

2007 – Financial Results

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

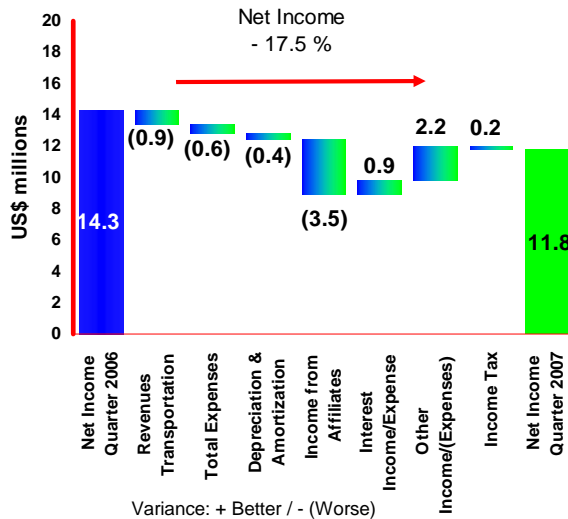
SECOND QUARTER			US\$ millions	YEAR TO DATE		
2007	2006	%		2007	2006	%
31.6	32.5	-2.8%	Total Revenues from Operations (*)	62.7	63.7	-1.6%
14.7	16.2	-9.3%	Operating Profit	29.9	32.1	-6.9%
11.8	14.3	-17.5%	Net Income	27.3	27.7	-1.4%

(*) after transaction tax and SIRESE levy

SECOND QUARTER		US\$ millions	YEAR TO DATE	
2007	2006		2007	2006
26.9	17.4	Cash Flow provided by Operating Activities	35.2	27.4
(9.3)	(23.0)	Cash Flows provided by / (used) in Investment Activities	(10.3)	(23.4)
(4.6)	(20.6)	Cash Flows provided by / (used) in Financing Activities	(16.0)	(8.1)

- Net Income for the second quarter of 2007 was US\$ 11.8 million 18% less than the same period for 2006.
- Total revenues from operations were at US\$ 31.6 million in the second quarter 2007, slightly lower than the 2006 equivalent quarter.
- Capital Investments of US\$ 16 million were made during the quarter which included expenditures related to the expansion of the Gasoducto al Altiplano (GAA Phase III), GVT Phases I and II, and Continuity of Service projects.
- Cash payment of US\$ 6.7 million of subordinated interests was received from our affiliates related to our participation in the Bolivia-Brazil Pipeline.
- Debt Payments included US\$4 million of Bond Transredes "Serie F" (First Issue) principal payment and US\$ 0.6 to the Bolivian Central Bank for scheduled amortization of the Debt transferred to Transredes S.A. as part of the capitalization process.

Net Income



Transredes S.A generated US\$ 11.8 million of Net Income during the second quarter 2007, a 17.5% decrease compared with the corresponding quarter in 2006, primarily driven by the impact of lower results from Affiliates. Transportation revenues decreased due to lower liquids volumes exported during the second quarter 2007.

Total Expenses increased due to incremental costs emerging from new operating facilities. Depreciation and Amortization expenses were higher resulting from growth of the fixed asset base, derived from completion of continuity of service projects and operations of the new stations in the Gasoducto al Altiplano (GAA Phase II). Income from Affiliates decreased primarily due to lower results from Transredes do Brazil (TDB) derived from their increased taxes related to financial operations.

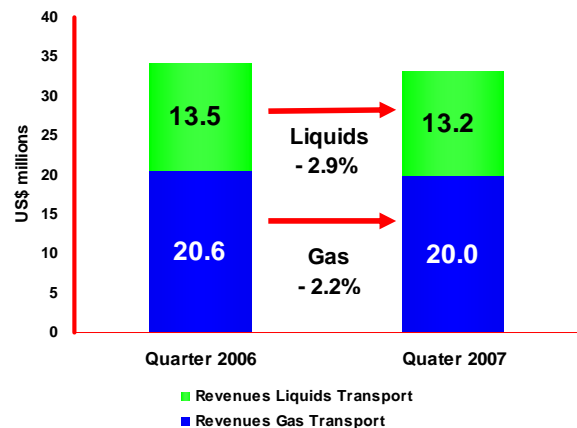
Results from GasTransboliviano are also lower. Interest Income & Expense are lower than second quarter of 2006 as a result of the bond restructuring process done by Transredes on January 2007.

Other Income/(Expenses) includes a gain in 2007 related to exchange rate effect on non-US Dollar denominated debt inherited during the capitalization process in 1997. The decrease in Income Tax in 2007 Q2, with respect to 2006 Q2, is associated to the reduction of the Income before Tax, as a result of the variances previously explained.

Transportation Revenues

Liquids transport revenues decreased by 2.9% in the second quarter 2007 as compared with 2006, primarily due to lower volumes exported through the Arica Terminal (Chile).

Gas transport revenues decreased by 2.2 % during the second quarter 2007 compared with the prior year, primarily due to slightly decrease of the volumes transported in the gas export concession.



Cash Flow

Cash flow provided by operating activities was US\$ 26.9 million during the second quarter of 2007. Changes in Operating Assets and Liabilities were higher in 2007 primarily due to interest payments related to the Multi-lateral Financing Facility and decreased social security contribution and taxes payable.

Cash flow in investment activities during the second quarter 2007 included US\$ 16 million of capital expenditures in the Transredes pipeline system. These expenditures were concentrated in continuity of service projects which ensure the reliability and safety of existing transportation facilities, the continuation of the expansion of the Gasoducto al Altiplano (GAA Phase III), and the start of GVT Expansion Project (Phases I and II). Cash received from affiliates included payments of subordinated interests for US\$ 6.7 million from TDB related to our participation in the Bolivia-Brasil pipeline.

Cash flow used in financing activities during the second quarter 2007 totaled US\$4.6 million, which included \$4 million of Bond Serie F principal payment and US\$ 0.6 to the Bolivian Central Bank for scheduled amortization of the Debt transferred to Transredes S.A. as part of the capitalization process. There were no additional disbursements from the Multilateral Financing Facility during the second quarter 2007.

Dividends

On April 20, 2007, the Shareholders General Assembly approved the postponement of the distribution of 2005 and 2006 results. This decision was ratified by the Shareholders General Assembly on August 7, 2007. Dividends paid cumulative to date total US\$ 182.2 million, covering distributions up to 2004 Results.

NET INCOME STATEMENT SUMMARY						
QUARTERS			US\$ millions	YEAR TO DATE		
Q2 2007	Q2 2006	(*) %		2007	2006	%
20.0	20.6	-2.9%	Transport of Natural Gas	39.3	39.6	-0.8%
13.2	13.5	-2.2%	Transport of Liquids & Storage	26.6	27.3	-2.6%
(1.6)	(1.6)		Transaction Tax and SIRESE Levy	(3.2)	(3.2)	
31.6	32.5	-2.8%	Total Revenue from Operations	62.7	63.7	-1.6%
(7.9)	(7.3)		Total Operating Costs	(14.7)	(13.7)	
23.7	25.2	-6.0%	Gross Profit (EBITDA)	48.0	50.0	-4.0%
(7.7)	(7.3)		Depreciation - Fixed Assets	(15.5)	(14.5)	
(1.7)	(1.7)		Amortization - Deferred Account	(3.3)	(3.4)	
(9.4)	(9.0)		Total Depreciation and Amortization	(18.8)	(17.9)	
0.3	-		Income (Expenses) Extraordinary	0.3	-	
0.1	-		Other Income (Expenses) Net	0.4	-	
0.4	-		Total Other Expenses	0.7	-	
14.7	16.2	-9.3%	Operating Profit	29.9	32.1	-6.9%
1.9	5.4		Income from Investments in Affiliated Companies	10.1	9.3	
3.1	3.0		Interest Income	5.9	6.0	
(7.0)	(7.8)		Interest Expense	(14.5)	(15.4)	
0.8	(1.0)		Other Income (Expenses)	(0.2)	(1.4)	
(1.2)	(0.4)		Total Income (Expenses) from Affiliates & Financial	1.3	(1.5)	
13.5	15.8		Profit before Income Tax	31.2	30.6	
(1.7)	(1.5)		Income Tax - Deferred	(3.9)	(2.9)	
11.8	14.3	-17.5%	Net Income	27.3	27.7	-1.4%

(*) Variance Q2 (2007 vs 2006)

BALANCE SHEET SUMMARY			
US\$ millions	Jun	Dec	Jun
	2007	2006	2006
ASSETS			
Current Assets			
Cash and Cash Equivalents	124.2	115.3	101.8
Accounts Receivable Trade	17.8	16.2	12.4
Other Current Assets	14.1	10.8	15.2
Total Current Assets	156.1	142.3	129.4
Non Current Assets			
Fixed Assets (Net of Depreciation)	493.9	492.0	493.1
Loans to Affiliated Companies	77.6	81.7	79.4
Deferred Account (Net of Amortization)	114.6	117.9	121.3
Permanent Investments/Other Non Current Assets	74.4	63.4	55.4
Total Non Current Assets	760.5	755.0	749.2
TOTAL ASSETS	916.6	897.3	878.6
LIABILITIES AND NET EQUITY			
Current Liabilities			
Accounts Payable Trade	7.6	7.7	10.6
Current Portion of Long Term Debt	33.9	53.8	52.4
Provisions and Other Current Liabilities	12.1	10.9	4.9
Total Current Liabilities	53.6	72.4	67.9
Non Current Liabilities			
Long Term Debt	295.1	290.1	302.8
Deferred Taxes	80.1	76.3	50.3
Other Non Current Liabilities	1.3	0.9	1.0
Total Non Current Liabilities	376.5	367.3	354.1
TOTAL LIABILITIES	430.1	439.7	422.0
NET EQUITY			
Paid-in Capital and Paid-in in Excess of Par	361.1	361.1	361.1
Cumulative Foreign Currency Exchange Adjustment	4.9	3.5	3.3
Legal Reserve	10.5	10.5	10.5
Retained Earnings	110.0	82.5	81.7
TOTAL NET EQUITY	486.5	457.6	456.6
TOTAL LIABILITIES AND NET EQUITY	916.6	897.3	878.6

STATEMENT OF CASH FLOW SUMMARY					
		US\$ millions		YEAR TO DATE	
Q2	Q2			2007	2006
2007	2006				
		Cash Flow provided by Operating Activities			
12.0	14.4	Net Income		27.5	27.7
14.0	12.5	Depreciation, Amortization and Accruals		24.1	25.5
0.9	(9.5)	Changes in Operating Assets and Liabilities		(16.4)	(25.8)
26.9	17.4	Total Cash Flow provided by Operating Activities		35.2	27.4
		Cash Flows provided by / (used) in Investment Activities			
6.7	5.0	Increase (Decrease) Investments in Affiliated Companies		7.5	9.0
(16.0)	(28.0)	Capital Investments		(17.8)	(32.4)
(9.3)	(23.0)	Total Cash Flows used in Investment Activities		(10.3)	(23.4)
		Cash Flows provided by / (used) in Financing Activities			
-	-	Dividends Payments		-	-
(4.0)	(20.0)	Bond Payments		(4.4)	(20.0)
(0.6)	(0.6)	Debt Payment		(11.6)	(3.1)
-	-	Increase in Loans		-	15.0
(4.6)	(20.6)	Total Cash Flows used in Financing Activities		(16.0)	(8.1)
13.0	(26.2)	Net Increase (Decrease) in Cash and Cash Equivalents		8.9	(4.1)
124.2	101.8	Cash and Cash Equivalents Ending Balance		124.2	101.8