	(40.0)	(24.0)
Income tax	(17.3)	(31.7)	14.4
Net income	**10.0**	**37.6**	**(27.6)**

Total net revenues for the third quarter of 2011 decreased by 0.9% in comparison with the same period in 2010. Gas transportation revenue for the third quarter of 2011 presented a Ps. 11.1 million decrease over the same quarter of 2010. The revenue decline is mostly explained by Ps. 16.5 million in revenues recorded in the 2010's quarter associated with the 20% tariff increase mentioned above.

The Production and Commercialization of Liquids segment revenue slightly increased Ps. 6.0 million in the three-month period ended September 30, 2011, when compared to the same 2010 period. This revenue increase was due to higher international price for natural gasoline, which was partially offset by the lower volume of liquids exported.

In the third quarter of 2011, Other Services revenues increased by Ps. 1.9 million, 9.1% above the same period in 2010. The rise is mainly explained by the higher revenues generated by midstream services.

Costs of sales and administrative and selling expenses for the third quarter of 2011 increased Ps. 10.9 million, from Ps. 237.3 million in the third quarter of 2010 to Ps. 248.2 million in the third quarter of 2011. This slight increase is mainly due to higher labor cost totaling Ps. 16.4 million.

Net financial expense increased to Ps. 64.0 million in 2011 third quarter from Ps. 40.0 million reported in the same quarter of 2010. This Ps. 24.0 million negative variation is mostly explained by a larger exchange rate loss of Ps. 26.4 million, derived from a higher local currency devaluation in the 2011's period.

6. Consolidated Balance Sheets Summary

Summary of the consolidated balance sheets information as of September 30, 2011, 2010, 2009, 2008 and 2007:

	(in thousands of Argentine pesos as described in Note 2.b. to the consolidated interim financial statements)				
	2011	**2010**	**2009**	**2008**	**2007**
Current assets	727,590	1,320,649	1,194,413	872,994	575,197
Non-current assets	4,138,968	4,189,809	4,148,208	4,195,495	4,342,935
Total	**4,866,558**	**5,510,458**	**5,342,621**	**5,068,489**	**4,918,132**
Current liabilities	524,033	515,921	440,524	379,042	266,553
Non-current liabilities	1,896,819	1,713,637	1,822,311	1,618,672	1,746,632
Subtotal	**2,420,852**	**2,229,558**	**2,262,835**	**1,997,714**	**2,013,185**
Minority interest	1	1	1	1	1
Shareholders' equity	2,445,705	3,280,899	3,079,785	3,070,774	2,904,946
Total	**4,866,558**	**5,510,458**	**5,342,621**	**5,068,489**	**4,918,132**

7. Consolidated Statements of Income Summary

Summary of the consolidated statements of income information for the nine-month periods ended September 30, 2011, 2010, 2009, 2008 and 2007:

	(in thousands of Argentine pesos as described in Note 2.b. to the consolidated interim financial statements)				
	2011	**2010**	**2009**	**2008**	**2007**
Operating income	374,745	376,351	288,020	384,350	361,648
Other (expenses) / income, net	(4,386)	(23,140)	(13,314)	(15,140)	1,040
Gain / (loss) on related companies	1,712	1,662	(1,122)	1,394	767
Net financial results	(136,707)	(185,417)	(179,097)	(67,680)	(126,652)
Net income before income tax	235,364	169,456	94,487	302,924	236,803
Income tax expense	(106,678)	(79,340)	(55,780)	(129,787)	(113,986)
Net income for the period	**128,686**	**90,116**	**38,707**	**173,137**	**122,817**

8. Statistical Data (Physical Units)

	Nine-month period ended September 30,					**Third quarter ended September 30,**				
	2011	**2010**	**2009**	**2008**	**2007**	**2011**	**2010**	**2009**	**2008**	**2007**
Gas Transportation										
Average firm contracted capacity (in billions of cubic feet per day (“Bcf/d”))	2.83	2.83	2.76	2.59	2.56	2.86	2.87	2.80	2.60	2.59
Average daily deliveries (in Bcf/d)	2.37	2.25	2.28	2.29	2.26	2.60	2.47	2.39	2.56	2.41
NGL production and commercialization										
• **Production**										
Ethane (in short tons)	235,307	222,843	254,973	247,532	236,987	55,040	54,843	76,667	73,849	53,665
Propane and butane (in short tons)	341,818	392,641	374,737	387,927	343,684	98,690	100,890	112,118	138,958	71,158
Natural Gasoline (in short tons)	72,126	81,776	80,600	85,904	73,835	22,000	21,444	25,075	30,516	14,949
• **Local market sales (a)**										
Ethane (in short tons)	235,307	222,843	254,973	247,532	236,987	55,040	54,843	76,667	73,849	53,665
Propane and butane (in short tons)	227,843	243,131	215,155	213,749	197,307	72,934	77,400	84,675	82,927	54,096
Natural Gasoline (in short tons)	-	440	-	573	2,507	-	-	-	573	753
• **Exports (a)**										
Propane and butane (in short tons)	100,198	150,973	149,567	190,175	143,825	-	19,244	10,882	55,499	13,886
Natural Gasoline (in short tons)	74,743	77,369	77,760	84,767	73,329	24,913	24,727	23,748	29,503	14,005

(a) Includes natural gas processed on behalf of third parties.

9. Comparative ratios

	As of September 30,				
	2011	**2010**	**2009**	**2008**	**2007**
Liquidity (Current assets to current liabilities)	1.39	2.56	2.71	2.30	2.16
Shareholders’ equity to total liabilities	1.01	1.47	1.36	1.54	1.44
Non current assets to total assets	0.85	0.76	0.78	0.83	0.88

10. Other Information

TGS share market value in Buenos Aires Stock Exchange at closing of last business day

	2011	2010	2009	2008	2007
January	5.99	2.16	1.77	3.30	4.08
February	5.32	2.14	1.44	3.08	4.00
March	4.61	2.60	1.52	2.90	3.88
April	4.50	2.59	1.47	2.74	4.33
May	3.10	2.50	1.45	2.66	4.84
June	3.22	2.50	1.78	2.30	4.97
July	3.14	2.93	1.83	2.35	4.60
August	3.20	2.75	1.80	2.13	4.27
September	2.85	2.78	2.35	1.88	4.25
October		3.16	2.20	1.29	4.45
November		3.95	2.08	1.41	3.62
December		4.61	2.20	1.40	3.80

11. Outlook

With the aim to restore a suitable profitability in the natural gas transportation business, the Company will continue its negotiations with the Argentine government, through the UNIREN, to start the re-composition of the transportation service tariffs. TGS will also continue performing its role as works manager in the expansion of the pipeline capacity to be agreed with the Argentine government.

In the liquids segment, TGS will strive to develop methods to optimize production and negotiate new natural gas supply agreements with producers, focusing on mitigating the lower volumes arriving to the processing plant.

Regarding Other Services, one of the stated objectives is to commercialize the extensive telecommunications capacity, currently available thanks to the network developed by TGS' controlled company Telcosur.

A key goal of 2011 is related to the continual improvement of the safety and occupational health, which is oriented at reducing work accident rates to the minimum. To that purpose, TGS will continue implementing different tools that showed their effectiveness during 2010, and will continue training its operative staff to enhance efficiency and keep reliability and safety levels in 2011.

Autonomous City of Buenos Aires, November 7, 2011.

Ricardo I. Monge
Board of Directors' Chairman

TRANSPORTADORA DE GAS DEL SUR S.A.

CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2011 AND DECEMBER 31, 2010

(In thousands of Argentine Pesos as described in Note 2.b.)

	09/30/2011	12/31/2010
CURRENT ASSETS		
Cash and banks	113,874	470,129
Investments (Exhibit D)	230,661	619,351
Accounts receivable, net (Note 4.a.)	270,987	316,985
Other receivables (Note 4.b.)	85,580	52,379
Inventories	26,488	12,911
Total current assets	727,590	1,471,755
NON-CURRENT ASSETS		
Accounts receivable (Note 4.c.)	44,835	9,000
Other receivables (Note 4.d.)	71,191	64,856
Investments (Exhibit C)	3,454	2,051
Property, plant and equipment, net (Exhibit A)	4,015,809	4,059,222
Intangible assets, net (Exhibit B)	3,679	4,461
Total non-current assets	4,138,968	4,139,590
Total assets	4,866,558	5,611,345

	09/30/2011	12/31/2010
CURRENT LIABILITIES		
Accounts payable (Note 4.e.)	254,395	293,750
Loans (Note 6)	46,684	14,661
Payroll and social security taxes payable	39,967	37,528
Taxes payable (Note 4.f.)	33,025	97,278
Advances from customers (Note 4.g.)	17,444	18,000
Other liabilities (Note 4.h.)	7,787	6,006
Provisions for contingencies (Exhibit E)	124,731	106,922
Total current liabilities	524,033	574,145
NON-CURRENT LIABILITIES		
Loans (Note 6)	1,572,771	1,487,119
Taxes payable (Note 4.i.)	38,633	29,911
Advances from customers (Note 4.j.)	285,415	227,150
Total non-current liabilities	1,896,819	1,744,180
Total liabilities	2,420,852	2,318,325
MINORITY INTEREST	1	1
SHAREHOLDERS' EQUITY	2,445,705	3,293,019
Total liabilities and shareholders' equity	4,866,558	5,611,345

The accompanying notes and exhibits are an integral part of these consolidated financial statements.

Ricardo I. Monge
Board of Directors' Chairman

TRANSPORTADORA DE GAS DEL SUR S.A.

CONSOLIDATED STATEMENTS OF INCOME

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2011 AND 2010

(In thousands of Argentine Pesos as described in Note 2.b.
except for net income per share and net income per ADS stated in Argentine Pesos)

	2011	2010
Net revenues (Note 3)	1,245,771	1,223,564
Cost of sales (Exhibit F)	(644,515)	(633,054)
GROSS PROFIT	601,256	590,510
Administrative expenses (Exhibit H)	(62,315)	(54,057)
Selling expenses (Exhibit H)	(164,196)	(160,102)
OPERATING INCOME	374,745	376,351
Gain on related companies	1,712	1,662
FINANCIAL EXPENSES, NET	(136,707)	(185,417)
Generated by assets		
Interest income	15,040	6,813
Foreign exchange gain	48,589	42,788
Receivables discounted value income / (loss) (Notes 2.g and 7.a.)	5,825	(55,968)
	69,454	(6,367)
Generated by liabilities (Exhibit H)		
Interest expense	(108,679)	(108,133)
Foreign exchange loss	(82,415)	(61,510)
Result of the debt prepayment (Note 6)	-	5,129
Other expenses and financial charges	(15,067)	(14,536)
	(206,161)	(179,050)
Other expenses, net (Note 2.q)	(4,386)	(23,140)
NET INCOME BEFORE INCOME TAX	235,364	169,456
Income tax expense (Note 2.k)	(106,678)	(79,340)
MINORITY INTEREST	-	-
NET INCOME FOR THE PERIOD	128,686	90,116
Net income per share (Note 2.r)	0.16	0.11
Net income per ADS (Note 2.r)	0.81	0.57

The accompanying notes and exhibits are an integral part of these consolidated financial statements.

Ricardo I. Monge
Board of Directors' Chairman

TRANSPORTADORA DE GAS DEL SUR S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2011 AND 2010

(In thousands of Argentine Pesos as described in Note 2.b)

	2011								2010
	Shareholders' contributions			Retained earnings					
	Common stock	Inflation adjustment to common stock	Subtotal	Legal reserve	Voluntary Reserve	Accumulated retained earnings	Subtotal	Total shareholders' equity	Total shareholders' equity
Balances at the beginning of the year	794,495	1,145,012	1,939,507	208,273	-	1,145,239	1,353,512	3,293,019	3,221,108
Resolution of the Ordinary Shareholders' Meeting held on April 29, 2011:									
Appropriation to legal reserve	-	-	-	5,111	-	(5,111)	-	-	-
Voluntary Reserve	-	-	-	-	164,128	(164,128)	-	-	-
Cash dividends	-	-	-	-	-	(976,000)	(976,000)	(976,000)	(30,325)
Net income for the period	-	-	-	-	-	128,686	128,686	128,686	90,116
Balances at the end of the period	794,495	1,145,012	1,939,507	213,384	164,128	128,686	506,198	2,445,705	3,280,899

The accompanying notes and exhibits are an integral part of these consolidated financial statements.

Ricardo I. Monge
Board of Directors' Chairman

TRANSPORTADORA DE GAS DEL SUR S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2011 AND 2010

(In thousands of Argentine Pesos as described in Note 2.b)

	2011	2010
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Net income for the period	128,686	90,116
Reconciliation of net income to cash flows provided by operating activities		
Depreciation of property, plant and equipment	164,524	158,980
Amortization of intangible assets	782	839
Retirement of property, plant and equipment	2,264	3,105
Trade receivables discounted value loss	-	55,968
Retirement of intangible assets	-	268
Net increase in allowances and provisions for contingencies	21,360	47,066
Gain on related companies	(1,712)	(1,662)
Interest expense	108,679	108,133
Result of the debt prepayment	-	(5,129)
Income tax expense	106,678	79,340
Foreign exchange loss	77,741	63,795
Changes in assets and liabilities:		
Accounts receivable	7,665	(134,285)
Other receivables	(39,079)	(1,393)
Inventories	(13,577)	(1,991)
Accounts payable	(20,195)	(19,969)
Advances from customers	(34,510)	(30,756)
Payroll and social security taxes payable	2,439	(3,839)
Taxes payable	(12,908)	(33,307)
Other liabilities	1,781	122
Provisions for contingencies	(1,053)	(4,400)
Interest paid	(60,131)	(60,524)
Income tax and asset tax paid	(149,758)	(191,624)
Net cash provided by operating activities	289,676	118,853
CASH FLOWS USED IN INVESTING ACTIVITIES		
Payment for the acquisition of property, plant and equipment	(129,038)	(108,183)
Dividends collected	309	926
Net cash used in investing activities	(128,729)	(107,257)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Advances from customers	70,108	-
Dividends paid	(976,000)	(30,325)
Payment of loans	-	(83,003)
Net cash used in financing activities	(905,892)	(113,328)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(744,945)	(101,732)
Cash and cash equivalents at the beginning of the year	1,089,480	1,025,142
Cash and cash equivalents at the end of the period	344,535	923,410

For supplemental cash flow information see Note 5.

The accompanying notes and exhibits are an integral part of these consolidated financial statements.

Ricardo I. Monge
Board of Directors' Chairman

1. BUSINESS DESCRIPTION

Transportadora de Gas del Sur S.A. ("the Company" or "TGS") is one of the companies created as a result of the privatization of Gas del Estado S.E. ("GdE"). The Company commenced operations on December 29, 1992 and it is engaged in the transportation of natural gas and production and commercialization of natural gas liquids ("liquids"). TGS's pipeline system connects major gas fields in southern and western Argentina with gas distributors and industries in those areas and in the greater Buenos Aires area. The gas transportation license to operate this system for a period of thirty-five years ("the License") was exclusively granted to the Company. TGS is entitled to a one-time extension of ten years provided that it has essentially met the obligations imposed by the License and by the *Ente Nacional Regulador del Gas* (National Gas Regulatory Body or "ENARGAS"). The General Cerri Gas Processing Complex (the "Cerri Complex"), where the Company processes natural gas by extracting liquids, was transferred from GdE along with the gas transmission assets. The Company also renders midstream services, which mainly consist of gas treatment, removal of impurities from the natural gas stream, gas compression, wellhead gas gathering and pipeline construction, operation and maintenance services.

TGS's controlling shareholder is Compañía de Inversiones de Energía S.A. ("CIESA"), which holds approximately 55.3% of the Company's common stock. Local and foreign investors hold the remaining ownership of TGS's common stock. CIESA is owned 50% by Petrobras Argentina S.A. ("Petrobras Argentina") and a subsidiary of Petrobras Argentina (jointly "Group Petrobras Argentina"), 40% by a trust whose fiduciary is ABN AMRO BANK N.V. Sucursal Argentina, ("the Trust"), and the remainder 10% by Enron Pipeline Company Argentina S.A. ("EPCA") – acquired by Pampa Energía S.A. on April 8, 2011 after having obtained governmental approval.

The current ownership of CIESA's common stock is the result of the first stage of the Master Settlement and Mutual Release Agreement, signed on April 16, 2004 by Group Petrobras Argentina and subsidiaries of Enron Corp. ("Enron") as of such date. The shareholding exchange was carried out on August 29, 2005, after the ENARGAS approval by Note No. 4,858 issued in July 2005. In this stage, Enron subsidiaries transferred 40% of the outstanding share capital of CIESA to the Trust; and Group Petrobras Argentina transferred its TGS class "B" common shares (accounting for 7.35% of the outstanding share capital of TGS) to Enron subsidiaries.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's consolidated interim financial statements have been prepared in accordance with generally accepted accounting principles in force in the Autonomous City of Buenos Aires ("Argentine GAAP") and the regulations of the *Comisión Nacional de Valores* ("CNV") and the ENARGAS. Argentine GAAP differs in certain significant respects from generally accepted accounting principles in the United States of America ("US GAAP"). Such differences involve methods of measuring and classifying the amounts shown in the financial statements, as well as additional disclosures required by US GAAP and Regulation S-X of the Securities and Exchange Commission ("SEC"). These consolidated interim financial statements do not include any valuation adjustments or additional disclosures to reflect such differences.

The consolidated interim financial statements include the accounts of TGS and its subsidiary Telcosur S.A. ("Telcosur"), over which it has effective control. The Company followed the methodology established in Technical Resolution ("TR") No. 21 "Equity Method of Accounting, Consolidation of Financial Statements and Related Party Transactions", of the Argentine Federation of Professional Councils in Economic Sciences ("Argentine Federation") and approved by the Professional Council in Economic Sciences of the Autonomous City of Buenos Aires ("CPCECABA"). The accounting policies followed by Telcosur in the preparation of its financial information are consistent with those applied by TGS. All significant intercompany transactions have been eliminated in consolidation.

(Amounts stated in thousands of Argentine pesos as described in Note 2.b,
except for per share and per ADS amounts in Argentine pesos or unless otherwise indicated)

Detailed data reflecting subsidiary direct control as of September 30, 2011 and December 31, 2010 is as follows:

Company	% of shareholding and votes	Closing date	Legal address
Telcosur S.A.	99.98 %	December 31	Don Bosco 3672, 6th Floor Autonomous City of Buenos Aires

Financial statements of Telcosur have been used for consolidation purposes for the nine-month periods ended September 30, 2011 and 2010 and for the year ended December 31, 2010.

a) Use of estimates

The preparation of the consolidated interim financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated interim financial statements, as well as the reported amounts of revenues and expenses during the reporting fiscal year. Estimates are used when accounting for the allowance for doubtful accounts, depreciation, amortization, income taxes, provision for contingencies, fair value of assets and present value of long term receivables and liabilities. Actual results could be significantly different from such estimates.

Consolidated interim financial statements for the nine-month periods ended September 30, 2011 and 2010 are unaudited. The consolidated interim financial statements include, in the opinion of the management, all adjustments, consisting only of normal adjustments that are considered necessary for a fair presentation of the information in the financial statements. Results for the nine-month periods ended September 30, 2011 and 2010 do not necessarily reflect the portion of the Company’s result for the complete fiscal year.

b) Presentation of consolidated interim financial statements in constant Argentine pesos

The consolidated interim financial statements have been prepared in constant Argentine pesos, recognizing the overall effects of inflation up to August 31, 1995. As from that date, in line with professional accounting standards and the requirements of the control authorities, the Company discontinued the restatement of its financial statements until December 31, 2001.

As established by Resolution No. 3/2002 of the CPCECABA and Resolution No. 415 of the CNV, as from January 1, 2002, the Company resumed the recognition of the effects of inflation in these consolidated interim financial statements, following the provisions of TR No. 6, as amended by TR No. 19, both issued by the Argentine Federation. Accounting measurements restated due to the change in the purchasing power of the currency up to August 31, 1995, as well as those which have been originated between that date and December 31, 2001, are stated in the currency value as of the later date.

On March 25, 2003, the Argentine government issued Decree No. 664, which provides that financial statements for periods ending after such date shall be stated in historical Argentine pesos. As a consequence and in accordance with Resolution No. 441, issued by the CNV, the Company suspended inflation accounting effective March 1, 2003. This criterion is not in line with effective accounting standards, which stipulate that financial statements should be restated as of September 30, 2003. The non-recognized inflation effect on net income for the nine-month periods ended September 30, 2011 and 2010 is not significant.

The Argentine Wholesale Price Index ("WPI") published by the *Instituto Nacional de Estadísticas y Censos* (INDEC) was used for the restatement of the financial statements, as mentioned above.

c) Short-term receivables and liabilities in currency

Short-term receivables and liabilities, including accrued interest, if applicable, at the end of each period / year have been valued at their respective nominal amount, which does not materially differ from the present value of the future cash flow that the receivables and liabilities will generate, using the internal rate of return estimated at inception.

d) Foreign currency assets and liabilities

Assets and liabilities denominated in foreign currencies, including accrued interest, if applicable, have been translated at the prevailing exchange rates at the end of each period / year. Detailed information is disclosed in Exhibit G.

e) Inventories

Inventories consist of natural gas of TGS (in excess of line pack classified as property, plant and equipment) and third parties in the pipeline system, and the liquids obtained from natural gas processing at the Cerri Complex. Inventories have been valued at replacement or reproduction cost, as applicable. The carrying value of inventories does not exceed their net realizable value.

f) Current investments

Bank accounts and time deposit have been valued at their face values plus accrued interest, which do not materially differ from their discounted value using the internal rate of return effective at inception.

Mutual funds have been valued at their net realizable value at year-end.

g) Long-term receivables and liabilities in currency

Long-term receivables and liabilities which accrued interests have been valued based on the best estimate of the discounted value of the amounts expected to be collected or paid, as applicable, using the interest rate effective at the time of the initial measurement.

Assets and liabilities generated as a result of the application of the deferred tax method have been stated at their nominal value.

Tax credits (income tax and value added tax -"VAT") recorded as a result of the reversion of the tariff increase (Note 7.a.) have been valued on the discounted value of the amounts expected to be collected using a market interest rate.

As of September 30, 2010, the trade receivable registered related to the tariff increase ratified through the Presidential Decree No. 1,918/09 (Note 7.a.), was discounted with the market interest rate of the Company's financial indebtedness, generating a loss of Ps. 83.8 million, Ps. 27.8 million attributable to Net Revenues and Ps. 56.0 million attributable to Net Financial Expense (corresponding to the discount of the account receivable and its respective VAT recorded as of December 31, 2009).

h) Non-current investments

Equity investments in companies in which the Company's ownership interest ranges between 20% and 50% have been accounted for under the equity method based on the financial statements as of June 30, 2011 and September 30, 2010 for Gas Link S.A. ("Link"), Transporte y Servicios de Gas en Uruguay S.A. ("TGU") and Emprendimientos de Gas del Sur S.A. ("EGS"). These financial statements have been prepared applying similar accounting policies as those used by the Company to prepare its consolidated interim financial statements. As of September 30, 2011 and December 31, 2010, the investment in Link has been adjusted by Ps. 3,819 and Ps. 3,925, respectively, due to the elimination of intercompany profits.

The Company's management is not aware of any significant subsequent events which affected: (i) the financial statements as of June 30, 2011 of Link, TGU and EGS, from this date to September 30, 2011; and, (ii) the financial statements as of September 30, 2010 of Link from this date to December 31, 2010. The book value of the investment in EGS and TGU as of December 31, 2010 has been adjusted by Ps. 371 and Ps. 188, respectively, to reflect significant transactions and those made between EGS and the Company in the last three-month period ended on such date.

The Company considers its foreign affiliate TGU to be a "non-integrated affiliate". Consequently, TGU's assets and liabilities have been translated into Argentine pesos using the exchange rate in effect at period / year-end, while its common stock and retained earnings accounts have been translated using historical exchange rates.

i) Property, plant and equipment, net

- Assets transferred from the privatization of GdE: The value of these assets was determined based on the price paid for the acquisition of 70% of the Company's common stock, which amounted to US$ 561.2 million. This price was the basis to determine a total value of common stock of US$ 801.7 million, which, when added to the debt assumed under the Company's privatization agreement (the "Transfer Agreement") of US$ 395.0 million, resulted in a total value for property, plant and equipment of US$ 1,196.7 million. Such value, converted at the exchange rate in effect as of the date of the Transfer Agreement, has been restated for the effects of inflation as described in Note 2.b).

- Line pack: It represents the natural gas in the transportation system that is necessary to keep the system at operating capacity, valued at acquisition cost and restated for the effects of inflation as described in Note 2.b).

- Capitalization of foreign exchange loss: Resolutions No. 3/2002 and No. 87/03 issued by the CPCECABA established that exchange losses arising from the devaluation of the peso from January 6, 2002 to July 28, 2003, to the extent that they were related to foreign currency liabilities existing at the first date, are to be added to the cost basis of assets acquired or constructed with direct financing by such foreign currency liabilities. Similar accounting treatment is permitted, but not required, for foreign exchange losses arising from indirect financing. It was assumed that the proceeds from such financings were used, firstly, to cover working capital requirements and, secondly, to finance the acquisition or construction of assets that do not qualify for capitalization. The remainder was assumed to relate to assets for which capitalization is permitted.

- Additions: They have been valued at acquisition cost restated for the effects of inflation as described in Note 2.b). The Company has capitalized all the investments stipulated as mandatory in the License during the first five-year period, in order to achieve system integrity and public safety equal to those required by international standards. Such investments included, among others, the costs of survey programs related to internal and external pipeline inspection, cathodic protection and pipeline replacement and recoating. Additionally, Resolutions No. 1,660 and No. 1,903 issued by ENARGAS include definitions prescribing which costs should be considered improvements and which costs should be considered maintenance expenses. Repair and maintenance costs have been expensed as incurred.

(Amounts stated in thousands of Argentine pesos as described in Note 2.b,
except for per share and per ADS amounts in Argentine pesos or unless otherwise indicated)

- Depreciation: Accumulated depreciation related to natural gas transportation assets is computed under the straight-line method over the estimated useful lives of the specific assets, which are lower than the maximum useful lives established by the ENARGAS through Resolutions No. 1,660 and No. 1,903.

  For depreciation of all other property, plant and equipment, the Company uses the straight-line method of depreciation and applies the annual depreciation rates disclosed in Exhibit A.

  When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statement of income.

  Capitalized foreign exchange loss is depreciated over the remaining useful lives of the assets that led to such capitalization.

- Financial expense capitalization: The Company capitalizes financial expense on long term construction projects. Financial expense capitalized was Ps. 12,962 and Ps. 7,801 for the nine-month periods ended September 30, 2011 and 2010, respectively.

  Based on the projections made as discussed in Notes 2.a) and b), the Company's management believes that the recorded value of property, plant and equipment does not exceed its recoverable value.

j) Intangible assets

Intangible assets have been valued at their historical cost, less accumulated amortization.

Debt issuance costs are being amortized over the term of the notes issued on May 14, 2007 (Note 6).

The expenses related to the creation of the Global Program 2007 are being amortized in a 5-year period.

k) Income tax

The Company and its subsidiary have calculated their respective income tax charges using the deferred tax method, which considers the effect of temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

To estimate deferred tax assets and liabilities, the tax rate expected to be in effect at the time of utilization was applied to identify temporary differences based on the legal requirements effective at the date of preparation of these consolidated interim financial statements.

The reconciliation between the current tax an the income tax expense charged to the statement of income in the nine-month periods ended September 30, 2011 and 2010 is as follows:

	2011	2010
Current tax	**(98,413)**	**(123,808)**
Temporary differences variation	(8,764)	44,035
Income tax loss carryforward	499	433
Income tax expense	**(106,678)**	**(79,340)**

(Amounts stated in thousands of Argentine pesos as described in Note 2.b,
except for per share and per ADS amounts in Argentine pesos or unless otherwise indicated)

The components of the net deferred tax assets and liabilities as of September 30, 2011 and December 31, 2010 are the following:

Non-current deferred tax assets and liabilities	**09/30/2011**	**12/31/2010**
Allowance for doubtful accounts	901	9,538
Deferred revenues	(306)	(461)
Tax credits discounted value loss	3,990	6,069
Intangible assets	(1,278)	(1,523)
Property, plant and equipment, net	(88,136)	(83,004)
Other provisions	2,343	2,343
Provision for contingencies	44,423	38,190
Current investments	(532)	(983)
Income tax loss carryforward	1,152	653
Net deferred tax liability (Notes 4.d. and 4.i.) (1)	**(37,443)**	**(29,178)**

(1) Net of deferred tax asset of Ps. 1,190 and Ps. 733 recorded under Other non-current receivables as of September 30, 2011 and December 31, 2010, respectively.

Income tax expense computed at the statutory tax rate on pre-tax income differs from the income tax expense for the nine-month periods ended September 30, 2011 and 2010 as follows:

	2011	**2010**
Pre-tax income	235,364	169,456
Statutory income tax rate	35%	35%
Pre-tax income at statutory income tax rate	(82,378)	(59,310)
Permanent differences at statutory income tax rate:		
- Inflation adjustment	(22,959)	(23,200)
- Non-taxable income or non-deductible expenses	668	635
- Others	(2,009)	2,535
Income tax expense	**(106,678)**	**(79,340)**

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the years in which those temporary differences become recoverable. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning in making these assessments. This evaluation is based on internal projections made as discussed in Note 2.a).

Within the framework of Resolution No. 312/05 from the FACPCE, the net book value of the inflation adjustment included in the accounting value of the property, plant and equipment is a temporary difference and thus, the deferred tax liability is required to be recorded. However, said resolution provides the possibility of disclosing it in the notes to the financial statements instead of recording it. TGS has elected to disclose the deferred tax liability in notes to the consolidated interim financial statements. This deferred tax liability does not constitute an account payable, but it is a liability that will be reversed over the remaining period over which these assets are depreciated. In compliance with Resolution No. 487 of the CNV, TGS advises that, if that liability had been recognized, the deferred tax liability as of September 30, 2011 would have increased in Ps. 571,318 (generating a net liability position of Ps. 608,761), and a positive effect of Ps. 22,889 and Ps. 23,122 on the Company's net income for the nine-month periods ended September 30, 2011 and 2010, respectively, would have been recognized. Additionally, in the rest of this year and subsequent years, TGS would have recorded a lower income tax expense as follows:

(Amounts stated in thousands of Argentine pesos as described in Note 2.b,
except for per share and per ADS amounts in Argentine pesos or unless otherwise indicated)

	Amount
From 10/01/2011 to 12/31/2011	7,624
Year 2012	30,067
Year 2013	29,303
Year 2014	28,922
Year 2015	28,826
Year 2016 onwards	446,576
Total	**571,318**

l) Asset tax

The Company and its subsidiary are subject to the Asset Tax Law ("*Impuesto a la Ganancia Mínima Presunta*"). The asset tax is calculated on an individual entity basis at the statutory tax rate of 1%, and is based upon the taxable assets of each Argentine entity as of the end of the year. This tax is complementary to income tax and the Company is required to pay the greater of the income tax or the asset tax. Any excess of the asset tax over the income tax may be carried forward and recognized as a payment on account of any excess of income tax over asset tax occurring within the subsequent ten years.

As of September 30, 2011 and 2010, the Company has not recorded any provision in respect of the asset tax because the determined amounts do not exceed what has been estimated for the income tax.

m) Advances in kind from customers

The advances in kind from customers have been valued at their respective nominal amount considering that this value is higher than the cost of rendering the gas transportation services that will cancel said advances.

n) Allowances and provisions for contingencies

The Company provides for losses relating to its accounts receivable. The allowance for losses is based on management's evaluation of various factors, including the credit risk of customers, historical trends and other information. While management uses the information available to make evaluations, future adjustments to the allowance may be necessary if future economic conditions differ substantially from the assumptions used in making the evaluations. Management has considered all events and/or transactions that are subject to reasonable and normal methods of estimation, and the consolidated interim financial statements reflect that consideration.

The Company has certain contingent liabilities with respect to existing claims, lawsuits and other proceedings, including those involving legal and regulatory matters. The Company records liabilities when it is probable that future costs will be incurred and such costs can be reasonably estimated. Such accruals are based on developments known by TGS at the date of the issuance of these consolidated interim financial statements, estimates of the outcome of these matters and the experience of its legal counsel in contesting, litigating and settling other matters. As the scope of the contingent liabilities become better defined, there will be changes in the estimates of future costs, which could have a material effect on the Company's future results of operations and financial condition or liquidity.

Contingencies and allowances are disclosed in Exhibit E.

(Amounts stated in thousands of Argentine pesos as described in Note 2.b,
except for per share and per ADS amounts in Argentine pesos or unless otherwise indicated)

o) Shareholders' equity accounts

These accounts have been restated to account for the effects of inflation as described in Note 2.b), except for "Common stock" which is stated at nominal value. The adjustment derived from the restatement of such account has been disclosed under the line item "Inflation adjustment to common stock", in the Consolidated Statement of Changes in Shareholders' Equity.

p) Revenue recognition

Firm transportation revenues are recognized based on the accrued contracted capacity reserved regardless of actual usage. For interruptible transportation services and certain production and commercialization of liquids contracts, revenues are recognized upon the delivery of natural gas or gas liquids to customers, respectively. For other production of liquids and other services contracts, revenues are recognized when services are rendered.

q) Statement of income accounts

Accounts relating to the statement of income have been recorded considering the following criteria:

- Accounts that accumulate monetary transactions, at their nominal value.

- Expenses related to consumption of non-monetary assets have been charged to the statement of income considering the restated cost of such assets as described in Note 2.b).

- Gain on related companies were determined on the basis of TGS' affiliates' results and were disclosed under "Gain on related companies".

Other expenses, net for the nine-month periods ended September 30, 2011 and 2010, include the following items:

	2011	**2010**
Net increase in provisions for contingencies (Exhibit E)	(18,862)	(19,669)
Revenues from liquids contract termination agreement	16,044	-
Others	(1,568)	(3,471)
Total	**(4,386)**	**(23,140)**

r) Earnings per share and per American Depositary Shares ("ADS")

Earnings and dividends per share and per ADS for the nine-month periods ended September 30, 2011 and 2010 have been calculated based on 794,495,283 outstanding shares during each year. One ADS represents five Class B shares. As the Company does not have preferred stock or convertible debt, the amount of basic earnings per share is the same as the amount of diluted earnings per share.

s) New accounting rules

On December 29, 2009, CNV issued Resolution No. 562/09 which provides the application of TR No. 26 approved by the Argentine Federation. This TR establishes that certain Argentine companies which are subject to the Argentine Public Offering Regime (Law No. 17,811) will be required to adopt International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"). The application of such standards is effective for financial statements issued for the interim periods and fiscal year beginning January 1, 2012.

To that purpose, the Company prepared an implementation plan for the adoption of said accounting rules under the regulations established by Resolution No. 562/09 which was approved by the Board of Directors in its meeting held on April 8, 2010.

TGS has moved forward in the diagnosis of the more significant differences regarding valuation between the IFRSs and the effective accounting standards, the election of the alternative criteria of valuation and the procedures that the Company must follow when it adopts IFRSs for the first time as the basis for preparing its financial statements, established in IFRS 1 – First-time adoption of IFRS ("IFRS 1"). Particularly, the Company will adopt the following:

– *Initial recognition and measurement in components of Property, Plant and Equipment (PP&E) for the purpose of Production and Commercialization of Liquids:* The Company will adopt the option provided by IFRS 1, that certain components of PP&E may be measured at their fair value at the opening IFRS statement of financial position as from January 1, 2011. This fair value becomes the deemed cost for the issuance of financial information for subsequent years. For the rest of the components of the PP&E, the deemed cost will be the cost of the fixed assets restated under effective accounting standards.

– *Capitalized foreign exchange differences under regulations established by Resolutions* No. *87/03 y No. 3/2002:* The Company applied provisions of IFRS 1 and chose to keep the foreign exchange difference as part of the value of the assets for the purpose of the rendering of the regulated service.

– *Measurement after recognition in components of PP&E:* After adopting IFRSs for the first time, the IFRSs allow the Company to choose the treatment for the measurement of PP&E components. The International Accounting Standard 16 – Property Plant and Equipment ("IAS 16") provides that an entity shall choose either the "cost model" or the "revaluation model". The Company will choose to continue applying the cost model for all components of PP&E, using the deemed cost as the cost of said assets, determined as of January 1, 2011.

At present, the Company is concluding the stage to evaluate the effects of the adoption of said accounting rules.

Furthermore, on July 1, 2010, the CNV issued Resolution No. 576/10, which extends Resolution No. 562/09, and, among others, establishes, that the recognition of the deferred tax liability caused by the inflation adjustment included in the accounting value of property, plant and equipment (which amount is disclosed in Note 2.k, in compliance with CNV Resolution No. 487) must be recorded with debit to Accumulated Retained Earnings in any interim period or fiscal year-end and until the end of the year immediately preceding the first interim period in which the IFRS will be applied. Consequently, TGS will recognize this liability during this year. Moreover, said Resolution allows the Shareholders' Meeting dealing with the approval of the financial statements in which said deferred tax liability was recognized to reallocate the debit to other accounts of the Shareholders' Equity, which do not represent shares or reserved earnings.

(Amounts stated in thousands of Argentine pesos as described in Note 2.b,
except for per share and per ADS amounts in Argentine pesos or unless otherwise indicated)

3. CONSOLIDATED BUSINESS SEGMENT INFORMATION

The Company's business segments are as follows: (i) natural gas transportation services through its pipeline system; (ii) production and commercialization of liquids and (iii) other services, which include midstream and telecommunication services (the latter rendered by its subsidiary, Telcosur).

Operating income / (loss) consists of net revenues minus operating expenses. In the calculation of operating income / (loss), the following items have not been included: other expenses, net, gain on related companies, net financial results and income tax expense.

Assets and liabilities were allocated to each segment based on the specific identification of the assets and liabilities related to the specific business. Assets and liabilities that cannot be allocated to a specific segment were grouped under "Corporate" and include current investments and loans, among others.

Nine-month period ended September 30, 2011	**Gas Transportation**	**Production and Commercialization of liquids**	**Other Services**	**Corporate**	**Total**
Net revenues	435,979	745,126	64,666	-	1,245,771
Operating income / (loss)	135,658	319,029	1,299	(81,241)	374,745
Depreciation of property, plant and equipment	118,986	30,504	9,639	5,395	164,524
Additions to property, plant and equipment	71,649	23,224	20,121	8,381	123,375
Identifiable assets	3,669,187	512,080	272,294	412,997	4,866,558
Identifiable liabilities	432,126	123,283	12,980	1,852,463	2,420,852
Nine-month period ended September 30, 2010					
Net revenues	470,123 (1)	685,722	67,719	-	1,223,564
Operating income / (loss)	200,887	253,100	14,151	(91,787)	376,351
Depreciation of property, plant and equipment	117,124	28,166	9,413	4,277	158,980
Additions to property, plant and equipment	49,924	17,323	25,184	8,221	100,652
Year ended December 31, 2010					
Identifiable assets	3,707,655	497,945	250,514	1,155,231	5,611,345
Identifiable liabilities	387,881	160,527	18,741	1,751,176	2,318,325

(1) Includes Ps. 46,486 corresponding to the tariff increase ratified through Presidential Decree no. 1,918/09 (Note 7.a.).

The Company renders services of gas transportation principally to gas distribution companies and Petrobras Argentina. Significant customers in terms of net revenues from gas transportation for the nine-month periods ended September 30, 2011 and 2010 are as follows:

	2011	**2010 (1)**
MetroGAS S.A. ("MetroGAS")	137,667	136,240
Camuzzi Gas Pampeana S.A.	73,179	70,582
Gas Natural BAN S.A. ("BAN")	52,776	52,585
Petrobras Argentina	24,757	24,780
Camuzzi Gas del Sur S.A.	18,198	19,062

(1) Does not include the tariff increase ratified through Decree No. 1,918/09.

Significant customers in the production and commercialization of liquids segment are Petredec Limited ("Petredec"), PBB-Polisur S.A. ("Polisur"), Trafigura Beheer B.V. Amsterdam ("Trafigura") and Petroleo Brasileiro. Net revenues from these customers (include sales of liquids made on behalf of third parties, from which TGS withholds charges for the production and commercialization of liquids) for the nine-month periods ended September 30, 2011 and 2010 are as follows:

(Amounts stated in thousands of Argentine pesos as described in Note 2.b,
except for per share and per ADS amounts in Argentine pesos or unless otherwise indicated)

	2011	2010
Petrobras International Finance Company ("PIFC")	9,332	318,098
Polisur	239,570	222,438
Petredec	261,712	-
Trafigura	186,016	180,585
Petroleo Brasileiro	90,299	-

4. SUMMARY OF SIGNIFICANT BALANCE SHEET ITEMS AS OF SEPTEMBER 30, 2011 AND DECEMBER 31, 2010

		09/30/2011	12/31/2010
a)	**Current accounts receivable, net**		
	Gas transportation		
	MetroGAS	36,305	34,586
	Camuzzi Gas Pampeana S.A.	9,441	8,647
	BAN	7,112	6,886
	Camuzzi Gas del Sur S.A.	2,356	2,047
	Profertil S.A. ("Profertil")	7,759	6,359
	Repsol-YPF S.A. ("Repsol-YPF")	4,447	1,558
	Total Austral S.A. ("Total Austral")	7,859	4,778
	Pan American Sur S.R.L. ("PAS")	5,068	4,699
	Wintershall Energía S.A. ("Wintershall")	3,234	20,868
	Aluar Aluminio Argentino S.A.C.I. ("Aluar")	4,147	1,318
	Related companies	10,268	4,169
	Others	20,601	10,477
	Subtotal	**118,597**	**106,392**
	Production and commercialization of liquids		
	Polisur	43,195	43,401
	Pan American Energy S.R.L. ("PAE")	2,198	-
	Trafigura	-	14,878
	Total Austral	4,499	-
	Related companies	26,901	44,882
	Others	11,245	9,834
	Subtotal	**88,038**	**112,995**
	Other services		
	Profertil	4,729	4,351
	Gas trust fund (Note 7.b.)	20,257	55,653
	Related companies	27,273	14,589
	Others	15,307	23,721
	Subtotal	**67,566**	**98,314**
	Allowance for doubtful accounts (Exhibit E)	(3,214)	(716)
	Total	**270,987**	**316,985**

(Amounts stated in thousands of Argentine pesos as described in Note 2.b,
except for per share and per ADS amounts in Argentine pesos or unless otherwise indicated)

		09/30/2011	12/31/2010
b)	**Other current receivables**		
	Tax credits	2,816	1,994
	Prepaid expenses	23,367	6,814
	Advances to suppliers	25,495	15,637
	Subsidies receivable	25,792	16,963
	Tax to be recovered	-	1,140
	Others	8,110	9,831
	Total	**85,580**	**52,379**
c)	**Non-current accounts receivable**		
	MetroGAS [(1)]	27,176	27,176
	Gas trust fund (Note 7.b)	36,798	-
	Profertil	8,037	9,000
	Allowance for doubtful accounts (Exhibit E) [(1)]	(27,176)	(27,176)
	Total	**44,835**	**9,000**
d)	**Other non-current receivables**		
	Deferred income tax (Note 2.k.)	1,190	733
	Easement expense to be recovered	4,473	4,233
	Tax credits [(2)]	61,157	55,332
	Others	4,371	4,558
	Total	**71,191**	**64,856**
e)	**Accounts payable**		
	Suppliers	203,393	246,393
	Customers (credit balances)	23,639	28,050
	Related companies	27,363	19,307
	Total	**254,395**	**293,750**
f)	**Current taxes payable**		
	Income tax (net of advances and others)	12,481	77,942
	VAT	10,046	-
	Tax on exports	7,266	14,044
	Others	3,232	5,292
	Total	**33,025**	**97,278**
g)	**Current advances from customers [(3)]**		
	Aluar	6,742	6,742
	Gas Trust	806	1,564
	Total Austral	4,770	4,770
	Polisur	663	626
	PAS	3,180	3,180
	Others	1,283	1,118
	Total	**17,444**	**18,000**

(Amounts stated in thousands of Argentine pesos as described in Note 2.b,
except for per share and per ADS amounts in Argentine pesos or unless otherwise indicated)

		09/30/2011	12/31/2010
h)	**Other liabilities**		
	Provisions for *GdE* lawsuit (Note 9.d.)	5,931	5,200
	Other provisions	1,856	806
	Total	**7,787**	**6,006**

i)	**Non-current taxes payable**		
	Deferred income tax (Note 2.k.)	38,633	29,911
	Total	**38,633**	**29,911**

j)	**Non-current advances from customers** [3]		
	Aluar	180,375	185,432
	Total Austral	21,067	24,645
	Polisur	321	644
	PAE	70,108	-
	PAS	13,544	16,429
	Total	**285,415**	**227,150**

[1] Corresponds to the bills included in MetroGAS' reorganization process (Note 9.f).

[2] As of September 30, 2011 and December 31, 2010, includes Ps. 58,209 and Ps. 52,384, respectively, of income tax and VAT credits generated by the reversion of the tariff increase credit (see Note 7.a.), which will be collected through a tax recovery appeal.

[3] They are mainly related to the financing of TGS pipeline system expansion works for the rendering of firm transportation services contracted by such clients. The advance payments will be settled with the effective rendering of firm transportation service.

5. SUPPLEMENTAL CASH FLOW INFORMATION

For purposes of the consolidated statement of cash flows, the Company considers all highly liquid temporary investments with an original maturity of three months or less at the time of purchase to be cash equivalents. The cash flow statement has been prepared using the indirect method, which requires a series of adjustments to reconcile net income for the period to net cash flows from operating activities.

Cash and cash equivalents at the end of the nine-month periods ended September 30, 2011 and 2010 are as follows:

	2011	2010
Cash and banks [1]	113,874	320,962
Current investments	230,661	602,448
Total cash and cash equivalents	**344,535**	**923,410**

[1] As of September 30, 2011 and 2010, includes Ps. 95,016 and Ps. 289,298, respectively, corresponding to balances from bank accounts which accrue interest.

(Amounts stated in thousands of Argentine pesos as described in Note 2.b,
except for per share and per ADS amounts in Argentine pesos or unless otherwise indicated)

Non-cash transactions as of September 30, 2011 and 2010 are as follows:

	2011	2010
Acquisition of property, plant and equipment through an increase in accounts payable	3,781	8,545
Financial expense capitalization	6,793	4,654

Cash flows resulting from operations include net financial results generated by cash and cash equivalents as of September 30, 2011 and 2010 for Ps. 27,777 and Ps. 29,156, respectively.

6. LOANS

Short-term and long-term debt as of September 30, 2011 and December 31, 2010 comprises the following:

	09/30/2011	12/31/2010
Current loans:		
1999 EMTN Program: Series 2 notes (1)	112	97
Interests payable 2007 EMTN Program	46,572	14,564
Total current loans	**46,684**	**14,661**
Non- current loans:		
2007 EMTN Program: Series 1 notes	1,572,771	1,487,119
Total non-current loans	**1,572,771**	**1,487,119**
Total loans	**1,619,455**	**1,501,780**

(1) Corresponds to notes that were not tendered in the debt exchange made in December 2004 and accrue an annual interest rate of 10.375%.

Issuance of notes under the 2007 Global Program:

The Extraordinary Shareholders' meeting held on December 21, 2006 approved the creation of the Global Program for the issuance of new notes of a maximum aggregate amount of US$ 650,000,000. This Program was authorized by the CNV on January 18, 2007.

With the aim of improving the indebtedness profile of the Company and to soften the restrictions of the previous debt, in May and June 2007, TGS succeeded in the process of refinancing its financial debt by means of the issuance of new notes in an amount of US$ 500,000,000 within the 2007 Global Program, and the prepayment of its prior debt by a tender offer, the redemption of those notes not tendered and the prepayment of the IDB loans.

The issuance of the US$ 500,000,000 notes within the Global Program 2007, due on May 14, 2017, accrues interest at a fix annual rate of 7.875%, payable semi-annually. The principal amount will be amortized in four equal payments, which mature on May 14, 2014, 2015, 2016 and 2017. Public trading of these notes was authorized by the *Bolsa de Comercio de Buenos Aires* ("BCBA"), the *Mercado Abierto Electrónico* (“MAE”) and the Luxembourg Stock Exchange.

With the aim of reducing its financial indebtedness and considering the favorable market conditions, between August 2008 and August 2010, TGS proceeded to cancel notes with a nominal value of US$ 125,976,000 respectively, which were previously bought on the market at lower prices in comparison with their nominal value. These transactions generated a gain of Ps. 5,129 for the nine-month period ended September 30, 2010, associated with the purchase of notes with a nominal value of US$ 21,326,000. As of September 30, 2011, TGS’ financial indebtedness amounted to US$ 374,024,000 and thus, the amortization payments will amount to US$ 93,506,000 each.

Covenants:

The Company is subject to some restrictive covenants under its outstanding debt obligations which include, among others, some restrictions to incur new debt, dividend payments, the granting of guarantees, assets sales and transactions with related companies.

The Company may incur new debt, under these restrictions, among others:

i. As long as after incurring the new debt, (i) the consolidated coverage ratio (quotient of the consolidated adjusted EBITDA -earnings before financial results, income tax, depreciation and amortization-) and the consolidated interest expense) is equal or higher than 2.0:1; and (ii) the consolidated debt ratio (quotient of the consolidated debt and the consolidated EBITDA) is equal or lower than 3.75:1.

ii. For the refinancing of the outstanding financial debt.

iii. Provided by advances from customers.

The Company may pay dividends as long as (i) the Company is not in default under the new debt obligations, (ii) immediately after the dividend payment, the Company would be able to incur in additional indebtedness pursuant to a. from the preceding paragraph.

7. REGULATORY FRAMEWORK

a) General framework and current tariff context:

The Company's natural gas transportation business is regulated by Law No. 24,076 ("the Natural Gas Act"), its regulatory Decree No. 1,738/92 and by regulations issued by ENARGAS, which is entitled, among other things, to set the basis for the calculation, monitoring and approval of tariffs (the "Regulatory Framework"). According to the Regulatory Framework, transportation tariffs were to be calculated in US dollars and converted into Argentine pesos at the time the customer was billed using the exchange rate prevailing at that time. The basic gas transportation tariffs charged by TGS had been established at the time of the privatization of GdE and were to be adjusted, subject to prior authorization, in the following cases: (i) semi-annually to reflect changes in the US producer price index ("PPI") and (ii) every five years according to efficiency and investment factors determined by ENARGAS. The "efficiency factor" is a reduction to the base tariff resulting from future efficiency programs while the "investment factor" increases the tariffs to compensate the licensees for future investments which are not repaid through tariffs. Also, subject to ENARGAS approval, tariffs were to be adjusted to reflect non-recurrent circumstances or tax changes, other than income tax.

The terms and conditions as described in the precedent paragraph in connection with tariff adjustments contemplated within the Regulatory Framework are no longer effective since the enactment of the Public Emergency Law in early 2002 (the "Emergency Law"), which, among other provisions, eliminated tariff increases based on US dollar exchange rate fluctuations, foreign price indexes or any other indexing procedure and established a conversion rate of one peso to one US dollar for tariffs. The Emergency Law also granted the Executive Branch power to renegotiate contracts entered into with private utility companies, pursuant to the framework included in the said law as long as it is in force, which will expire in December 31, 2011, after several extensions.

In July 2003, the Unit for Renegotiation and Assessment of Utilities Contracts ("UNIREN") was created under the joint jurisdiction of the Ministry of Economy and Production and the Ministry of Federal Planning, Public

Investment and Services ("MPFIPyS"). UNIREN conducts the renegotiation process of the contracts related to utilities and public works, and is entitled to enter into total or partial agreements with the licensees and submit projects regulating the transitory adjustment of tariffs and prices, among other things.

In June and November 2005, TGS received two proposals from UNIREN. Said proposals provided for a tariff increase of 10%, an overall tariff review, and required TGS's and its shareholders' abandonment of any claim or lawsuit resulting from the effects of the Public Emergency Law on the License prior to the effectiveness of a renegotiation of the License, and also demanded TGS to hold the Argentine government harmless from any claim or lawsuit filed by its shareholders. Additionally, said proposals required the Company's and its shareholders' abandonment of any future claim or lawsuit regarding the PPI tariff adjustments which were not applied in 2000 and 2001. TGS responded to the proposals, and declared that the original 10% increase was insufficient and committed not to file any administrative, arbitration or judicial claim or lawsuit in Argentina or abroad, as long as a reasonable renegotiation agreement was reached. Moreover, TGS stated that the Company is determined to make its best efforts to obtain similar commitments from its investors.

In November 2005, in response to the requirement made by the UNIREN, CIESA and Petrobras Argentina Holding (as CIESA's shareholder) confirmed that they had not initiated or intended to initiate in the future any claim against the Argentine Republic. Furthermore, Ponderosa Assets L.P. ("Ponderosa"), as TGS and CIESA's indirect shareholder at that time, informed on the existence of a claim which, jointly with Enron Corp., it initiated against the Argentine Republic before the International Center for the Settlement of Investment Disputes ("ICSID") under the scope of the World Bank, and that it would only consider waiving its claim if Ponderosa has received fair compensation. In May 2007, the ICSID ordered the Argentine Government to pay US$ 106.2 million to Enron Corp. An ICSID committee annulled the award rendered in 2007 and ordered the American corporation to reimburse the Argentine Republic the total amount of the annulment award costs. This annulment does not prevent the plaintiff from filing a new claim before said tribunal. On October 18, 2010, Enron Creditors Recovery Corp. (Enron Corp's new corporate name) and Ponderosa Assets filed a new claim against the Argentine Republic before the ICSID. In June 2011, the Tribunal that will hear the case was constituted.

On October 9, 2008, TGS signed a transitional agreement with the UNIREN that contemplated a tariff increase of 20%, which is retroactively applicable to September 1, 2008. According to this agreement, the funds generated by this tariff increase would be temporarily deposited in a trust fund until TGS needed them to carry out an investment plan for its pipeline system. The total of the investment plan had been executed with TGS' own funds. In September 6, 2011, the investment plan was considered completed by ENARGAS

On December 3, 2009, the Executive Branch ratified this transitional agreement through the Presidential Decree No. 1,918/09. By means of this Decree, TGS will be able to bill the tariff increase to its clients as soon as ENARGAS publishes the new tariffs chart and sets the methodology to bill the retroactive effect. However, ENARGAS has not carried out these duties and due to this delay, in August 2010, TGS requested ENARGAS authorization to issue the Tariff Chart including the 20% transitory tariff increase and the retroactive collection methodology, requesting the application of an interest rate in line with the established method of payment. ENARGAS responded to TGS that they had submitted the records and the tariff project to the Coordination and Management Control Under Secretariat ("SCyCG"), which is under the scope of the MPFIPyS, based on the Resolution No. 2000/2005 of the MPFIPyS.

On September 30, 2010, the Company filed an *acción de amparo* (a summary proceeding to guarantee constitutional rights) against the ENARGAS and the SCyCG in order to obtain the implementation of the new tariff increase schedule. On October 25, 2010, the ENARGAS and the SCyCG provided the information required by the Judge on October 19, 2010. On November 8, 2010 the Company was served notice of the judgment that upheld the injunction filed by TGS. Said judgment orders the SCyCG to return to ENARGAS -within a two-day period- the documents remitted by said body in connection with the Tariff Chart applicable to TGS under Decree No. 1,918/09; and orders the ENARGAS -within two days following reception of said documents- to set the Tariff Chart and the retroactive collection methodology. ENARGAS and the SCyCG filed an appeal against the judgment that upheld the *acción de amparo* filed by TGS.

Moreover, on November 16, 2010, TGS received an invitation from the UNIREN in order to move forward with the renegotiation of the License Agreement within the scope and in the terms of the Emergency Law, to which end the UNIREN requires the suspension of claims, appeals, or administrative or judicial action taken against the Federal Government in connection with or arising from the Renegotiation Process of remuneration under the License Agreement. On November 18, 2010, the Company decided to authorize the suspension of the *acción de amparo* mentioned above for a twenty- working-day period automatically renewable at the expiration of said term (except that the Board before or at the expiration of each period decides not to renew it) in order to move forward with the renegotiation of the License Agreement. On December 28, 2010, TGS requested the ENARGAS and the MPFIPyS the subscription of the suspension, and as of the date of the issuance of these consolidated interim financial statements, the Company has not received any favorable respond in this matter.

On April 5, 2011, the Second Chamber of the Court of Appeals in administrative federal matters set a 60 business day term for the SCyCG to act according to the provisions of Resolution No. 2000/2005 and return to ENARGAS the documents remitted by said Body, and for the ENARGAS to decide –within a 60 business day term as from reception of said documents-, following verification of compliance with the provisions set forth in the transitory agreement dated October 9, 2008, on the tariff adjustment and the Transitional Tariff Chart stipulated therein. TGS and the ENARGAS filed an extraordinary appeal before the Court of Appeals, which were dismissed by the Court of Appeals on May 27, 2011. On June 14, 2011, the ENARGAS filed an appeal before the Supreme Court of Justice requesting that the appeal dismissed by the Court of Appeals be accepted. On August 25, 2011, the SCyCG returned to ENARGAS the administrative documents giving notice Resolution No. 2000/2005.

As over one year has elapsed since the enactment of the Decree No. 1,918/09 and the granting of the above mentioned appeal with suspensive effect, which implies a substantial change in the scenario considered when the tariff increase was recorded, on December 16, 2010 the Board of Directors of the Company resolved: (i) to discontinue the recognition of the tariff increase revenue; (ii) to reverse the credit provision of the tariff increase revenue already accrued in the year ended December 31, 2009 and in the nine-month period ended September 30, 2010. The reversal of the tariff increase does not imply any resignation to its right resulting from the Decree No. 1,918/09.

According to the provisional agreement, the Company should reach a consensus with the UNIREN on the terms and conditions of the overall agreement subscription before the expiration date of the Emergency Law, on December 31, 2011. In the case of not reaching this consensus, the UNIREN will inform the Executive Branch with the recommendations of the procedural steps to follow.

In this regard, in October 2008, TGS received an integral license renegotiation agreement proposal from the UNIREN (which includes the initial 20% tariff increase), whose purpose is the license renegotiation and the overall tariff revision. In October 2011, TGS received a new proposal from the UNIREN which included similar terms and conditions from the ones included in the last proposal received in 2008. The approval of this proposal by TGS allows the UNIREN to initiate the administrative process which will be signed after the approval of competent organisms.

The production and commercialization of liquids segment is not regulated by the ENARGAS, and as it is provided in the Transfer Agreement, is organized as a separate business unit within the Company, keeping accounting information separately. However, the Federal Energy Bureau sets the propane and butane sales price for the local market. This agency determines periodically a minimum volume of propane and butane to be commercialized by the producers in the local market in order to guarantee the domestic supply.

On September 30, 2008 the Federal Energy Bureau and propane and butane producers, among others, signed an agreement on the price stabilization of the propane and butane ("LPG") bottles whereby the industry players committed to a substantial reduction in the price of butane bottles from October 1, 2008, to support low-income consumers. This price reduction is partially offset by a subsidy paid by a trust fund created for that purpose. This trust fund receives the funds provided by the rise in the wellhead natural gas price which was authorized by the Argentine government.

The License establishes, among other restrictions, that the Company will not be allowed to assume CIESA's obligations, nor to grant loans, real guarantees or any other kind of favor to CIESA's creditors.

b) Expansion of the gas transportation system

Since 2004, the gas transportation system expansion works have been carried out under the Gas Trust Fund Program framework, which was created through Executive Branch Decree No. 180/04 and Resolution No. 185/04 issued by the MPFIPyS, aimed at financing the expansion of the national gas transportation system in a manner different from that established in the License.

Under such framework, the MPFIPyS, the Federal Energy Bureau and the natural gas transportation companies, among others, signed in April 2006 a Letter of Intent to carry out the second expansion of the gas pipeline system. In December 2006, the gas trust fund contracts for the second expansion were signed, and TGS entered into an agreement under which the Company will manage the expansion project.

Expansion works initiated in 2006, which where planned in gradual stages, were executed with the aim to be financed by other gas trust funds, whose trustors are the gas producers and the shippers who subscribed the additional capacity. The works will be repaid with a new tariff charge that will be finally paid by the business and industrial users with firm transportation contracts, except for the distribution companies. In addition, TGS is in charge of the rendering of firm transportation services. For these services, TGS is paid a monthly Charge for Access and Use ("CAU"). As of September 30, 2011, the incremental transportation capacity was 222 MMcf/d after the works came into service.

In May 2011, TGS received *Valores Representativos de Deuda* ("debt securities") from the trust fund, date of issue February 2010, which cancelled the account receivable of Ps. 48.1 million related to services rendered for the 247 MMcf/d expansion works. These debt securities amortize principal in 85 monthly, consecutive and equal installments and bear CER interest plus an 8% from their date of issue.

In October 2011, TGS, the Federal Energy Bureau and the trustee of the gas trust funds agreed the terms and conditions under which TGS will render the operation and maintenance services of the assets associated with the incremental transportation capacity of 247 MMcf/d. Also, they agreed an amendment of the management agreement in order to include management services associated with an additional expansion which will increase the transportation capacity by 131 MMcf/d and its remuneration.

c) Essential assets

A substantial portion of the assets transferred by GdE has been defined as essential for the performance of the gas transportation service. Therefore, the Company is required to keep separated and maintain these assets, together with any future improvements, in accordance with certain standards defined in the License.

The Company may not, for any reason, dispose of, encumber, lease, sublease or loan essential assets nor use such assets for purposes other than providing the licensed service without the prior authorization of ENARGAS. Any expansion and improvement that the Company may make to the gas pipeline system after the takeover may only be encumbered to secure loans that have a term of more than one year to finance new expansions and improvements to the licensed service.

Upon expiration of the License, the Company will be required to transfer to the Argentine government or its designee, the essential assets listed in an updated inventory as of the expiration date, free of any debt, encumbrances or attachments, receiving compensation equal to the lower of the following two amounts:

i) the net book value of the essential assets determined on the basis of the price paid by the acquiring joint venture, and the original cost of subsequent investments carried in US dollars and adjusted by the PPI, net of accumulated depreciation according to the calculation rules to be determined by ENARGAS; or

ii) the net proceeds of a new competitive bidding.

8. COMMON STOCK AND DIVIDENDS

a) Common stock structure and shares' public offer

As of September 30, 2011 and 2010, the Company's common stock was as follows:

Common Shares Class (Face value $ 1, 1 vote)	Amount of common stock, subscribed, issued, paid in, and authorized for public offer
Class "A"	405,192,594
Class "B"	389,302,689
	794,495,283

TGS's shares are traded on the BCBA and under the form of the ADS (registered in the SEC and representing 5 shares each) on the New York Stock Exchange.

b) Limitation on the transfer of the Company's shares

The Company's by-laws provide that prior approval of ENARGAS and the unanimous approval of CIESA's shareholders, under agreements among them, must be obtained in order to transfer Class "A" shares (representing 51% of common stock). The Bid Package states that approval of ENARGAS will be granted provided that:

- The sale covers 51% of common stock or, if the proposed transaction is not a sale, the transaction that reduces the shareholding will result in the acquisition of a shareholding of not less than 51% by another investment company; and

- The applicant provides evidence to the effect that the transaction will not impair the operating quality of the licensed service.

In the case of shareholders of CIESA who have qualified to obtain such condition due to the equity, guarantee and/or technical background of their respective parent companies, the sale of shares representing the capital of such subsidiaries by the respective ultimate, direct or indirect parent companies, and/or the cessation of management running the Company, requires the prior authorization of ENARGAS.

In case the Company wishes to reduce its capital, redeem its shares or distribute any part of its equity, except for the payment of dividends, in accordance with the provisions of the Argentine Business Associations Law, it requires prior authorization from ENARGAS.

c) Restrictions on distribution of retained earnings

Under current Argentine legal requirements and CNV standards, 5% of each fiscal year net income must be appropriated into a legal reserve, provided that there is no unappropriated retained deficit. In such case, the 5% should be calculated on any excess of the net income over the unappropriated retained deficit. This appropriation is legally binding until such reserve equals 20% of the amount which results from the sum of the "Common stock nominal value" and the balance of "Cumulative inflation adjustment to common stock".

In addition, the by-laws provide for the issuance of Profit Sharing Vouchers, as defined in Article 230 of the Argentine Business Associations Law, which Vouchers entitle all regular employees to share in 0.25% of the Company's net income for each year.

According to law No. 25,063, the dividends paid in cash or in kind, in excess of the tax profit**,** will be subject to a 35% withholding tax of the income tax, as sole and only payment.

Furthermore, the Company is subject to certain restrictions for the payment of dividends, which were contemplated in the outstanding debt agreements (Note 6 – "Covenants").

9. LEGAL AND REGULATORY MATTERS

a) Exemption of the sales of liquids in Turnover Tax

In the framework of the Tax Agreement subscribed by the Argentine Government and the Provinces in 1993, and as from the enactment of provincial Law No. 11,490, TGS required the Tax Bureau of the Province of Buenos Aires to exempt the sales of liquids from the turnover tax. In September 2003, the Tax Bureau of the Province of Buenos Aires, through Resolution No. 4,560/03, denied the exemption. In October 2003, the Company filed an administrative appeal with the Tax Court of the Province of Buenos Aires.

In February 2007, the Tax Court partially upheld TGS's complaint. In its pronouncement, the Tax Court stated that ethane sales were within the scope of the turnover tax exemption but that neither propane nor butane sales qualified for the exemption in the domestic market, because they were not raw materials for an industrial process.

TGS filed an appeal in May 2007 before the Province of Buenos Aires Court alleging that propane and butane sales might be utilized for other uses different from petrochemical industry. As of the date of the issuance of these consolidated interim financial statements, the Court has not issued any sentence.

On September 26, 2005, TGS was notified of the results of the tax assessment process regarding the turnover tax for the period January 2002 - July 2003, which amounted to Ps. 4.4 million plus interest. On October 18, 2005, TGS presented the corresponding discharge on its belief that the sales of liquids activity was conducted under the tax exemption regime discussed above. On April 12, 2006 the motion to dismiss was rejected and therefore, the Company filed corresponding appeals with the Tax Bureau of this province and jointly with the Arbitral Commission. For that reason, the Tax Bureau of the Province of Buenos Aires resolved that until the Arbitral Commission notifies its resolution, the process is suspended. On April 20, 2010, the Arbitral Commission notified its resolution against TGS, and thus, the Company filed an appeal before the Plenary Commission.

On February 19, 2008, TGS was notified with a formal assessment notice of Ps. 3.6 million (not including interest) regarding the payment of the turnover tax corresponding to the fiscal period ranging from August 2003 to December 2004. On March 11, 2008, TGS filed a discharge within the Tax Bureau of the Province of Buenos Aires which was rejected and thus, the Company filed an appeal with the Tax Bureau of this province in January 2009. As well, the Company appealed with the Arbitral Commission, and thus, the Tax Bureau of this province suspended the process until the Arbitral Commission notifies its resolution.

As of September 30, 2011, TGS maintains a provision of Ps. 32.8 million.

b) CNV – Contingency related to the payment of the withholding tax on interest payments regarding 2004 Notes

In February 2005, the Company was served notice by the CNV that certain notes issued in December 2004 by US$178 million would not fulfil the requirements provided by Article 56 of Chapter VI of the CNV Standards and in Resolution No. 470. Therefore, if CNV's interpretation prospers, those notes would not be entitled to the benefits of the tax exemption provided by the law No. 23,576, thus the Company would be exposed to a contingency due to the payment of the withholding income tax on interest payments.

On February 18, 2005, TGS filed an appeal with the CNV, alleging sufficient grounds to support the applicability of Article 56, Chapter VI of CNV Standards and Resolution No. 470/04. However, the CNV denied the Company's appeal and on July 8, 2005, TGS filed an appeal with the Ministry of Economy and Production which was subsequently rejected in November 2006. In December 2006, TGS filed a second appeal with said Ministry seeking reconsideration of the rejection, which was rejected in June 2007. In November 2007, TGS challenged said resolution before the Federal Administrative Court.

The Company believes that it has sufficient grounds and other legal instances to defend its position and thus, as of September 30, 2011, TGS has not recorded any provision in this connection.

c) Turnover tax calculated on the natural gas price used by TGS as fuel to render its transportation services

In November 2002, the Tax Bureau of the province of Santa Cruz sent TGS a formal assessment notice for the payment of the turnover tax calculated on the natural gas price used by TGS as fuel to render its transportation services. This assessment corresponds to the period from January 1998 to October 2002. In August 2005, the Company paid the amount claimed of Ps. 1.6 million (including interests until December 4, 2002) and started a tax recovery process, first exhausting all other procedural steps, with the Tax Bureau of the province and then initiating a proceeding in the Provincial Tax Court.

In November 2005, TGS received a notice from the Tax Bureau of the province of Río Negro claiming the payment of Ps. 0.2 million, on the same grounds as those of the Province of Santa Cruz, for the period from January 1999 to May 2005. On February 1, 2008, TGS initiated a tax recovery process with the Tax Court of the province of Río Negro to obtain the refund of Ps. 0.5 million paid in November 2007, after exhausting the same procedural steps followed in the case of province of Santa Cruz.

In December 2008, the Tax Bureau of the province of Tierra del Fuego e Islas del Atlántico Sur sent TGS a formal assessment notice for the payment of Ps. 6.4 million corresponding to 2002-2007 period, which was denied by the Company. On October 19, 2009, said Tax Bureau notified TGS the dismissal of the motion and thus, on October 28, 2009, the Company filed an administrative appeal.

As of September 30, 2011, the Company recorded a provision of Ps. 71.3 million in respect of this contingency under the line item "Provisions for contingencies", which amount was determined in accordance with the estimations of tax and interests, that would be payable as of such date, in case this contingency turns out unfavourable for the Company.

The Company's management believes that, in case the Company's position fails and the turnover tax has to be paid, TGS has a right to recover it by a transportation tariff increase as set forth in the License.

d) GdE against the Company - Reimbursement for the cost of construction of compressor plants

In 1996, GdE filed a legal action against the Company for the reimbursement for the cost of construction of two compressor plants. After a long litigation process, in 2003, the Supreme Court of Justice sustained GdE's claim and sentenced TGS to pay the market price of the compressor plants at the date of the addition to TGS assets plus interest and litigation expenses. As of September 30, 2011, the remaining balance of the sentence amounted to Ps. 62.1 million.

On January 14, 2004, TGS signed an agreement with the UNIREN, which was subsequently ratified by the Argentine government through the Decree No. 959/04 through which TGS will carry out the expansion of the Cordillerano Pipeline. The cost of the expansion will be taken as a payment on account of the final amount to be paid as a consequence of the outcome of the lawsuit described above. The Argentine Government owns such assets and granted their right of use to TGS, who operates and maintains such assets. Therefore, the cost of these works plus the cost of complementary works carried out in 2006 were recorded under "Other Liabilities", offsetting the provision mentioned above. As of September 30, 2011, the net provision amounted to Ps. 5.9 million.

e) Summary proceedings initiated against the Company by the Argentine Central Bank ("BCRA").

On November 30, 2007, TGS was served notice of the summary proceedings initiated against the Company by the BCRA. This entity charges TGS with the late settlement of foreign currencies for an approximate amount of US$ 14.7 million. The questioned transactions were conducted between January 2002 and February 2003, a period in which the applicable exchange regulations were subject to frequent changes and the terms for the settlement of foreign currencies were shorter than the current ones.

On February 25, 2008, TGS filed a motion before the BCRA requesting the dismissal of the summary proceedings on the grounds of lack of foreign exchange violation. On September 28, 2010, documentary hearings were conducted and, on October 13, 2010, final arguments were given; therefore the case is ready to be brought to Economic Criminal Courts for resolution. The Company believes that it has several legal instances to defend its position, and accordingly, as of September 30, 2011, TGS has not recorded any provision in respect of this proceeding.

f) MetroGAS' Reorganization Process

MetroGAS commenced its reorganization process on June 17, 2010. On April 20, 2011, the Commercial Court of the Autonomous City of Buenos Aires resolved to declare admissible the unsecured credit claimed by the Company of Ps. 27.2 million and as eventual unsecured credit the amount of Ps. 71.4 million corresponding to the transitory tariff increase (Note 7.a.) accrued between September 1, 2008 and June 16, 2010. The Company is waiting for MetroGAS to categorize the creditors. As of September 30, 2011, the allowance for doubtful accounts amounted to Ps. 27.2 million.

g) Others

In addition to the matters discussed above, the Company is a party to certain lawsuits and administrative proceedings arising in the ordinary course of business.

(Amounts stated in thousands of Argentine pesos as described in Note 2.b,
except for per share and per ADS amounts in Argentine pesos or unless otherwise indicated)

10. BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

In January 2011 and for the year ended December 31, 2010, TGS sold propane and butane to PIFC, at international prices minus a fixed discount per ton, according to common market practices for this type of transactions.

As from July 2011, the Company signed an agreement to sell natural gasoline to Petroleo Brasileiro. The price is determined by reference international prices minus a fixed discount per ton, according to common market practices for this type of transactions. Said agreement will be effective until November 2012.

Petrobras Argentina is TGS's technical operator, according to the approval of ENARGAS in June 2004, and subject to the terms and conditions of the Technical Assistance Agreement which provides that Petrobras Argentina is in charge of providing services related to the operation and maintenance of the gas transportation system and related facilities and equipment, to ensure that the performance of the system is in conformity with international standards and in compliance with certain environmental standards. For these services, the Company pays a monthly fee based on a percentage of the operating income of the Company. In November 2008, TGS and Petrobras Argentina approved the renewal of the Technical Assistance Agreement for a three-year term, expiring on December 28, 2011.

Additionally, TGS renders natural gas transportation services to Petrobras Argentina, for a 106 MMcf/d firm capacity by means of two contracts which expire in 2013 and 2014. Moreover the Company, under certain agreements, processes the natural gas in Cerri Complex and commercializes the liquids for Petrobras Argentina's account and on behalf of it. For consideration, TGS collects a commission which is calculated over the liquids selling price.

As of September 30, 2011 and December 31, 2010, the outstanding balances corresponding to the Board of Directors' and the Statutory Committee members' compensations amounted to Ps. 542 and Ps. 714, respectively. The accrued amounts for such compensations for the nine-month periods ended September 30, 2011 and 2010 were Ps. 1,495 and Ps. 1,207, respectively.

The detail of significant outstanding balances for transactions entered into by TGS and its related parties as of September 30, 2011 and December 31, 2010 is as follows:

	09/30/2011		**12/31/2010**	
Company	**Accounts receivable**	**Accounts payable**	**Accounts receivable**	**Accounts payable**
Controller:				
CIESA	37	-	-	-
Affiliate which exercises joint control:				
Petrobras Argentina	34,602	27,363	17,620	19,307
Affiliates with significant influence:				
Link	160	-	129	-
TGU	13	-	13	-
Other related companies:				
Petroleo Brasileiro	22,161	-	-	-
PIFC	-	-	44,844	-
Compañía Mega S.A.	4,702	-	81	-
Refinor S.A.	406	-	572	-
WEB S.A.	599	-	288	-
Total	**62,680**	**27,363**	**63,547**	**19,307**

(Amounts stated in thousands of Argentine pesos as described in Note 2.b,
except for per share and per ADS amounts in Argentine pesos or unless otherwise indicated)

The detail of significant transactions with related parties for the nine-month periods ended September 30, 2011 and 2010 is as follows:

Nine-month period ended September 30, 2011

	Revenues			Cost		
Company	**Gas transportation**	**Production and commercialization of liquids**	**Other services**	**Gas purchase and others**	**Compensation for technical assistance**	**Revenues for administrative services**
Controlling shareholder:						
CIESA	-	-	-	-	-	92
Affiliate which exercises joint control:						
Petrobras Argentina	24,757	28,238	18,421	3,683	27,814	-
Affiliates with significant influence:						
Link	-	-	1,254	-	-	-
EGS	-	-	43	-	-	-
Other related companies:						
PIFC	-	9,332	-	-	-	-
Compañía Mega S.A.	564	24,082	1,134	-	-	-
Refinor S.A.	-	-	1,439	-	-	-
WEB S.A.	2,266	-	-	-	-	-
Petroleo Brasileiro	-	90,299	-	-	-	-
Total	**27,587**	**151,951**	**22,291**	**3,683**	**27,814**	**92**

Nine-month period ended September 30, 2010

	Revenues			Cost		
Company	**Gas transportation**	**Production and commercialization of liquids**	**Other services**	**Gas purchase and others**	**Compensation for technical assistance**	**Revenues for administrative services**
Controlling shareholder:						
CIESA	-	-	-	-	-	92
Affiliate which exercises joint control:						
Petrobras Argentina	24,780	29,513	16,506	14,162	26,639	-
Affiliates with significant influence:						
Link	-	-	936	-	-	-
EGS	-	-	41	-	-	-
Other related companies:						
PIFC	-	318,098	-	-	-	-
Compañía Mega S.A.	-	-	-	-	-	-
Refinor S.A.	-	-	1,371	-	-	-
WEB S.A.	2,662	-	-	-	-	-
Área Santa Cruz II U.T.E.	-	-	810	-	-	-
Total	**27,442**	**347,611**	**19,664**	**14,162**	**26,639**	**92**

11. SUBSIDIARY AND AFFILIATES

Telcosur:

The corporate purpose of Telcosur is to render telecommunication services. Telcosur was created to assure the optimal utilization of TGS's telecommunication system. TGS's equity interest in the company is 99.98% and the remaining 0.02% is held by Petrobras Energía Internacional S.A.

Link:

Link was created in February 2001, with the purpose of the operation of a natural gas transportation system, which links TGS's gas transportation system with the Cruz del Sur S.A. pipeline. The connection pipeline extends from Buchanan, located in the high-pressure ring that surrounds the city of Buenos Aires, which is part of TGS's pipeline system, to Punta Lara. TGS's ownership interest in such company is 49% and Dinarel S.A. holds the remaining 51%.

TGU:

TGU is a company incorporated in Uruguay. This company rendered operation and maintenance services to Gasoducto Cruz del Sur S.A. and its contract terminated in 2010. TGS holds 49% of its common stock and Petrobras Argentina holds the remaining 51%.

EGS:

In September 2003, EGS, a company registered in Argentina, was incorporated. The ownership is distributed between TGS (49%) and TGU (51%). EGS operates its own pipeline, which connects TGS's main pipeline system in the Province of Santa Cruz with a delivery point on the border with Chile.

Ricardo I. Monge
Board of Directors' Chairman

TRANSPORTADORA DE GAS DEL SUR S.A.

EXHIBIT A

CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2011 AND DECEMBER 31, 2010

PROPERTY, PLANT AND EQUIPMENT, NET

(In thousands of Argentine Pesos as described in Note 2.b.)

	09/30/2011												12/31/2010
	Cost					Depreciation							
Main Account	Beginning of the year	Additions	Retirements	Transfers	End of the period	Accumulated at the beginning of the year	Retirements	For the period	Rate %	Accumulated at the end of the period	Impairment	Net book value	Net book value
Pipelines	3,536,567	-	-	23,290	3,559,857	1,091,307	-	64,235	(1) 2.2	1,155,542	-	2,404,315	2,445,260
Compressor plants	1,261,247	-	-	18,116	1,279,363	603,360	-	39,412	(1) 3.3 to 25	642,772	19,600 (2)	616,991	638,287
Other industrial plants	1,003	-	-	-	1,003	131	-	27	(1) 3.3	158	-	845	872
Stations of regulation and/or measurement of pressure	118,077	-	-	2,404	120,481	62,358	-	3,771	(1) 4	66,129	-	54,352	55,719
Other technical installations	23,988	-	-	-	23,988	15,837	-	1,069	(1) 6.7	16,906	-	7,082	8,151
Subtotal assets related to gas transportation service	4,940,882	-	-	43,810	4,984,692	1,772,993	-	108,514		1,881,507	19,600	3,083,585	3,148,289
Assets related to gas upstream service	126,378	-	-	1,061	127,439	83,468	-	3,870	2.2 to 25	87,338	-	40,101	42,910
Assets related to liquids production and commercialization service	594,464	-	-	21,678	616,142	364,848	-	27,046	(1) 5.9	391,894	-	224,248	229,616
Lands	5,637	-	-	-	5,637	-	-	-	-	-	-	5,637	5,637
Buildings and constructions	174,908	-	-	3,185	178,093	80,622	-	3,045	2.0	83,667	-	94,426	94,286
Fittings and features in building	5,424	-	-	126	5,550	2,655	-	218	4.0	2,873	-	2,677	2,769
Machinery, equipment and tools	40,838	201	1,727	494	39,806	34,393	1,727	1,233	6.7 to 20	33,899	-	5,907	6,445
Computers and Telecommunication systems	309,463	4	-	13,448	322,915	202,410	-	13,477	6.7 to 20	215,887	-	107,028	107,053
Vehicles	22,339	143	1,815	-	20,667	17,100	1,815	1,397	10 and 20	16,682	-	3,985	5,239
Furniture	13,186	-	-	-	13,186	12,375	-	83	10	12,458	-	728	811
Capitalization of foreign exchange loss (1)	177,272	-	-	-	177,272	68,670	-	5,641	(1) 4.2	74,311	-	102,961	108,602
Materials	143,401	35,177	2,264	(22,126)	154,188	-	-	-	-	-	-	154,188	143,401
Line pack	13,872	-	-	-	13,872	1,618	-	-	-	1,618	-	12,254	12,254
Works in progress	132,285	79,491	-	(61,676)	150,100	-	-	-	-	-	-	150,100	132,285
Advances to suppliers of property, plant and equipment	19,625	8,359	-	-	27,984	-	-	-	-	-	-	27,984	19,625
Total 2011	6,719,974	123,375	5,806	-	6,837,543	2,641,152	3,542	164,524		2,802,134	19,600	4,015,809	4,059,222

(1) See Note 2.i).

(2) Corresponding to the impairment of obsolete turbines. TGS made a request to obtain ENARGAS approval for their retirement.

Ricardo I. Monge

Board of Directors' Chairman

TRANSPORTADORA DE GAS DEL SUR S.A.

EXHIBIT B

CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2011 AND DECEMBER 31, 2010

INTANGIBLE ASSETS, NET

(In thousands of Argentine Pesos as described in Note 2.b.)

	09/30/2011										12/31/2010
	Cost				Amortization						
Deferred charges	Beginning of the year	Additions	Decreases	End of the period	Accumulated at the beginning of the year	Decreases	For the period	Rate %	Accumulated at the end of the period	Net book value	Net book value
Costs of the global programs and the issuance of notes	8,089	-	-	8,089	3,628	-	782	´(1)	4,410	3,679	4,461
Total	8,089	-	-	8,089	3,628	-	782		4,410	3,679	4,461

(1) See Note 2.j).

Ricardo I. Monge
Board of Directors' Chairman

EXHIBIT C

TRANSPORTADORA DE GAS DEL SUR S.A.

CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2011 AND DECEMBER 31, 2010

NON-CURRENT INVESTMENTS

(In thousands of Argentine Pesos as described in Note 2.b.)

	09/30/2011											12/31/2010
	Description of securities				Issuer information							
						Last financial statements issued						
Name and issuer	Face value	Amount	Cost	Book value	Main business	Date	Common stock	Net income for the period	Shareholders' equity	% of Common Stock		Book value
Transporte y Servicios de Gas en Uruguay S.A.	Ps. Uru. 1	196,000	5	1,444	Pipeline maintenance	06/30/2011	28	184	2,683	49.00		868
Emprendimientos de Gas del Sur S.A.	$1	116,130	116	1,470	Pipeline construction and operation services	06/30/2011	237	519	3,001	49.00		702
Gas Link S.A.	$1	502,962	503	540 (1)	Pipeline construction and operation services	06/30/2011	1,026	141	8,892	49.00		481 (1)
Total				3,454								2,051

(1) Includes the elimination of intercompany profits. See Note 2.h).

Ricardo I. Monge
Board of Directors' Chairman

EXHIBIT D

TRANSPORTADORA DE GAS DEL SUR S.A.

CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2011 AND DECEMBER 31, 2010

CURRENT INVESTMENTS

(In thousands of Argentine Pesos as described in Note 2.b.)

	09/30/2011	12/31/2010
Mutual funds in local currency	89,533	80,066
Bank account in foreign currency	79,292	361,722
Time deposit in local currency	20,154	-
Time deposit in foreign currency	41,682	177,563
Total current investments	230,661	619,351

Ricardo I. Monge
Board of Directors' Chairman

EXHIBIT E

TRANSPORTADORA DE GAS DEL SUR S.A.

CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2011 AND DECEMBER 31, 2010

ALLOWANCES AND PROVISIONS FOR CONTINGENCIES

(In thousands of Argentine Pesos as described in Note 2.b)

	09/30/2011					12/31/2010
Main account	Beginning of the year	Additions	Applications	Decreases	End of the period	End of the year
Deducted from assets						
Allowance for doubtful accounts	27,892	2,498 (1)	-	-	30,390	27,892
Included in liabilities						
Provision for contingencies	106,922	19,699 (2)	1,053	837 (2)	124,731	106,922

(1) Exhibit H

(2) Included in "Other expenses, net".

Ricardo I. Monge
Board of Directors' Chairman

EXHIBIT F

TRANSPORTADORA DE GAS DEL SUR S.A.

COST OF SALES FOR THE NINE-MONTH PERIODS
ENDED SEPTEMBER 30, 2011 AND 2010

(In thousands of Argentine Pesos as described in Note 2.b.)

	2011	2010
Inventories at the beginning of the year (1)	12,911	12,459
Natural gas purchases (1)	225,955	254,197
Operating costs (Exhibit H)	432,137	380,848
Inventories at the end of the period (1)	(26,488)	(14,450)
Cost of sales	644,515	633,054

(1) Includes natural gas used in liquids production.

Ricardo I. Monge
Board of Directors' Chairman

EXHIBIT G

TRANSPORTADORA DE GAS DEL SUR S.A.

CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2011 AND DECEMBER 31, 2010

FOREIGN CURRENCY ASSETS AND LIABILITIES

(In thousands of Argentine Pesos as described in Note 2.b, except for where otherwise stated)

	09/30/2011					12/31/2010		
	Foreign currency and amount (in thousands)		Exchange rate		Amount in local currency	Foreign currency and amount (in thousands)		Amount in local currency
CURRENT ASSETS								
Cash and banks	US$	22,851	4.165	(1)	95,174	US$	102,166	402,125
Investments	US$	29,045	4.165	(1)	120,974	US$	137,013	539,285
Accounts receivables, net	US$	20,455	4.165	(1)	85,196	US$	24,365	95,901
Other receivables	US$	4,482	4.165	(1)	18,668	US$	4,958	19,515
					320,012			1,056,826
NON-CURRENT ASSETS								
Accounts receivables	US$	1,929	4.165	(1)	8,034	US$	2,287	9,000
Property, plant and equipment, net	US$	3,748	4.165	(1)	15,610	US$	3,855	15,173
	Euro	63	5.603	(1)	353	Euro	259	1,352
					23,997			25,525
					344,009			1,082,351
CURRENT LIABILITIES								
Accounts payable	US$	13,506	4.205	(2)	56,793	US$	12,078	48,022
	Euro	308	5.657	(2)	1,742	Euro	713	3,759
Loans	US$	11,102	4.205	(2)	46,684	US$	3,687	14,661
Advances from customers	US$	2,041	4.205	(2)	8,582	US$	152	604
					113,801			67,046
NON-CURRENT LIABILITIES								
Loans	US$	374,024	4.205	(2)	1,572,771	US$	374,024	1,487,119
Advances from customers	US$	77	4.205	(2)	323	US$	164	651
					1,573,094			1,487,770
					1,686,895			1,554,816

(1) Buy exchange rate as of September 30, 2011

(2) Sell exchange rate as of September 30, 2011

US$: United States of America dollars

Ricardo I. Monge
Board of Directors' Chairman

Exhibit H

TRANSPORTADORA DE GAS DEL SUR S.A

CONSOLIDATED INFORMATION REQUIRED UNDER ART 64, PARAGRAPH I, CLAUSE b) BUSINESS ASSOCIATIONS LAW
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2011 AND 2010

(In thousands of Argentine Pesos as described in Note 2.b.)

	2011						2010
		Operating Costs					
Accounts	Total	Regulated Activities	Non Regulated Activities	Administrative expenses	Selling expenses	Financial expenses	Total
Salaries, wages and other contributions	138,456	72,323	28,481	28,304	9,348	-	103,299
Social security taxes	27,660	14,027	4,962	6,359	2,312	-	23,419
Compensation to Directors and Supervisory Committee	1,495	-	-	1,495	-	-	1,207
Professional services fees	12,042	303	467	10,950	322	-	8,517
Technical operator assistance fees	27,814	13,898	13,916	-	-	-	26,639
Materials	8,853	2,342	6,511	-	-	-	7,483
Third parties services	14,646	4,177	8,261	2,208	-	-	11,609
Telecommunications and post expenses	1,742	121	571	934	116	-	1,759
Rents	682	112	124	427	19	-	643
Transports and freight	4,503	3,136	1,285	80	2	-	3,523
Easements	13,333	13,333	-	-	-	-	15,008
Offices supplies	713	111	68	469	65	-	701
Travels expenses	2,444	1,197	612	532	103	-	2,451
Insurance	7,718	4,527	2,829	360	2	-	8,370
Property, plant and equipment maintenance	38,470	21,553	15,890	979	48	-	35,969
Depreciation of property, plant and equipment	164,524	118,986	40,143	5,395	-	-	158,980
Amortization of intangible assets	782	-	-	-	-	782	839
Taxes and contributions	169,714	17,140	3,443	102	149,029 (1)	-	139,799 (1)
Advertising	53	-	-	-	53	-	57
Doubtful accounts	2,498	-	-	-	2,498	-	27,397
Banks expenses	380	-	-	357	23	-	337
Interests expense	108,679	-	-	-	-	108,679	108,133
Foreign exchange loss	82,415	-	-	-	-	82,415	61,510
Result of the debt prepayment	-	-	-	-	-	-	(5,129)
Other expenses and financial charges	14,285	-	-	-	-	14,285	13,697
Costs of services rendered to third parties	14,198	-	14,198	-	-	-	8,858
Transactions among business segments	-	(2,230)	2,230	-	-	-	-
Other expenses	6,710	1,509	1,581	3,364	256	-	8,982
Total 2011	864,809	286,565	145,572	62,315	164,196	206,161	
Total 2010		254,299	126,549	54,057	160,102	179,050	774,057

(1) Includes tax on exports of Ps. 122,957 and Ps.98,547 for the nine-month periods ended September 30, 2011 and 2010, respectively.

Ricardo I. Monge
Board of Directors' Chairman

EXHIBIT I

TRANSPORTADORA DE GAS DEL SUR S.A.

CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2011

DETAIL OF MATURITIES OF INVESTMENTS, RECEIVABLES AND LIABILITIES

(In thousands of Argentine Pesos as described in Note 2.b.)

	Investments (1)	Receivables (2)	Debt (3)	Other liabilities (4)
Without specified maturity	-	97,108	-	44,564
With specified maturity				
* Overdue				
Until 09-30-2010	-	11,767	238	44,879
From 10-01-10 to 12-31-10	-	1,332	-	982
From 01-01-11 to 03-31-11	-	948	-	990
From 04-01-11 to 06-30-11	-	6,506	-	992
From 07-01-11 to 09-30-11	-	51,888	-	533
Total overdue	-	72,441	238	48,376
* Non-due:				
From 10-01-11 to 12-31-11	230,661	274,313	46,446	258,173
From 01-01-12 to 03-31-12	-	4,225	-	19,215
From 04-01-12 to 06-30-12	-	5,725	-	16,629
From 07-01-12 to 09-30-12	-	1,700	-	4,294
During 2012 (rest of the year)	-	6,510	-	4,294
During 2013	-	10,807	-	16,897
During 2014	-	8,640	393,193	16,695
During 2015	-	6,794	393,193	16,695
From 2016 onwards	-	14,720	786,385	230,834
Total non-due	230,661	333,434	1,619,217	583,726
Total with specific maturity	230,661	405,875	1,619,455	632,102
Total	230,661	502,983	1,619,455	676,666

(1) Includes mutual funds, time deposit and bank accounts. Such investments bear floating interest rates.

(2) Includes account receivables and other receivables, without the allowance for doubtful accounts. Said credits do not bear interests, except for Ps. 12,763 which bear interests at 5.52% semi-annual rate and Ps.45,859 which bears CER plus a spread of 8%. From the total credits without specified maturity, Ps. 1,377 correspond to current assets and Ps. 95,731 to non-current assets.

(3) Past due financial loans corresponds to existing debt obligations that were not exchanged for new debt obligations as it is mentioned in Note 6.

(4) Corresponds to the total non financial liabilities, except for provisions for contingencies. From the total Other liabilities without specified maturity, Ps. 5,931 correspond to current liabilities and Ps. 38,633 to non-current liabilities.

Ricardo I. Monge
Board of Directors' Chairman

Independent accountant's review report

To the Shareholders, President and Directors of
Transportadora de Gas del Sur S.A.
Don Bosco 3672, 5th. Floor
Buenos Aires
Argentina

1. We have reviewed the accompanying consolidated financial statements of Transportadora de Gas del Sur S.A. ("TGS" or "the Company", an Argentine Corporation) and its subsidiary as of September 30, 2011, which consist of the consolidated balance sheet and the related consolidated statements of income, of changes in shareholders' equity and of cash flows for the nine-month period then ended and other related notes and exhibits. The preparation and issuance of these financial statements is the responsibility of the Board of Directors of the Company.

2. Our review of the consolidated financial statements mentioned in paragraph 1 was performed in accordance with auditing standards in force in the Republic of Argentina applicable to the limited review of interim financial statements. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit of annual financial statements, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Therefore, we do not express such an opinion.

3. The accompanying consolidated financial statements are the English translation of those issued in Spanish under the requirements of the National Securities Commission ("CNV") regulations. Their format was adjusted in comparison to the Spanish original, but in all other aspects comply with the CNV´s requirements regarding accounting principles and reporting practices.

4. The amendments to the License under which the Company operates, made by the National Government, explained in detail in Note 7a), mainly consisting of the suspension of the original tariff adjustment regime, the consequent pesification and the lack of an integral readjustment of the tariffs, have affected the Company's regulated business, generating uncertainty as to its future development. Furthermore, the Company is in the process of renegotiating certain terms of the License with the National Government, and so far it has obtained the National Executive Branch's ratification of the transitional agreement timely signed with the Unit for Renegotiation and Assessment of Utilities Contracts, the integral renegotiation of which is still pending. Based on the estimated final outcome of such process, the Company has prepared projections to support the recoverable value of its non-current assets related to the regulated business. We are not in a position to anticipate whether the assumptions used by management to prepare the projections will materialize, and, consequently, whether the recoverable value of the non-current assets related to the regulated business will exceed their respective carrying values.

5. As of September 30, 2011, the Company records value added tax and income tax credits arising from the reversal of the tariff increase referred to in Note 7a). The Company has estimated the present value of such credits considering a two-year timeframe. We are not in a position to evaluate whether the Company will have the referred tax amounts refunded within such timeframe.

6. Based on our review and subject to the resolution of the uncertainties mentioned in paragraphs 4 and 5, we are not aware of any significant change to be made in the consolidated financial statements of Transportadora de Gas del Sur S.A. referred to in paragraph 1 for them to be presented in accordance with the accounting standards in force in the City of Buenos Aires.

7. The consolidated financial statements of TGS as of and for the year ended December 31, 2010, of which the consolidated balance sheet is presented for comparative purposes, were examined by us in accordance with auditing standards generally accepted in Argentina. On February 10, 2011, we issued a qualified opinion due to the uncertainties as to the future development of the regulated business and the consequent impact on the recoverability of the non-current assets associated with such business and about the assumptions used to discount the tax credits originating in the reversal of the tariff adjustment. In addition, we issued a review report dated November 8, 2010, based on our review performed in accordance with auditing standards in force in the Republic of Argentina applicable to a review of interim financial statements, of TGS’s consolidated financial statements as of and for the nine-month period ended September 30, 2010 of which the consolidated statements of income, of changes in shareholder’s equity and of cash flows are presented for comparative purposes. Our review report included modifications related to unresolved uncertainties relating to the future development of the regulated business and the consequent impact on the recoverability of the non-current assets associated with such business.

Buenos Aires, Argentina
November 7, 2011

SIBILLE

Jorge E. Dietl
Partner