



***Condensed Interim Consolidated  
Financial Statements  
as of and for the nine-month period  
ended September 30, 2015***

## ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2015 <sup>(1)</sup>

The following discussion of the financial condition and results of operations of the Company should be read in conjunction with the Company's consolidated financial statements as of September 30, 2015 and December 31, 2014, and for the nine-month period ended September 30, 2014. These condensed interim consolidated financial statements have been prepared in accordance with and complied with NIC 34 issued by the International Accounting Standards Board ("IASB") adopted by the Comisión Nacional de Valores ("CNV") through the provisions of Title IV, Chapter I, Section I, Article 1 – B.1 of the Rules of the CNV ("New Text 2013" or "NT 2013").

The Company's consolidated financial statements for the nine-month periods ended September 30, 2015, 2014, 2013 and 2012 have been subject to a limited review performed by Price Waterhouse & Co. S.R.L.

### 1. Results of Operations

The following table presents a summary of the consolidated results of operations for the nine-month periods ended September 30, 2015 and 2014:

	2015	2014	Variation	
	(in millions of pesos)			%
<b>Net revenues</b>	<b>2,839.3</b>	<b>3,163.1</b>	<b>(323.8)</b>	<b>(10.2%)</b>
Gas Transportation	750.8	558.4	192.4	34.5%
Natural Gas Liquids ("Liquids") production and commercialization	1,865.0	2,371.5	(506.5)	(21.4%)
Other services	223.5	233.2	(9.7)	(4.2%)
<b>Cost of sales</b>	<b>(1,884.2)</b>	<b>(1,814.4)</b>	<b>(69.8)</b>	<b>3.8%</b>
Operating costs	(1,699.9)	(1,624.3)	(75.6)	4.7%
Depreciation	(184.3)	(190.1)	5.8	(3.1%)
<b>Gross profit</b>	<b>955.1</b>	<b>1,348.7</b>	<b>(393.6)</b>	<b>(29.2%)</b>
Administrative and selling expenses	(333.4)	(563.0)	229.6	(40.8%)
Other operating results <sup>(1)</sup>	(328.0)	1.3	(329.3)	
<b>Operating profit</b>	<b>293.7</b>	<b>787.0</b>	<b>(493.3)</b>	<b>(62.7%)</b>
Net financial results	(333.4)	(672.4)	339.0	(50.4%)
Share of profit from associates	0.2	2.8	(2.6)	(92.9%)
Income tax expense	28.3	(39.6)	67.9	(171.5%)
<b>Total comprehensive (loss) / income</b>	<b>(11.2)</b>	<b>77.8</b>	<b>(89.0)</b>	<b>(114.4%)</b>

<sup>(1)</sup> For the nine-month period ended September 30, 2015, includes Ps. 321,868 corresponding to the acquisition cost of the Rights of the Arbitration Proceedings, described in Note 17 to the condensed interim consolidated financial statements as of September 30, 2015.

### Overview

For the nine-month period ended September 30, 2015, the Company has reported a net loss of Ps. 11.2 million, compared with a net income of Ps. 77.8 million reported in the same period last year, representing a negative variation of Ps. 89.0 million.

The negative variation in the comprehensive net results was mainly attributed to the variation of the operating profit amounting to Ps. 493.3 million. It is worth highlighting:

- The acquisition of the rights and obligations (the "Rights of the Arbitration Proceeding") over the lawsuit initiated by Enron Creditors Recovery Corp. and Ponderosa Assets LLP against the Argentine

<sup>(1)</sup> Not covered by Auditor's Limited Review, except for items 4, 5 and 7.

Republic in The International Centre for Settlement of Investment Disputes ("ICSID") of the World Bank ("the ICSID claim") related to the loan granted by TGS to Pampa Energía S.A. in October 2011. This impact represent a Ps. 321.9 million loss during the nine-month period ended September 30, 2015. The exercise of the Rights of the Arbitration Proceeding will enable TGS to continue the tariff renegotiation process provided by the Government as it will comply with the conditions to sign and implement the Integral Renegotiation License Agreement (the "Integral Renegotiation Agreement"). For further information, see Note 17 to the condensed interim consolidated financial statements as of September 30, 2015.

-The Production and Commercialization of Liquids segment revenue decreased was mainly due to the significant fall in international average reference prices. This effect was partially offset by lower export taxes after the amendments made to their calculation with effect as from the first quarter of 2015. Meanwhile, the increase in net revenues for the Natural Gas Transportation segment was insufficient to offset the continued increase in the costs of rendering the service despite the two tariff increases obtained as from April 2014 and May 2015.

Net financial expenses at the close of the nine-month period ended September 30, 2015 decreased by Ps. 339.0 million mainly due to the lower depreciation of the Argentine peso and the lower net liability position in US dollar during 2015, which includes the financial debt obtained to finance the acquisition of TGS' fixed assets (90% of which corresponds to the Natural Gas Transportation business segment).

### **Net revenues**

During the nine-month period ended September 30, 2015, net revenues reached Ps. 2,839.3 million, a decrease of 10.2% (Ps. 323.8 million) over the same period of 2014. The main reasons of this decrease are outlined below.

### Natural Gas Transportation

The Natural Gas Transportation business segment represented approximately 26.4% and 17.7% of TGS' total net revenues during the nine-month period ended September 30, 2015 and 2014, respectively. These business segment's revenues are derived mainly from firm Natural Gas Transportation contracts, under which pipeline capacity is reserved and paid, regardless of actual usage by the slipper. The Company also provides interruptible natural gas transportation services subject to availability of the pipeline capacity. In addition, TGS renders operation and maintenance services for the Natural Gas Transportation facilities, which belong to certain gas trusts (fideicomisos de gas) created by the Argentine Government to expand the capacity of the Argentine natural gas transportation pipeline system. For this service, the Company receives from customers who subscribed incremental natural gas transportation capacity the Charge for Access and Use ("CAU"). Since its inception, the CAU has only been adjusted in May 2015 by ENARGAS through Resolution No. 3347/15.

Within the framework of the Transitional Agreement approved by Decree No. 1918/09, in the nine-month periods of 2015 and 2014, TGS received two tariff increases that although they failed to offset the sharp increase in the operating costs occurred since the enactment of the Public Emergency and Exchange System Reform Law No. 25,561 in January 2002, were important to achieve the aim of partially improve the economic situation of this business segment until the Company arrives to an understanding with the Government to sign the Integral Renegotiation Agreement.

Both tariff increases were authorized by Resolutions No. I-2852/14 and No. I-3347/15 issued by ENARGAS and include the following increases, respectively:

- A stepped increase of 8% as from April 1, 2014, 14% accumulated since June 1, 2014 and 20% accumulated since August 1, 2014.
- As from May 1, 2015, a temporary increase of 44.3% in the price of the natural gas transportation service and 73.2% in the CAU.

The Natural Gas Transportation business segment revenues increased Ps. 192.4 million in the nine-month period ended September 30, 2015, when compared to the same period last year. The increase is mainly due to: (i) the impact of the new rate schedules of natural gas transportation tariffs approved by Resolution I-

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2852 and I-3347, necessary to achieve the temporary stabilization of the net revenues for this business segment until the Integral Renegotiation Agreement is signed, and (ii) higher natural gas transportation services to export customers.

#### Production and Commercialization of Liquids

Liquids Production and Commercialization segment revenues accounted for approximately 65.7% and 75.0% of the total net revenues in the nine-months periods ended September 30, 2015 and 2014, respectively. Liquids Production and Commercialization consists of natural gas processing activities conducted at the Cerri Complex, located near the city of Bahía Blanca, Province of Buenos Aires, where all of TGS's main natural gas pipelines connect, and where ethane, propane, butane and natural gasoline are recovered. 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.

Liquids Production and Commercialization segment revenues reached Ps. 1,865.0 million in the nine-month period ended September 30, 2015 (a 21.4% decrease (or Ps. 506.5 million) in comparison with the same nine-month period of 2014). This decrease is mainly due to the fall in international prices, which started in the fourth quarter of 2014 and have continued thus far in 2015. This negative effect was partially offset by an increase in the foreign exchange rate of the Argentine peso compared to the U.S. dollar and an increase in the volumes sold by TGS' own account.

The total volumes sold registered a slight decrease of 1.9% in the nine-month period ended September 30, 2015 compared to the same period last year.

During the first quarter of 2015, the Argentine government introduced amendments to the scheme of supply of propane and butane ("LPG") bottles and determining the export parity price, both for sale in the domestic market. These measures have effect as from April 1, 2015.

Firstly, on March 30, 2015, the Executive Branch issued Decree No. 470/2015, regulated by Resolution No. 49/2015 and No. 70/2015 issued by the Federal Energy Bureau. Both replaced the stabilization agreement signed in September 2008 between the Federal Energy Bureau and the LPG producers ("Stabilization Agreement") (which, after several extensions, remained in force until March 31, 2015) creating a new framework for the selling of LPG bottles (the "New Program").

In line with the Stabilization Agreement, the Federal Energy Bureau regulates the price and the quantity of LPG sold in the domestic market by each LPG producer, in order to guarantee sufficient supply of LPG to low-income residential users, by committing the LPG producers to supply at a fixed price (below the market price) a certain volume of LPG.

On April 1, 2015, the Federal Energy Bureau issued Resolution No. 70/2015, which sets the new reference prices and the compensation to be paid to domestic LPG producers intended for ten, twelve and fifteen kilos LPG bottles under the New Program.

Even though the amendments introduced imply an increase in the sale price of LPG sold by TGS, participation in the New Program requires producing and selling LPG volumes required by the Federal Energy Bureau at prices significantly below the market. Because of this requirement, it is difficult to cover production costs and therefore obtaining a negative operating margin.

In addition, on March 16, 2015, Resolution No. 792/05 has been replaced by the Federal Energy Bureau issuing Resolution No. 36/2015. This new resolution updates the export parity price for the LPG sold in the domestic market to those clients not included under the scope of the New Program since April 1, 2015.

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### Other services

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.

Other Services revenues decreased by Ps. 9.7 million or 4.2% in the nine-month period ended September 30, 2015 when compared to the same period of 2014 and were primarily due to lower telecommunication services and compression and treatment of natural gas. These effects were partially offset by higher revenues from the management of expansion works carried out by Nación Fideicomisos S.A. as well as higher steam generation services.

### **Cost of sales and administrative and selling expenses**

Operating costs, administrative and selling expenses decreased approximately Ps. 159.8 million, or 6.7% in the nine-month period ended September 30, 2015 when compared to the same period last year. This variation is mainly attributable to:

- lower withholding on export charges after the application of the new methodology to calculate them, in force beginning in the first quarter of 2015. Resolutions No. 1,077/2014 issued by the Ministry of Economy and Finance and No. 60/2015 issued by the Federal Energy Bureau introduced changes to the tax rate applicable to the withholding tax on exports of propane, butane and natural gasoline. After the enactment of these modifications, the minimum tax rate is 1% if the international prices are below certain level established on them. If the international prices are higher than the above mentioned level, the tax rate applicable to the selling price is calculated on a sliding scale.

- The reduction in the purchase price of the natural gas processed at Cerri Complex.

Both effects were partially offset by higher labor costs and an increase of the maintenance of property, plant and equipment expenses, among others.

### **Other operating results**

The negative variation of Ps. 329.3 million in the other operating results during the nine-month period ended September 30, 2015, was mainly due to a charge of Ps. 321.9 million recorded by the acquisition of the Rights of the Arbitration Proceeding mentioned above, after having fulfilled the necessary condition for the cancellation of the loan granted to Pampa Energía S.A. in October 2011.

The exercise of the Rights of the Arbitration Proceeding will enable TGS to continue the tariff renegotiation process provided by the Government, as it will comply with the conditions to sign and implement the Integral Renegotiation Agreement and the new rate schedule resulting from the comprehensive tariff review process provided therein.

### **Net financial results**

Net financial expenses were Ps. 333.4 million at the close of the nine-month period ended September 30, 2015, compared to Ps. 672.4 million reported for the same period last year. The breakdown of net financial expense is as follows:

	2015	2014
	(in millions of pesos)	
<b>Financial income</b>		
Interest income	60.0	166.3
Fair value gains on financial instruments through profit or loss	40.5	38.8
Foreign exchange gain	76.0	207.7
<b>Subtotal</b>	<b>176.5</b>	<b>412.8</b>
<b>Financial expenses</b>		
Interest expense	(242.8)	(238.8)
Foreign exchange loss	(222.1)	(737.9)
Derivative financial instrument results	(29.2)	(76.8)
Other financial charges	(31.9)	(38.0)
<i>Less: amounts capitalized on qualifying assets</i>	16.1	6.3
<b>Subtotal</b>	<b>(509.9)</b>	<b>(1,085.2)</b>
<b>Total</b>	<b>(333.4)</b>	<b>(672.4)</b>

This positive variation is mainly due to the lower exchange difference of Ps. 384.1 millions, principally due to the lower depreciation of the peso against the dollar US registered during the nine-month period ended September 30, 2015 and lower net liability position in US dollars after the cancellation made in May 2015 of the second installment of principal of the notes issued by the Company. Additionally, the least negative result generated by the derivative financial instruments contributed to the decrease in the net financial expense.

As of September 30, 2015, the foreign exchange rate was Ps. 9.422 per US dollar, showing a 10.2% of increase with respect to the exchange rate at the end of 2014. Meanwhile, during the nine-month period ended September 30, 2014, Argentine peso depreciated a 29.3% (or Ps. 1.91 = US\$ 1.00).

These positive effects were reduced by the lower interest on financial investments as a result of lower invested capital over the 2015 period.

### Income tax expense

For the nine-month period ended September 30, 2015, TGS reported a Ps. 28.3 million income tax gain, representing a positive variation of Ps. 67.9 million when compared to the same period of 2014. The positive variation was mainly due to the taxable loss generated during the nine-month period ended September 30, 2015 as opposed to the loss before income tax for the same period 2014.

## 2. Liquidity

The Company's primary sources and application of funds during the nine-month periods ended September 30, 2015 and 2014 are shown in the table below:

	2015	2014	Variation
	(in millions of pesos)		
Cash flows provided by operating activities	370.2	687.5	(317.3)
Cash flows used in investing activities	(153.5)	(133.4)	(20.1)
Cash flows used in financial activities	(291.3)	(765.4)	474.1
<b>Net decrease in cash and cash equivalents</b>	<b>(74.6)</b>	<b>(211.3)</b>	<b>136.7</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>789.4</b>	<b>893.8</b>	<b>(104.4)</b>
Foreign exchange gains on Cash and cash equivalents	24.7	49.9	(25.2)
<b>Cash and cash equivalents at the end of the period</b>	<b>739.5</b>	<b>732.4</b>	<b>7.1</b>

The negative variation in cash and cash equivalent of the nine-month period ended September 30, 2015 amounted to Ps. 74.6 million.

For the nine-month period ended September 30, 2015, net decrease in cash and cash equivalents was Ps. 74.6 million, Ps. 136.7 million lower from the net decrease in cash and cash equivalents for the same period 2014.

This variation was mainly due to lower cancellations of the financial debt according to the contractual payment schedule, as compared to the same period last year when the financial debt was refinanced. Finally, the cash flow generated from the operating activities totaled Ps. 370.2 million, a negative variation of Ps. 317.3 million as compared with the same period last year.

### 3. Third Quarter 2015 vs. Third Quarter 2014

The following table presents a summary of the consolidated results of operations for the third quarters ended September 30, 2015 and 2014:

	2015	2014	Variation	
	(in millions of pesos)			%
<b>Net revenues</b>	<b>891.1</b>	<b>961.6</b>	<b>(70.5)</b>	<b>(7.3%)</b>
Natural Gas transportation	267.9	197.6	70.3	35.6%
Liquids production and commercialization	539.5	679.3	(139.8)	(20.6%)
Other services	83.7	84.7	(1.0)	(1.2%)
<b>Cost of sales</b>	<b>(595.1)</b>	<b>(600.8)</b>	<b>5.7</b>	<b>(0.9%)</b>
Operating costs	(533.6)	(529.7)	(3.9)	0.7%
Depreciation	(61.5)	(71.1)	9.6	(13.5%)
<b>Gross profit</b>	<b>296.0</b>	<b>360.8</b>	<b>(64.8)</b>	<b>(18.0%)</b>
Administrative and selling expenses	(93.1)	(162.3)	69.2	(42.6%)
Other expense, net <sup>(1)</sup>	(323.9)	(3.3)	(320.6)	
<b>Operating profit</b>	<b>(121.0)</b>	<b>195.2</b>	<b>(316.2)</b>	<b>(162.0%)</b>
Share of profit from associates	0.2	0.2	0.0	0.0%
Net financial results	(141.0)	(130.0)	(11.0)	8.5%
Income tax expense	90.6	(24.9)	115.5	(463.9%)
<b>Total comprehensive (loss) / income</b>	<b>(171.2)</b>	<b>40.5</b>	<b>(211.7)</b>	<b>(522.7%)</b>

<sup>(1)</sup> For the third quarter 2015, includes Ps. 321,868 corresponding to the acquisition cost of the Rights of the Arbitration Proceeding, described in Note 17 to the condensed interim consolidated financial statements as of September 30, 2015.

During third quarter of 2015, the Company obtained a comprehensive loss of Ps. 171.2 million in comparison with the comprehensive net income of Ps. 40.5 million obtained in the third quarter of 2014.

Total Net Revenues for the third quarter of 2015 decreased by Ps. 70.5 million or 7.3% when compared to the same period of 2014.

Net revenues from Natural Gas Transportation business segment increased by Ps. 70.3 million or 35.6% in the third quarter 2015, when compared with the same period of the previous year. This increase is mainly due to the impact of both increases authorized through the Resolution I-3347 as from May 1, 2015 and the impact of the full effect, related to the stepped tariff increase authorized by Resolution I-2852/14 as of April 2014.

The Production and Commercialization of Liquids segment revenue decreased by Ps. 139.8 million or 20.6% in the third quarter of 2015 compared with the same period of the previous year, mainly due to the fall in international reference prices. This negative effect was partially offset by an increase in the foreign exchange rate of the Argentine peso compared to the U.S. dollar.

Other Services revenues decreased by Ps. 1.0 million in the third quarter of 2015 compared to the same period of 2014. This decrease was primarily due to lower revenues from compression and treatment of natural gas services. This effect was partially offset by higher revenues from management of expansion works carried out by Nación Fideicomisos S.A. within the framework of the agreement entered into in December 2006.

Cost of sales and administrative and selling expenses were Ps. 688.2 million in the third quarter of 2015, representing a Ps. 74.9 million or 9.8% decrease from the same period of 2014. This variation is mainly attributed to lower tax on export charges as well as the reduction in the natural gas purchase price processed at Cerri Complex during the third quarter of 2015. These effects were offset by higher labor costs and other operating costs.

Other negative operating results recorded in the third quarter of 2015 increased by Ps. 320.6 million compared to the same quarter in the previous year. This negative variation was mainly due to a charge of Ps. 321.9 million recorded by the acquisition of the Rights of the Arbitration Proceeding mentioned above.

Net financial expense was Ps. 141.0 million in the third quarter of 2015, compared to Ps. 130.0 million reported in the same period of 2014. This variation of Ps. 11.0 million is mostly attributable to lower interest on financial assets. The variation in the foreign exchange gain results could partially offset this negative effect.

#### 4. Consolidated Statements of Financial Position

Summary of the consolidated statements of financial position information as of September 30, 2015, 2014 and 2013:

	As of September 30,		
	2015	2014	2013
Non-current assets	4,307,598	4,391,826	4,183,279
Current assets	1,606,906	1,785,825	1,401,160
<b>Total assets</b>	<b>5,914,504</b>	<b>6,177,651</b>	<b>5,584,439</b>
Shareholders' equity	1,856,389	2,100,929	1,964,424
Minority interest	8	5	2
<b>Total shareholders equity</b>	<b>1,856,397</b>	<b>2,100,934</b>	<b>1,964,426</b>
Non-current liabilities	2,905,535	3,015,334	2,456,526
Current liabilities	1,152,572	1,061,383	1,163,487
<b>Total liabilities</b>	<b>4,058,107</b>	<b>4,076,717</b>	<b>3,620,013</b>
<b>Total</b>	<b>5,914,504</b>	<b>6,177,651</b>	<b>5,584,439</b>



## 5. Consolidated Statements of Comprehensive Income Summary

Summary of the consolidated statements of comprehensive income information for the nine-month periods ended September 30, 2015, 2014, 2013 and 2012:

	(in thousands of Argentine pesos)			
	2015	2014	2013	2012
Operating profit	293,739	787,044	448,541	411,899
Net financial results	(333,396)	(672,429)	(368,333)	(209,118)
Share of profit / (loss) from associates	164	2,837	(115)	328
Net (loss) / income before income tax	(39,493)	117,452	80,093	203,109
Income tax expense	28,347	(39,598)	(31,243)	(71,672)
<b>Total comprehensive (loss) / income for the period</b>	<b>(11,146)</b>	<b>77,854</b>	<b>48,850</b>	<b>131,437</b>
<b>Total comprehensive (loss) / income attributable to:</b>				
Owners of the Company	(11,148)	77,850	48,850	131,437
Non-controlling interests	2	4	-	-
	<b>(11,146)</b>	<b>77,854</b>	<b>48,850</b>	<b>131,437</b>

## 6. Statistical Data (Physical Units)

	Period ended September 30,					Third quarter ended September 30,				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
<b>Gas Transportation</b>										
Average firm contracted capacity (in billions of cubic feet per day ("Bcf/d"))	2.85	2.85	2.89	2.91	2.83	2.87	2.84	2.87	2.91	2.84
Average daily deliveries (in Bcf/d)	2.39	2.33	2.20	2.27	2.24	2.65	2.53	2.59	2.43	2.39
<b>NGL production and commercialization</b>										
<b>• Production</b>										
Ethane (in short tones)	237,369	250,823	244,193	171,490	180,267	71,700	80,825	64,092	78,144	66,972
Propane and butane (in short tones)	422,401	452,450	370,086	248,979	243,128	104,371	142,369	107,212	106,646	100,041
Natural Gasoline (in short tones)	82,381	77,687	72,227	54,828	50,126	21,702	24,044	19,276	23,713	20,552
<b>• Local market sales (a)</b>										
Ethane (in short tones)	237,369	250,823	244,193	230,871	180,267	71,700	81,095	64,092	78,144	66,972
Propane and butane (in short tones)	256,951	288,645	251,948	221,728	154,932	89,130	76,408	91,013	85,335	87,603
<b>• Exports (a)</b>										
Propane and butane (in short tones)	147,786	132,244	115,345	147,624	100,187	8,540	36,144	18,730	15,548	21,713
Natural Gasoline (in short tones)	83,810	68,599	70,692	75,742	49,829	24,361	21,603	15,814	33,994	17,932

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

## 7. Comparative ratios

	As of September 30,		
	2015	2014	2013
Liquidity (Current assets to current liabilities)	1.39	1.68	1.20
Shareholders' equity to total liabilities	0.46	0.52	0.54
Non-current assets to total assets	0.73	0.71	0.75

## 8. Other Information

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

	2015	2014	2013	2012	2011
January	7.60	4.13	3.10	2.78	4.79
February	9.10	4.20	2.56	2.75	4.45
March	12.70	4.58	2.82	2.88	3.90
April	12.00	5.14	3.04	2.63	4.50
May	10.80	6.45	2.91	2.62	3.10
June	11.40	5.57	2.60	2.20	3.22
July	11.10	6.08	3.06	2.30	3.14
August	11.65	7.04	3.35	2.27	3.20
September	10.90	10.00	3.80	2.12	2.85
October		8.78	4.15	1.90	3.20
November		9.00	4.36	1.92	2.80
December		7.80	3.80	2.22	2.75

## 9. Outlook

Since the enactment of Law No. 25,561 on Public Emergency and Exchange System Reform in early 2002, which after several modifications and extensions, providing the service of natural gas transportation has been significantly altered due to the elimination of clauses, tariff rates and other conditions set forth in the License under which TGS operates. With the issuance of Resolutions No. 2852/14 and No. 3347/15, ENARGAS authorized the first tariff increases since 1999. These tariff increases achieved only to lighten the economic situation of the Natural Gas transportation segment until the signing of the Integral Renegotiation Agreement that will allow the renegotiation of the License and obtaining a sustainable tariff scheme.

In the rest of 2015, the Company will continue with the steps and actions necessary to sign the Integral Renegotiation Agreement initialed by TGS in October 2011 in order to obtain a comprehensive tariff restructuring. To that end, the transfer of the Rights of the arbitration proceeding mentioned above ensures that the Company will comply with the requirements of the Integral Renegotiation Agreement, allowing TGS to continue the renegotiation of its License.

This is vital for TGS as it involves the commitment of all parties to guarantee the quality in the rendering of the public service.

Furthermore, the Company will also keep managing the expansion works in TGS' pipeline system promoted by the Argentine Government under the Gas Trust Fund Program, which will not only bring TGS revenues related to the management of the works, but will increase revenues related to the operation and maintenance of the assets owned by the Trust Funds as well.

Within our goals, we also contemplate the ongoing monitoring of the economic-financial situation that allows performing efficient management of resources in order to achieve cost savings trying to offset the increasing operating deficit in the natural gas transportation segment.

Within the scope of the Liquids business, TGS foresees an overall negative situation, a trend that continues from the last quarter of 2014. Regarding export contracts of propane, butane and natural gasoline, the product oversupply and the drop in international reference prices have removed the competitiveness of products marketed by TGS. In this sense, the company will continue to offer its products on the "spot" market until the Company can get reasonable prices in private contests. Furthermore, we will continue to seek alternative markets to sell products at competitive prices.

In the local market, the Company will continue negotiations with the National Government in order to obtain an improvement in the price of the propane and butane that allows to reverse its negative marginal contribution. Regarding the sale of ethane to PBB Polisor SA, the Company will focus on the renewal of

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this contract that expires in 2015.

With respect to the Other Services business segment, continues to analyze opportunities related to rendering compression and treatment services and storage and shipping facilities located in Puerto Galván and the optimization of telecommunications services.

Additionally, the Company will remain committed to continuous improvement of each of its processes to optimize the use of the resources and to reduce operating costs. TGS will carry out actions aimed at the reduction of cost increases in the operation and maintenance without affecting the reliability and availability of the pipeline system. Focusing on the future results obtained from an essential business tariff recomposition of Natural Gas Transportation segment, and expecting measures taken by the Government feasible to preserve the profitability of production and commercialization of liquids, we will continue with the implementation of various actions, such as the standardization and systematization of risk management in pipelines, compressor stations and processing facilities.

In financial terms, given the negative impact of the variation in the exchange rate of the Argentine peso against the US dollar on the net liability position in foreign currency of the Company, TGS will continue the actions initiated to mitigate them. In this sense, TGS will continue to analyze different alternatives to minimize the impact of the exchange rate and maximize the performance of its investments.

Autonomous City of Buenos Aires, October 27, 2015.

*Ricardo I. Monge*  
*Chairman of the Board of Directors*

## TRANSPORTADORA DE GAS DEL SUR S.A.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 AND 2014  
(Stated in thousands of pesos as described in Note 3 except for basic and diluted earnings per share)

	Notes	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
		2015	2014	2015	2014
Revenue from sales	8	891,141	961,654	2,839,354	3,163,192
Cost of sales	9.h.	(595,068)	(600,901)	(1,884,215)	(1,814,451)
<b>Gross profit</b>		<u>296,073</u>	<u>360,753</u>	<u>955,139</u>	<u>1,348,741</u>
Administrative expenses	9.i.	(49,585)	(46,443)	(149,706)	(116,310)
Selling expenses	9.i.	(43,512)	(115,885)	(183,690)	(446,669)
Other operating (loss) / income <sup>(1)</sup>	9.k.	(323,886)	(3,285)	(328,004)	1,282
<b>Operating (loss) / profit</b>		<u>(120,910)</u>	<u>195,140</u>	<u>293,739</u>	<u>787,044</u>
<b>Net financial results</b>					
Financial income	9.j.	56,596	73,572	176,441	412,787
Financial expenses	9.j.	(197,553)	(203,578)	(509,837)	(1,085,216)
<b>Total</b>		<u>(140,957)</u>	<u>(130,006)</u>	<u>(333,396)</u>	<u>(672,429)</u>
Share of profit from associates	11	117	241	164	2,837
<b>Net (loss) / income before income tax</b>		<u>(261,750)</u>	<u>65,375</u>	<u>(39,493)</u>	<u>117,452</u>
Income tax expense	14	90,590	(24,863)	28,347	(39,598)
<b>Total comprehensive (loss) / income for the period</b>		<u>(171,160)</u>	<u>40,512</u>	<u>(11,146)</u>	<u>77,854</u>
<b>Total comprehensive (loss) / income attributable to:</b>					
Owners of the Company		(171,160)	40,512	(11,148)	77,850
Non-controlling interests		-	-	2	4
		<u>(171,160)</u>	<u>40,512</u>	<u>(11,146)</u>	<u>77,854</u>
Weighted average of outstanding ordinary shares		794,495,283	794,495,283	794,495,283	794,495,283
Basic and diluted (losses) /earnings per share		(0.22)	0.05	(0.01)	0.10

<sup>(1)</sup> For the nine-month period ended September 30, 2015, includes Ps. 321,868 corresponding to the acquisition cost of the Arbitration Proceeding, described in Note 17.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Ricardo I. Monge  
Chairman of the Board of Directors

**TRANSPORTADORA DE GAS DEL SUR S.A.**  
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS OF SEPTEMBER 30, 2015 AND DECEMBER 31, 2014  
(Stated in thousands of pesos as described in Note 3)

<b>ASSETS</b>	<b>Notes</b>	<b>09/30/2015</b>	<b>12/31/2014</b>
<b>Non-current assets</b>			
Property, plant and equipment	12	4,169,678	4,082,071
Investments in associates	10	3,592	3,429
Other financial assets at fair value through profit or loss	9.l.	29,491	26,620
Other receivables	9.a.	62,472	56,180
Trade receivables	9.b.	42,208	47,157
<b>Total non-current assets</b>		<b>4,307,598</b>	<b>4,215,457</b>
<b>Current assets</b>			
Other receivables	9.a.	358,598	315,608
Inventories		66,217	29,131
Trade receivables	9.b.	439,902	411,362
Loans granted to related parties	20	-	268,111
Other financial assets at fair value through profit or loss	9.l.	2,592	145,331
Cash and cash equivalents	9.c.	739,597	789,420
<b>Total current assets</b>		<b>1,606,906</b>	<b>1,958,963</b>
<b>Total Assets</b>		<b>5,914,504</b>	<b>6,174,420</b>
<b>EQUITY</b>			
Common stock		1,345,300	1,345,300
Legal Reserve		247,503	242,254
Future capital expenditures and other financial expenses reserve		175,000	-
Future dividends reserve		99,734	-
Future capital expenditures reserve		-	175,000
Accumulated retained (losses) /earnings		(11,148)	104,983
Non-controlling interests		8	6
<b>Total equity</b>		<b>1,856,397</b>	<b>1,867,543</b>
<b>LIABILITES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		482,238	513,997
Advances from customers	9.d.	338,514	380,349
Loans	13	2,084,675	2,160,405
Other payables	9.e.	108	372
<b>Total non-current liabilities</b>		<b>2,905,535</b>	<b>3,055,123</b>
<b>Current liabilities</b>			
Provisions	15	174,472	150,347
Advances from customers	9.d.	27,559	27,202
Other payables	9.e.	40,317	40,608
Taxes payables	9.f.	31,916	44,169
Income tax payable		2,338	24,100
Payroll and social security taxes payable		95,611	87,322
Loans	13	380,594	305,284
Derivative financial instruments		13,967	28,810
Trade payables	9.g.	385,798	543,912
<b>Total current liabilities</b>		<b>1,152,572</b>	<b>1,251,754</b>
<b>Total liabilities</b>		<b>4,058,107</b>	<b>4,306,877</b>
<b>Total equity and liabilities</b>		<b>5,914,504</b>	<b>6,174,420</b>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Ricardo I. Monge  
Chairman of the Board of Directors

**TRANSPORTADORA DE GAS DEL SUR S.A.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 AND 2014**  
(Stated in thousands of pesos as described in Note 3)

	Shareholders Contributions			Retained Earnings							Non-Controlling interests	Total
	Common stock	Inflation adjustment to common stock	Total common stock	Legal reserve	Future Dividends Reserve	Future Capital Expenditures Reserve	Future Capital Expenditures and Other Financial Expenses Reserve	Accumulated retained earnings	Subtotal	Total		
<b>Balances at December 31, 2013</b>	794,495	550,805	1,345,300	236,879	202,239	140,000	-	98,661	677,779	2,023,079	3	2,023,082
Resolutions of the Ordinary and Extraordinary Shareholders' Meeting held on April 30, 2014												
Derecognition of reserves	-	-	-	-	(202,239)	(140,000)	-	342,239	-	-	-	-
Legal Reserve	-	-	-	5,375	-	-	-	(5,375)	-	-	-	-
Future Dividends Reserve	-	-	-	-	260,525	-	-	(260,525)	-	-	-	-
Future Capital Expenditures Reserve	-	-	-	-	-	175,000	-	(175,000)	-	-	-	-
Comprehensive income for the nine-month period	-	-	-	-	-	-	-	77,850	77,850	77,850	3	77,853
<b>Balances at September 30, 2014</b>	794,495	550,805	1,345,300	242,254	260,525	175,000	-	77,850	755,629	2,100,929	6	2,100,935
Cash dividends to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Resolution of the Board of Directors Meeting held on November 26, 2014												
Cash dividends	-	-	-	-	(260,525)	-	-	-	(260,525)	(260,525)	-	(260,525)
Comprehensive income for the three-month period	-	-	-	-	-	-	-	27,133	27,133	27,133	1	27,134
<b>Balances at December 31, 2014</b>	794,495	550,805	1,345,300	242,254	-	175,000	-	104,983	522,237	1,867,537	6	1,867,543
Resolutions of the Ordinary Shareholders Meeting held on April 23, 2015												
Derecognition of reserves	-	-	-	-	-	(175,000)	-	175,000	-	-	-	-
Legal Reserve	-	-	-	5,249	-	-	-	(5,249)	-	-	-	-
Future Dividends Reserve	-	-	-	-	99,734	-	-	(99,734)	-	-	-	-
Future Capital Expenditures and Other Financial Expenses Reserve	-	-	-	-	-	-	175,000	(175,000)	-	-	-	-
Comprehensive loss for the nine-month period	-	-	-	-	-	-	-	(11,148)	(11,148)	(11,148)	2	(11,146)
<b>Balances at September 30, 2015</b>	794,495	550,805	1,345,300	247,503	99,734	-	175,000	(11,148)	511,089	1,856,389	8	1,856,397

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Ricardo I. Monge  
*Chairman of the Board of Directors*

**TRANSPORTADORA DE GAS DEL SUR S.A.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 AND 2014**  
(Stated in thousands of pesos as described in Note 3)

	2015	2014
<b>Cash flows provided by operating activities</b>		
Total comprehensive (loss) / income for the period	(11,146)	77,854
<b>Reconciliation of total comprehensive income to cash flows provided by operating activities:</b>		
Depreciation of property, plant and equipment	194,736	190,071
Consumption of materials	6,407	3,275
Share of loss from associates	(164)	(2,837)
Increase in allowances and provisions	27,443	16,189
Interest expense accrual	207,508	219,196
Interest income on Other financial assets other than Cash and cash equivalents	(19,492)	(41,349)
Income tax	(28,347)	39,598
Acquisition of the Rights of the Arbitration Proceeding (Note 17)	321,868	-
Derivative financial instrument results	29,166	76,778
Foreign exchange loss	147,131	512,042
<b>Changes in assets and liabilities:</b>		
Trade receivables	(80,995)	(168,155)
Other receivables	(49,282)	(38,616)
Inventories	(37,086)	(70,961)
Trade payables	(129,082)	56,719
Payroll and social security taxes	8,289	7,148
Taxes payables	(12,253)	(22,047)
Income tax	(15,044)	(45,961)
Other payables	(652)	1,083
Provisions	(3,318)	(13,238)
Interest paid	(117,771)	(94,572)
Income tax paid	(10,287)	(17,120)
Derivative financial instruments	(44,009)	(42,812)
Advances from customers	(13,385)	45,186
<b>Cash flows provided by operating activities</b>	<b>370,235</b>	<b>687,471</b>
<b>Cash flows used in investing activities</b>		
Additions to property, plant and equipment	(304,962)	(249,576)
Other financial assets other than Cash and cash equivalents	151,438	116,143
<b>Cash flows used in investing activities</b>	<b>(153,524)</b>	<b>(133,433)</b>
<b>Cash flows used in financing activities</b>		
Payment of loans	(291,283)	(765,370)
Dividends paid to non-controlling interest	-	(2)
<b>Cash flows used in financing activities</b>	<b>(291,283)</b>	<b>(765,372)</b>
<b><u>NET DECREASE IN CASH AND CASH EQUIVALENTS</u></b>	<b>(74,572)</b>	<b>(211,334)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>789,420</b>	<b>893,812</b>
<b>Foreign exchange gains on Cash and cash equivalents</b>	<b>24,749</b>	<b>49,861</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>739,597</b>	<b>732,339</b>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

For supplemental cash flow information see Note 7.

Ricardo I. Monge  
*Chairman of the Board of Directors*

**TRANSPORTADORA DE GAS DEL SUR S.A.**  
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION  
(Stated in thousands of pesos as described in Note 3, unless otherwise stated)

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**1. BUSINESS DESCRIPTION**

Transportadora de Gas del Sur S.A. (“TGS”) is one of the companies created as a result of the privatization of Gas del Estado S.E. (“GdE”). TGS 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 natural gas fields in southern and western Argentina with natural gas distributors and industries in those areas and in the greater Buenos Aires area. The natural gas transportation license to operate this system was exclusively granted to TGS for a period of thirty-five years (“the License”). 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 TGS processes natural gas by extracting liquids, was transferred from GdE along with the gas transmission assets. TGS also provides 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. Also, telecommunications services are provided through the subsidiary Telcosur S.A. (“Telcosur”). These services consist of data transmission services through a network of terrestrial and digital radio relay.

TGS’s controlling shareholder is Compañía de Inversiones de Energía S.A. (“CIESA”), which holds 51% of the common stock. Local and foreign investors hold the remaining ownership of TGS’s common stock. CIESA is under co-control of: (i) Petrobras Argentina S.A. (“Petrobras Argentina”) and a subsidiary (jointly “Petrobras Argentina Group”), which altogether hold 50% of CIESA’s common stock and (ii) CIESA Trust (whose trustee is The Royal Bank of Scotland N.V. Sucursal Argentina) (“the Trust”) who has a trust shareholding of 40%. The remaining 10% is held by PEPCA S.A. (formerly EPCA S.A.) – belonging to Pampa Energía S.A. (“Pampa Energía”) – which exercises significant influence in CIESA.

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 Petrobras Argentina Group and subsidiaries of Enron Corp. (“Enron”) as of such date. The shareholding exchange was carried out on August 29, 2005, after ENARGAS approval by Note No. 4,858 issued in July 2005. At that time, Enron subsidiaries transferred 40% of the outstanding share capital of CIESA to the Trust; and Petrobras Argentina Group transferred its TGS class “B” common shares (representing 7.35% of the outstanding share capital of TGS) to Enron subsidiaries. Later, and within the framework of a settlement agreement entered into among CIESA, Petrobras Argentina Group, Inversiones Argentina I, Pampa Inversiones S.A. (both related companies of Pampa Energía) and Pampa Energía, owner of the total amount of the financial indebtedness of CIESA as of July 13, 2012, CIESA transferred 34,133,200 TGS Class B common shares –representing 4.2962% in TGS- to Pampa Energía. ENARGAS gave consent to the transfer of CIESA’s shares to Pampa Energía. The *Comisión Nacional de Defensa de la Competencia* (“CNDC”) has not pronounced yet.

**2. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

TGS presents its condensed interim consolidated financial statements for the nine-month periods ended September 30, 2015 and 2014 in compliance with the provisions of Title IV, Chapter I, Section I, Article b.1 of the Rules of the *Comisión Nacional de Valores* (“CNV”) (“New Text 2013” or “NT 2013”) adopted by General Resolution No. 622/13. In these condensed interim consolidated financial statements, TGS and Telcosur, its consolidated subsidiary, are jointly referred to as “the Company”.



**TRANSPORTADORA DE GAS DEL SUR S.A.**  
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION  
(Stated in thousands of pesos as described in Note 3, unless otherwise stated)

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**3. BASIS OF PRESENTATION**

These condensed interim consolidated financial statements have been prepared in accordance with and complied with International Accounting Standard 34 (“IAS 34”) issued by the International Accounting Standards Board (“IASB”) adopted by the CNV through NT 2013. These condensed interim financial statements do not include all information and disclosures required for annual financial statements and should be read in conjunction with TGS’ annual financial statements as of December 31, 2014 issued on February 3, 2015.

The condensed interim consolidated financial statements are stated in thousands of Argentine pesos (“Ps.” or “pesos”), the functional currency of the Company and its subsidiary, unless otherwise stated.

Detailed data reflecting subsidiary control as of September 30, 2015 is as follows:

<u>Company</u>	<u>% of shareholding and votes</u>	<u>Closing date</u>	<u>Main activity</u>
Telcosur	99.98	December 31	Telecommunication Services

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**4. SIGNIFICANT ACCOUNTING POLICIES**

The following standards, amendments and interpretations apply to the Company as from this fiscal year, which have had no significant impact on the financial position and results of operations.

Annual improvements to IFRSs 2010 – 2012 Cycle

The annual improvement to IFRSs 2010 – 2012 Cycle include six amendments to IFRSs issued by the IASB, among them: IFRS 8 “Segment Reporting” and IAS 24 “Related Party Disclosures”. These amendments added new disclosures to be included in the financial statements.

These amendments will be applicable for annual periods beginning on or after July 2014, with earlier application permitted.

The Company is currently analyzing the impact of the new disclosure requirements.

Annual improvements to IFRSs 2011 – 2013 Cycle

The annual improvement to IFRSs 2011 – 2013 Cycle include three amendments to IFRSs issued by the IASB, among them IFRS 13 “Fair Value Measurement. IFRS 13 shall apply to all other pronouncements that require or allow measurement at fair value. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability. The standard provides a three-level hierarchy of methods for arriving at fair value.

These amendments will be applicable for annual periods beginning on or after July 2014, with earlier application permitted.

The Company is currently analyzing the impact of the new disclosure requirements.

The accounting policies applied to these condensed interim consolidated financial statements are consistent with those used in the annual financial statements under IFRS.

**TRANSPORTADORA DE GAS DEL SUR S.A.**  
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION  
(Stated in thousands of pesos as described in Note 3, unless otherwise stated)

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**5. FINANCIAL RISK MANAGEMENT**

The Company's activities and the market in which it operates expose it to a series of financial risks: market risk (including foreign exchange risk, cash flows interest rate risk, and commodity price risk), credit risk and liquidity risk.

There have been no significant changes since the last annual financial statements in risk management policies.

**6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of the condensed interim consolidated financial statements in conformity with generally accepted accounting principles requires management to make accounting 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 financial statements, as well as the reported amounts of revenues and expenses during the reporting fiscal year. These estimates require management to make difficult, subjective or complex judgments and estimates about matters that are inherently uncertain. Management bases its estimates on various factors, including past trends, expectation of future events regarding the outcome of events and results and other assumptions that it believes are reasonable.

In the preparation of these condensed interim consolidated financial statements, the critical judgments made by the Company when applying its accounting policies as well as the information sources used for the respective estimates are the same of those applied in the consolidated financial statements for the year ended December 31, 2014. As of September 30, 2015, cash flows used for the calculation of the value in use of the property, plant and equipment involved in the natural gas transportation segment were restated to reflect the impact of the transitional tariff increase granted by Resolution No. I-3347/15 (the "Resolution I-3347") (for more information, see Note 17 to these condensed interim consolidated financial statements).

Based on the method of the discounted future cash flows explained in the financial statements as of December 31, 2014, the estimated discounted cash flows were higher than the carrying amount of such assets as of September 30, 2015.

**7. SUPPLEMENTAL CASH FLOW INFORMATION**

For purposes of the condensed interim 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.

Non-cash investing and financing activities for the nine-month periods ended September 30, 2015 and 2014 are presented below:

	<b>2015</b>	<b>2014</b>
Acquisition of property, plant and equipment through an increase in Trade payable	11,848	9,635
Financial charges capitalization	15,924	6,330

**TRANSPORTADORA DE GAS DEL SUR S.A.**  
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION  
(Stated in thousands of pesos as described in Note 3, unless otherwise stated)

**8. CONSOLIDATED BUSINESS SEGMENT INFORMATION**

IFRS 8 “Operating Segments” requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker (“CODM”) in deciding how to allocate resources and in assessing performance. The Company’s CODM is the Board of Directors.

The Company analyzes its businesses into four segments: (i) *Natural Gas Transportation Services*, (ii) *Liquids Production and Commercialization*, (iii) *Other Services*, and (iv) *Telecommunications*. These last three business segments are not regulated by ENARGAS.

Detailed information on each business segment for the nine-month periods ended September 30, 2015 and 2014 is disclosed below:

Nine-month period ended September 30, 2015					
	Natural Gas Transportation	Production and Commercialization of Liquids	Other Services	Telecommunications	Total
Revenue from sales <sup>(1)</sup>	750,856	1,864,976	190,806	32,716	2,839,354
Cost of sales	(533,663)	(1,254,816)	(79,192)	(16,544)	(1,884,215)
Administrative expenses	(116,290)	(24,390)	(7,420)	(1,606)	(149,706)
Selling expenses	(35,880)	(121,616)	(22,775)	(3,419)	(183,690)
Other operating (expenses) / income	(332,517)	4,362	140	11	(328,004)
<b>Operating profit</b>	<b>(267,494)</b>	<b>468,516</b>	<b>81,559</b>	<b>11,158</b>	<b>293,739</b>
Depreciation of property, plant and equipment	(144,895)	(37,091)	(12,750)	-	(194,736)

<sup>(1)</sup> Revenues from sales from Production and Commercialization of Liquids segment includes Ps. 72,407 of National Government subsidies.

	Natural Gas Transportation	Production and Commercialization of Liquids	Other Services	Telecommunications	Total
External market	-	559,182	-	-	559,182
Local market	750,856	1,305,794	190,806	32,716	2,280,172

Nine-month period ended September 30, 2014					
	Natural Gas Transportation	Production and Commercialization of Liquids	Other Services	Telecommunications	Total
Revenue from sales <sup>(1)</sup>	558,455	2,371,546	183,952	49,239	3,163,192
Cost of sales	(437,150)	(1,300,909)	(61,373)	(15,019)	(1,814,451)
Administrative expenses	(86,521)	(23,582)	(4,780)	(1,427)	(116,310)
Selling expenses	(27,072)	(391,425)	(23,915)	(4,257)	(446,669)
Other operating income / (expenses)	(5,138)	6,510	(87)	(3)	1,282
<b>Operating profit</b>	<b>2,574</b>	<b>662,140</b>	<b>93,797</b>	<b>28,533</b>	<b>787,044</b>
Depreciation of property, plant and equipment	(141,444)	(34,565)	(14,062)	-	(190,071)

<sup>(1)</sup> Revenues from sales from Production and Commercialization of Liquids segment includes Ps. 64,837 of National Government subsidies.

	Natural Gas Transportation	Production and Commercialization of Liquids	Other Services	Telecommunications	Total
External market	-	985,336	-	-	985,336
Local market	558,455	1,386,210	183,952	49,239	2,177,856

**TRANSPORTADORA DE GAS DEL SUR S.A.**  
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION  
(Stated in thousands of pesos as described in Note 3, unless otherwise stated)

**9. SUMMARY OF SIGNIFICANT STATEMENT OF FINANCIAL POSITION AND STATEMENT OF COMPREHENSIVE INCOME ITEMS**

a) Other receivables

	09/30/2015		12/31/2014	
	Current	Non Current	Current	Non Current
Tax credits <sup>(1)</sup>	164,164	55,357	102,824	48,124
Prepaid expenses	20,523	-	14,008	-
Advances to suppliers <sup>(2)</sup>	60,585	-	136,663	-
Subsidies receivables	98,640	-	50,527	-
Easements to be recovered	-	3,007	-	3,690
Others	14,686	4,108	11,586	4,366
<b>Total</b>	<b>358,598</b>	<b>62,472</b>	<b>315,608</b>	<b>56,180</b>

<sup>(1)</sup> As of September 30, 2015 and December 31, 2014, includes Ps. 55,210 and Ps. 44,977, respectively of income tax and VAT credits generated by the reversion of the tariff increase credit.

<sup>(2)</sup> As of September 30, 2015, includes Ps. 13,867 corresponding to related parties.

The breakdown of other receivables based on its currency of origin is the following:

	09/30/2015		12/31/2014	
	Current	Non Current	Current	Non Current
Argentine Pesos	272,453	62,472	225,158	56,180
U.S. Dollars	86,145	-	81,848	-
Euros	-	-	8,602	-
<b>Total</b>	<b>358,598</b>	<b>62,472</b>	<b>315,608</b>	<b>56,180</b>

b) Trade receivables

	09/30/2015		12/31/2014	
	Current	Non Current	Current	Non Current
<b>Commons</b>	<b>405,592</b>	<b>42,208</b>	<b>354,549</b>	<b>47,157</b>
Natural Gas Transportation	123,461	-	108,235	-
Production and Commercialization of Liquids	217,229	-	172,379	-
Other services	64,902	42,208	73,935	47,157
<b>Related parties</b>	<b>35,699</b>	<b>-</b>	<b>58,202</b>	<b>-</b>
Natural Gas Transportation	2,949	-	6,562	-
Production and Commercialization of Liquids	10,868	-	33,211	-
Other services	21,882	-	18,429	-
<b>Allowance for doubtful accounts</b>	<b>(1,389)</b>	<b>-</b>	<b>(1,389)</b>	<b>-</b>
<b>Total</b>	<b>439,902</b>	<b>42,208</b>	<b>411,362</b>	<b>47,157</b>

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The breakdown of trade receivables based on its currency of origin is the following:

	<b>09/30/2015</b>		<b>12/31/2014</b>	
	<b>Current</b>	<b>Non Current</b>	<b>Current</b>	<b>Non Current</b>
Argentine Pesos	377,352	37,547	282,502	41,288
U.S. Dollars	62,550	4,661	128,860	5,869
<b>Total</b>	<b>439,902</b>	<b>42,208</b>	<b>411,362</b>	<b>47,157</b>

The movement of the allowance for doubtful accounts is as follows:

<b>Balances as of December 31, 2013</b>	<b>4,121</b>
Additions	-
Applications	-
Decreases <sup>(1)</sup>	(207)
<b>Balances as of September 30, 2014</b>	<b>3,914</b>
Additions	-
Applications	(2,525)
Decreases	-
<b>Balances as of December 31, 2014</b>	<b>1,389</b>
Additions	-
Applications	-
Decreases	-
<b>Balances as of September 30, 2015</b>	<b>1,389</b>

<sup>(1)</sup> Included in Other operating results

c) Cash and cash equivalents

	<b>09/30/2015</b>	<b>12/31/2014</b>
Cash and banks	278,546	334,873
Time deposits	126,628	445,310
Mutual funds	331,766	8,517
Bank account	2,657	720
<b>Total</b>	<b>739,597</b>	<b>789,420</b>

The breakdown of cash and cash equivalents based on its currency of origin is the following:

	<b>09/30/2015</b>	<b>12/31/2014</b>
Argentine Pesos	467,786	554,643
U.S. Dollars	271,811	234,777
<b>Total</b>	<b>739,597</b>	<b>789,420</b>

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d) Advances from customers <sup>(1)</sup>

	09/30/2015		12/31/2014	
	Current	Non Current	Current	Non Current
Aluar Aluminio Argentino S.A.C.I. ("Aluar")	6,742	153,407	6,742	158,464
Fideicomiso de Gas	2,760	-	-	-
Total Austral S.A. ("Total Austral")	4,770	1,987	4,770	5,565
YPF S.A. ("YPF")	1,736	9,976	2,262	11,728
Pan American Sur S.A. ("PAS")	3,180	1,325	3,180	3,710
Pan American Energy L.L.C. ("PAE")	1,681	61,314	2,182	62,817
PBB Polisor S.A. ("Polisor")	2,018	105,693	2,187	132,917
Otros	4,672	4,812	5,879	5,148
<b>Total</b>	<b>27,559</b>	<b>338,514</b>	<b>27,202</b>	<b>380,349</b>

<sup>(1)</sup>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 will be settled with the effective rendering of firm transportation service.

Advances from customers are denominated in pesos.

e) Other payables

	09/30/2015		12/31/2014	
	Current	Non Current	Current	Non Current
Dividends payable	36,796	-	36,796	-
Provision for compensation for the Board of Directors and Supervisory Committee	1,335	-	1,574	-
Others	2,186	108	2,238	372
<b>Total</b>	<b>40,317</b>	<b>108</b>	<b>40,608</b>	<b>372</b>

Other payables are denominated in pesos.

f) Taxes payables

	09/30/2015		12/31/2014	
	Current	Non Current	Current	Non Current
VAT Withholding	9,290	-	6,262	-
Tax on exports	-	-	13,341	-
Turnover tax	6,489	-	3,745	-
Income tax	10,840	-	6,490	-
Others	5,297	-	14,331	-
<b>Total</b>	<b>31,916</b>	<b>-</b>	<b>44,169</b>	<b>-</b>

Taxes payables are denominated in pesos.

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g) Trade payables

	<b>09/30/2015</b>		<b>12/31/2014</b>	
	<b>Current</b>	<b>Non Current</b>	<b>Current</b>	<b>Non Current</b>
Suppliers	358,601	-	496,242	-
Customers (credit balances)	11,659	-	9,366	-
Related companies	15,538	-	38,304	-
<b>Total</b>	<b>385,798</b>	<b>-</b>	<b>543,912</b>	<b>-</b>

The breakdown of trade payables based on its currency of origin is the following:

	<b>09/30/2015</b>		<b>12/31/2014</b>	
	<b>Current</b>	<b>Non Current</b>	<b>Current</b>	<b>Non Current</b>
Argentine Pesos	328,022	-	262,507	-
U.S. Dollars	57,776	-	281,405	-
<b>Total</b>	<b>385,798</b>	<b>-</b>	<b>543,912</b>	<b>-</b>

h) Cost of sales

	<b>For the three-month period ended September 30,</b>		<b>For the nine-month period ended September 30,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Inventories at the beginning of the year	56,004	19,281	29,131	7,356
Natural gas purchases	347,078	415,577	1,110,141	1,171,167
Operating costs (Note 9.i.)	258,203	244,360	811,160	714,245
Inventories at the end of the period	(66,217)	(78,317)	(66,217)	(78,317)
<b>Total</b>	<b>595,068</b>	<b>600,901</b>	<b>1,884,215</b>	<b>1,814,451</b>

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i) Expenses by nature – Information required under art. 64 paragraph I, clause B) Commercial Companies Law

Accounts	2015					2014	
	Total	Operating expenses		Administrative expenses	Selling expenses	Financial expenses	Total
		Regulated Activities	Non Regulated Activities				
Salaries, wages and other contributions	396,929	209,970	85,305	78,302	23,352	-	290,991
Social security taxes	72,522	33,119	13,857	20,450	5,096	-	54,969
Compensation to Directors and Supervisory Committee	3,955	-	-	3,955	-	-	2,655
Professional services fees	19,132	200	750	17,331	851	-	17,237
Technical operator assistance fees	22,559	2,250	20,309	-	-	-	58,533
Materials	20,742	6,277	14,465	-	-	-	18,275
Third parties services	37,408	13,282	19,825	4,301	-	-	29,315
Telecommunications and post expenses	2,950	402	593	1,834	121	-	2,575
Rents	1,897	345	148	1,322	82	-	1,306
Transports and freight	13,937	9,125	4,514	294	4	-	10,820
Easements	10,724	10,724	-	-	-	-	10,206
Offices supplies	868	261	106	419	82	-	1,068
Travels expenses	5,719	2,789	857	1,621	452	-	3,999
Insurance	14,137	8,572	4,740	632	193	-	13,994
Property, plant and equipment maintenance	87,858	65,142	20,023	2,179	514	-	64,229
Depreciation of property, plant and equipment	194,736	134,487	49,841	10,408	-	-	190,071
Taxes and contributions	202,801	45,836	4,262	348	152,355 <sup>(1)</sup>	-	482,378 <sup>(1)</sup>
Advertising	131	-	-	-	131	-	108
Doubtful accounts	-	-	-	-	-	-	-
Banks expenses	1,072	-	-	1,072	-	-	844
Interests expense	226,866	-	-	-	-	226,866	232,201
Foreign exchange loss	221,878	-	-	-	-	221,878	738,180
Other financial charges	31,927	-	-	-	-	31,927	38,057
Derivative financial instruments results	29,166	-	-	-	-	29,166	76,778
Costs of services rendered to third parties	20,702	-	20,702	-	-	-	11,225
Transactions among business segments	-	(14,186)	14,186	-	-	-	-
Other expenses	13,777	4,936	3,146	5,238	457	-	12,426
<b>Total 2015</b>	<b>1,654,393</b>	<b>533,531</b>	<b>277,629</b>	<b>149,706</b>	<b>183,690</b>	<b>509,837</b>	
<b>Total 2014</b>		<b>436,952</b>	<b>277,293</b>	<b>116,310</b>	<b>446,669</b>	<b>1,085,216</b>	<b>2,362,440</b>

<sup>(1)</sup> Includes tax on exports of Ps. 57,642 and Ps. 342,519 for the nine-month periods ended September 30, 2015 and 2014 respectively.



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j) Net financial results

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2015	2014	2015	2014
<b>Financial income</b>				
Interest income	13,359	23,172	59,990	166,277
Fair value gains on financial instruments through profit or loss	17,276	18,294	40,473	38,786
Foreign exchange gain	25,961	32,106	75,978	207,724
<b>Subtotal</b>	<b>56,596</b>	<b>73,572</b>	<b>176,441</b>	<b>412,787</b>
<b>Financial expenses</b>				
Interest expense	(90,490)	(72,701)	(242,790)	(238,771)
Foreign exchange loss	(88,903)	(115,936)	(222,053)	(737,940)
Derivative financial instrument results	(13,973)	(7,466)	(29,166)	(76,778)
Other financial charges	(9,819)	(9,845)	(31,927)	(38,057)
Less: Amounts capitalised on qualifying assets	5,632	2,370	16,099	6,330
<b>Subtotal</b>	<b>(197,553)</b>	<b>(203,578)</b>	<b>(509,837)</b>	<b>(1,085,216)</b>
<b>Total</b>	<b>(140,957)</b>	<b>(130,006)</b>	<b>(333,396)</b>	<b>(672,429)</b>

k) Other operating (expense) / income

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2015	2014	2015	2014
Net (increase) / decrease in provisions	(3,261)	(6,544)	(12,258)	(2,792)
Acquisition of the Rights of the Arbitration Proceedings (Note 17)	(321,868)	-	(321,868)	-
Others	1,243	3,259	6,122	4,074
<b>Total</b>	<b>(323,886)</b>	<b>(3,285)</b>	<b>(328,004)</b>	<b>1,282</b>

l) Other financial assets at fair value through profit or loss

	09/30/2015		12/31/2014	
	Current	Non Current	Current	Non Current
Public bonds	2,592	-	2,338	-
Mutual Funds	-	-	142,993	-
Private bonds	-	29,491	-	26,620
<b>Total</b>	<b>2,592</b>	<b>29,491</b>	<b>145,331</b>	<b>26,620</b>

The breakdown of other financial assets at fair value through profit or loss based on its currency of origin is the following:

	09/30/2015		12/31/2014	
	Current	Non Current	Current	Non Current
Argentine Pesos	2,592	-	145,331	-
U.S. Dollars	-	29,491	-	26,620
<b>Total</b>	<b>2,592</b>	<b>29,491</b>	<b>145,331</b>	<b>26,620</b>

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**10. INVESTMENTS IN ASSOCIATES**

	<b>09/30/2015</b>		<b>12/31/2014</b>
	<b>Cost Value</b>	<b>Book Value</b>	<b>Book Value</b>
EGS	116	1,852	1,731
TGU	5	1,740	1,698
<b>Subtotal</b>	<b>121</b>	<b>3,592</b>	<b>3,429</b>
Link	503	-	-
<b>Total</b>	<b>624</b>	<b>3,592</b>	<b>3,429</b>

On May 16, 2014, according to resolutions of the Ordinary Shareholders Meeting of Telcosur, payment of cash dividends to TGS was Ps. 10,151.

**11. SHARE OF PROFIT FROM ASSOCIATES**

	<b>For the three-month period ended September 30,</b>		<b>For the nine-month period ended September 30,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
EGS	99	265	121	(249)
TGU	18	(25)	43	28
Link	-	1	-	3058
<b>Total</b>	<b>117</b>	<b>241</b>	<b>164</b>	<b>2,837</b>

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**12. PROPERTY, PLANT AND EQUIPMENT**

Account	09/30/2015										12/31/2014	
	C o s t					D e p r e c i a t i o n					Net book value	Net book value
	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		
Pipelines	3,631,240	-	-	3	3,631,243	1,434,424	-	64,455	2.2	1,498,879	2,132,364	2,196,816
Compressor plants	1,436,084	-	-	44,300	1,480,384	834,255	-	56,112	3.3 to 25	890,367	590,017	601,829
Other industrial plants	2,868	-	-	-	2,868	456	-	73	3.3	529	2,339	2,412
Stations of regulation and/or measurement of pressure	129,228	-	-	-	129,228	82,806	-	3,875	4.0	86,681	42,547	46,422
Other technical installations	28,355	-	-	13	28,368	20,002	-	732	6.7	20,734	7,634	8,353
Subtotal assets related to natural gas transportation service	5,227,775	-	-	44,316	5,272,091	2,371,943	-	125,247		2,497,190	2,774,901	2,855,832
Assets related to natural gas upstream service	205,773	423	-	-	206,196	111,667	-	5,923	2.2 to 25	117,590	88,606	94,106
Assets related to liquids production and commercialization service	695,548	-	-	55,120	750,668	526,427	-	32,978	5.9	559,405	191,263	169,121
Lands	6,279	-	-	-	6,279	-	-	-	-	-	6,279	6,279
Buildings and constructions	196,204	-	-	2,071	198,275	97,700	-	3,543	2.0	101,243	97,032	98,504
Fittings and features in building	33,975	-	-	164	34,139	4,319	-	1,064	4.0	5,383	28,756	29,656
Machinery, equipment and tools	46,917	1,063	-	614	48,594	36,400	-	1,470	6.7 to 20	37,870	10,724	10,517
Computers and Telecommunication systems	389,779	-	-	25,375	415,154	286,351	-	16,423	6.7 to 20	302,774	112,380	103,428
Vehicles	31,064	368	395	-	31,037	21,571	395	2,379	10 and 20	23,555	7,482	9,493
Furniture	13,147	62	-	-	13,209	12,743	-	68	10	12,811	398	404
Capitalization of foreign exchange loss	177,272	-	-	-	177,272	98,754	-	5,641	4	104,395	72,877	78,518
Materials	286,677	130,989	6,407	(37,211)	374,048	-	-	-	-	-	374,048	286,677
Line pack	13,872	-	-	-	13,872	1,618	-	-	-	1,618	12,254	12,254
Works in progress	327,282	155,845	-	(90,449)	392,678	-	-	-	-	-	392,678	327,282
Total 2015	7,651,564	288,750	6,802	-	7,933,512	3,569,493	395	194,736		3,763,834	4,169,678	4,082,071

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**13. LOANS**

Short-term and long-term loans as of September 30, 2015 and December 31, 2014 comprise the following:

	09/30/2015	12/31/2014
<b>Current loans:</b>		
2007 EMTN Program: Series 1 Notes	290,393	263,548
Interest payable	76,829	27,494
Other financial loans	13,372	14,242
<b>Total current loans</b>	<b>380,594</b>	<b>305,284</b>
<b>Non-current loans:</b>		
2007 EMTN Program: Series 1 Notes	290,393	527,096
2014 EMTN Program: Series 1 Notes	1,790,257	1,619,268
Other financial loans	4,025	14,041
<b>Total non-current loans</b>	<b>2,084,675</b>	<b>2,160,405</b>
<b>Total loans <sup>(1)</sup></b>	<b>2,465,269</b>	<b>2,465,689</b>

<sup>(1)</sup> Issuance expenses net.

The breakdown of loans based on its currency of origin is the following:

	09/30/2015	12/31/2014
Argentine pesos	17,397	28,283
U.S. Dollars	2,447,872	2,437,406
<b>Total loans</b>	<b>2,465,269</b>	<b>2,465,689</b>

The activity of the loans as of September 30, 2015 and 2014 is the following:

	<b>As of September 30,</b>	
	<b>2015</b>	<b>2014</b>
Beginning balance	2,465,689	2,507,227
Accrued interest	176,784	194,793
Effect of foreign exchange rate change	231,850	646,253
Payment of loans	(291,283)	(765,370)
Interest paid	(117,771)	(94,572)
<b>Ending balance</b>	<b>2,465,269</b>	<b>2,488,331</b>

The maturities of the current and non-current loans as of September 30, 2015 are as follows:

	09/30/2015
Less 1 year	386,071
From 1 to 2 years	294,418
From 2 to 3 years	1,203,432
Over 3 years	601,716
<b>Ending balance</b>	<b>2,485,637 <sup>(1)</sup></b>

<sup>(1)</sup> Excluding issuance expenses.

In order to cover the risk associated with the exposure to exchange rate derived from its financial debt, TGS concrete forward operations to purchase US dollars. As of September 30, 2015 and December 31, 2014, there were outstanding transactions with a fair value of (Ps. 13,967) and (Ps. 28,810), respectively. Forward transactions pending at September 30, 2015 due in May 2016.

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**14. INCOME TAX AND DEFERRED TAX**

As of the date of the issuance of these condensed interim consolidated financial statements, there are no significant changes with respect to the situation disclosed by the Company as of December 31, 2014.

The reconciliation between the tax computed for tax purposes and the income tax expense charged to the statement of comprehensive income in the nine-month periods ended September 30, 2015 and 2014 is as follows:

	2015	2014
Estimated current income tax expense	(3,570)	(44,262)
Deferred income tax	31,917	4,664
<b>Income tax income / (expense)</b>	<b>28,347</b>	<b>(39,598)</b>

**15. PROVISIONS**

	For legal claims and others
<b>Balances as of 12/31/2013</b>	<b>143,412</b>
Additions	31,843 <sup>(1)</sup>
Uses	(13,238)
Decreases	(15,447) <sup>(2)</sup>
<b>Balances as of 09/30/2014</b>	<b>146,570</b>
Additions	11,016 <sup>(3)</sup>
Uses	-
Decreases	(7,239) <sup>(2)</sup>
<b>Balances as of 12/31/2014</b>	<b>150,347</b>
Additions	31,646 <sup>(4)</sup>
Uses	(3,318)
Decreases	(4,203) <sup>(2)</sup>
<b>Balances as of 09/30/2015</b>	<b>174,472</b>

<sup>(1)</sup> Ps. 18,446 are included in "Other operating expenses" and Ps. 13,397 in "Financial expenses"

<sup>(2)</sup> The total amount is recorded in "Other operating income"

<sup>(3)</sup> Ps. 5,881 are included in "Other operating expenses" and Ps. 5,135 in "Financial expenses"

<sup>(4)</sup> Ps. 16,461 are included in "Other operating expenses" and Ps. 15,185 in "Financial expenses"

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**16. FINANCIAL INSTRUMENTS BY CATEGORY AND HIERARCHY**

16.1 Financial instrument categories

There have been no significant changes regarding the accounting policies for the categorization of financial instruments since the policies disclosed by the Company as of December 31, 2014.

The categories of financial assets and liabilities as of September 30, 2015 and December 31, 2014 are as follows:

September 30, 2015				
	Financial assets at fair value	Financial assets held to maturity	Loans and other receivables	Total
<b>CURRENT ASSETS</b>				
Trade receivables	-	-	439,902	439,902
Other receivables	-	-	113,326	113,326
Other financial assets at fair value through profit or loss	2,592	-	-	2,592
Cash and cash equivalents	331,766	126,628	281,203	739,597
<b>Total current assets</b>	<b>334,358</b>	<b>126,628</b>	<b>834,431</b>	<b>1,295,417</b>
<b>NON-CURRENT ASSETS</b>				
Trade receivables	-	-	42,208	42,208
Other receivables	-	-	7,115	7,115
Other financial assets at fair value through profit or loss	29,491	-	-	29,491
<b>Total non-current assets</b>	<b>29,491</b>	<b>-</b>	<b>49,323</b>	<b>78,814</b>
<b>Total assets</b>	<b>363,849</b>	<b>126,628</b>	<b>883,754</b>	<b>1,374,231</b>
	Financial liabilities at fair value	Financial liabilities held to maturity	Other financial liabilities	Total
<b>CURRENT LIABILITIES</b>				
Trade payables	-	-	385,798	385,798
Loans	-	-	380,594	380,594
Payroll and social security taxes payables	-	-	71,347	71,347
Derivative financial instruments	13,967	-	-	13,967
Other payables	-	-	40,317	40,317
<b>Total current liabilities</b>	<b>13,967</b>	<b>-</b>	<b>878,056</b>	<b>892,023</b>
<b>NON-CURRENT LIABILITIES</b>				
Loans	-	-	2,084,675	2,084,675
Other payables	-	-	108	108
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>2,084,783</b>	<b>2,084,783</b>
<b>Total liabilities</b>	<b>13,967</b>	<b>-</b>	<b>2,962,839</b>	<b>2,976,806</b>

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December 31, 2014				
	Financial assets at fair value	Financial assets held to maturity	Loans and other receivables	Total
<b>CURRENT ASSETS</b>				
Trade receivables	-	-	411,362	411,362
Other receivables	-	-	62,113	62,113
Derivative financial instruments	-	-	268,111	268,111
Other financial assets at fair value through profit or loss	145,331	-	-	145,331
Cash and cash equivalents	8,518	445,310	335,592	789,420
<b>Total current assets</b>	<b>153,849</b>	<b>445,310</b>	<b>1,077,178</b>	<b>1,676,337</b>
<b>NON-CURRENT ASSETS</b>				
Trade receivables	-	-	47,157	47,157
Other receivables	-	-	8,056	8,056
Other financial assets at fair value through profit or loss	26,620	-	-	26,620
<b>Total non-current assets</b>	<b>26,620</b>	<b>-</b>	<b>55,213</b>	<b>81,833</b>
<b>Total assets</b>	<b>180,469</b>	<b>445,310</b>	<b>1,132,391</b>	<b>1,758,170</b>
	Financial liabilities at fair value	Financial liabilities held to maturity	Other financial liabilities	Total
<b>CURRENT LIABILITIES</b>				
Trade payables	-	-	543,912	543,912
Derivative financial instruments	28,810	-	-	28,810
Loans	-	-	305,284	305,284
Payroll and social security taxes payable	-	-	67,062	67,062
Other payables	-	-	40,608	40,608
<b>Total current liabilities</b>	<b>28,810</b>	<b>-</b>	<b>956,866</b>	<b>985,676</b>
<b>NON-CURRENT LIABILITIES</b>				
Loans	-	-	2,160,405	2,160,405
Other payables	-	-	372	372
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>2,160,777</b>	<b>2,160,777</b>
<b>Total liabilities</b>	<b>28,810</b>	<b>-</b>	<b>3,117,643</b>	<b>3,146,453</b>

## 16.2 Fair value measurement hierarchy and estimates

According to IFRS 13, the fair value hierarchy introduces three levels of inputs based on the lowest level of input significant to the overall fair value. These levels are:

- Level 1: includes financial assets and liabilities whose fair values are estimated using quoted prices (unadjusted) in active markets for identical assets and liabilities. The instruments included in this level primarily include balances in mutual funds and public or private bonds listed on the BCBA. Additionally within this level, the Company includes financial derivatives because the settlement date coincided with the closing date of the fiscal year. For the calculation of its fair value, the market price is obtained.
- Level 2: includes financial assets and liabilities whose fair value is estimated using different assumptions quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (for example, derived from prices). Additionally within this level, the Company included derivative financial instruments. For the calculation of fair value, it was calculated taking into consideration quoted prices of similar instruments.
- Level 3: includes financial instruments for which the assumptions used in estimating fair value are not based on observable market information.

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The table below shows different assets and liabilities at their fair value classified by hierarchy as of September 30, 2015:

	September 30, 2015			Total
	Level 1	Level 2	Level 3	
<b>Financial assets at fair value</b>				
Cash and cash equivalents	331,766	-	-	331,766
Other current financial assets at fair value through profit or loss	2,592	-	-	2,592
Other non-current financial assets at fair value through profit or loss	29,491	-	-	29,491
<b>Total</b>	<b>363,849</b>	<b>-</b>	<b>-</b>	<b>363,849</b>

	Level 1	Level 2	Level 3	Total
	<b>Financial liabilities at fair value</b>			
Derivate financial instruments	13,967	-	-	13,967
<b>Total</b>	<b>13,967</b>	<b>-</b>	<b>-</b>	<b>13,967</b>

The carrying amount of the financial assets and liabilities is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

As of September 30, 2015 and December 31, 2014, the carrying amount of certain financial instruments used by the Company including cash, cash equivalents, other investments, receivables, payables and short-term loans are representative of fair value because of the short-term nature of these instruments.

The estimated fair value of other Non-current assets and Other loans does not differ significantly from the carrying amount. The following table reflects the carrying amount and estimated fair value of the 2007 Notes and the 2014 Notes at September 30, 2015 based on their quoted market price:

	Carrying amount	Fair value
2007 EMTN Program: Series 1 Notes	597,797	572,813
2014 EMTN Program: Series 1 Notes	1,850,075	1,719,404

## 17 REGULATORY FRAMEWORK

As of the date of the issuance of these Financial Statements, there are no significant changes with respect to the situation disclosed by the Company as of December 31, 2014, except for that which is indicated below:

### General framework of the regulated segment

#### Implementation of the Interim Agreement approved by Presidential Decree No. 1918/2010

On June 5, 2015, ENARGAS issued Resolution No. 3347 which approves an increase in the tariff schedule applicable to the public transportation of natural gas as from May 1, 2015. These increases represent to TGS a temporary increase of 44.3% in the price of the service of natural gas transportation and 73.2% in the Charge of Access and Use ("CAU").

Both temporary increases are intended to finance the costs of operation and maintenance and the necessary investments for the ordinary provision of natural gas transportation service until the Company and the Argentine Government sign the Integral Renegotiation License Agreement ("Integral Renegotiation Agreement") that was initialed once again by TGS in October 2015. At the date of issuance of these condensed interim financial statements, there is no certainty about the timing and final form of the Integral Renegotiation Agreement.



These increases represent a partial recognition of prior administrative claims made by the Company. TGS will continue with the corresponding actions towards safeguarding its rights, including those necessary to accomplish the signing of the Integral Renegotiation Agreement.

#### Acquisition of Rights

With the enactment of Resolutions No. I-2852 and No. I-3347 and after having verified its effectiveness, the Interim Agreement was implemented between the Company and UNIREN in October 2008, and thus, the condition provided by the loan awarded by TGS to Pampa Energía (see note 20, the "Loan") that consists of its compulsory cancellation by transferring the rights acquired by Pampa with the proceeds of the Loan in respect of the arbitration proceeding initiated by Enron Creditors Recovery Corp. and Ponderosa Assets LLP against the Republic of Argentina before the International Centre for Settlement of Investment Disputes ("ICSID") of the World Bank ("the Arbitration Proceeding"). The rights acquired under the arbitration proceeding (the "Rights of the arbitration proceeding") include the powers to suspend, monitor and withdraw from arbitration proceedings.

The acquisition of the Rights of the Arbitration Proceeding by TGS was implemented through the transfer to a trust established abroad of which TGS shall be its beneficiary.

At the date of issuance of these interim consolidated financial statements, as agreed with the National Government, the Arbitration Proceeding is suspended until April 12, 2016.

The exercise of the Rights of the arbitration proceeding allows TGS to continue with the tariff renegotiation process and comply with the conditions for the signing and implementation of the Integral Renegotiation Agreement (see "note 16.a. - Regulatory Framework - General framework and current tariff situation of the Natural Gas Transportation segment" of the Consolidated Financial Statements at December 31, 2014) by the Executive Branch and the new rate schedules resulting from the Integral tariff Review process provided therein. In accordance with the terms and conditions of the Integral Renegotiation Agreement, TGS may suspend and subsequently abandon those claims brought against Argentina for the lack of tariff adjustments by the Producer Price Index ("PPI") following the enactment of Law No. 25,561 ("Law on Public Emergency and Exchange System Reform").

According to IFRS, the Rights of the arbitration proceeding do not qualify to be recognized as an asset in the financial statements of the Company. Consequently, for the nine-month period ended September 30, 2015, they were recognized and classified under "Other Operating (loss) / Income" in the Statement of Comprehensive Income. The net loss recognized amounted to Ps. 194,569.

#### General framework of the non-regulated segment

##### Domestic market

On March 30, 2015, the Executive Branch issued Decree No. 470/2015, regulated by Resolution No. 49/2015 issued by the Federal Energy Bureau. Both replaced Stabilization Agreement signed in September 2008 between the Federal Energy Bureau and the LPG producers ("Stabilization Agreement") (which, after several extensions, remained in force until March 31, 2015) creating a new framework for the selling of LPG bottles to residential users (the "New Program").

In line with the Stabilization Agreement, the Federal Energy Bureau regulates the price and the quantity of LPG sold in the domestic market by each LPG producer, in order to guarantee sufficient supply of LPG to low-income residential users, by committing the LPG producers to supply at a fixed price (below the market price) with a quota assigned to each producer. This price reduction is partially offset by a subsidy paid to producers by a trust fund created for that purpose. Through the New Program, the Argentine government subsidizes low-income residential users.

On April 1, 2015, the Federal Energy Bureau issued Resolution No. 70/2015, which sets the new reference prices and the compensation to be paid to domestic LPG producers intended for ten, twelve and fifteen kilos LPG bottles under the New Program.

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Participation in the New Program requires producing and selling LPG volumes required by the Federal Energy Bureau at prices significantly below the market. Because of this requirement, it is difficult to cover production costs and therefore obtaining a negative operating margin.

Regarding the Stabilization Agreement, the payment of the amounts associated with the supply of the months of February and March 2015 are still owed to TGS, and thus, on September 15, 2015 a claim was formally presented before the Federal Energy Bureau intimating the cancellation.

On June 3, 2015, the Company filed a motion for reconsideration against the provisions of Federal Energy Bureau regarding volumes of LPG that must be provided during 2015 under the New Program.

In addition, on March 16, 2015, Resolution No. 792/05 has been replaced by the Federal Energy Bureau issuing Resolution No. 36/2015. This new resolution updates the export parity price for the LPG sold in the domestic market to those clients not included under the scope of the New Program since April 1, 2015.

International market

On February 25, 2015, the Ministry of Economy issued Resolution No. 60/2015. This resolution modified the variable export withholding tax regime established under Resolution No. 127/08. According to the new methodology, the minimum tax rate is 1% if the international prices for propane and butane are lower than US\$ 464 and US\$ 478 (the “reference value”) per metric ton, respectively. If the propane and butane international prices are higher than the reference value, tax rate applicable to the selling price is calculated on a sliding scale according the amount by which the selling price exceeds the cut-off value of US\$ 460 and US\$ 473 per metric ton, respectively.

**18 COMMON STOCK AND DIVIDENDS**

a) Common stock structure and shares’ public offer

As of September 30, 2015 and 2014, TGS’ 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
	<b>794,495,283</b>

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

## **19 LEGAL CLAIMS AND OTHER MATTERS**

As of the date of the issuance of these Financial Statements, there are no significant changes with respect to the situation disclosed by the Company as of December 31, 2014, except for that which is indicated below:

a) Exemption of the sales of liquids in turnover tax

On August 29, 2014, the Company was notified that the Tax Court of the Province of Buenos Aires denied the appeal made by TGS regarding the payment of the turnover tax corresponding to the period ranging from January 2006 to December 2006. On February 11, 2015, TGS lodged an appeal against the decision of the *Agencia de Recaudación de la Provincia de Buenos Aires* ("ARBA") before the Contentious-Administrative Court in the city of La Plata.

Meanwhile, in February 2015, the ARBA initiated the process of tax execution for those tax periods. As of the date of the issuance of these condensed interim consolidated financial statements, ARBA appealed the ruling upheld on August 5, 2015 against the prescription exception opposed by TGS.

On March 16, 2015, TGS paid Ps. 3.3 million corresponding to the fiscal periods from August 2003 to December 2004.

As of September 30, 2015, TGS maintains a provision of Ps. 14.4 million.

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

*Province of Santa Cruz*

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 amounted Ps. 1.6 million. On February 19, 2015, the Supreme Court of Justice rejected the appeal filed by TGS with respect with tax recovery process in the Province of Santa Cruz. It is a final decision, being TGS's request finally denied.

On October 25, 2013, the Company commenced an administrative action in order to repeat the sums paid by the tax debt claimed for the period between January 2006 and April 2011. The Province has not answered yet.

*Province of Tierra del Fuego*

After having received a new formal assessment for the period April 2013 and June 2014, TGS filed an appeal against the Tax Bureau of the province of Tierra del Fuego. After the rejection of TGS' discharges, on March 19, 2015, TGS filed an appeal for reconsideration against the Tax Bureau of the province of Tierra del Fuego e Islas del Atlántico Sur. This legal action is still pending.

As of September 30, 2015, the Company recorded a provision of Ps. 151.0 million, in respect of this contingency under the line item "Provisions", which amounts were determined in accordance with the estimations of tax and interests, that would be payable as of such date, in case this contingency turns out unfavorable for the Company.

TGS has a right to recover the turnover tax by a transportation tariff increase as set forth in the License. For this reason, TGS has initiated an administrative proceeding before ENARGAS which is necessary to include this tax in the natural gas transportation tariff.

c) Action for annulment of Presidential Decree No. 2067/08 ("the Decree") and ENARGAS Resolutions No. I-1,982/11 and No. I-1,991/11 (the "Resolutions")

At the time of the enactment of Resolutions which increase the amount of the fee created by the Decree (the "Fee"), the Company commenced legal actions seeking its annulment because it violates constitutional principles to implement it. At the date of issuance of these condensed interim financial statements, such proceedings are still pending.

On March 27, 2015 the Lower Court in administrative federal matters based in the City of Buenos Aires, extended the preliminary injunction for a new period of six months. Thus, the new injunction expires in April 2016.

In addition, on September 21, 2015, the court rejected the request to ENARGAS that was filed earlier this year tending to declare the prosecution abstract and the injunction without effect, taking as precedent the previous ruling "Alliance", issued by the Supreme Court of Justice.

TGS's Management believes it has enough valid arguments to defend their position, and thus, the Company has not recorded the increase of the charge for natural gas consumptions from the date of obtaining the injunction until the date of the issuance of these condensed interim consolidated financial statements. In the event this injunction had not been obtained, the impact of the Resolutions for the nine-month period ended September 30, 2015, taking into account the possibility of carry-forward the charge to the sales price of the product, would have implied a net loss of Ps. 112.1 million. Meanwhile, the accumulated impact on the retained earnings since obtaining the injunction would have involved a reduction effect of Ps. 484.3 million.

d) Arbitral claim

The Secretariat of the International Court of Arbitration of the International Chamber of Commerce has notified the Company a request for arbitration requested by Pan American Energy LLC Suc. Arg. and Pan American Sur SA (the "applicants") related to the allocation of products derived from natural gas processing and in terms of certain agreements with the applicants, the amount of which will result from the evidence occurred in the arbitration process. The claim was rejected because, in the opinion of its legal counsel, the Company has sufficient grounds for it.

## **20 BALANCES AND TRANSACTIONS WITH RELATED COMPANIES**

Transactions with related parties are carried out in the ordinary course of business according to common practices. The terms of these transactions are comparable to those offered by or obtained from unaffiliated parties.

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Financial transactions

As of September 30 and December 31, 2014, the loan granted to Pampa Energía (the "Loan") was disclosed in "Loans to related parties." The evolution of this loan is as follows:

<b>Balances as of December 31, 2013</b>	<b>194,154</b>
Interest income	11,015
Foreign exchange gain	55,392
<b>Balances as of September 30, 2014</b>	<b>260,561</b>
Interest income	3,926
Foreign exchange gain	3,624
<b>Balances as of December 31, 2014</b>	<b>268,111</b>
Interest income and taxes <sup>(1)</sup>	21,971
Foreign exchange gain	31,786
Loan payment	(321,868)
<b>Balances as of September 30, 2015</b>	<b>-</b>

<sup>(1)</sup> Includes Ps. 8,175 of accrued interests for the nine-month period ended September 30, 2015.

In accordance with the provisions of the Loan (granted by TGS to Pampa Energía on October 6, 2011, as amended on April 26, 2013), its cancellation by the total transfer to TGS of the Rights of Arbitration Proceeding that were promptly acquired by Pampa Energía with the loan, was mandatory on or prior to the expiration date in case it was in force the tariff increase granted by the Transitional Agreement signed by TGS with UNIREN.

On September 30, 2015, the Board of Directors approved the acquisition of the Rights of the Arbitration Proceeding. For further information, see Note 17 "Regulatory Framework - Regulatory framework of the regulated segment – Acquisition of Arbitration Rights".

Key management compensation

The accrued amounts corresponding to the compensation of the members of the Board of Directors, the Statutory Committee and the Executive Committee for the nine-month periods ended September 30, 2015 and 2014 were Ps. 20,216 and Ps. 16,509, respectively.

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Balances and transactions with related parties

The detail of significant outstanding balances for transactions entered into by TGS and its related parties as of September 30, 2015 and December 31, 2014 is as follows:

Company	09/30/2015		12/31/2014	
	Accounts receivable	Accounts payable	Accounts receivable	Accounts payable
<b>Controlling shareholder:</b>				
CIESA	37	-	-	-
<b>Associate which exercises joint control on the controlling shareholder:</b>				
Petrobras Argentina	38,008	8,841	24,462	29,421
<b>Associate which exercises significant influence on the controlling shareholder:</b>				
Pampa Energía	-	-	268,111	-
<b>Associates with significant influence:</b>				
Link	313	-	278	-
EGS	-	3,298	-	2,993
<b>Other related companies:</b>				
Petrolera Pampa S.A.	-	3,600	-	5,891
Petroleo Brasileiro S.A.	-	-	25,475	-
Compañía Mega S.A.	10,868	-	7,736	-
Oleoductos del Valle S.A.	340	-	-	-
<b>Total</b>	<b>49,566</b>	<b>15,739</b>	<b>326,062</b>	<b>38,305</b>

The detail of significant transactions with related parties for the nine-month period ended September 30, 2015 and 2014 is as follows:

Nine-month period ended September 30, 2015:

Company	Revenues			Costs		Revenues for administrative services	Financial Results Interests earned
	Natural Gas Transportation	Production and commercialization of liquids	Other services	Gas purchase and others	Compensation for technical assistance		
<b>Controlling shareholder:</b>							
CIESA	-	-	-	-	-	92	-
<b>Associate which exercises joint control on the controlling shareholder:</b>							
Petrobras Argentina	23,461	-	44,346	82,095	22,559	-	-
<b>Associate which exercises significant influence on the controlling shareholder:</b>							
Pampa Energía	-	-	-	-	-	-	8,175
<b>Associate with significant influence:</b>							
Link	-	-	2,249	-	-	-	-
<b>Other related companies:</b>							
Compañía Mega S.A.	849	63,591	23	-	-	-	-
Petrobras Global Trading BV	-	44,058	-	-	-	-	-
Braskem Inc.	-	15,386	-	-	-	-	-
Petroleo Brasileiro S.A.	-	95,618	-	-	-	-	-
Petrolera Pampa S.A.	-	-	-	41,332	-	-	-
<b>Total</b>	<b>24,310</b>	<b>218,653</b>	<b>46,618</b>	<b>123,427</b>	<b>22,559</b>	<b>92</b>	<b>8,175</b>

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Nine-month period ended September 30, 2014:

Company	Revenues			Costs		Financial Results	
	Natural Gas Transportation	Production and commercialization of liquids	Other services	Gas purchase and others	Compensation for technical assistance	Revenues for administrative services	Interests earned
<b>Controlling shareholder:</b>							
CIESA	-	-	-	-	-	92	-
<b>Associate which exercises joint control on the controlling shareholder:</b>							
Petrobras Argentina	21,792	5,454	38,647	95,075	58,533	-	-
<b>Associate which exercises significant influence on the controlling shareholder:</b>							
Pampa Energía	-	-	-	-	-	-	11,015
<b>Associate with significant influence:</b>							
Link	-	-	1,937	-	-	-	-
EGS	-	-	173	-	-	-	-
<b>Other related companies:</b>							
Compañía Mega S.A.	628	53,132	22	-	-	-	-
Petroleo Brasileiro	-	497,304	-	-	-	-	-
<b>Total</b>	<b>22,420</b>	<b>555,890</b>	<b>40,779</b>	<b>95,075</b>	<b>58,533</b>	<b>92</b>	<b>11,015</b>

## **21 SUBSIDIARY AND ASSOCIATES**

*Link:*

Link operates a natural gas transportation system, which links TGS's natural 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 owned its pipeline, which connected TGS's main pipeline system in the Province of Santa Cruz with a delivery point on the border with Chile.

In October 2012, ENARGAS issued a resolution which authorizes EGS to transfer the connection pipeline and service offerings in operation to TGS. On December 17, 2013, the sale of all the fixed assets of EGS to TGS for an amount of US\$ 350,000 was made, the existing natural gas transportation contracts were transferred and the procedures to dissolve the Company.

## **22 SUBSEQUENT EVENTS**

The Financial Statements were approved and authorized for issuance by the Board of Directors on October 27, 2015.

No subsequent events between the end of the nine-month period ended September 30, 2015 and the date of the approval (issuance) of these condensed interim consolidated financial statements have had a material effect on the financial position or the results of operations of the Company.

**23 INFORMATION REQUIRED BY ARTICLE 26 OF SECTION VII CHAPTER IV TITLE II OF CNV RULES**

In order to comply with General Resolution No. 629/2014 TGS informs that by October 27, 2015, supporting and management documentation related to open tax periods is safeguarded by Iron Mountain Argentina S.A. at its facilities are located at 3825 Cañada de Gómez Street in the Autonomous City of Buenos Aires.

As for commercial books and accounting records, they are situated in the headquarters of the Company in areas that ensure its preservation and inalterability.

The Company has available in its headquarters to CNV details of the documentation given in safeguard to third parties.

Ricardo I. Monge  
*Chairman of the Board of Directors*



Free translation from the original prepared in Spanish for publication in Argentina

## **LIMITED REVIEW REPORT**

To the Shareholders, President and Directors of  
Transportadora de Gas del Sur S.A.

### **Introduction**

We have reviewed the accompanying condensed interim consolidated financial statements of Transportadora de Gas del Sur S.A. and its subsidiary, at September 30, 2015, including the condensed interim consolidated statement of financial position at September 30, 2015, the related condensed interim consolidated statements of comprehensive income for the nine and three-months periods ended as of September 30, 2015, of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes.

The balances and other information corresponding to the fiscal year 2014 and to its interim periods are an integral part of the financial statements mentioned above; therefore, they must be considered in connection with these financial statements.

### **Responsibility of the Board of Directors**

The Company's Board of Directors is responsible for the preparation and presentation of these condensed interim consolidated financial statements under the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and adopted by the *Federación Argentina de Consejos Profesionales de Ciencias Económicas* ("FACPCE") as its professional accounting standards and added by the *Comisión Nacional de Valores* ("CNV") to its regulations; therefore, it is responsible for the preparation and presentation of the condensed interim consolidated financial statements mentioned above in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34). Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity', as issued by the International Auditing and Assurance Standards Board ("IAASB"), and adopted by the FACPCE as its standard of review in Argentina by Technical Resolution N° 33. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statement is not prepared, in all material respects, in accordance with International Accounting Standard 34 'Interim Financial Reporting'.

### **Report about the compliance with current regulations**

- a) The condensed interim consolidated financial statements of Transportadora de Gas del Sur S.A. are pending transcription into the “Inventory and Balance Sheet” book and, except for the matters mentioned above, comply with the provisions of the Commercial Companies Law and pertinent regulations of the National Securities Commission, as regards matters within our field of competence;
- b) The condensed interim separate financial statements of Transportadora de Gas del Sur S.A. arise from accounting records kept in all formal respects in conformity with legal regulations, except for the transcription of the “Inventory and Balance Sheet” book, which to date has not yet been transcribed,
- c) we have read the summary of activity and, as regards those matters that are within our field of competence, we have no observations to make;
- d) at September 30, 2015 the debt accrued by Transportadora de Gas del Sur S.A. in favor of the Argentine Integrated Social Security System according to the Company's accounting records amounted to \$ 14,956,481, none of which was claimable at that date.

City of Buenos Aires, October 27, 2015.

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

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C.P.C.E.C.A.B.A. T° 1 F° 17  
Carlos N. Martínez  
Public Accountant (UBA)  
C.P.C.E. City of Buenos Aires  
T° 155 - F° 146