Infraestructura Energética Nova, S. A. B. de C. V. and Subsidiaries

Condensed interim consolidated Financial Statements as of September 30, 2015 and for the nine and three-month periods ended September 30, 2015 and 2014 (Unaudited)

Infraestructura Energética Nova, S. A. B. de C. V. and Subsidiaries

Condensed Interim Consolidated Statements of Financial Position

(In thousands of U. S. Dollars)

Assets

	Notes	September 30, 2015 (Unaudited)	December 31, 2014
Current assets:			
Cash and cash equivalents		$ 85,891	$ 83,637
Short-term investments	9	68	30,020
Trade and other receivables, net		71,295	66,401
Due from unconsolidated affiliates	3	41,251	26,601
Income taxes receivable		15,613	34,297
Natural gas inventories		7,819	9,375
Derivative financial instruments	9	2,392	4,709
Value added tax receivable		49,527	30,797
Carbon allowances	6	29,771	29,864
Other assets		9,810	9,918
Total current assets		313,437	325,619
Non-current assets:			
Due from unconsolidated affiliates	3	110,202	146,775
Finance lease receivables	9	14,541	14,621
Deferred income tax assets		82,845	85,758
Investments in joint ventures	4	418,802	401,538
Goodwill		25,654	25,654
Property, plant and equipment, net	5, 12	2,561,296	2,377,739
Carbon allowances	6	11,098	229
Other assets		1,977	2,285
Total non-current assets		3,226,415	3,054,599
Total assets		$ 3,539,852	$ 3,380,218

Liabilities and equity

	Notes	September 30, 2015 (Unaudited)	December 31, 2014
Current liabilities:			
Short-term debt	7, 9	$ 288,034	$ 195,089
Trade and other payables		109,864	59,575
Due to unconsolidated affiliates	3, 9	141,319	14,405
Income tax liabilities		16,550	18,022
Derivative financial instruments	9	207	6,808
Other financial liabilities		2,661	7,223
Provisions		1,374	1,619
Other taxes payable		16,743	11,247
Carbon allowances	6	29,771	29,864
Other liabilities		15,739	23,698
Total current liabilities		622,262	367,550
Non-current liabilities:			
Long-term debt	8, 9	303,371	350,638
Due to unconsolidated affiliates	3, 9	39,548	38,460
Deferred income tax liabilities		256,405	232,538
Carbon allowances	6	13,024	-
Provisions		39,890	38,250
Derivative financial instruments	9	130,905	100,449
Employee benefits		2,934	3,045
Total non-current liabilities		786,077	763,380
Total liabilities		1,408,339	1,130,930
Equity:	11		
Common stock		762,949	762,949
Additional paid-in capital		973,953	973,953
Accumulated other comprehensive income		(107,707)	(64,331)
Retained earnings		502,318	576,717
Total equity attributable to owners of the Company		2,131,513	2,249,288
Total liabilities and equity		$ 3,539,852	$ 3,380,218

See accompanying notes to the condensed interim consolidated financial statements.

Infraestructura Energética Nova, S. A. B. de C. V. and Subsidiaries

Condensed Interim Consolidated Statements of Profit

(In thousands of U. S. Dollars, except per share amounts)

	Notes	Nine-month period ended September 30, (Unaudited) 2015	Nine-month period ended September 30, (Unaudited) 2014	Three-month period ended September 30, (Unaudited) 2015	Three-month period ended September 30, (Unaudited) 2014
Revenues	12	$ 510,254	$ 622,099	$ 194,137	$ 234,898
Cost of revenues		(218,863)	(343,245)	(87,812)	(130,785)
Operating, administrative and other expenses		(76,641)	(72,741)	(27,236)	(25,401)
Depreciation and amortization		(49,777)	(44,674)	(17,403)	(14,787)
Interest income		5,205	1,581	1,462	1,256
Finance (costs) income		(6,781)	4,204	(4,329)	1,200
Other (losses) gains		(11,908)	15,086	(8,146)	18,847
Profit before income tax and share of profits of joint ventures		151,489	182,310	50,673	85,228
Income tax expense	10	(83,099)	(53,154)	(41,733)	(26,419)
Share of profits of joint ventures, net of income tax	4, 12	27,211	19,540	3,953	5,656
Profit for the period	12	$ 95,601	$ 148,696	$ 12,893	$ 64,465

All results are from continuing operations.

Earnings per share:

	Notes	Nine-month 2015	Nine-month 2014	Three-month 2015	Three-month 2014
Basic and diluted earnings per share:	13	$ 0.08	$ 0.13	$ 0.01	$ 0.06

See accompanying notes to the condensed interim consolidated financial statements.

Infraestructura Energética Nova, S. A. B. de C. V. and Subsidiaries

Condensed Interim Consolidated Statements of Profit or loss and Other Comprehensive Income

(In thousands of U. S. Dollars)

	Notes	Nine-month period ended September 30, (Unaudited) 2015	Nine-month period ended September 30, (Unaudited) 2014	Three-month period ended September 30, (Unaudited) 2015	Three-month period ended September 30, (Unaudited) 2014
Profit for period	12	$ 95,601	$ 148,696	$ 12,893	$ 64,465
Other comprehensive income (loss):					
Items that will not be reclassified to profit or loss:					
Actuarial gains on defined benefits plans		254	-	-	-
Income tax relating to components of other comprehensive income		(76)	-	-	-
Total items that will not be reclassified to profit and loss		178	-	-	-
Items that may be subsequently reclassified to profit or (loss):					
(Loss) gain on valuation of derivative instruments held for hedging purposes		(7,325)	460	(2,218)	(10,131)
Deferred income tax on the (loss) gain on valuation of derivative instruments held for hedging purposes		2,198	(389)	666	2,788
Loss on valuation of derivative financial instruments held for hedging purposes of joint ventures		(14,211)	(6,008)	(17,537)	(676)
Deferred income tax on loss on valuation of derivate instruments held for hedging purposes at joint ventures		4,263	1,803	5,260	203
Gain on valuation of derivative instruments held for hedging purposes of liabilities related to assets held for sale		-	-	-	7,370
Deferred income tax on gain on valuation of derivative instruments held for hedging purposes of liabilities related to assets held for sale		-	-	-	(2,211)
Foreign currency translation adjustments		(28,479)	(5,951)	(16,913)	(6,862)
Total items that may be subsequently reclassified to profit and loss		(43,554)	(10,085)	(30,742)	(9,519)
Other comprehensive loss for the period		(43,376)	(10,085)	(30,742)	(9,519)
Total comprehensive income (loss) for the period		$ 52,225	$ 138,611	$ (17,849)	$ 54,946

See accompanying notes to the condensed interim consolidated financial statements.

Infraestructura Energética Nova, S. A. B. de C. V. and Subsidiaries

Condensed Interim Consolidated Statements of Changes in Stockholders' Equity

(In thousands of U. S. Dollars)

	Notes	Common shares	Additional paid-in capital	Other comprehensive income (Loss)	Retained earnings	Total
Balance as of January 1, 2014		$ 762,949	$ 973,953	$ (24,273)	$ 603,783	$ 2,316,412
Profit for the period		-	-	-	148,696	148,696
Gain on valuation of financial derivatives held for hedging purposes, net of income tax		-	-	71	-	71
Loss on valuation of financial derivatives held for hedging purposes of joint ventures, net of income tax		-	-	(4,205)	-	(4,205)
Foreign currency translation adjustments		-	-	(5,951)	-	(5,951)
Total comprehensive income for the period		-	-	(10,085)	148,696	138,611
Payment of dividends	11	-	-	-	(164,000)	(164,000)
Balance as of September 30, 2014 (Unaudited)		$ 762,949	$ 973,953	$ (34,358)	$ 588,479	$ 2,291,023
Balance as of January 1, 2015		$ 762,949	$ 973,953	$ (64,331)	$ 576,717	$ 2,249,288
Profit for the period		-	-	-	95,601	95,601
Actuarial gains on defined benefits plans, net of income tax		-	-	178	-	178
Loss on valuation of financial derivatives held for hedging purposes, net of income tax		-	-	(5,127)	-	(5,127)
Loss on valuation of financial derivatives held for hedging purposes of joint ventures, net of income tax		-	-	(9,948)	-	(9,948)
Foreign currency translation adjustments		-	-	(28,479)	-	(28,479)
Total comprehensive income for the period		-	-	(43,376)	95,601	52,225
Payment of dividends	11	-	-	-	(170,000)	(170,000)
Balance as of September 30, 2015 (Unaudited)		$ 762,949	$ 973,953	$ (107,707)	$ 502,318	$ 2,131,513

See accompanying notes to the condensed interim consolidated financial statements.

Infraestructura Energética Nova, S. A. B. de C. V. and Subsidiaries

Condensed Interim Consolidated Statements of Cash Flows

(In thousands of U. S. Dollars)

	Notes	Nine-month period ended September 30, (Unaudited) 2015	Nine-month period ended September 30, (Unaudited) 2014	Three-month period ended September 30, (Unaudited) 2015	Three-month period ended September 30, (Unaudited) 2014
Cash flows from operating activities:					
Profit for period	12	$ 95,601	$ 148,696	$ 12,893	$ 64,465
Adjustments for:					
Income tax expense	10	83,099	53,154	41,733	26,419
Equity earnings of joint ventures, net of income tax	4, 12	(27,211)	(19,540)	(3,953)	(5,656)
Finance costs (income)		6,781	(4,204)	4,329	(1,200)
Interest income		(5,205)	(1,581)	(1,462)	(1,256)
Loss on disposal of property, plant and equipment		1,555	1,009	1,004	349
Impairment loss (gain) recognized on trade receivables		53	17	(55)	13
Gain on sale of equity interest in subsidiary		-	(18,824)	-	(18,824)
Depreciation and amortization		49,777	44,674	17,403	14,787
Net foreign exchange (gain) loss		(6,468)	3,295	(4,490)	1,582
Loss (gain) on valuation of derivative financial instruments		1,354	15	2,902	(4,578)
		199,336	206,711	70,304	76,101
Movements in working capital:					
Increase in trade and other receivables		(19,517)	(40,907)	(47,518)	(19,588)
Decrease (increase) in inventories		1,556	(2,745)	1,629	(508)
Decrease (increase) in other assets		2,525	(8,426)	4,423	18,914
Increase in trade and other payables		57,203	81,328	89,694	34,807
(Decrease) increase in provisions		(52,223)	(23,359)	(67,562)	4,475
(Decrease) increase in other liabilities		(32,274)	20,094	(31,264)	8,784
Cash generated from operations		156,606	232,696	19,706	122,985
Income taxes paid		(58,990)	(131,037)	(20,144)	(15,377)
Net cash provided by (used in) operating activities		97,616	101,659	(438)	107,608

(Continued)

	Nine-month period ended September 30, (Unaudited)		Three-month period ended September 30, (Unaudited)	
	2015	2014	2015	2014
Cash flows from investing activities:				
Proceeds from sale of equity interest, net of cash sold	-	24,411	-	24,411
Interest received	1,047	-	-	-
Acquisitions of property, plant and equipment	(185,420)	(262,478)	(65,619)	(72,701)
Loans to unconsolidated affiliates	(1,139)	(110,587)	(95)	(110,587)
Receipts of loans to unconsolidated affiliates	41,596	18,821	66	18,466
Short-term investments	29,952	147,023	34,820	69,022
Net cash used in investing activities	(113,964)	(182,810)	(30,828)	(71,389)
Cash flows from financing activities:				
Interest paid	(17,804)	(14,963)	(1,398)	(7,313)
Loans from unconsolidated affiliates	120,000	124	-	124
Loans payments from unconsolidated affiliates	-	(553)	-	(10)
Loans payments on bank lines of credits	(381,094)	-	(259,255)	-
Proceeds from bank loans	475,094	227,432	475,094	145,000
Debt issuance costs	(2,000)	(11,184)	(2,000)	(1,500)
Dividends paid	(170,000)	(164,000)	(170,000)	(164,000)
Net cash provided by (used in) financing activities	24,196	36,856	42,441	(27,699)
Net increase (decrease) in cash and cash equivalents	7,848	(44,295)	11,175	8,520
Cash and cash equivalents at the beginning of the period	83,637	103,880	75,438	51,117
Effects of exchange rate changes on cash and cash equivalents	(5,594)	(1,171)	(722)	(1,223)
Cash and cash equivalents at the end period	$ 85,891	$ 58,414	$ 85,891	$ 58,414

See accompanying notes to the condensed interim consolidated financial statements.

Notes to the Condensed Interim Consolidated Financial Statements

As of September 30, 2015 and for the nine and three-month periods ended September 30, 2015 and 2014 (Unaudited)
(In thousands of U.S. Dollars, except where otherwise stated)

1. Business and relevant events

a. *Business*

Infraestructura Energética Nova, S. A. B. de C. V. ("IEnova") and Subsidiaries (collectively, the "Company") are located and incorporated in México. Their parent and ultimate holding company is Sempra Energy (the "Parent"), located and incorporated in the United States of America ("U. S."). The address of their registered offices and principal places of business are disclosed in Note 19.

The Company operates in the energy sector. The Company is organized in two separately managed reportable segments, Gas and Power. Amounts labeled as Corporate consist of parent company activities at IEnova (Note 12).

The Gas segment develops, owns and operates, or holds interests in, natural gas and propane pipelines, liquefied petroleum gas ("LPG") storage facilities, transportation and distribution and sale of natural gas in the states of Baja California, Sonora, Sinaloa, Coahuila, Chihuahua, Durango, Tamaulipas, Nuevo León and Jalisco, México. It also owns and operates a liquefied natural gas ("LNG") terminal in Baja California, México for importing, storing and regasifying LNG.

The Power segment owns and operates a natural gas fired power plant that includes two gas turbines and one steam turbine, and a renewable energy project in a joint venture in Baja California, México, using wind resources to serve clients in the U. S.

Seasonality of operations. Customer demand in both Gas and Power segments experience seasonal fluctuations. For the Gas Segment, the demand for natural gas service is higher in colder months. In the case of the Power Segment, the demand for power distribution service is higher during months with hot weather.

b. *Relevant events*

1.1. Credit Facilities

In March 2015, IEnova entered into two related party revolving credit facilities for $90.0 million with Inversiones Sempra Latin America Limitada ("ISLA") and $30.0 million with Inversiones Sempra Limitada ("ISL"). The revolving credit facilities have the following characteristics:

- U.S. dollar-denominated
- Nine month term, with the option to be extended up to four years.
- Financing to cover working capital needs and general corporate purposes.

1.2. Incorporation of new Partners in TAG Norte Holding, S. de R. L. de C. V. (Joint Venture)

On March 26, 2015, Petróleos Mexicanos (PEMEX), through its affiliate P.M.I. Holdings, B. V. ("PMI"), announced the execution of an agreement with BlackRock and First Reserve in which BlackRock and First Reserve acquired a combined interest of 45% of TAG Norte Holding, S. de R. L. de C. V. (TAG Holding) Gasoductos de Chihuahua, S. de R. L. de C. V. ("GdC"), an equity method investment of IEnova, holds a 50% interest in TAG Norte Holding, S. de R. L. de C. V. which is currently developing the project known as Los Ramones Norte.

1.3. Liquefaction project

During March 2015, the Company, together with its affiliate Sempra LNG, announced the execution of a "Memorandum of Understanding" ("Memorandum") with a subsidiary of PEMEX, for collaboration in the development of a natural gas liquefaction project at Energía Costa Azul ("ECA"). ECA is a subsidiary of IEnova and is an LNG receipt, storage and regasification facility, located in Ensenada, Baja California, Mexico. The Memorandum defines partner participation in the liquefaction project, including the development, structuring and the terms under which PEMEX may become a client and/or investor.

1.4. Beginning of commercial operation of the Energia Sierra Juarez wind generation project

In April, 2015, the Company announced that Phase I of the Energía Sierra Juárez wind project, operated by Energía Sierra Juárez, S. de R. L. de C. V. ("ESJ"), began commercial operations in Tecate, Baja California, México. Phase I of the project is the Company 50% joint venture with InterGen N. V. and has a 155-megawatt capacity.

1.5. Purchase agreement of remaining interest in GdC from PEMEX

On July 31, 2015, the Company announced the agreement with PEMEX to purchase PEMEX's 50-percent equity interest in GdC in the amount of $1.325 billion plus the assumption of approximately $170 million of net debt. The assets involved in the acquisition include three natural gas pipelines; an ethane pipeline; a liquid petroleum gas (LPG) pipeline; and a LPG storage terminal. Under the terms of the agreement, PEMEX and IEnova will maintain their existing partnership in the Los Ramones II Norte pipeline project through the project holding company, Ductos Energéticos del Norte, S. de R. L. de C. V. (DEN). The partnership will provide a platform for PEMEX and IEnova to continue developing new projects in the future. The Company will execute a bridge loan to fund the closing and we expect to repay the full amount of this loan through issuances of equity or debt as quickly as practicable. The transaction is expected to close prior to year-end.

On September 14, 2015 the Ordinary and Extraordinary Shareholders' Meeting approved the purchase of PEMEX's 50-percent equity interest hold in GdC.

1.6. Credit agreement

On August 21, 2015, IEnova as a debtor, entered into a revolving credit line of up to $400.0 million dollars with a syndicate group of four banks including, Santander, Bank of Tokyo Mitsubishi, The Bank of Nova Scotia and Sumitomo Mitsui Banking Corporation. The revolving credit has the following characteristics:

- U.S. dollar-denominated.
- Twelve month term, with an option to extend up to five years.

- Financing to repay and cancel the previous loans contracted in 2014 with Banco Santander (México), S.A., Institución de Banca Múltiple and Sumitomo Mitsui Banking Corporation, as well as to finance working capital and for general corporate purposes.

As of September 30, 2015 IEnova has withdrawn $290.0 million of this credit line.

1.7. Payment of financial derivatives held for hedging purposes

In 2005, the Company entered into derivative transactions to hedge future interest payments associated with forecasted borrowings. In 2007, the original hedged items became probable of not occurring due to a change in the Company's external borrowing needs. As of December 31, 2014, there was one remaining interest rate swap agreement under which IEnova received a variable interest rate (three-month LIBOR) and paid a fixed interest rate of 5.0%. The original terms of the swap expire on December 15, 2027. On September 16, 2015, the Company, through an early termination clause, made a prepayment in the amount of $29.8 million and as a result, such derivative was cancelled.

1.8. Fundación IEnova, S. C.

During 2015, Fundación IEnova, S. C. (Fundación IEnova) was established as a non-profit organization. As of September 30, 2015, Fundación IEnova has not started activities.

2. Significant accounting policies

a. *Statement of compliance*

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB").

Certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been condensed or omitted pursuant to the interim-period-reporting provisions. Therefore, the condensed interim consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2014, which are prepared in accordance with IFRS as issued by the IASB. Results of operations for interim periods are not necessarily indicative of results for the entire year.

b. *Basis of preparation*

The same accounting policies, presentation and methods of computation followed in these condensed interim consolidated financial statements were applied in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2014:

Business combinations

Upon a business combination, the purchase price allocation requires most identifiable assets acquired and liabilities assumed or incurred to be measured at fair value. Equity interests previously held in acquisition are remeasured to its acquisition-date fair value and any resulting gain or loss compared to its carrying amount is recognized in profit or loss with no corresponding deferred tax liability. The determination of fair value requires management to make assumptions that can significantly impact the valuation. Goodwill is measured as a residual. Such goodwill is then allocated to each cash generating unit (or groups thereof), that are expected to benefit from the synergies of the combination. Finally, IFRS permits adjustments to items recognized in the original accounting for a business combination, for a maximum of one year after the acquisition date, when new information about facts and circumstances existing at the acquisition date is obtained.

c. ***Critical judgments in applying accounting policies***

In the application of the accounting policies of the Company, management must make judgments, estimates and assumptions about the carrying amounts of assets and liabilities in the financial statements. The estimates and assumptions are based on historical experience and other factors considered relevant. Actual results could differ from these estimates.

Estimates and assumptions are reviewed on a regular basis. Changes to accounting estimates are recognized in the period in which the change is made and future periods if the change affects both the current and subsequent periods.

3. Transactions and balances with unconsolidated affiliates

Balances and transactions between IEnova and its subsidiaries have been eliminated upon consolidation and are not disclosed in this note. Details of transactions between the Company and other unconsolidated affiliates are disclosed below.

a. ***Transactions with unconsolidated affiliates***

During the period, the Company entered into the following transactions with unconsolidated affiliates as part of ongoing operations:

	Revenues			
	Nine-month period ended		Three-month period ended	
	09/30/15	09/30/14	09/30/15	09/30/14
Sempra Generation ("SGEN")	$ 109,815	$ 171,228	$ 53,396	$ 73,331
Sempra LNG International, LLC ("SLNGI")	49,138	67,889	-	22,948
Sempra LNG International Holdings, LLC ("SLNGIH")	24,048	-	24,048	-
Sempra International, LLC ("Sempra International")	1,262	1,312	432	489
Sempra LNG ECA Liquefaction, LLC ("SLNGEL")	154	-	154	-
Southern California Gas Company ("SoCalGas")	-	9	-	(17)

	Cost of revenues and operating, administrative and other expenses			
	Nine-month period ended		Three-month period ended	
	09/30/15	09/30/14	09/30/15	09/30/14
SLNGI	$ 148,672	$ 259,086	$ 62,761	$ 76,202
SGEN	27,270	23,354	18,374	8,827
Sempra International	4,244	6,385	1,625	2,425
Sempra U. S. Gas & Power	5,029	5,336	1,633	1,727
SoCalGas	810	830	276	211
Sempra Services Company, S. de R. L. de C. V. ("Sempra Servicios Company")	128	764	(106)	236
Sempra Servicios México, S. de R. L. de C. V. ("Sempra Servicios México")	-	521	-	167
Sempra Midstream, Inc.	550	336	190	112

	Interest income			
	Nine-month period ended		Three-month period ended	
	09/30/15	09/30/14	09/30/15	09/30/14
DEN	$ 3,668	$ 666	$ 965	$ 666
ESJ	1,254	371	428	371
SGEN	8	-	3	-
Sempra Servicios México	2	3	-	1
Sempra Services Company	-	1	-	-

	Finance costs			
	Nine-month period ended		Three-month period ended	
	09/30/15	09/30/14	09/30/15	09/30/14
Sempra Oil Trading Suisse ("SOT Suisse")	$ 1,088	$ 1,103	$ 370	$ 374
ISLA	1,009	-	455	-
ISL	337	-	152	-
SGEN	-	3	-	-

The following balances were outstanding at the end of the reporting period/year:

	Amounts due from unconsolidated affiliates	
	Period / Year ended	
	09/30/15	12/31/14
SGEN	$ 32,975	$ 23,949
SLNGIH	7,915	-
SLNGEL	178	-
Servicios ESJ, S. de R. L. de C. V.	132	626
ESJ	51	690
Sempra International	-	1,336
	$ 41,251	$ 26,601

	Amounts due to related parties	
	Period / Year ended	
	09/30/15	12/31/14
ISLA	$ 90,000	$ -
ISL	30,000	-
SLNGI	19,881	14,228
Sempra International	738	-
SGEN	700	9
Sempra Services Company	-	85
SoCalGas	-	77
Sempra Servicios México	-	6
	$ 141,319	$ 14,405

On March 2, 2015, IEnova entered into $90.0 million and $30.0 million of U.S. Dollar-denominated credit facilities with ISLA and ISL, respectively, to finance working capital and for general corporate purposes. The agreements are for nine month terms, with an option to be extended for up to four years. Interest is payable on a quarterly basis at 1.98% of outstanding balances.

Sales and purchases of goods and services with related parties have been carried out in accordance with applicable transfer pricing requirements. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expenses have been recognized in the current or prior periods for bad or doubtful debts regarding the amounts owed by related parties.

Included in the operational transactions are administrative services from affiliates of $4.4 million and $7.5 million for the nine-month period ended September 30, 2015 and 2014, respectively, and $1.4 million and $2.7 million for the three-month period ended September 30, 2015 and 2014, respectively; which were collected and paid, and have been properly distributed to the segments incurring those costs.

b. ***Loans to unconsolidated affiliates***

	Period / year ended	
	09/30/15	12/31/14
DEN	$ 84,993	$ 123,868
ESJ	24,713	22,693
SGEN	496	114
Sempra Servicios México	-	100
	$ 110,202	$ 146,775

There are no loans to the Company's key management personnel.

c. ***Loans from unconsolidated affiliates***

	Period / year ended	
	09/30/15	12/31/14
SOT Suisse	$ 39,548	$ 38,460

d. ***Compensation of key management personnel***

Total compensation expense of key management personnel was $8.2 million and $6.1 million for the nine-month periods ended September 30, 2015 and 2014, respectively, and $1.3 million and $0.5 million for the three-month periods ended September 30, 2015 and 2014, respectively.

4. Investment in joint ventures

4.1 GdC

The Company owns a 50-percent interest in GdC, a joint venture with PEMEX Gas Petroquímica Básica ("PGPB"). GdC operates two natural gas pipelines, a natural gas compression station, a propane system in Northern México, in the states of Chihuahua, Tamaulipas and Nuevo León, México and a gas storage facility in the state of Jalisco, México. Construction is currently in process for phase two of the Los Ramones I pipeline, as well as the Los Ramones Norte and Ethane pipeline projects.

As of September 30, 2015, there has been no change in the Company's ownership or voting rights in this joint venture.

GdC's condensed consolidated financial statements and the Company's equity method investment are summarized as follows:

	Period / Year ended	
	09/30/15	12/31/14
Cash and cash equivalents	$ 13,752	$ 74,931
Short-term investments	12,003	58,233
Other current assets	112,144	94,086
Current assets	137,899	227,250
Finance lease receivables	347,605	346,314
Property, plant and equipment, net	896,071	673,714
Investments in joint venture	116,603	140,160
Other non-current assets	940	413
Deferred income tax assets	11,090	359
Non-current assets	1,372,309	1,160,960
Total assets	$ 1,510,208	$ 1,388,210
Current liabilities	$ 120,868	$ 63,264
Non-current liabilities	721,967	692,747
Total liabilities	$ 842,835	$ 756,011
Total members' equity	$ 667,373	$ 632,199
Share of members' equity	333,687	316,100
Goodwill and indefinite lived intangible assets	64,943	64,943
Carrying amount of investment in GdC	$ 398,630	$ 381,043

	Nine-month period ended		Three-month period ended	
	09/30/15	09/30/14	09/30/15	09/30/14
Revenues	$ 184,240	$ 111,843	$ 66,920	$ 38,974
Expenses	(50,751)	(44,628)	(18,693)	(17,847)
Interest expense, net	(22,188)	(10,671)	(10,242)	(1,693)
Share of profits of joint venture, net of income tax	(16,235)	-	(10,554)	-
Income tax	(46,773)	(18,520)	(20,650)	(9,177)
Net income	$ 48,293	$ 38,024	$ 6,781	$ 10,257
Share of profits of GdC	$ 24,147	$ 19,012	$ 3,390	$ 5,128

(a) *Credit agreement*. On December 5, 2013, GdC entered into a credit agreement for $490.0 million with BBVA Bancomer, Institution de Banca Múltiple, Grupo Financiero BBVA Bancomer, Bank of Tokyo Mitsubishi UFJ, Ltd., Mitzuho Bank and Norddeutsche Landesbank, for the purpose of funding the Los Ramones I pipeline project. The funding is contracted for a term of 13 years, with quarterly principal payments, bearing interest at the 90 day London Interbank Offered Rate ("LIBOR") plus 200 to 275 base points ("basis points") from the anniversary date of the credit agreement. This funding is guaranteed by collection rights of certain GdC projects. Borrowings under the facility began in 2014 and, as of September 30, 2015, GdC has $414.7 million of outstanding borrowings.

On January 22, 2014, GdC entered into an interest rate swap for hedging the interest rate risk on the total of the credit agreement mentioned above at a rate of 2.63%.

(b) *Regular investment contribution to TAG Holding:* TAG Holding is owned by GdC through its subsidiary, DEN, and partners PMI and TAG Pipelines, S. de R. L. de C. V. (subsidiary of Tag Holding). Pursuant to the amended partnership agreement dated June 30, 2014, an ordinary contribution investment to capitalize TAG Holding was authorized in the amount of $123,867 for each partner. As of September 30, 2015, the contributions are as follows:

PGPB	$	80,542
IEnova		80,542
	$	161,084

Under the terms of the contract, the contributions made in July, August and November 2014, are presented as loans to DEN. As of September 30, 2015, amounts outstanding have generated interest of $3.3 million.

4.2 ESJ

As of June 30, 2014 the Company included its investment in ESJ within assets held for sale. On July 16, 2014, Controladora Sierra Juarez, S. de R. L. de C. V. ("CSJ"), a subsidiary of IEnova, completed the sale of a 50% interest in the first phase of ESJ to a wholly owned subsidiary of InterGen N. V. ("InterGen").

As of September 30, 2015, the Company's remaining 50% interest in ESJ is accounted for under the equity method. ESJ's condensed consolidated financial statements and the Company's equity method investment are summarized as follows:

	Period / Year ended			
	09/30/15		**12/31/14**	
Cash and cash equivalents	$	15,085	$	4,784
Other current assets		10,648		6,339
Current assets		25,733		11,123
Property, plant and equipment, net		280,308		258,885
Other non-current assets		21,269		10,189
Deferred income tax		8,493		7,914
Non-current assets		310,070		276,988
Total assets	$	335,803	$	288,111
Current liabilities	$	16,822	$	11,815
Non-current liabilities		302,880		259,548
Total liabilities	$	319,702	$	271,363
Total members' equity	$	16,101	$	16,748
Share of members' equity		8,051		8,374
Goodwill and indefinite lived intangible assets		12,121		12,121
Carrying amount of investment in ESJ	$	20,172	$	20,495

	Nine-month period ended		Three-month period ended	
	09/30/15	09/30/14	09/30/15	09/30/14
Revenues	$ 19,624	$ -	$ 10,120	$ -
Operating, administrative and other expenses	(8,725)	(257)	(5,269)	(257)
Interest (expense) gain, net	(1,605)	57	(751)	57
Income tax	(3,166)	1,255	(2,975)	1,255
Net income	$ 6,128	$ 1,055	$ 1,125	$ 1,055
Share of profits of ESJ	$ 3,064	$ 528	$ 563	$ 528

(a) *Project financing for the ESJ project*. On June 12, 2014, ESJ entered into a $239.8 million project finance loan for the construction of the wind project with five banks: Mizuho Bank, Ltd. ("Mizuho") as coordinating lead arranger, the North American Development Bank ("NADB") as technical and modeling bank, and Nacional Financiera, S. N. C. Institución de Banca de Desarrollo ("NAFINSA"), Norddeutsche Landesbank Girozentrale ("NORD/LB") and Sumitomo Mitsui Banking Corporation ("SMBC") as lenders.

On June 30, 2015, ESJ converted the construction loans into 18-year term loans. The credit facilities mature on June 30, 2033, with payments due on a semi-annual basis (each June 30 and December 30 until the final maturity date), starting on December 30, 2015. The credit facilities bear interest at LIBOR plus the applicable margin.

Years	LIBOR applicable margin
0 – 1	2.375%
1 – 4	2.375%
5 – 8	2.625%
9 – 12	2.875%
13 – 16	3.125%
17 – 18	3.375%

As per the financing agreement, the ability to make withdrawals ended on the term conversion date (June 30, 2015). ESJ made total accumulated withdrawals from the credit facility in an amount of $239.8 million. The breakdown of the debt is as follows:

	Debt balance
Mizuho	$ 49,270
NAFINSA	40,113
NORD/LB	55,155
NADB	40,112
SMBC	55,152
	$ 239,802

(b) *Interest rate swaps.* To partially mitigate its exposure to interest rate changes associated with the term loan, ESJ entered into floating-to-fixed interest rate swaps for 90 percent of the ESJ project financing loan amount, which will result in an effective fixed rate of 6.1 percent. There are three outstanding interest rate swaps with Mizuho, SMBC and NORD/LB, each one with a trade date of June 12, 2014 and an effective date of June 30, 2015, the date of conversion to a term loan. The terms of the interest rate swaps were constructed to match the critical terms of the interest payments. The swaps are accounted for as cash flow hedges.

(c) *Financing of the project's value added tax ("VAT") with Santander.* On June 12, 2014, ESJ entered into a line of credit with Santander and on February 23, 2015 there was an amendment to increase the line for up to $501.0 million Pesos (approximately $35.0 million historical U.S. dollar equivalent). Interest on each withdrawal will be accrued at the Mexican Interbank Interest Rate ("TIIE") plus 145 basis points payable on a semi-annual basis. The credit line under this contract will be used to finance the VAT on the ESJ project. As of September 30, 2015, ESJ has withdrawn $461.0 million pesos (approximately $30.8 million historical U.S. dollar equivalent) of this line of credit. As of September 30, 2015 the available unused credit portion is $40.0 million Pesos.

(d) *Other disclosures.* The member's agreement provides certain restrictions and benefits to the sale of the membership interest in ESJ. The Partnership agreement establishes that capital calls that are to be contributed on a pro rata basis by the members. CSJ and its joint venture partner have provided guarantees of payment of amounts due by ESJ and its subsidiaries under the wind turbine supply agreement with Vestas WTG México, S. A. de C. V. The guarantees are immaterial as of September 30, 2015.

5. Property, plant and equipment

Property, plant and equipment include construction work in progress as follows:

	Period / Year ended	
	09/30/15	**12/31/14**
Sonora pipeline project (*)	$ 320,732	$ 382,384
Other projects	8,122	5,480
	$ 328,854	$ 387,864

(*) The Sásabe-Puerto Libertad section of the Sonora pipeline project has been completed and began operating in October 2014. The Company expects to complete the remaining sections in stages at year-end 2015 through 2016.

Borrowing cost. During the nine-month periods ended September 30, 2015 and 2014, the Company capitalized interest attributable to the construction in projects in the amount of $11.6 million and $18.6 million, respectively. The weighted average rate used to determine the amount of borrowing costs eligible for capitalization were 3.47% and 5.5%, respectively, for the nine-month and three-month period ended September 30, 2015.

6. Carbon allowances

The Company is required by California Assembly Bill 32 to acquire carbon allowance for every metric ton of carbon dioxide equivalent emitted into the atmosphere during natural gas transportation. Under the bill, Termoeléctrica de Mexicali, S. de R. L. de C. V. ("TDM"), IEnova's subsidiary, is subject to this extraterritorial regulation, despite being located in Baja California, Mexico since their end users are located in California, United States.

The Company records carbon allowances at the lower of weighted average cost or market value, and includes them as current or non-current on the Statements of Financial Position based on the dates that they are required to be surrendered. The Company measures the compliance of the obligation, which is based on emissions, at the carrying value of allowances held plus the fair value of additional allowances necessary to satisfy the obligation. The Company removes the assets and liabilities from the Statement of Financial Position as the allowances are surrendered.

Carbon allowances are shown in the Statements of Financial Position as follows:

	Period / Year ended	
	09/30/15	**12/31/14**
Assets:		
Current	$ 29,771	$ 29,864
Non-current	11,098	229
	$ 40,869	$ 30,093
Liabilities (a):		
Current	$ 29,771	$ 29,864
Non-current	13,024	-
	$ 42,795	$ 29,864

(a) Changes in these balances, during the nine-month periods ended September 30, 2015 and 2014 were recorded in cost of revenues for $12.9 million and $13.4 million, respectively, and for the three-month periods ended September 30, 2015 and 2014 were $5.3 and $5.0 million, respectively.

7. Short-term debt

As of September 30, 2015 and December 31, 2014, short-term debt includes:

	Period / Year ended	
	09/30/15	**12/31/14**
Credit agreement (c)	$ 290,001	$ -
Santander (a)	-	145,346
SMBC (b)	-	51,020
Borrowing costs	(1,967)	(1,277)
	$ 288,034	$ 195,089

(a) *Credit facility with Santander.* On June 19, 2014, the Company entered into an agreement for a $200.0 million, U.S. Dollar-denominated, three-year corporate revolving credit facility to finance working capital and for general corporate purposes. The lender is Banco Santander, (México), S.A., Institución de Banca Múltiple, Grupo Financiero Santander Mexico. Interest accrues based on the 3-month LIBOR plus 105 basis points. During July and August, 2015 the Company has withdrawn $76.0 million and $25.0 million respectively. On August 26, 2015 the Company decided to repay the total credit facility. Therefore transaction costs were recorded in the Condensed Interim Consolidated Statements of Profit.

(b) *Credit facility with SMBC.* On August 25, 2014, the Company entered into an agreement for a $100.0 million, U.S. dollar-denominated, three-year corporate revolving credit facility to finance working capital and for general corporate purposes. The lender is Sumitomo Mitsui Banking Corporation. Interest accrues based on the 3-month LIBOR plus 105 basis points. During July, 2015 the Company has withdrawn $34.0 million. On August 24, 2015 the Company decided to repay the total credit facility and cancelled this credit facility.

(c) *Credit Agreement*. On August 24, 2015, the Company entered into an agreement for a $400.0 million, U.S. dollar-denominated, five-year corporate revolving credit facility to finance working capital and for general corporate purposes. The lenders are Sumitomo Mitsui Banking Corporation, Banco Santander (México), S. A., Institución De Banca Múltiple, The Bank Of Tokyo-Mitsubishi UFJ, LTD., and The Bank Of Nova Scotia. Interest accrues based on the 3-month LIBOR plus 90 basis points and as of September 30, 2015, IEnova had $290.0 million of outstanding borrowings supported by the facility.

8. Long-term debt

On February 14, 2013, the Company entered into two public debt issuances of Certificados Bursatiles "CEBURES" or debt securities as follows:

(a) The first placement was for $306.2 million ($3.9 billion Pesos) bearing interest at a rate of 6.30%, with semi-annual payment of interest, maturing in 2023.

(b) The second placement was for $102.1 million ($1.3 billion Pesos) bearing interest at variable rate based on TIIE plus 30 basis points, with monthly payments of interest, maturing in 2018. The average rate as of September 30, 2015 was 3.61%.

As of September 30, 2015 and December 31, 2014, long-term debt includes:

	Period / Year ended	
	09/30/15	**12/31/14**
CEBURES at fixed rate	$ 229,313	$ 264,981
CEBURES at variable rate	76,438	88,327
	305,751	353,308
Debt issuance costs	(2,380)	(2,670)
	$ 303,371	$ 350,638

Cross-currency and interest rate swaps. On February 15, 2013, the Company executed cross-currency and interest rate swap contracts to hedge its exposure to the payment of its CEBURES liabilities in Pesos:

(a) For the debt maturing in 2023, the Company swapped fixed rate in Pesos for a fixed rate in U.S. Dollars, exchanging principal and interest payments. The weighted average interest rate, in U.S. Dollars for this swap was 4.12%.

(b) For the debt maturing in 2018, the Company swapped variable rate in Pesos for a fixed rate in U.S. Dollars, exchanging principal and interest payments. The weighted average interest rate, in U.S. Dollars for this swap was 2.65%.

The swaps' total notional value is $408.3 million ($5.2 billion Pesos). These contracts have been designated as cash flow hedges.

9. Financial instruments

a. ***Foreign currency exchange rate***

Exchange rates in effect as of the date of the condensed interim consolidated financial statements and their issuance date are as follows:

	Mexican Pesos		
	09/30/2015	**12/31/14**	**10/21/2015**
One U. S. Dollar	$ 17.0073	$ 14.7180	$ 16.4899

b. ***Fair value of financial instruments***

9.1. Fair value of financial instruments carried at amortized cost

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recognized in the condensed interim consolidated financial statements approximate their fair values.

	Period/Year ended			
	09/30/15		**12/31/14**	
	Carrying amount	**Fair Value**	**Carrying amount**	**Fair value**
Financial assets				
Financial lease receivables	$ 14,541	$ 43,868	$ 14,621	$ 47,640
Financial liabilities				
Financial liabilities held at amortized cost:				
- Long-term debt (traded in stock exchange)	303,371	290,632	350,638	343,584
- Short- term debt (not traded in stock exchange)	288,034	286,990	195,089	193,119
- Loans from unconsolidated affiliates (not traded in stock exchange)	39,548	37,693	38,460	37,207
- Loans from unconsolidated affiliates (short-term)	120,000	108,049	-	-

9.2. Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows.

- The fair value of finance lease receivables is determined by calculating the present value of the minimum lease payments, including the contract extension period, using the discount rate that represents the Company's internal rate of return on capital investments.

- The Company determined the fair value of its long-term debt using prices quoted on recognized markets.

- For financial liabilities other than long-term debt, the Company determined the fair value of its financial liabilities carried at amortized cost by determining their present value as of each period end. The risk free interest rate used to discount the present value is adjusted to reflect the Company's own credit risk.

- The fair value of commodity and other derivative positions are determined using market participant's assumptions to price these derivatives. Market participants' assumptions include the risk inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable.

- Significant assumptions used by the Company in determining the fair value of the following financial assets and liabilities are described below:

  Finance lease receivables. The fair value of finance lease receivables is estimated to be \$43.8 million and \$47.6 million as of September 30, 2015 and December 31, 2014, respectively, using the risk free interest rate adjusted to reflect the Company's own credit risk.

9.2.1. Fair value measurements recognized in the consolidated statements of financial position.

The Company applies recurring fair value measurements to certain assets and liabilities. "Fair value" is defined as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

A fair value measurement reflects the assumptions market participants would use in pricing an asset or liability based on the best available information. These assumptions include the risk inherent in a particular valuation technique (such as a pricing model) and the risks inherent in the inputs to the model. Also, management considers the Company's credit standing when measuring its liabilities at fair value.

The Company establishes a hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are as follows.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability as of the reporting date, either directly or indirectly.

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data and are generally less observable from objective sources.

  The assets and liabilities of the Company that were recorded at fair value on a recurring basis are listed in the following table and were classified as Level 1 and Level 2 in the fair value hierarchy as shown below:

	Period / Year ended	
	09/30/15	12/31/14
Derivative financial instrument assets at fair value through profit or loss ("FVTPL")		
Short-term investments (Level 1)	$ 68	$ 30,020
Derivative financial instrument assets (Level 2)	2,392	4,709
Derivative financial instrument liabilities at FVTPL		
Derivative financial instrument liabilities (Level 2)	$ 131,112	$ 107,257

The Company does not have financial assets or liabilities classified as Level 3 and there were no transfers between Level 1 and 2 during the reporting periods presented.

10. Income taxes

The Company pays income taxes on an individual basis for each of its subsidiaries.

Income tax expense for interim periods is recognized based on Company management's best estimate of the effective income tax rate expected for the full financial year applied to the profit before income tax of the interim period.

Income tax for the nine-month and three-month periods ended September 30, 2015 and 2014 are reconciled to the profit for the period follows:

	Nine-month period ended		Three-month period ended	
	09/30/15	09/30/14	09/30/15	09/30/14
Profit before income tax of share of profits of joint ventures	$ 151,489	$ 182,310	$ 50,673	$ 85,228
Income tax expense calculated at 30%	(45,447)	(54,693)	(15,202)	(25,568)
Nondeductible expenses	-	(3,948)	-	(1,691)
Foreign exchange effects	21,092	(1,176)	13,913	(1,024)
Effect of unused tax losses not recognized as deferred income tax asset	(2,007)	-	(1,240)	205
Inflation effects	(669)	(1,043)	(669)	(494)
Effects of ownership sale in subsidiary	-	3,365	-	3,365
Effects of foreign exchange rates and inflation on the tax basis of property, plant and equipment, net	(55,432)	4,341	(39,049)	(1,212)
Other	(636)	-	514	-
Income tax expense recognized in the Statements or Profit	$ (83,099)	$ (53,154)	$ (41,733)	$ (26,419)

The change in effective tax rates was caused mainly from the following:

- The effect of foreign exchange gains or losses calculated in Peso balances for financial reporting purposes while the Mexican income tax law recognizes foreign exchange gains or losses in U. S. Dollar balances.

- The effect of exchange rate changes in the tax basis of property, plant and equipment, which are valued in Pesos for tax purposes, while maintained in U. S. Dollars (functional currency) for financial reporting purposes. In addition, the Mexican income tax law takes into account the effects of inflation on such tax basis.

- The effect of non-deductible expenses.

11. Stockholders' equity

On September 14, 2015, the Ordinary and Extraordinary Shareholders' Meeting approved the proposal of an equity offering in a combined global offering which consists of a public offering in Mexico to the general public and a concurrent international offering as defined by the Rule 144A and in Regulation S, under the United States Securities Act of 1933.

In addition in such Ordinary and Extraordinary Shareholders' Meetings an equity increase was approved for up to $3.3 billion Mexican Pesos; of which 330.0 million ordinary shares were issued. As of September 30, 2015, such shares have not been subscribed nor paid, and therefore no impacts have been reflected in the condensed interim consolidated financial statements.

Shareholders' equity consists of nominative shares with no-par value. The theoretical value per share is $10 Mexican Pesos per share.

11.1. Dividends declared

During the nine and three month periods ended September 30, 2015 and 2014, pursuant to the resolution of extraordinary stockholders' meetings, payments of cash dividends were approved, against income tax account balance ("CUFIN", by its initials in Spanish), for the following amounts:

Meeting date		**Amount**
July 28, 2015 (*)	$	170,000
July 22, 2014	$	164,000

(*) Dividends were paid on August 6, 2015.

11.2. Dividends per share

	Cents per share Nine-month period ended		**Cents per share Three-month period ended**	
	09/30/15	**09/30/14**	**09/30/15**	**09/30/14**
IEnova	$ 0.15	$ 0.14	$ 0.15	$ 0.14

12. Segment information

12.1. Products and services from which reportable segments obtain their revenues

Information reported to the Chief Operating Decision Maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company's reportable segments are described and presented in Note 1.

The following tables show selected information by segment from the Condensed Interim Consolidated Statements of Profit and Condensed Interim Consolidated Statements of Financial Position.

12.2. Segment revenues and results

The following is an analysis of the Company's revenue and results from continuing operations by reportable segment:

	Segment revenue for			
	Nine-month period ended		Three-month period ended	
	09/30/15	09/30/14	09/30/15	09/30/14
Gas:				
Sales to customers	$ 325,724	$ 381,678	$ 116,042	$ 138,204
Revenue from unconsolidated affiliates	73,186	67,898	24,048	22,957
Intersegment sales	191,593	227,707	68,800	77,370
Power:				
Sales to unconsolidated affiliates	110,081	171,228	53,615	73,331
Intersegment sales	34,152	49,300	15,182	18,988
Corporate:				
Allocation of professional services with related parties	1,263	1,295	432	406
Intersegment professional services	24,137	20,601	6,755	6,783
	760,136	919,707	284,874	338,039
Intersegment adjustments and eliminations	(249,882)	(297,608)	(90,737)	(103,141)
Total segment revenues	$ 510,254	$ 622,099	$ 194,137	$ 234,898

	Segment profit for			
	Nine-month period ended		Three-month period ended	
	09/30/15	09/30/14	09/30/15	09/30/14
Gas	$ 117,190	$ 141,351	$ 17,013	$ 40,957
Power	3,012	37,462	5,669	34,487
Corporate	(24,601)	(30,117)	(9,789)	(10,979)
Total segment profit	$ 95,601	$ 148,696	$ 12,893	$ 64,465

Segment profit represents the profit earned by each segment. This is the measure reported to the Chief Operating Decision Maker for the purposes of resource allocation and assessment of segment performance.

12.3. Assets and liabilities by segment

	Period / Year ended	
	09/30/15	12/31/14
Assets by segment:		
Gas	$ 2,933,081	$ 2,684,488
Power	420,943	417,601
Corporate	185,828	278,129
Consolidated total assets	$ 3,539,852	$ 3,380,218
Liabilities by segment:		
Gas	$ 473,398	$ 334,572
Power	91,448	76,076
Corporate	843,493	720,282
Consolidated total liabilities	$ 1,408,339	$ 1,130,930

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets and liabilities are allocated to reportable segments and Corporate. Goodwill is allocated to the Gas segment.

12.4. Other segment information

	Property, plant and equipment Period / Year ended		Accumulated depreciation Period / Year ended	
	09/30/15	12/31/14	09/30/15	12/31/14
Gas	$ 2,635,364	$ 2,414,223	$ (357,311)	$ (326,875)
Power	451,906	447,038	(177,202)	(165,795)
Corporate	14,682	14,165	(6,143)	(5,017)
	$ 3,101,952	$ 2,875,426	$ (540,656)	$ (497,687)

	Share of profits of joint ventures Nine-month period ended		Share of profits of joint ventures Three-month period ended	
	09/30/15	09/30/14	09/30/15	09/30/14
Gas	$ 24,147	$ 19,012	$ 3,391	$ 5,128
Power	3,064	528	562	528
	$ 27,211	$ 19,540	$ 3,953	$ 5,656

12.5. Revenue by type of product or services

The following is an analysis of the Company's revenues by its major type of product or service for the nine-month and three-month periods ended September 30, 2015 and 2014:

	Nine-month period ended		Three-month period ended	
	09/30/15	09/30/14	09/30/15	09/30/14
Power generation	$ 109,815	$ 171,228	$ 53,396	$ 73,331
Sale of natural gas	108,870	186,735	46,957	76,159
Storage and regasification capacity	70,040	70,104	23,611	23,640
Natural gas distribution	62,375	83,009	18,424	23,807
Transportation of natural gas	71,582	33,255	24,025	11,106
Other operating revenues (*)	87,572	77,768	27,724	26,855
	$ 510,254	$ 622,099	$ 194,137	$ 234,898

Other operation revenues

(*) Due to a lack of LNG cargoes, IEnova LNG, S. de R. L. de C. V. (formerly Sempra LNG Marketing México, S. de R. L. de C. V.) received payments from SLNGI and SLNGIH related to the losses and obligations incurred in the amount of $73.2 million and $67.8 million for the nine-month periods ended September 30, 2015 and 2014, respectively, and $24.1 million and $22.9 million for the three-month periods ended September 30, 2015 and 2014. Such balances are presented within the Revenues line item in the accompanying Condensed interim consolidated statements of profit.

13. Earnings per share

	Nine-month period ended 09/30/15	Nine-month period ended 09/30/14	Three-month period ended 09/30/15	Three-month period ended 09/30/14
Basic and diluted earnings per share	$ 0.08	$ 0.13	$ 0.01	$ 0.06

Basic and diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	Nine-month period ended 09/30/15	Nine-month period ended 09/30/14	Three-month period ended 09/30/15	Three-month period ended 09/30/14
Earnings used in the calculation of basic and diluted earnings per share	$ 95,601	$ 148,696	$ 12,893	$ 64,465

	Nine-month period ended 09/30/15	Nine-month period ended 09/30/14	Three-month period ended 09/30/15	Three-month period ended 09/30/14
Weighted average number of shares for the purposes of basic and diluted earnings per share	1,154,023,812	1,154,023,812	1,154,023,812	1,154,023,812

The Company does not have potentially dilutive shares.

14. Commitments

Material commitments of the Company are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2014.

a. Refer to Note 4.1 regarding the contributions committed to TAG Holding.
b. Refer to Note 4.2 regarding ESJ project financing for which assets are used as collateral.

15. Contingencies

Major contingencies, regarding the Company's legal, administrative or arbitration procedures are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2014, except for the following two contingencies in which the Company obtained a favorable resolution during the period ended as of September 30, 2015.

I. ***Inmuebles Vista Golf, S. A. de C. V. (IVG)*** Challenge to ECA's Port Concession. In January 2005, Action for annulment against the port concession ECA, was brought by IVG. In January 2005, IVG filed an annulment with the Secretaria de Comunicaciones y Transportes ("SCT"), which authorized ECA to use national port facilities for its maritime operations. IVG claimed that the SCT should have applied certain environmental requirements regarding the authorization of the ECA port concession, that the activities of the LNG Terminal are not within the authority of the SCT, and that ECA did not conduct an environmental risk assessment, which the Secretaria de Medio Ambiente y Recursos Naturales, Manifestaciones de Impacto Ambiental modified the assessment without duly notifying the SCT. In March 2005, the SCT and IVG dismissed the annulment appeal brought by IVG before the Tribunal Federal de Justicia Fiscal y Administrativa ("TFJFA"), in México City. In March 2010, the TFJFA gave a ruling which provided for dismissal of the IVG's appeal by the SCT. In May 2011, the SCT issued a new agreement reaffirming dismissing of IVG's action for annulment. In August 2011, IVG brought a second action for annulment before the TFJFA, reiterating its previous arguments and reaffirmed its claims that the SCT is not authorized to issue the agreement.

In June 2012, the TFJFA dismissed the second appeal filed by IVG on the premise that the claims by IVG were previously resolved during the original action for annulment. IVG filed a subsequent petition with the federal courts, against the June 20, 2012 ruling by the TFJFA. A response to this approval was given by the Company on August 27, 2012. A final hearing has not yet been held and the Company believes that the claims are unfounded IVG.

During 2013, IVG filed a petition with the federal courts against the dismissal of the appeal of action for annulment before the TFJFA, which was granted. The annulment is pending and the SCT and LNG Terminal have already responded to the action. The management of the Company believes that the claims of the IVG are unfounded. On February 19, 2015, a Federal Court issued a resolution in favor of IEnova's interests, denying the petition for constitutional relief (amparo) requested by Vista Golf against the court resolution issued by the Federal Court for Tax and Administrative Justice, which was also issued in favor of IEnova's interests. In view of the above, on April 24, 2015, the Federal Court for Tax and Administrative Justice, acknowledged the total conclusion of the petition for annulment and as a consequence the resolution issued in favor of IEnova is, therefore, final and may not be appealed.

II. ***Sánchez Ritchie Municipal Complaint.*** In February 2011, Sánchez Ritchie filed an administrative complaint with the Direction of Urban Control (Dirección de Control Urbano, "DCU" by its initials in Spanish) from the Municipality of Ensenada in Baja California, México challenging the legality of the land use permits and the construction permits issued for the LNG Terminal in 2003 and 2004, respectively. Although the Municipality had confirmed the validity of those permits in its response to Sánchez Ritchie's amparo described above, shortly after receiving the complaint the DCU issued a temporary "closure order" calling for the terminal to cease operations. Actions by state and federal government authorities prevented interruption of the terminal's operations while ECA filed a response to the administrative complaint with the DCU and an amparo in federal district court in Ensenada. In March 2011, the federal district court issued injunctions precluding enforcement of the closure order pending resolution of ECA's amparo. Sánchez Ritchie and the Municipality appealed the injunctions, which appeals are pending before the federal circuit court in Mexicali. The resolution on the merits of ECA's amparo was stayed by the federal district court in Ensenada pending the resolution of procedural appeals filed by Sánchez Ritchie. The resolution of the administrative proceeding is stayed until ECA's amparo is decided. The Company's management believes that Sánchez Ritchie's claims are without merit. On May 15, 2014, in connection with the claim by Ramón Eugenio Sánchez Ritchie ("Sánchez Ritchie"), dated February 2011, with the DCU from the Municipality of Ensenada, Baja California, México challenging the legality of the land use permits and the construction permits issued for the LNG Terminal in 2003 and 2004; on April 28, 2014, the Municipality of Ensenada was declared incompetent to attend, process or continue with the procedure initiated in 2011 by Sánchez Ritchie. Therefore, the administrative authority has resolved to void all administrative procedures, including the closing order, ordering to file the records as a matter fully and properly completed. Sánchez Ritchie still can appeal the authority's decision. In April 28, 2014, on such date the Municipality of Ensenada declared itself unfit to attend to, process, continue processing and effect the resolution of the procedure started in 2011 by Ramón Eugenio Sánchez Ritchie. In view of the above, the administrative authority has decided to annul all proceedings in the administrative procedure, including the closure order, and ordered the filing of the record as a duly completed case. The official communication was challenged before an Administrative Court by Ramón Eugenio Sánchez Ritchie, and the appeal was resolved favorably to the interests of IEnova. The above mentioned resolution was not challenged, thus, the matter is concluded in May 2015, and the resolution in favor of IEnova is, therefore, final and may not be appealed.

16. Application of new and revised IFRS

16.1. *New and revised IFRSs issued effective as of July 1, 2014*

- Amendments to IAS 19, Employee benefits (1)
- Annual improvements 2010-2012 cycle (1)
- Annual improvements 2011-2013cycle (1)

(1) Effective for annual periods beginning on or after July 1, 2014

Amendments to IAS 19, *Employee benefits*

Amendments to IAS 19 (2011) “Employee Benefits”, in regards to employee contributions on defined benefit plans, clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions can, but are not required, to be recognized as a reduction in the service cost in the period in which the related service is rendered. These amendments are effective for annual periods beginning on or after July 1, 2014.

Annual Improvements 2010-2012 Cycle

Annual Improvements 2010-2012 Cycle makes amendments to: IFRS 2 “Share-based payment”, by amending the definitions of vesting condition and market condition, and adding definitions for performance condition and service condition; IFRS 3 “Business combinations”, which require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date; IFRS 8 “Operating segments”, requiring disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly; IFRS 13 “Fair value measurement”, clarifying that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only); IAS 16 “Property, plant and equipment” and IAS 38 “Intangible assets” clarifying that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount; and IAS 24 “Related party Disclosures”, clarifying how payments to entities providing management services are to be disclosed. These improvements are applicable to annual periods beginning on or after July 1, 2014.

Annual Improvements 2011-2013 Cycle

Annual Improvements 2011-2013 Cycle makes amendments to the following standards: IFRS 1 “First-time adoption of IFRS” clarifying which versions of IFRSs can be used on initial adoption (amends basis for conclusions only); IFRS 3 clarifying that the standard excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; IFRS 13, clarifying the scope of the portfolio exception of paragraph 52, which permits an entity to measure the fair value of a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position for a particular risk exposure or to transfer a net short position for a particular risk exposure in an orderly transaction between market participants at the measurement date under current market conditions; IAS 40 “Investment property”, clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. These improvements are applicable to annual periods beginning on or after July 1, 2014.

The application of these amendments and revised standards had no significant effect on condensed interim consolidated financial statements.

16.2. New and revised IFRSs issued but not yet effective

- IFRS 9, *Financial Instruments* (5)
- IFRS 14, *Regulatory Deferral Accounts* (2)
- IFRS 15, *Revenue from Contracts with Customers* (4)
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* (2)
- Amendments to IAS 16, *Property, Plant and Equipment* and IAS 41 *Agriculture* (2)
- Amendments to IFRS 10 *Consolidated financial statements* and IAS 28 *Investments in associates and joint ventures* (2)
- Amendments to IAS 27, *Separate Financial Statements* (2)
- Amendments to IFRS 11, *Joint Arrangements* (2)
- Annual improvements 2012-2014 cycle (3)
- Amendments to IFRS 10, IFRS 12 and IAS 28, *Investment Entities: Applying the Consolidation Exception* (2)
- Amendments to IAS 1, *Disclosure Initiative* (2)

(2) Effective for annual periods beginning on or after January 1, 2016
(3) Effective for annual periods beginning on or after July 1, 2016
(4) Effective for annual periods beginning on or after January 1, 2017
(5) Effective for annual periods beginning on or after January 1, 2018

IFRS 9, *Financial Instruments*

IFRS 9, "Financial Instruments" issued in July 2014, is the replacement of IAS 39 "Financial Instruments: Recognition and Measurement". This standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. This version supersedes all previous versions and will be effective on or after January 1, 2018, with early adoption being permitted.

IFRS 9 (2014) Introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements.

IFRS 9 (2014) is a complete standard that introduces a new expected credit loss model for calculating impairment, and includes revised guidance on the classification and measurement of financial assets. More specifically, the new impairment model is based on expected credit losses rather than incurred losses, and will apply to debt instruments measured at amortized cost or ***fair value through other comprehensive income ("***FVTOCI"), lease receivables, contract assets and certain written loan commitments and financial guarantee contracts. The new measurement category of FVTOCI, will apply for debt instruments held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets.

IFRS 9 (2014) embedded derivatives are no longer separated from financial assets hosts; instead, the entire hybrid instrument is assessed for classification.

IFRS 14, *Regulatory Deferral Accounts*

IFRS 14, "Regulatory Deferral Accounts", was issued in January 2014 and applies to annual reporting periods beginning on or after January 1, 2016, earlier application is permitted. The standard specifies the financial reporting requirements for 'regulatory deferral account balances' that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation. It permits an entity which is a first-time adopter of IFRS to continue using previous general accepted accounting principles ("grandfathering") to account for regulatory deferral account balances while the IASB completes its comprehensive project in this area.

Entities can apply the interim standard only if the accounted for regulatory deferral account balances in their financial statements immediately before transition to IFRS.

IFRS 15, *Revenue from Contracts with Customers*

IFRS 15, "Revenue from Contracts with Customers", was issued in May 2014 and applies to annual reporting periods beginning on or after January 1, 2017, earlier application is permitted. Revenue is recognized as control is passed, either over time or at a point in time.The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. In applying the revenue model to contracts within its scope, an entity will: 1) Identify the contract(s) with a customer ; 2) Identify the performance obligations in the contract; 3) Determine the transaction price; 4) Allocate the transaction price to the performance obligations in the contract; 5) Recognize revenue when (or as) the entity satisfies a performance obligation. Also, an entity needs to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Amendments to IAS 16, *Property, Plant and Equipment* and IAS 38, *Intangible Assets*

Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets", clarify that "the use of revenue-based methods to calculate the depreciation or amortization of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset." The amendments are effective prospectively for annual reporting periods beginning on or after January 1, 2016, earlier application is permitted.

Amendments to IFRS 10, *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*

Amendments to IAS 28 require that partial gains and losses resulting from transactions between an entity and its associate or joint venture relate only to assets that do not constitute a business. A new requirement has been introduced in connection with gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture, which must be recognized in full in the investor's financial statements. Additionally an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.
On the other hand, for consolidated financial statements, an exception from the general requirement of full gain or loss recognition has been introduced into IFRS 10 for the loss control of a subsidiary that does not constitute a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

Amendments to IAS 27, *Separate Financial Statements*

Amendments to IAS 27, "Separate Financial Statements", were issued in August 2014 and apply to annual reporting periods beginning on or after January 1, 2016, with earlier application being permitted. The standard reinstates the equity method (as described in IAS 28 "Investments in associates and Joint Ventures") as an accounting option for investments in subsidiaries, joint ventures and associates in an entity´s separate financial statements. Recognition at cost is still allowed under revised IS 27 or in accordance with IFRS 9 "Financial Instruments" (or IAS 39 "Financial Instruments: Recognition and Measurement" for entities that have not yet adopted IFRS 9). The selected accounting option must be applied by category of investments. Finally, the amendments are to be applied retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

Amendments to IFRS 11, *Joint Arrangements*

Amendments to IFRS 11 "Joint Arrangements", issued in May 2014, require the acquirer of an interest in a joint operation that constitutes a business, as defined in IFRS 3 *Business Combinations,* to apply business combinations accounting guidance established in IFRS 3, except for those who conflict with IFRS 11 guidance. Additionally, they require disclosing information applicable to business combinations.

These amendments apply prospectively for annual reporting periods beginning on or after 1 January 2016, earlier application is permitted. The amounts recognized in previous acquisitions of interests in joints operation should not be adjusted.

Annual Improvements 2012-2014 Cycle

Annual Improvements 2012-2014 Cycle makes amendments to the following standards: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which adds specific guidance for cases in which (1) an entity reclassifies an asset from "held for sale" to "held for distribution" or vice versa and (2) cases in which held-for-distribution accounting is discontinued; IFRS 7 Financial Instruments: Disclosures clarifying (1) whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required and (2) the applicability of the amendments to IFRS 7 on offsetting disclosures to condensed interim financial statements; IAS 19 Employee Benefits indicating that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid; and IAS 34 Interim Financial Reporting clarifying the meaning of 'elsewhere in the interim report' and requires a cross-reference in such reports.

Amendments to IFRS 10, IFRS 12 and IAS 28, *Investment Entities: Applying the Consolidation Exception*

The amendments confirm that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value. Also, the amendments consider that a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity. On the other hand, they consider that when applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries. Finally, an investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

Amendments to IAS 1, *Disclosure Initiative*

The amendments include changes regarding materiality, clarifying that: (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to all parts of the financial statements, and (3) even when a standard requires specific disclosures, materiality considerations do apply. Regarding the statement of financial position and the statement of profit and loss and other comprehensive income, the amendments: (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss. Regarding the Notes to the financial statements, the amendments include examples of possible ways of ordering the Notes to clarify that understandability and comparability should be considered when determining the order of the Notes and to demonstrate that the Notes need not to be presented in the order so far listed in paragraph 114 of IAS 1.

At the date of issuance of these consolidated financial statements, the Entity has not completed its evaluation of the potential effects of adopting these new standards on its financial information, if any are applicable.

17. Events after the reporting period

In preparing these condensed interim consolidated financial statements, the Company's management has assessed the events and transactions for recognition or subsequent disclosures from September 30, 2015 to October 21, 2015 (approval and issuance date of these financial statements), and concluded that there are no significant subsequent events that affect the reporting period.

18. Approval of financial statements

The condensed interim consolidated financial statements were approved by Arturo Infanzón Favela, Executive Vice President, Chief Operating and Financial Officer and authorized for issuance on October 21, 2015.

19. Registered offices

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