

2005 – Financial Results

(The financial results summary has been prepared based on unconsolidated financial statements in US Dollars)

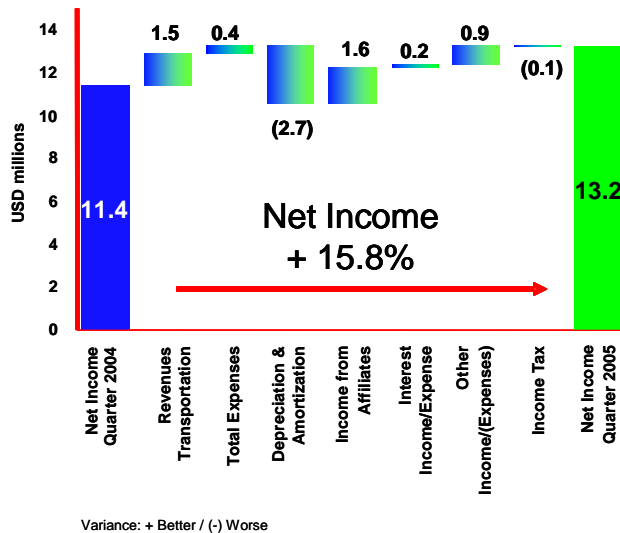
FIRST QUARTER			USD millions	YEAR TO DATE		
	2005	2004		%	2005	2004
28.6	27.2	5.1%	Total Revenues from Operations (*)	28.6	27.2	5.1%
15.7	16.1	-2.5%	Operating Profit	15.7	16.1	-2.5%
13.2	11.4	15.8%	Net Income	13.2	11.4	15.8%

(*) after transaction tax and SIRESE levy

FIRST QUARTER			USD millions	YEAR TO DATE	
	2005	2004		2005	2004
4.6	5.0		Cash Flow provided by Operating Activities	4.6	5.0
1.5	(0.8)		Cash Flows provided by / (used) in Investment Activities	1.5	(0.8)
(2.0)	(2.6)		Cash Flows provided by / (used) in Financing Activities	(2.0)	(2.6)

- Net Income for the first quarter of 2005 was USD 13.2 million, 15.8% higher than the similar quarter in 2004.
- Total revenues from operations reached USD 28.6 million in the first quarter 2005, a 5.1% increase from the first quarter 2004.
- Capital Investments of USD 6.6 million were made during the quarter which included expenditures related to the expansion of the Southern Liquids System.
- Cash payment of USD 4.7 million was received from Transportadora Brasileira Bolivia-Brasil S.A and USD 4.2 million from Gas TransBoliviano S.A. related to our participation in the Bolivia-Brazil Pipeline.
- USD 4.1 million paid to the local Bond holders Series "U" in Feb-2005 for scheduled interest.

Net Income

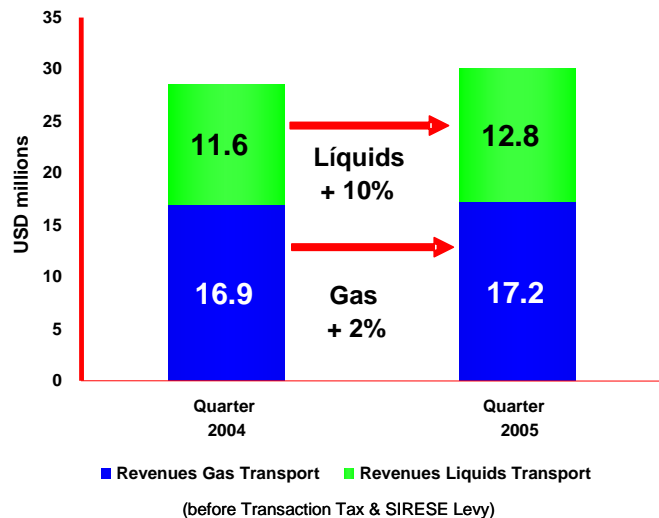


Transredes S.A generated USD 13.2 million of Net Income during the first quarter 2005, 15.8% higher than the same period last year. The increase was primarily driven by the growth of liquids transportation revenues related to higher volumes triggered by a larger domestic demand. Total Expenses decreased as savings efforts were realized to offset cost increases associated with new operating facilities. Depreciation and Amortization expenses were higher, as a one time effect of revised depreciation schedules derived from an audited review of fixed assets registered in the first quarter 2004. Income from affiliates was higher due to GasTransBoliviano improved revenues related to standard tariff for interruptible volumes effective 2005. Interest Income increased due to higher interest rate and cash balances in 2005. Higher Other Income due to currency exchange gains related to the original debt denominated in Yen and Euro transferred to the company as part of the capitalization process in 1997. Tax expense increased as a direct effect of a higher net income taxable base.

Transportation Revenues

Gas transport revenues increased by 2% during the first quarter 2005 compared with the same period last year. Higher volumes on the Transierra system have positively impacted recovery of the Deferred Account Surcharge (SCD) and the Domestic Market Subsidy (TEMI). The domestic gas revenues also improved with respect to the first quarter 2004 as a result of increased Bolivian demand from the industrial and power (thermal dispatch) sectors.

Liquids transport revenues grew by 10% in the first quarter 2005 as compared with the corresponding 2004 quarter. The growth in liquids transportation was primarily generated by higher gas export volumes to Brazil and Argentina, as liquids processing is associated with the production of natural gas. Incremental production of liquids was delivered to local refineries which were processing at increased capacity in 2005.



Cash Flow

Cash flow provided by operating activities was USD 4.6 million in first quarter 2005. Interest payment in the amount of USD 4.1 million were paid to the local Bond holders Series "U" in Feb-2005, which is reflected as part of the Changes in Operating Assets and Liabilities account.

Cash flow in investment activities for the quarter included USD 4.7 million interests pre-payment received from Transportadora Brasileira Bolivia-Brasil S.A and USD 4.2 million from Gas TransBoliviano S.A. related to our participation in the Bolivia-Brazil Pipeline. Capital expenditures for the Transredes pipeline system for the first quarter 2005 amounted to USD 6.6 million. Expenditures were concentrated in the southern liquids expansion and Continuity of Service projects which ensure the reliability and safety of existing transportation facilities.

Cash Flow provided used in Financing Activities includes the scheduled debt payment to the Bolivian Central Bank related to the debt transferred to Transredes as part of the Capitalization process in 1997.

Dividends

Treatment of 2004 results will be considered in the Shareholders General Assembly Meeting to be held in September 2005. To date, the Company has fully paid distributable retained earnings up to 2003 for a cumulative amount of USD 146.5 million.

NET INCOME STATEMENT SUMMARY						
QUARTERS			USD millions	YEAR TO DATE		
Q1 2005	Q1 2004	(*) %		2005	2004	%
17.2	16.9	1.8%	Transport of Natural Gas	17.2	16.9	1.8%
12.8	11.6	10.3%	Transport of Liquids & Storage	12.8	11.6	10.3%
(1.4)	(1.3)		Transaction Tax and SIRESE Levy	(1.4)	(1.3)	
28.6	27.2	5.1%	Total Revenue from Operations	28.6	27.2	5.1%
(6.1)	(6.5)		Operating Expenditures (net)	(6.1)	(6.5)	
-	-		Obsolescence - Materials Inventory	-	-	
(6.1)	(6.5)		Total Operating Costs	(6.1)	(6.5)	
22.5	20.7	8.7%	Gross Profit (EBITDA)	22.5	20.7	8.7%
(5.6)	(2.8)		Depreciation - Fixed Assets	(5.6)	(2.8)	
(1.5)	(1.6)		Amortization - Deferred Account	(1.5)	(1.6)	
(7.1)	(4.4)		Total Depreciation and Amortization	(7.1)	(4.4)	
-	-		Income (Expenses) Extraordinary	-	-	
0.3	(0.2)		Other Income (Expenses) Net	0.3	(0.2)	
0.3	(0.2)		Total Other Expenses	0.3	(0.2)	
15.7	16.1	-2.5%	Operating Profit	15.7	16.1	-2.5%
2.9	1.3		Income from Investments in Affiliated Companies	2.9	1.3	
3.4	3.0		Interest Income	3.4	3.0	
(6.5)	(6.3)		Interest Expense	(6.5)	(6.3)	
0.7	0.2		Other Income (Expenses)	0.7	0.2	
0.5	(1.8)		Total Income (Expenses) from Affiliates & Financial	0.5	(1.8)	
16.2	14.3		Profit before Income Tax	16.2	14.3	
(3.0)	(2.9)		Income Tax - Deferred	(3.0)	(2.9)	
13.2	11.4	15.8%	Net Income	13.2	11.4	15.8%

(*) Variance Q1 (2005 vs 2004)

BALANCE SHEET SUMMARY			
USD millions	Mar 2005	Dec 2004	Mar 2004
ASSETS			
Current Assets			
Cash and Cash Equivalents	75.4	71.3	46.9
Accounts Receivable Trade	14.4	13.0	23.3
Other Current Assets	12.7	12.3	6.2
Total Current Assets	102.5	96.6	76.4
Non Current Assets			
Fixed Assets (Net of Depreciation)	459.6	458.5	454.3
Investments/Loans to Affiliated Companies	94.9	100.0	101.2
Deferred Account (Net of Amortization)	129.5	131.0	135.4
Other Non Current Assets	27.1	24.3	26.5
Total Non Current Assets	711.1	713.8	717.4
TOTAL ASSETS	813.6	810.4	793.8
LIABILITIES AND NET EQUITY			
Current Liabilities			
Accounts Payable Trade	4.9	7.0	5.0
Current Portion of Long Term Debt	30.6	33.1	31.8
Provisions and Other Current Liabilities	7.3	12.1	5.5
Total Current Liabilities	42.8	52.2	42.3
Non Current Liabilities			
Long Term Debt	306.5	309.3	304.0
Deferred Taxes	42.0	39.1	32.5
Other Non Current Liabilities	6.1	7.0	6.5
Total Non Current Liabilities	354.6	355.4	343.0
TOTAL LIABILITIES	397.4	407.6	385.3
NET EQUITY			
Paid-in Capital and Paid-in in Excess of Par	361.1	361.1	361.1
Cumulative Foreign Currency Exchange Adjustment	(4.3)	(4.5)	(4.9)
Legal Reserve	8.6	8.6	6.9
Retained Earnings	50.8	37.6	45.4
TOTAL NET EQUITY	416.2	402.8	408.5
TOTAL LIABILITIES AND NET EQUITY	813.6	810.4	793.8

STATEMENT OF CASH FLOW SUMMARY					
QUARTERS		USD millions		YEAR TO DATE	
Q1 2005	Q1 2004			2005	2004
		Cash Flow provided by Operating Activities			
13.2	11.4	Net Income		13.2	11.4
9.9	9.2	Depreciation, Amortization and Accruals		9.9	9.2
<u>(18.5)</u>	<u>(15.6)</u>	Changes in Operating Assets and Liabilities		<u>(18.5)</u>	<u>(15.6)</u>
4.6	5.0	Total Cash Flow provided by Operating Activities		4.6	5.0
		Cash Flows provided by / (used) in Investment Activities			
8.1	2.3	Increase (Decrease) Investments in Affiliated Companies		8.1	2.3
<u>(6.6)</u>	<u>(3.1)</u>	Capital Investments		<u>(6.6)</u>	<u>(3.1)</u>
1.5	(0.8)	Total Cash Flows used in Investment Activities		1.5	(0.8)
		Cash Flows provided by / (used) in Financing Activities			
-	-	Dividends Payments		-	-
-	-	Bond Payments		-	-
(2.0)	(2.6)	Debt Payment		(2.0)	(2.6)
-	-	Increase in Loans		-	-
<u>(2.0)</u>	<u>(2.6)</u>	Total Cash Flows used in Financing Activities		<u>(2.0)</u>	<u>(2.6)</u>
4.1	1.6	Net Increase (Decrease) in Cash and Cash Equivalents		4.1	1.6
75.4	46.9	Cash and Cash Equivalents Ending Balance		75.4	46.9