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TGS Announces Results for the Second Quarter 2014 and Six-Month Period ended June 30, 2014

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Buenos Aires, Argentina - Transportadora de Gas del Sur S.A. ("TGS" or "the Company") (NYSE: TGS, MERVAL: TGSU2) reported today a net income of Ps.115.0 million, or Ps. 0.145 per share (Ps. 0.724 per ADS), for the second quarter ended June 30, 2014, compared to a net loss of Ps. 20.8 million, or Ps. 0.026 per share (Ps. 0.131 per ADS), in the same period of 2013.

Net income for the first half of 2014 amounted to Ps. 37.3 million, or Ps. 0.047 per share (Ps. 0.235 per ADS), compared with the net income of Ps.93.3 million, or Ps. 0.117 per share (Ps. 0.587 per ADS) recorded in the same period last year.

The positive variation in the results of the second quarter of 2014 is mainly due to the increase of Ps. 147.8 million in the operating profit.

The lower net income in the first half of 2014 is primarily attributable to the overall negative impact on net financial results mainly due to the loss generated by the impact of the foreign exchange variation on TGS' U.S. dollar denominated net liability position which includes the financial debt obtained to finance the acquisition of its fixed assets (90% of which corresponds to the Natural Gas Transportation business segment). In addition, as a result of the delay in the implementation of the tariff increase, the increase in fixed costs derived from the Natural Gas Transportation business segment, and variable costs from the Production and Commercialization of Natural Gas Liquids ("Liquids") business segment, the negative impact mentioned before was only partially offset by the positive variation in the operating profit of Ps. 226.6 million.

Even though Resolution No. I-2852 published by ENARGAS (the National Gas Regulatory Body) on April 7, 2014 established the new rate schedules, including stepped increases to the natural gas firm and interruptible transportation rates which is a partial application of the Transitional Agreement signed between TGS and the UNIREN on October 8, 2008, ratified through the Presidential Decree No. 1,918/09 (the "2008 Transitional Agreement"), the delay in the implementation of the tariff increase and the sustained increase in fixed costs of the Natural Gas Transportation business segment have negatively contributed to the operating deficit.

Second Quarter 2014 vs. Second Quarter 2013

For the second quarter ended June 30, 2014, TGS posted total net revenues of Ps. 961.4 million, compared to Ps. 475.2 million recorded in the same period of 2013.

Natural Gas Transportation business segment revenues increased Ps. 30.7 million in the second quarter of 2014, when compared to the second quarter of 2013. This increase is mainly explained by: (i) more services of natural gas transportation intended for export, (ii) higher provision of interruptible services, and (iii) the impact of the new rate schedules for natural gas transportation tariffs (that had remained unchanged for fourteen years) approved by Resolution I-2852, which not only does not comply with the provisions of the 2008 Transitional Agreement, but also does not compensate the sustained increase in operating costs.

This business segment is subject to ENARGAS regulation.

The Natural Gas Transportation business segment represented approximately 20% and 34% of TGS' total revenues during the second quarters of 2014 and 2013, respectively. Following the implementation of the Public Emergency Law in 2002, TGS has received only an increase for its regulated natural gas transportation tariff. The new rate schedule establishes a progressive 8% increase starting April 1, 2014, an accumulated 14% increase starting June 1, 2014 and an accumulated 20% increase starting August 1, 2014. The publication of the tariff chart partially implements the 2008 Transitional Agreement which provides that the increase should have been effective as of September 1, 2008.

Natural Gas Transportation revenues are derived mainly from firm contracts, under which pipeline capacity is reserved and paid for regardless of actual usage by the shipper. The Company also provides interruptible natural gas transportation services subject to availability of the pipeline capacity. In addition, TGS renders operation and maintenance services of the Natural Gas Transportation facilities, which belong to certain gas trusts (*fideicomisos de gas*) created by the Argentine Government in order to expand the capacity of the Argentine natural gas transportation pipeline system. In addition, in November 2005, ENARGAS created the Charge for Access and Use ("CAU") to compensate TGS for the operation and maintenance of the natural gas transportation assets, mainly pipeline expansions owned by the Gas Trusts. The CAU has not been modified since its creation.

The Production and Commercialization of Liquids segment revenue increased by Ps. 413.8 million in the second quarter of 2014 compared with the same period of the previous year, mainly due to: (i) an increase in the volumes sold, (ii) an increase in the natural gas processing on TGS's own account, (iii) an increase in the foreign exchange rate of the Argentine peso compared to the U.S. dollar, and (iv) an increase in the international reference prices.

Liquids Production and Commercialization revenues accounted for approximately 73% and 60% of the total revenue in the second quarter of 2014 and 2013, 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. The Company commercializes Liquids for its own account and also on behalf of TGS' clients.

Other Services revenues increased by Ps. 41.7 million in the second quarter of 2014 compared to the same period of 2013, primarily due to (i) management services rendered to the gas trust for the realization of the expansions in the pipeline system, (ii) operation and maintenance services, (iii) higher compression and treatment of natural gas services, and (iv) the impact of the foreign

exchange rate and the price adjustments obtained over the services of treatment and compression of natural gas.

The Other Services business segment includes midstream and telecommunication activities. As a percentage of the Company's total net revenues, this segment accounted for approximately 7% and 6% of the net revenues in the second quarters of 2014 and 2013, respectively. Midstream services include natural gas treatment, separation, and removal of impurities from the natural gas stream, as well as natural gas compression, rendered at the wellhead, typically for natural gas producers. In addition, TGS provides services related to pipeline and compression plant construction, operation and maintenance of pipelines and compressor plants services, as well as steam generation for electricity production. Telecommunication services are rendered through Telcosur S.A., a company controlled by TGS. Telcosur S.A. provides services as an independent carrier of carriers to leading telecommunication operators and corporate customers located in its service area.

Cost of sales and administrative and selling expenses were Ps. 720.9 million in the second quarter of 2014, representing a Ps. 351.1 million increase from the same period of 2013. This variation is mainly attributed to: (i) the increase in variable production costs in the Liquids segment mainly due to the increased price of natural gas, purchased as Replenishment Thermal Plant (RTP) for the Cerri Complex, (ii) higher tax on exports, (iii) higher labor costs, and (iv) higher turnover tax.

Other operating income recorded in the second quarter of 2014 increased by Ps. 12.7 million compared to the same quarter of the previous year, mainly due to lower provisions accruals recorded during the second quarter of 2014.

Net financial expense was Ps. 76.2 million in the second quarter of 2014, compared to Ps. 123.6 million reported in the same period of 2013. This positive variation of Ps. 47.4 million is mostly attributable to a lower foreign exchange loss due to the lower variation in the foreign exchange rate and TGS' lower U.S. dollar denominated net liability position after the cancellation of principal in May 2014.

In the second quarter of 2014, TGS reported a Ps. 55.5 million income tax expense, in comparison to the Ps. 7.5 million income tax gain, reported in the same period of 2013, representing a negative variation of Ps. 63.0 million.

First Half 2014 vs. First Half 2013

For the six-month period ended June 30, 2014, the Company recorded a total net revenue of Ps. 2,201.5 million, in comparison with the Ps. 1,300.9 million recorded in the same period last year.

Natural Gas Transportation revenues for the first half of 2014 increased by Ps. 27.9 million compared to the same period of 2013. The increase is mainly due to: (i) the impact of the new rate schedules of natural gas transportation tariffs approved by Resolution I-2852, which not only does not comply with the provisions of the 2008 Transitional Agreement but also is not able to compensate the sustained increase in operating costs, (ii) higher provision of interruptible services and, (iii) more services of natural gas transportation intended for export.

Liquids Production and Commercialization segment revenues increased Ps. 781.9 million in the first half of 2014 when compared to the same period last year. This increase is mainly due to: (i) the variation in the foreign exchange rate of the Argentine peso related to the U.S. dollar, (ii) better sale prices for propane, butane and natural gasoline as a result of the increase in the international reference prices in the first half of 2014, and (iii) the impact of the annual adjustment of the price of ethane and (iv) an increase in the volume sold by TGS' own account.

Other Services revenues increased by Ps. 90.8 million in the first half of 2014 when compared to the first half of 2013 primarily due to: (i) the impact of the foreign exchange rate as well as additional treatment and compression of natural gas services rendered, (ii) higher revenues derived from the operation and maintenance services, (iii) higher revenues from management services rendered to the gas trust for the realization of the expansions in the pipeline system, and (iv) higher revenues from telecommunication services.

Operating costs, administrative and selling expenses increased approximately Ps. 663.5 million in the first half of 2014 when compared to the same period last year. This variation is mainly attributed to an increase in variable production costs in the Liquids segment mainly due to the increased price of natural gas, purchased as RTP for the Cerri Complex. In addition, there were increases in: (i) tax on exports due to the variation of the foreign exchange rate, (ii) labor costs and other fixed costs, and (iii) turnover tax.

Other operating results for the first half of the year decreased by Ps. 10.5 million, in comparison to the same period of 2013. This variation is mainly attributable to the provisions for contingencies accruals recorded during the first half of 2013.

Net financial expenses rose to Ps. 542.4 million at the close of the first half of 2014 compared to Ps. 217.5 million reported for the same period last year. This increase was mainly related to the Ps. 282.3 million increase in the foreign exchange loss which was generated by a higher devaluation of the local currency in the first half of 2014 and the Ps. 69.3 million of negative results in derivative financial instruments. The foreign exchange loss was offset with the improvement in the performance of TGS financial position during the first half of 2014.

For the first half of 2014, TGS reported a Ps. 14.7 million income tax expense, compared to Ps. 54.4 million reported in the same period of 2013.

Liquidity and Capital Resources

The net decrease of Ps. 261.0 million in Cash and Cash equivalents was mainly due to the cancellation of the principal of TGS' financial debt of Ps. 762.5 million in May 2014.

Please see the attached tables for additional financial and operating information.

TGS, with a current firm contracted capacity of approximately 2.9 Bcf/d, is Argentina's leading transporter of natural gas. The Company is also Argentina's leading processor of natural gas and one of the largest marketers of Liquids. TGS is quoted on both the New York and Buenos Aires stock exchanges under the ticker symbols TGS and TGSU2, respectively. TGS's controlling shareholder is Compañía de Inversiones de Energía S.A. ("CIESA"), which holds 51% of the Company's common stock. CIESA is under co-control of: (i) Petrobras Argentina S.A. and a subsidiary, 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) who has a trust shareholding of 40%. The remaining 10%is held by and (iii) EPCA S.A. (which belongs to Pampa Energía S.A.)

This press release includes forward-looking statements within the meaning of Section 27 A of the Securities Act of 1933, as amended. Forward-looking statements are based on management's current views and assumptions and involve known and unknown risks. Although the Company has made reasonable efforts to ensure that the information and assumptions on which these statements and projections are based are current, reasonable and complete, a variety of factors could cause actual results to differ materially from the projections, anticipated results or other expectations contained in this release. Neither the Company nor its management can guarantee that anticipated future results will be achieved. Investors should refer to the Company's filings with the U.S. Securities and Exchange Commission for a description of important factors that may affect actual results.

Exhibit I

Transportadora de Gas del Sur S.A.

Financial and Operating Data for the second quarter and first half ended June 30, 2014 and 2013

(In millions of Argentine pesos, except for per share and per ADS information in pesos or where otherwise indicated)

Consolidated Statements of Comprehensive Income	2nd Quarter		1st. Quarter	
	2014	**2013**	**2014**	**2013**
Net Revenues	**961.4**	**475.2**	**2,201.5**	**1,300.9**
Natural Gas Transportation	192.0	161.3	360.8	332.9
Liquids Production and Commercialization	698.3	284.5	1,692.2	910.3
Other Services	71.1	29.4	148.5	57.7
Costs of sales	**(584.7)**	**(299.4)**	**(1,213.6)**	**(688.7)**
Operating costs	(524.1)	(241.3)	(1,094.6)	(573.9)
Depreciation	(60.6)	(58.1)	(119.0)	(114.8)
Gross Profit	**376.7**	**175.8**	**987.9**	**612.2**
Administrative and Selling Expenses	(136.2)	(70.4)	(400.7)	(262.1)
Other Operating Results	2.5	(10.2)	4.6	15.1
Operating profit	**243.0**	**95.2**	**591.8**	**365.2**
Net Financial Results	(76.2)	(123.6)	(542.4)	(217.5)
Share of profit from associates	3.7	0.1	2.6	0.0
Total comprehensive income / (loss) before Income Tax	**170.5**	**(28.3)**	**52.0**	**147.7**
Income Tax (expense) / income	(55.5)	7.5	(14.7)	(54.4)
Total comprehensive income / (loss) for the period	**115.0**	**(20.8)**	**37.3**	**93.3**
Earnings / (losses) per share	0.145	(0.026)	0.047	0.117
Earnings / (losses) per ADS	0.724	(0.131)	0.235	0.587
Operating Data				
Transmission Volumes (millions of cf/d)				
Average firm contracted capacity	2,839.3	2,885.2	2,867.5	2,917.0
Average deliveries	2,482.6	2,394.3	2,288.4	2,270.7
Processing sales (thousands of short tons)				
Ethane	76.8	75.9	170.0	180.1
Propane and Butane	115.2	77.5	299.2	257.5
Natural Gasoline	27.0	26.5	55.6	54.9

Exhibit II

Transportadora de Gas del Sur S.A.

Consolidated Business Segment Information for the first half ended June 30, 2014 and 2013

(In millions of Argentine pesos)

	Gas Transportation	Production and Commercialization of Liquids	Other Services	Total
First half ended June, 2014				
Net revenues	360.8	1,692.2	148.5	2,201.5
Operating profit	(2.2)	513.1	80.9	591.8
Depreciation of Property, Plant and Equipment	93.6	11.6	20.8	125.9
First half ended June, 2013				
Net revenues	332.9	910.3	57.7	1,300.9
Operating profit	25.7	328.4	11.1	365.2
Depreciation of Property, Plant and Equipment	89.9	23.4	8.1	121.4

Breakdown of Net Financial Results for the first half ended June 30, 2014 and 2013

(In millions of Argentine pesos)

	06/30/2014	06/30/2013
Financial income		
Interest	163.6	39.2
Foreign exchange gain	175.6	44.3
Subtotal	**339.2**	**83.5**
Financial expenses		
Interest expense	(166.1)	(102.6)
Foreign exchange loss	(622.0)	(184.8)
Derivative financial instruments results	(69.3)	-
Other financial charges	(28.2)	(17.1)
Less: Amounts capitalised on qualifying assets	4.0	3.5
Subtotal	**(881.6)**	**(301.0)**
Total	**(542.4)**	**(217.5)**

Exhibit III

Transportadora de Gas del Sur S.A.
Consolidated Balance Sheets as of June 30, 2014 and December 31, 2013
(In millions of Argentine pesos)

	06/30/2014	12/31/2013
Assets		
Non Current assets		
Property, plant and equipment	3,981.3	3,966.9
Loans granted to related parties	247.7	194.2
Investments in associates	3.1	3.6
Other financial assets at fair value thorugh profit or loss	21.7	19.2
Deferred income tax assets	-	0.1
Other receivables	50.5	47.8
Trade receivables	39.0	38.1
Total non current assets	4,343.3	4,269.9
Current assets		
Other receivables	220.0	205.1
Inventories	19.3	7.4
Trade receivables	393.2	418.6
Derivative financial instruments	-	26.5
Other financial assets at fair value through profit or loss	259.6	251.7
Cash and cash equivalents	674.8	893.8
Total current assets	1,566.9	1,803.1
Total assets	5,910.2	6,073.0
Equity		
Common stock	1,345.3	1,345.3
Legal Reserve	242.3	236.9
Future dividends reserve	260.5	202.2
Future capital expenditures reserve	175.0	140.0
Accumulated retained earnings	37.3	98.7
Non-controlling interests	-	-
Total equity	2,060.4	2,023.1
Liabilities		
Non-current liabilities		
Deferred tax liabilities	521.8	528.0
Advances from customers	364.1	311.9
Loans	2,056.0	1,862.2
Other payables	0.6	-
Total non-current liabilities	2,942.5	2,702.1
Current liabilities		
Provisions	148.9	143.4
Advances from customers	24.7	25.3
Other payables	2.8	5.8
Taxes payables	17.5	48.5
Income tax payable	3.3	27.8
Payroll and social security taxes payables	57.0	67.1
Loans	294.4	645.0
Trade payables	358.7	384.9
Total current liability	907.3	1,347.8
Total liabilities	3,849.8	4,049.9
Total equity and liabilities	5,910.2	6,073.0

Exhibit IV

Transportadora de Gas del Sur S.A.

Consolidated Statement of Cash Flows for the first half ended June 30, 2014 and 2013

(In millions of Argentine pesos)

	2014	2013
Cash flows provided by operating activities		
Total comprehensive income for the period	37.2	93.3
Reconciliation of net income to cash flows provided by operating activities:		
Depreciation of property, plant and equipment	125.9	121.3
Consumption of materials	1.3	1.2
(Decrease) / Increase in allowances and provisions	5.5	(13.1)
Share of profit from associates	(2.6)	-
Interest expense accrual	152.9	98.0
Interest income on Other financial assets other than cash and cash equivalents	(7.0)	(8.8)
Income tax	14.7	54.5
Derivative financial instrument results	69.3	-
Foreign exchange loss	433.4	148.4
Changes in assets and liabilities:		
Trade receivables	(0.9)	173.6
Other receivables	(17.3)	1.4
Inventories	(11.9)	23.1
Trade payables	(0.4)	(142.5)
Payroll and social security taxes	(9.9)	(7.9)
Taxes payable	(37.9)	(37.9)
Income tax	(24.0)	(8.4)
Other payables	0.9	(0.4)
Provisions	0.0	(11.2)
Interest paid	(93.0)	(80.8)
Income tax paid	(14.7)	(45.2)
Derivative financial instruments	(42.8)	-
Advances from customers	51.0	2.3
Cash flows provided by operating activities	**629.7**	**360.9**
Cash flows used in investing activities		
Additions to property, plant and equipment	(157.9)	(88.3)
Financial assets other than cash equivalents	29.7	-
Cash flows used in investing activities	**(128.2)**	**(88.3)**
Cash flows used in financing activities		
Payment of loans	(762.5)	-
Dividends paid	-	(263.7)
Cash flows used in financing activities	**(762.5)**	**(263.7)**
Net (decrease) / increase in cash and cash equivalents	**(261.0)**	**8.9**
Cash and cash equivalents at the beginning of the year	**893.8**	**693.0**
Foreign exchange gains on cash and cash equivalents	**42.0**	**19.1**
Cash and cash equivalents at the end of the period	**674.8**	**721.0**