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

Condensed Interim Consolidated Financial Statements as of March 31, 2019 and for the three-month periods ended March 31, 2019 and 2018 (Unaudited) and Independent Auditor's Review Report Dated April 29, 2019

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

Condensed Interim Consolidated Financial Statements as of March 31, 2019 and for the three-month periods ended March 31, 2019 and 2018 (Unaudited)

Content	Page

Infraestructura Energetica Nova, S. A. B. de C. V. and Subsidiaries
Condensed Interim Consolidated Statements of Financial Position
(In thousands of U. S. Dollars)

Assets	Notes	March 31, 2019 (Unaudited)	December 31, 2018
Current assets:			
Cash and cash equivalents		$ 56,525	$ 51,764
Restricted cash		19,825	23,342
Finance lease receivables	9	9,945	9,809
Trade and other receivables, net		134,571	153,649
Due from unconsolidated affiliates	3, 9	51,933	45,043
Income taxes receivable		67,244	74,806
Natural gas inventories		6,811	3,516
Derivative financial instruments	9	7,918	9,474
Value added tax receivable		92,650	76,907
Carbon allowances		5,981	5,936
Other assets		10,626	9,695
Total current assets		464,029	463,941
Non-current assets:			
Due from unconsolidated affiliates	3, 9	670,750	646,297
Derivative financial instruments	9	7,062	8,146
Finance lease receivables	9	930,312	932,375
Deferred income tax		81,227	80,853
Investments in joint ventures	4	589,416	608,708
Other assets		26,921	94,060
Property, plant and equipment, net	5, 12	4,189,158	4,086,914
Right of use assets	17	175,126	—
Carbon allowances		18,600	15,499
Intangible assets	6	188,296	190,772
Goodwill		1,638,091	1,638,091
Restricted cash		2,955	2,941
Total non-current assets		8,517,914	8,304,656
Total assets	12	$ 8,981,943	$ 8,768,597

(Continued)

Liabilities and Stockholder's Equity	Notes	March 31, 2019 (Unaudited)	December 31, 2018
Current liabilities:			
Short-term debt	7, 9	$ 865,687	$ 870,174
Trade and other payables		155,261	99,757
Due to unconsolidated affiliates	3, 9	292,836	310,696
Income tax liabilities		79,477	63,044
Leases liabilities	17	3,049	—
Derivative financial instruments	9	12,552	10,943
Other financial liabilities		12,558	24,720
Provisions		169	251
Other taxes payable		29,884	31,619
Carbon allowances		5,981	6,354
Other liabilities		25,373	28,073
Total current liabilities		1,482,827	1,445,631
Non-current liabilities:			
Long-term debt	8, 9	1,666,147	1,675,192
Due to unconsolidated affiliates	3, 9	76,193	75,161
Lease liabilities	17	90,025	—
Deferred income tax liabilities		576,734	566,892
Carbon allowances		19,862	14,826
Provisions		62,818	61,903
Derivative financial instruments	9	148,073	152,880
Employee benefits		7,995	7,643
Other non-current liabilities		13,603	14,719
Total non-current liabilities		2,661,450	2,569,216
Total liabilities	12	4,144,277	4,014,847
Stockholder's equity:			
Common stock	11	963,272	963,272
Additional paid-in capital		2,351,801	2,351,801
Treasury shares	11	(13,092)	(7,190)
Accumulated other comprehensive loss		(114,877)	(104,105)
Retained earnings		1,637,267	1,536,662
Total equity attributable to owners of the Company		4,824,371	4,740,440
Non-controlling interests		13,295	13,310
Total stockholders' equity		4,837,666	4,753,750
Commitments and contingencies	15, 16	—	—
Events after the reporting period	18	—	—
Total stockholders' liabilities and equity		$ 8,981,943	$ 8,768,597

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

Infraestructura Energetica 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	Three-month period ended March 31, (Unaudited) 2019 (Notes 1)	2018 (Notes 1)
Revenues	12, 13	$ 380,630	$ 307,246
Cost of revenues		(127,550)	(74,372)
Operating, administrative and other expenses		(52,230)	(48,659)
Depreciation and amortization		(37,563)	(33,572)
Interest income		8,036	6,233
Finance costs		(32,796)	(30,765)
Other gains, net		6,654	51,769
Profit before income tax and share of profits of joint ventures	10	145,181	177,880
Income tax expense	10	(48,014)	(38,303)
Share of profits (losses) of joint ventures	4, 12	3,423	(12,072)
Profit for the period	12, 14	$ 100,590	$ 127,505
Attributable to:			
Owners of the Company		100,605	127,505
Non-controlling interests		(15)	—
		$ 100,590	$ 127,505
Earnings per share:			
Basic and diluted earnings per share	14	$ 0.07	$ 0.08

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

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

Condensed Interim Consolidated Statements of Profit and Other Comprehensive Income

(In thousands of U. S. Dollars)

		Three-month period ended March 31, (Unaudited)	
	Notes	**2019**	**2018**
Profit for the period	12, 14	$ 100,590	$ 127,505
Items that may be subsequently reclassified to profit or (loss):			
(Loss) gain on valuation of derivative financial instruments held for hedging purposes		(2,161)	14,358
Deferred income tax on the (loss) gain on valuation of derivative financial instruments held for hedging purposes		648	(4,309)
(Loss) gain on valuation of derivative financial instruments held for hedging purposes of joint ventures		(17,312)	8,786
Deferred income tax on the (loss) gain on valuation of derivative financial instruments held for hedging purposes of joint ventures		5,194	(2,636)
Exchange differences on translation of foreign operations		2,859	12,927
Total items that may be subsequently reclassified to (loss) or profit		(10,772)	29,126
Other comprehensive (loss) income for the period		(10,772)	29,126
Total comprehensive income for the period		$ 89,818	$ 156,631
Attributable to:			
Owners of the Company		89,833	156,631
Non-controlling interests		(15)	—
		$ 89,818	$ 156,631

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

Infraestructura Energetica 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	Treasury shares	Other comprehensive loss	Retained earnings	Attributable to owners of the parent	Non-controlling interests	Total
Balance as of January 1st, 2018	11	$ 963,272	$ 2,351,801	$ —	$ (114,556)	$ 1,316,070	$ 4,516,587	$ —	$ 4,516,587
Profit for the period	12, 14	—	—	—	—	127,505	127,505	—	127,505
Additional non-controlling interests arising on the acquisition of subsidiaries		—	—	—	—	—	—	4	4
Gain on valuation of derivative financial instruments held for hedging purposes, net of income tax		—	—	—	10,049	—	10,049	—	10,049
Gain on valuation of derivative financial instruments held for hedging purposes of joint ventures, net of income tax		—	—	—	6,150	—	6,150	—	6,150
Exchange differences on translation of foreign operations		—	—	—	12,927	—	12,927	—	12,927
Total comprehensive income for the year		—	—	—	29,126	127,505	156,631	4	156,635
Balance as of March 31, 2018 (Unaudited)	11	$ 963,272	$ 2,351,801	$ —	$ (85,430)	$ 1,443,575	$ 4,673,218	$ 4	$ 4,673,222
Balance as of January 1st, 2019	11	$ 963,272	$ 2,351,801	$ (7,190)	$ (104,105)	$ 1,536,662	$ 4,740,440	$ 13,310	$ 4,753,750
Profit for the period	12, 14	—	—	—	—	100,605	100,605	(15)	100,590
Loss on valuation of derivative financial instruments held for hedging purposes, net of income tax		—	—	—	(1,513)	—	(1,513)	—	(1,513)
Loss on valuation of derivative financial instruments held for hedging purposes of joint ventures, net of income tax		—	—	—	(12,118)	—	(12,118)	—	(12,118)
Exchange differences on translation of foreign operations		—	—	—	2,859	—	2,859	—	2,859
Total comprehensive (loss) income for the year		—	—	—	(10,772)	100,605	89,833	(15)	89,818
Repurchase of ordinary shares	11	—	—	(5,902)	—	—	(5,902)	—	(5,902)
Balance as of March 31, 2019 (Unaudited)	11	$ 963,272	$ 2,351,801	$ (13,092)	$ (114,877)	$ 1,637,267	$ 4,824,371	$ 13,295	$ 4,837,666

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

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

Condensed Interim Consolidated Statements of Cash Flows

(In thousands of U. S. Dollars)

	Notes	Three-month period ended March 31, (Unaudited) 2019	2018
Cash flows from operating activities:			
Profit for the period	12, 14	$ 100,590	$ 127,505
Adjustments for:			
Income tax expense	10	48,014	38,303
Share of (profit) loss of joint ventures	4, 12	(3,423)	12,072
Finance costs		32,796	30,765
Interest income		(8,036)	(6,233)
Loss on disposal of property, plant and equipment		817	306
Impairment loss recognized on trade receivables		15	22
Depreciation and amortization		37,563	33,572
Foreign exchange gain		(8,926)	(46,082)
Net loss (gain) on valuation of derivative financial instruments		924	(6,704)
Others		(95)	—
		200,239	183,526
Movements in working capital:			
Decrease (increase) in trade and other receivables, net		14,360	(20,016)
(Increase) decrease in natural gas inventories, net		(3,295)	118
Increase in other assets		(20,715)	(14,973)
Decrease in trade and other payables, net		(12,813)	(25,655)
Decrease in provisions, net		(9,536)	(7,672)
Increase (decrease) in other liabilities, net		1,848	(332)
Cash generated from operations		170,088	114,996
Income taxes paid		(25,661)	(21,969)
Net cash provided by operating activities		144,427	93,027

(Continued)

	Notes	Three-month period ended March 31, (Unaudited) 2019	2018
Cash flows from investing activities:			
Assets acquisition, net of cash acquired		—	(2,989)
Investment in joint ventures	4	—	(24,773)
Marine terminals counter-payment fee		—	(25,984)
Interest received		160	292
Acquisitions of property, plant and equipment		(80,522)	(58,935)
Loans granted to unconsolidated affiliates	3	(2,737)	(81,965)
Receipts of loans granted to unconsolidated affiliates	3	5,591	2,070
Short-term investments		—	(26,001)
Net cash used in investing activities		(77,508)	(218,285)
Cash flows from financing activities:			
Interest paid		(46,107)	(22,150)
Loans received from unconsolidated affiliates	3	—	70,000
Proceeds from bank financing	7, 8	301,241	225,000
Loans payments on bank lines of credit	7, 8	(313,866)	(63,776)
Lease payments	17	(19,651)	—
Payments for repurchase of shares	11	(5,902)	—
Payment of Certificados Bursatiles ("CEBURES")	8	—	(102,069)
Net cash (used in) provided by financing activities		(84,285)	107,005
Decrease in cash, cash equivalents and restricted cash		(17,366)	(18,253)
Cash, cash equivalents and restricted cash at the beginning of the period		78,047	93,028
Effects of exchange rate changes on cash, cash equivalents and restricted cash		18,624	19,320
Cash, cash equivalents and restricted cash at the end of the period		$ 79,305	$ 94,095

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

Notes to the Condensed Interim Consolidated Financial Statements

As of March 31, 2019 and for the three-month periods ended March 31, 2019 and 2018 (Unaudited)
(In thousands of U.S. Dollars, except where otherwise stated)

1. Business and relevant events

a. *Business*

Infraestructura Energetica Nova, S. A. B. de C. V. ("IEnova") and Subsidiaries (collectively, "IEnova or the Company") are located and incorporated in Mexico. 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 20.

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

The Gas segment develops, owns and operates, or holds interests in, natural gas, liquefied petroleum gas ("LPG"), ethane pipelines, storage facilities for liquefied natural gas ("LNG") and LPG, transportation, distribution and sale of natural gas in the states of Baja California, Sonora, Sinaloa, Coahuila, Chihuahua, Durango, Tamaulipas, Chiapas, San Luis Potosi, Tabasco, Veracruz, Nuevo Leon and Jalisco, Mexico. It also owns and operates an LNG terminal in Baja California, Mexico, for importing, storing and regasifying LNG.

The Company develops marine and in-land terminals for the reception, storage and delivery of refined products, located in Veracruz, Mexico City, Puebla, Baja California, Sinaloa, and Colima, Mexico.

The Power segment develops solar projects located in Baja California, Aguascalientes, Sonora, and Chihuahua, Mexico, owns and operates a natural gas fired power plant that includes two gas turbines and one steam turbine in Baja California, Mexico, owns a wind farm located in Nuevo Leon, Mexico and holds interests in a renewable energy project in a joint venture in Baja California, Mexico, both renewable energy projects use the wind resources to serve customers in Mexico and in the U. S., respectively.

The Company obtained the corresponding authorization from the Comision Reguladora de Energia ("CRE") in order to perform the regulated activities.

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 summer and winter. 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. Increase and term extension to revolving credit agreement

On February 11, 2019, the Company entered into an amendment agreement to i) increase the amount of the credit line to $1.5 billion, ii) extend the term thereof from August 2020 to February 2024 and iii) include JP Morgan Chase Bank, N. A. and Credit Agricole Corporate and Investment Bank to the lenders' syndicate, also change in interest rate was agreed.

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 Statements information should be read in conjunction with the Annual Consolidated Financial Statements for the year ended December 31, 2018, which were 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, 2018, except for the adoption of IFRS 16 *Leases,* whose effects are described in Note 2.d.

Comparative information

The Condensed Interim Consolidated Financial Statements provide comparative information in respect of the previous period. The Company presents additional information at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the Financial Statements. Additional information on the Segment disclosure as of and for the three - month period ended on March 31, 2018, is presented in these Consolidated Financial Statements due to the retrospective reclassification. (Please refer to Note 13). The Condensed Interim Consolidated Financial Statements (Statement of Profit) as of and for the three - month period ended March 31, 2018, were represented for comparative purposes as described in Note 7 in the Condensed Interim Consolidated Financial Statements.

For cash flow reporting purposes, balances of restricted cash now form part of the cash and cash equivalents. Accordingly, changes in restricted cash in 2018 are no longer reported as cash flows from investing activities.

c. *Intangible assets*

Intangible assets acquired in a business combination and/or asset acquisition are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination and/or assets acquisition are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

d. *Leases*

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date when the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., below $250.0). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

e. ***Revenues***

The Company records revenue from contracts with clients at the time that the services are rendered or the goods are delivered to and accepted by that client, based in the terms and conditions established in each contract. Consequently, assignment of that revenue is based on independent sales prices established in the contract and on the basis of amounts incurred.

The Company has evaluated the recognition and measurement of revenue according to the five-step model in the IFRS 15 *Revenue from Contracts with Customers*. The Company chose to adopt the new standard as of January 1, 2018, by applying the modified retrospective method of adoption.

Revenue from contracts with clients are classified based on the following revenue streams:

i. Power generation
ii. Transportation of natural gas
iii. Storage and regassification capacity
iv. Administrative services
v. Natural gas distribution

Following is a detailed description of the principal features by type of revenue streams:

i. *Revenue from power generation*

The Company generates revenue from renewable energy generated by Ventika, S. A. P. I. de C. V., and Ventika II, S. A. P. I. de C. V., (collectively "Ventika") a wind energy generation facility.

Such revenue for the sale of power is recorded under long term U. S. Dollar Power Purchase Agreements ("PPAs") as energy is delivered at the interconnection point. It is invoiced to clients based on the volume of electricity delivered at rates established in a formula set down in the contracts.

The client has a period of time established in the contract (commonly up to the later of (i) 10 days following issuance of the invoice and (ii) the 30th of the calendar month in question) to make full payment on the invoice in question. In certain contracts, if Ventika fails to provide the client with the minimum production agreed over one year of operations, it must pay the client a fine in the amount of the difference between (i) what the client must pay the Comision Federal de Electricidad ("CFE") to acquire that energy in the market and (ii) the amount the Client would have paid Ventika to purchase the minimum amount of energy at the contract price. The Company has determined that the transaction price does not contain a significant financing component.

The Company generated revenues from Termoelectrica de Mexicali, S. de R. L. de C. V. ("TDM") through a natural gas-fired power plant that is sells directly to TDM U. S., LLC. ("TDM U. S.") and delivery to interconnection point. Management considered the practical expedient in which allows companies to recognize revenue based on amounts invoiced to the customer.

ii. *Revenue from transportation of natural gas*

Transportation services are provided over long-term agreements based on rates established at inception of the contract and the Company is obligated to transport and deliver natural gas and other products to the costumer from the receipt point to the delivery point, subject to a minimum/ maximum, volumes.

The variable usage fee depends on the volume delivered. The stand-alone selling price is established at the inception of each contract and depends of the agreement which could be based on a regulated rate or a conventional rate.

iii. *Revenue from storage and regassification capacity*

Natural gas always remains the property of the storage service clients, which pay a global rate based on two components:

1. A fixed rate, which confers the right to store natural gas at Company facilities.
2. A rate per unit for volumes injected into or withdrawn from the storage unit.

The fixed rate component of the global rate is recorded as revenue of the period for which the right of service is rendered. The charge per unit is recorded as revenue when volumes are injected into or withdrawn from the storage units.

iv. ***Revenue from administrative services***

Revenue from services rendered under the management agreements generally arises as services are rendered and are recorded over time as clients receive and consume the benefits of such services.

Clients are invoiced for services on the basis of a fixed annual rate and payment is generally due within one month. Certain agreements allow for the reimbursement of expenses when the Company acts as agent of affiliates, such as in cases where it manages invoicing and personnel subcontracting of other affiliates. In those cases, income is recorded net of the respective expenses incurred.

v. ***Revenue from natural gas distribution***

Revenue is generated through the monthly distribution service charges billed to its customers. The purchase price of natural gas for the Company is based on international price indexes and is transferred directly to customers. The charges for the distribution service of the Ecogas Mexico, S. de R. L. de C. V., ("ECO") system are regulated by the CRE, which reviews the rates every five years and monitors the prices charged to final consumers. The current tariff structure of natural gas minimizes the market risk to which the Company is exposed, since the rates are adjusted regularly based on inflation and fluctuations in exchange rates. The adjustments due to inflation take into account the cost components incurred both in Mexico and in the United States, so that costs incurred in the latter country can be included in the final rates.

3. Transactions and balances with unconsolidated affiliates

Transactions and balances between IEnova and its subsidiaries have been eliminated upon consolidation and are not disclosed in this note.

a. *Transactions and balances with unconsolidated affiliates*

During the three-month periods ended March 31, 2019 and 2018, respectively, the Company entered into the following transactions with unconsolidated affiliates as part of ongoing operations:

	Revenues	
	Three-month period ended	
	03/31/19	03/31/18
Sempra Gas & Power Marketing, LLC ("SG&PM")	$ 73,576	$ 45,581
Sempra LNG International, LLC ("SLNGI")	22,651	—
Tag Pipelines Norte, S. de R. L. de C. V. ("TAG Pipelines Norte")	6,271	5,332
Sempra International, LLC ("Sempra International")	407	354
Servicios ESJ, S. de R. L. de C. V. ("SESJ")	378	268
Southern California Gas Company ("SoCalGas")	343	429
ECA Liquefaction, S. de R. L. de C.V. ("ECAL")	246	—
Sempra LNG International Holdings, LLC ("SLNGIH")	—	24,050
Sempra LNG ECA Liquefaction, LLC ("SLNGEL")	—	72

	Cost of revenues and operating, administrative and other expenses	
	Three-month period ended	
	03/31/19	03/31/18
SLNGI	$ 77,822	$ 45,032
SG&PM	45,133	24,508
Sempra Infrastructure, LLC ("Sempra Infrastructure")	1,368	1,267
Sempra International	865	2,437
SoCalGas	605	417
Pacific Enterprises International INC ("PEI INC")	366	—
Sempra Energy Holding, XI. B. V. ("SEH")	29	—

Included in the operational transactions are administrative services from affiliates by $0.9 million and $2.4 million for the three-month periods ended March 31, 2019 and 2018, respectively, which were paid and have been properly distributed to the segments incurring those costs.

	Interest income	
	Three-month period ended	
	03/31/19	03/31/18
Infraestructura Marina del Golfo, S. de R. L. de C. V. ("IMG")	$ 17,575	$ 5,767
Energía Sierra Juarez, S. de R. L. de C. V. ("ESJ")	36	119
Sempra Global, LLC ("SEG")	20	15
ECAL	2	—

	Finance cost	
	Three-month period ended	
	03/31/19	03/31/18
Inversiones Sempra Limitada ("ISL")	$ 1,504	$ 1,937
Peruvian Opportunity Company, S. A. C. ("POC")	943	599
TAG Pipelines Norte	655	410
Sempra Energy International Holding NV ("SEI NV")	401	—
SEH	—	765
Sempra Oil Trading Suisse ("SOT Suisse")	—	336

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

	Amounts due from unconsolidated affiliates (current)	
	As of	
	03/31/19	12/31/18
SG&PM	$ 45,750	$ 40,600
TAG Pipelines Norte	3,083	2,234
PEI INC	1,803	1,803
SESJ	384	346
ECAL	367	—
Sempra International	221	—
Tag Norte Holding, S. de R. L. de C. V. ("TAG")	184	—
SoCalGas	141	60
	$ 51,933	$ 45,043

	Amounts due to unconsolidated affiliates (current)	
	As of	
	03/31/19	12/31/18
ISL (i)	$ 165,768	$ 165,768
POC (ii)	102,000	102,000
SLNGI	15,079	18,795
SG&PM	9,708	23,412
SoCalGas	210	199
SEH	52	10
Sempra International	19	122
PEI INC	—	390
	$ 292,836	$ 310,696

New loans or amendments as of 2019:

i. On January 16, 2018, IEnova entered into a $70.0 million U.S. Dollar-denominated affiliate credit facility with ISL, to finance working capital and for general corporate purposes. The credit is a twelve-month term, with an option to extend. Interest of the outstanding balance is payable on a quarterly basis at three-month London Interbank Offered Rate ("LIBOR") plus 63 basis points ("BPS") per annum. Interest shall be paid on the last day of each calendar quarter.

   On March 21, 2018, the Company signed an addendum modifying the contract's terms over the $85.0 million U.S. Dollar-denominated credit facilities with ISL and the new conditions are: the term was extended and is due and payable in full on March 21, 2019, the interest rate applicable shall be computed on a calendar quarter basis at three-month LIBOR plus 63 BPS per annum. Interest shall be paid on the last day of each calendar quarter.

   On November 30, 2018, the Company made a payment to ISL for $179.2 million, the loans for $90.0 and $70.0 million were paid in full and the loan for $30.0 million was partially paid, leaving a balance to pay $165.8 million.

   On December 15, 2018, the Company signed an addendum modifying the contract's terms over the $30.0 and $70.0 million U.S. Dollar-denominated credit facilities with ISL and the new conditions are: the term was extended and is due and payable in full on December 15, 2019, the interest rate applicable shall be computed on a calendar quarter basis at three-month LIBOR plus 1.024 percent per annum. Interest shall be paid on the last day of each calendar quarter.

   On March 21, 2019, the Company signed an addendum modifying the contract's terms over the $85.0 million U.S. Dollar-denominated credit facilities with ISL and the new conditions are: the term was extended and is due and payable in full on November 29, 2019, the interest rate applicable shall be computed on a calendar quarter basis at three-month LIBOR plus 80 BPS per annum. Interest shall be paid on the last day of each calendar quarter.

ii. On December 15, 2018, the Company signed an addendum modifying the following contracts:

   - $20.0 million (originally issued on December, 27, 2016)
   - $19.0 million (originally issued on April 27, 2017)
   - $21.0 million (originally issued on June 26, 2017)
   - $21.0 million (originally issued on September, 29, 2017)
   - $21.0 million (originally issued on December, 28, 2017)

The new conditions of the contract by $102.0 million U.S. Dollar-denominated credit facilities with POC are: the term was extended and is due and payable in full on December 15, 2019, the interest rate applicable shall be computed on a calendar quarter basis at three-month LIBOR plus 90 BPS per annum. Interest shall be paid on the last day of each calendar quarter.

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

	As of	
	03/31/19	12/31/18
IMG (i)	$ 668,201	$ 640,775
SEG (ii)	2,307	2,111
ECAL (iii)	242	—
ESJ	—	3,411
	$ 670,750	$ 646,297

i. On April 21, 2017, IEnova entered into a loan agreement with IMG, providing a credit line in an amount of up to $9,041.9 million Mexican Pesos, the maturity date is March 15, 2022. The applicable interest rate is the Mexican Interbank Interest Rate ("TIIE") at 91 days plus 220 BPS capitalized quarterly.

   On December 6, 2017, the Company signed an addendum modifying the amount of the loan up to $14,167.9 million Mexican Pesos.

   As of March 31, 2019, the outstanding balance amount $12,949.3 million Mexican Pesos, including $1,785.1 million Mexican Pesos of capitalized interest.

ii. On December 7, 2016, IEnova entered into a loan agreement with SEG, providing a credit line in an amount of up to $12.0 million U.S. Dollar, the maturity date is December 6, 2026.

iii. On January 7, 2019, IEnova entered into a revolving credit agreement with ECAL for up to $65.0 million U.S. Dollar, to finance working capital and general purposes. The credit is for ten years term, the interest rate applicable shall be computed on a calendar quarter basis at three-month LIBOR plus 365 BPS. Interest shall be paid on the last day of each calendar quarter.

Transactions with unconsolidated affiliates as of the date of this report are consistent in nature with those in previous years and periods. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given nor received regarding these loans. No expenses have been recognized in the current or prior years and periods for bad or doubtful debts regarding the amounts owed by unconsolidated affiliates.

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

	As of	
	03/31/19	12/31/18
SEI NV	$ 38,460	$ 38,460
TAG Pipelines Norte	37,733	36,701
	$ 76,193	$ 75,161

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

Total compensation expense of key management personnel was $8.0 million and $8.9 million for the three-month periods ended March 31, 2019 and 2018, respectively.

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

4. Investment in joint ventures

4.1. ESJ

The joint venture formed between IEnova and Saavi Energia, started operations in June 2015. As of March 31, 2019 and 2018, the Company's remaining 50 percent interest in ESJ is accounted for under the equity method.

	As of	
	03/31/19	**12/31/18**
Total members' equity	$ 44,652	$ 45,286
Share of members' equity	$ 22,326	$ 22,643
Goodwill	12,121	12,121
Carrying amount of investment in ESJ	$ 34,447	$ 34,764

ESJ´s Condensed Interim Consolidated Statements of Profit are as follows:

	Three-month period ended	
	03/31/19	**03/31/18**
Revenues	$ 13,677	$ 11,548
Operating, administrative and other expenses	(6,573)	(5,229)
Finance costs	(3,524)	(3,889)
Other gains	24	61
Income tax expense	(1,473)	(998)
Profit for the period	$ 2,131	$ 1,493
Share of profit of ESJ	$ 1,065	$ 747

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, Nacional Financiera, S. N. C. Institucion 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, as follows:

Years	**LIBOR applicable Margin**
June 2015 - June 2019	2.375%
June 2019 - June 2023	2.625%
June 2023 - June 2027	2.875%
June 2027 - June 2031	3.125%
June 2031 - June 2033	3.375%

As per the financing agreement, the ability to make withdrawals ended on the term conversion dated June 30, 2015. ESJ made total accumulated withdrawals from the credit facility in the amount of $239.8 million. The debt outstanding as of March 31, 2019, is as follows:

	Debt balance
Mizuho	$ 46,256
SMBC	46,256
NORD/LB	46,256
NAFINSA	33,640
NADB	33,640
	$ 206,048

b. ***Interest rate swaps.*** To partially mitigate its exposure to interest rate changes associated with the loan, ESJ entered into floating-to-fixed interest rate swaps for 90 percent of the ESJ project financing loan amount. 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 entered into to match the critical terms of the interest payments. The swaps are accounted for as cash flow hedges.

c. ***Other disclosures.*** The member's agreement provides certain restrictions and benefits to the sale of the membership interest in ESJ. The agreement establishes that capital calls are to be contributed on a pro rata basis by the members.

kck *4.2.IMG*

The joint venture formed between IEnova and Transcanada Corporation ("TransCanada"), for the construction of the South Texas - Tuxpan marine pipeline, where by TransCanada has 60 percent interest in the partnership and IEnova owns the remaining 40 percent interest of the project.

As of March 31, 2019 and 2018, the Company's 40 percent interest in IMG is accounted for under the equity method.

	As of	
	03/31/19	**12/31/18**
Total members' equity	$ 655,545	$ 673,224
Share of members' equity	$ 262,218	$ 269,290
Guarantees	5,018	5,018
Remeasurement of interest rate (c)	(49,547)	(37,653)
Share of member's equity and carrying amount of investment in IMG	$ 217,689	$ 236,655

IMG´s Condensed Interim Consolidated Statements of loss are as follows:

	Three-month period ended	
	03/31/19	03/31/18
Finance (costs) income, net	$ (26)	$ 139
Other losses *	(23,274)	(85,659)
Income tax benefit	2,499	24,080
Loss for the period	$ (20,801)	$ (61,440)
Share of loss of IMG	$ (8,320)	$ (24,576)

* Includes a foreign exchange impact mainly related to the Mexican peso-denominated inter-affiliate loan granted by the Company and TransCanada to IMG for the proportionate share of the project financing. In the Condensed Interim Consolidated Statements of Profit, in the "Other gains, net", net line item, a corresponding foreign exchange gain (loss) which fully offsets the aforementioned effect, is included.

a. ***Project financing for the IMG project.*** As of March 31, 2019 and 2018, the project resources for the design and construction of the marine pipeline have been funded with capital contributions and loans of its members.

On April 21, 2017, IMG entered into two revolving credit agreements with IEnova and TransCanada, parent entities, for $9,041.9 million Mexican Pesos and $13,513.1 million Mexican Pesos, respectively.

On December 6, 2017, IEnova and TransCanada renegotiated the credit line of such credit facility agreements for an amount up to $14,167.9 million Mexican Pesos and $21,252.1 million Mexican Pesos, respectively. The loans accrue an annual interest rate of TIIE plus 220 BPS. Loan balance as of March 31, 2019, with IEnova is $12,949.3 million Mexican Pesos.

On March 23, 2018, IMG entered into a $300.0 million U. S. Dollar-denominated revolving credit facility with Scotiabank Inverlat, S. A. (“Scotiabank”), which can be disbursed in U. S. Dollar or Mexican Pesos, to fund Value Added Tax payments and other capital expenditures. The credit facility is for one year term with option to extend for one additional year. Interest of the outstanding balance is payable on a bullet basis at LIBOR plus 90 BPS for U. S. Dollar or TIIE plus 50 BPS for Mexican Pesos per annum.

As of March 31, 2019, a total of $278.2 million debt is outstanding under this credit facility.

b. ***Guarantees.*** IEnova and TransCanada have each provided guarantees to third parties associated with the construction of IMG’s Sur de Texas-Tuxpan natural gas marine pipeline. IEnova’s share of potential exposure of the guarantees was estimated to be $5.3 million and will terminate upon completion of all guaranteed obligations. The guarantees have terms ranging through July 2019.

c. ***Remeasurement of interest rate.*** As of March 31, 2019 and 2018, the adjusted amount in the interest income for the loan between IEnova and IMG was $11.9 and $8.7 million, respectively, derived from the difference in the capitalized interest rates of projects under construction, per contract, the loan accrues interest at TIIE rate plus 220 PBS, 10.6 and 9.8 percent average as of March 31, 2019, respectively; while the financing of the resources used by IEnova accrues interest at 4.2 and 3.8 percent average as of March 31, 2019, respectively.

d. ***Other disclosures.*** Offshore mainline construction was completed in May 2018 and the project continues to progress toward to be in-service date in second quarter of 2019, with an investment of approximately $2.4 billion, equivalent to $1.0 billion with IEnova’s 40 percent share.

An amending agreement has been signed with the CFE that recognizes force majeure events and payment of fixed capacity charges beginning October 31, 2018.

4.3. *TAG (A Subsidiary of Ductos y Energeticos del Norte, S. de R. L. de C. V. (“DEN”))*

TAG together with TAG Pipelines Norte, a joint venture between IEnova and a consortium comprised of BlackRock and First Reserve, and Pemex TRI, owns Los Ramones Norte pipeline, which began operations in February 2016.

As of March 31, 2019, the interest in TAG is accounted for under the equity method.

	As of			
	03/31/19		12/31/18	
Total members’ equity	$	476,692	$	476,538
Share of members’ equity and carrying amount of investment in TAG	$	238,346	$	238,269
Equity method goodwill		99,020		99,020
Total amount of the investment in TAG	$	337,366	$	337,289

TAG´s Condensed Interim Consolidated Statements of Profit are as follows:

	Three-month period ended			
	03/31/19		03/31/18	
Revenues	$	53,201	$	52,852
Operating, administrative and other expenses		(8,660)		(7,774)
Finance costs		(14,075)		(17,011)
Other gains (losses), net *		1,977		(50)
Income tax expense		(10,815)		(4,501)
Profit for the period	$	21,628	$	23,516
Share of profit of TAG	$	10,814	$	11,757

a. ***TAG Project financing***. On December 19, 2014, TAG, entered into a credit agreement with Banco Santander (Mexico), S. A. (“Santander”) as lender, administrative agent and collateral agent, with the purpose of financing the engineering, procurement, construction and commissioning of the gas pipeline.

During 2016 and 2015, there were amendments to the credit contract in order to include additional banks as lenders. The total amount of the credit is $1,274.5 million, divided in tranches:

i. Long tranche up to $701.0 million,
ii. Short tranche up to $513.3 million and
iii. A letter of credit tranche for debt service reserve up to $60.2 million.

The credit facilities mature in December 2026 and December 2034 for the short and long tranche loan respectively, with payments due on a semi-annual basis.

The credit facilities bears interest at LIBOR plus a spread, as follows:

Years	Applicable Margin BPS
1st disbursement - (System Commercial Operation Date)	250
0 – 4	265
5 – 9	300
10 – 14	325
15 – Until credit maturity	350

As of March 31, 2019, the total outstanding loan is $1,062.0 million, with its respective maturities. TAG hedged a portion of the loans tied to the interest rate risk through an interest rate swap, by changing the variable rate for a fixed rate.

The loans mentioned above contain restrictive covenants, which require TAG to maintain certain financial ratios and limit dividend payments, loans and obtaining additional financing. TAG met such covenants as of March 31, 2019.

Long-term debt due dates are as follows:

Year		Amount
2019	$	59
2020		59
2021		59
2022		59
Thereafter		826
Total	$	1,062

b. ***Interest rate swaps***. In December 2015, TAG contracted derivative instruments in order to hedge the risk of variable interest rates originated from LIBOR. The fixed contracted interest rate is 2.9 percent for the debt maturing in December 2034.

c. ***Exchange rate forwards***. In September 2017, TAG Pipelines Norte entered into forward contracts to exchange Mexican Pesos for U. S. Dollars of a portion of the project revenues for 2018; maturing from March 2018 through February 2019. Additionally, in September 2018, entered into forward contracts to exchange Mexican Pesos for U. S. Dollars of a portion of the projects' revenues for 2019; maturing from January 2019 through February 2020.

4.4. ECA LNG Holding B.V.

In February 2019, ECAL and ECA Minority were deconsolidated, their parent is now ECA LNG Holding B. V. an investment between IEnova and Sempra Energy (50 percent each).

As of March 31, 2019, the Company recognized an equity method by an amount of ($136.0).

5. Property, plant and equipment, net

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

	As of	
	03/31/19	12/31/18
Solar projects (i)	$ 280,021	$ 210,547
Liquid terminals (ii)	120,263	84,379
Pipeline projects (iii)	83,099	67,249
Other projects	17,241	10,298
	$ 500,624	$ 372,473

The additions to property, plant and equipment during 2019 and 2018, are mainly comprised of construction in process, related to:

i. Solar - Pima, Tepezala II and Rumorosa, in Sonora, Zacatecas and Baja California, respectively.
ii. Terminals - Veracruz, Puebla, Mexico City, Baja California, Colima and Sinaloa.
iii. Pipelines - Compression station, in Sonora.

Borrowing cost. During the three-month periods ended March 31, 2019 and 2018, the Company capitalized interest attributable to the construction of projects in the amount of $5.4 million and $8.1 million, respectively. The weighted average rate used to determine the amount of borrowing costs eligible for capitalization were 4.2 percent and 3.9 percent, for the three-month periods ended March 31, 2019 and 2018, respectively.

6. Intangible assets

	As of	
	03/31/19	12/31/18
Carrying amounts of:		
Renewable transmission rights (i)	$ 164,622	$ 164,622
Operation & Maintenance ("O&M") Contract (ii)	44,566	44,566
Amortization	(20,892)	(18,416)
	$ 188,296	$ 190,772

i. *Renewable transmission rights*

On December 14, 2016, regarding Ventika a wind power generation facility acquisition, the Company recorded $154.1 million related to the renewable transmission and consumption rights associated with the projects approved under the preexisting self-supply renewable program.

On February 28, 2018, the Company acquired a $5.0 million of intangible asset related to Self-Supply Permit of the Don Diego Solar Project.

On August 14, 2018, the Company acquired a $5.5 million of intangible asset related to Self-Supply Permit of the Border Solar Project.

Amortization is calculated using the straight-line method based on the remaining useful life of the related intangible asset, over the term of the self-supply power agreements of 20 years for Ventika and 15 years forb Don Diego and Border Solar.

ii. *O&M Contract*

In November 2017, the Company, through DEN´s asset acquisition, acquired a $44.6 million intangible asset related to the O&M contract with TAG, the amortization is calculated on a straight-line basis until the expiration of the agreement in February 2041, equivalent to 23 years.

7. Short-term debt

Short-term debt includes:

	As of	
	03/31/19	12/31/18
Credit agreement (i)	$ 808,229	$ 808,086
Current portion of IEnova Pipelines S. de R. L de C. V. ("IEnova Pipelines") Bank Loan (Please refer Note 8.c)	39,167	38,227
Current portion of Ventika's Bank Loan (Please refer Note 8.b)	25,851	25,973
Trina Solar (Please refer Note 8.e)	102	28
	$ 873,349	$ 872,314
Borrowing costs of credit agreement	(7,662)	(2,140)
	$ 865,687	$ 870,174

i. ***Credit agreement.*** On January 9 and March 28, 2019, the Company withdrew $50.0 million and $250.0 million, respectively.

On February 11, 2019, the Company entered into an amendment agreement to increase the amount of the credit line to $1.5 billion. Borrowing costs for $5.8 million were capitalized in this transaction.

On March 29, 2019, the Company paid $300.0 million of the credit agreement.

As of March 31, 2019 and December 31, 2018, the available unused credit portion was $692.0 million and $362.0 million, respectively.

Dispositions of credit line are used for working capital and general corporate purposes.

The weighted average interest rate on short-term debt with SMBC was 3.5 percent at March 31, 2019.

8. Long-term debt

Long-term debt includes:

	As of	
	03/31/19	12/31/18
Senior Notes (a)	$ 840,000	$ 840,000
Santander – Ventika (b)	421,999	426,359
BBVA Bancomer S. A. ("Bancomer") – IEnova Pipelines (c)	229,573	239,513
CEBURES at fixed rate (d)	201,246	198,142
Trina Solar (e)	4,998	3,757
	$ 1,697,816	$ 1,707,771
Debt issuance costs	(31,669)	(32,579)
	$ 1,666,147	$ 1,675,192

a. ***Senior Notes.*** On December 14, 2017, the Company obtained $840.0 million related to an international Senior Notes offering as follows:

i. The first placement was for $300.0 million bearing interest at a rate of 3.75 percent, with semi-annual payments of interest, maturing in 2028.

ii. The second placement was for $540.0 million bearing interest at a rate of 4.88 percent, with semi-annual payments of interest, maturing in 2048.

The Company used the net proceeds from the offering to repay outstanding short-term indebtedness, with the remainder for general corporate purposes.

b. ***Project financing for the Ventika project.*** On April 8, 2014, Ventika entered into a project finance loan for the construction of the wind projects with five banks: Santander as administrative and collateral agent, NADB, Banco Nacional de Obras y Servicios Publicos, S. N. C. Institucion de Banca de Desarrollo (“BANOBRAS”), Banco Nacional de Comercio Exterior, S. N. C. Institucion de Banca de Desarrollo ("BANCOMEXT") and NAFINSA as lenders.

The credit facilities mature according to the following table, with payments due on a quarterly basis each March 15, June 15, September 15 and December 15, until the final maturity date, as follows:

Bank	**Maturity date**
SANTANDER	3/15/2024
BANOBRAS	3/15/2032
NADB	3/15/2032
BANCOMEX	3/15/2032
NAFINSA	3/15/2032

The breakdown of the debt (including short and long-term) is as follows:

Bank	**As of 03/31/19**
NADB	$ 135,460
SANTANDER	89,884
BANOBRAS	87,046
NAFINSA	67,730
BANCOMEXT	67,730
	$ 447,850

Interest Rate Swaps. In order to mitigate the impact of interest rate changes, Ventika entered into interest rate swaps with Santander and BANOBRAS; this allows Ventika to have almost 92 percent of the above mentioned credit facilities. The swap contracts allow the Company to pay a fixed interest rate of 2.94 percent and 3.68 percent respectively, and to receive variable interest rate (three-month LIBOR).

c. ***Bancomer - IEnova Pipelines.*** On December 5, 2013, IEnova Pipelines signed a credit contract with Bancomer as agent and Deutsche Bank Mexico, Fiduciary Division, as Fiduciary. The amount of the loan is for $475.4 million, the proceeds will be used to develop IEnova Pipelines projects. The four participating credit institutions are Bancomer with a 50 percent contribution, The Bank of Tokyo Mitsubishi ("Bank of Tokyo") with 20 percent, Mizuho with 15 percent and NORD/LB with 15 percent.

The loan calls for quarterly payments beginning on March 18, 2014, and ending in 2026 for a total term of 13 years.

The loan bears an interest at LIBOR plus 2 percent per year until the fifth anniversary, LIBOR plus 2.25 percent from the fifth to the eight anniversary, LIBOR plus 2.50 percent from the eighth to twelfth anniversary and LIBOR plus 2.75 percent from the thirteenth anniversary until maturity.

As of March 31, 2019, debt maturity (including short and long-term) is as follows:

Year		Amount
2019	$	39,168
2020		42,814
2021		45,592
Thereafter		141,166
	$	268,740

In such credit, IEnova Pipelines was defined as debtor, TDF, S. de R. L. de C. V. ("TDF") together with Gasoductos de Tamaulipas, S. de R. L. de C. V. ("GdT") were assigned as guarantors and collaterals through the cession of the collections rights from their portfolio of projects integrated by IEnova Pipelines, TDF and GdT as source of payment for the credit.

Covenants arising from the credit require the following:

i. Maintain a minimum member´s equity during the term of the loan, in the amounts indicated below:

Entity		Amount
IEnova Pipelines	$	450,000
GdT		130,000
TDF		90,000

ii. Maintain an interest ratio of 2.5 to 1 at least on a consolidated basis (EBITDA to interest) for the payment of interest.

As of the date of the Condensed Interim Consolidated Financial Statements, IEnova Pipelines has complied with these obligations.

On January 22, 2014, IEnova Pipelines contracted a derivative financial instrument (swap) with Bancomer, Bank of Tokyo, Mizuho and NORD/LB. To hedge the interest rate risk on its debt total amount. The financial instrument changes the LIBOR for a fixed rate of 2.63 percent.

The Company has designated the derivative financial instruments mentioned above as cash flow hedges, in terms of what is permitted by the accounting standards. Given that, the interest rate swap's hedge objective is to fix the cash flows derived from variable interest payments on the syndicated loan maturing in 2026.

d. ***CEBURES.*** On February 14, 2013, the Company entered into two public debt issuances of CEBURES or debt securities as follows:

i. The first placement was for $306.2 million ($3,900.0 million of historical Mexican Pesos) bearing interest at a fixed rate of 6.3 percent, with semi-annual payments of interest, maturing in 2023.

ii. The second placement was for $102.1 million ($1,300.0 million of historical Mexican Pesos) bearing interest at variable rate based on the TIIE plus 30 BPS, with monthly payments of interest, maturing in 2018. The average annual rate as of March 31, 2018 was 6.3 percent.

On February 8, 2018, the Company made the repayment of the second placement of the public debt issuance, CEBURES, for an amount of $1,300.0 million of historical Mexican Pesos.

For this debt, which was scheduled to mature in 2018, the Company entered into a derivative instrument contract and swapped fixed rate in Mexican Pesos for a fixed rate in U. S. Dollars, exchanging principal and interest payments. The Company received $1,300.0 million Mexican Pesos and paid $102.0 million U. S. Dollars. The repayment ended the hedging contract and CEBURES liability.

Cross - currency and interest rate swaps. On February 14, 2013, regarding the placements of CEBURES, the Company executed cross-currency and interest rate swap contracts for hedging its exposure to the payment of its liabilities in Mexican Pesos:

i. For the debt maturing in 2023, the Company swapped a fixed rate in Mexican 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 percent during 2018.

ii. For the debt maturing in 2018, the Company swapped a variable rate in Mexican 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 2.66 percent during 2018.

As of March 31, 2019, the swap's total notional value is $306.2 million ($3,900.0 million historical Mexican Pesos). These contracts have been designated as cash flow hedges.

e. ***Trina Solar - ESJ Renovable I. S. de R. L. de C. V.*** On July 31, 2018, the Company, signed a credit contract with Trina Solar Holdings, B. V. The amount of the loan is for $3.7 million, the proceeds will be used to develop the Tepezala II Solar Project. The maturity of the loan is 10 years.

The loan can be totally paid at the end of the credit contract or partially paid throughout the contract term.

The loan bears an interest at three - month LIBOR plus 365 BPS, with quarterly payments, maturing in 2028.

As of March 31, 2019, the loan increased $1.2 million, the total in balance is for $4.9 million.

9. Financial instruments

a. *Foreign currency exchange rate*

Exchange rates in effect on March 31,2019, December 31, 2018 and April 29, 2019 were as follows:

	Mexican Pesos		
	03/31/19	**12/31/18**	**04/29/19**
One U. S. Dollar	$ 19.3793	$ 19.6829	$ 19.0942

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.

	As of			
	03/31/19		**12/31/18**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets				
Financial lease receivables	$ 940,257	$ 940,257	$ 942,184	$ 942,184
Due from unconsolidated affiliates	722,683	743,815	691,340	696,626
Financial liabilities				
Long-term debt (traded in stock exchange)	1,041,246	923,682	1,038,142	865,710
Loans from banks long-term	651,572	601,371	665,872	672,527
Due to unconsolidated affiliates (Short-term)	292,836	292,835	310,696	310,694

	As of			
	03/31/19		12/31/18	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Short-term debt	873,349	873,349	872,314	872,314
Loans from unconsolidated affiliates (Long-term)	76,193	75,309	75,161	67,963
Loans from associate (Long-term)	4,998	4,541	3,757	3,274

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:

i. 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.

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

iii. 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.

iv. The fair value of commodity and other derivative positions, which include interest rate swaps, are determined using market participant assumptions to price these derivatives. Market participants' assumptions include those about risk, and 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 set out below.

9.3. *Fair value measurements recognized in the Condensed Interim 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 fair value 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:

i. 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.

ii. 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.

iii. 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 in next:

	As of	
	03/31/19	**12/31/18**
Financial instruments assets at fair value through profit or loss ("FVTPL")		
Short-term investments (included as cash equivalents) (Level 1)	$ 83	$ 83
Derivative financial instrument assets (Level 2)	14,980	17,620
Derivative financial instrument liabilities at FVTPL		
Derivative financial instrument liabilities (Level 2)	160,625	163,823

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 year and interim period.

Income tax for the three-month periods ended March 31, 2019 and 2018, are reconciled to the profit for the period as follows:

	Three-month period ended	
	03/31/19	**03/31/18**
Profit before income tax and share of profits of joint ventures	$ 145,181	$ 177,880
Income tax expense calculated at 30%	(43,554)	(53,364)
Effects of foreign exchange rate	(11,388)	(48,539)
Effects of inflation adjustment	(1,998)	(7,507)
Effect of unused tax losses not recognized as deferred income tax asset	(865)	—
Effects of foreign exchange rate and inflation on the tax basis of property, plant and equipment, net and unused tax losses	10,053	73,148
Other	(262)	(2,041)
Income tax expense recognized in the Consolidated Statements of Profit	$ (48,014)	$ (38,303)

The change in the effective tax rates was mainly attributable to the following:

i. The effect of foreign currency exchange gains or losses is being calculated on Mexican Peso balances for financial reporting purposes, while the Mexican income tax law recognizes foreign exchange gains or losses on U. S. Dollar balances.

ii. The effect of exchange rate changes in the tax basis of property, plant and equipment, are valued in Mexican 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.

iii. The inflationary effects relative to certain monetary assets and liabilities.

iv. Tax losses used or not recognized as deferred taxes.

11. Stockholders' equity

The Company's General Shareholders' Meeting approved the formation of a repurchase fund of the Company's own shares on June 14, 2018, of a maximum amount of $250.0 million. As of March 31, 2019 and December 31, 2018, the Company has repurchased 3,600,000 and 2,000,000 shares for a total of $13.1 and $7.2 million, respectively.

As of March 31, 2019 and December 31, 2018, the repurchase fund balance is for a nominal amount of $236.9 million ($4,899 million Mexican Pesos) and $242.8 million ($5,012 million Mexican Pesos), respectively.

The repurchased shares are held in the Company's treasury and cannot be released without Board approval.

		As of March 31, 2019 (Mexican Pesos)			
Company stockholder's	**Number of shares**	**Fixed shares**	**Variable shares**	**Total**	**Total shares in USD**
SEMCO	1,019,038,312	$ 50,000	$ 10,190,333,120	$10,190,383,120	$ 751,825
Private investors	514,985,500	—	5,149,855,000	5,149,855,000	211,447
	1,534,023,812	$ 50,000	$ 15,340,188,120	$15,340,238,120	$ 963,272

12. Segment information

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

Information reported 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 profits

	Revenues Three-month period ended	
	03/31/19	**03/31/18**
Gas	$ 295,319	$ 245,352
Power	84,801	61,539
Corporate	510	355
Total revenue	$ 380,630	$ 307,246

Revenue by type of product or services

The following is an analysis of the Company's revenues by major type of product or service for the three-month periods ended March 31, 2019 and 2018:

	Three-month period ended	
	03/31/19	**03/31/18**
Transportation of gas	$ 117,515	$ 118,500
Sale of natural gas	91,269	33,568
Power generation	85,428	62,249
Other operating revenues (i)	31,697	37,172
Storage and regasification capacity	29,771	28,073
Natural gas distribution	24,950	27,684
Total revenues	$ 380,630	$ 307,246

Other operating revenues

i. IEnova Marketing received payments from SLNGI and SLNGH related to the losses and obligations incurred in the amount of $22.6 million and $24.1 million for the three-month periods ended March 31, 2019 and 2018, respectively. Such balances are presented within the Revenues line item in the accompanying Condensed Interim Consolidated Statements of Profit.

	Segment profit	
	Three-month period ended	
	03/31/19	**03/31/18**
Gas	$ 95,246	$ 107,666
Power	21,443	11,343
Corporate	(16,099)	8,496
Total segment profit	$ 100,590	$ 127,505

Segment profit is the measure reported for the purposes of resource allocation and assessment of segment performance.

12.3. *Assets and liabilities by segment*

	As of	
	03/31/19	**12/31/18**
Assets by segment:		
Gas	$ 6,777,027	$ 6,705,011
Power	1,458,946	1,356,815
Corporate	745,970	706,771
Consolidated total assets	$ 8,981,943	$ 8,768,597

	As of	
	03/31/19	**12/31/18**
Liabilities by segment:		
Gas	$ 1,142,045	$ 1,066,774
Power	719,922	655,386
Corporate	2,282,310	2,292,687
Consolidated total liabilities	$ 4,144,277	$ 4,014,847

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

i. All assets are allocated to reportable segments, including goodwill.
ii. All liabilities are allocated to reportable segments.

12.4. Other segment information

	Property, plant and equipment		Accumulated depreciation	
	As of		As of	
	03/31/19	12/31/18	03/31/19	12/31/18
Gas	$ 3,838,292	$ 3,777,923	$ (642,041)	$ (616,526)
Power	1,219,919	1,150,247	(239,741)	(232,776)
Corporate	24,977	19,685	(12,248)	(11,639)
	$ 5,083,188	$ 4,947,855	$ (894,030)	$ (860,941)

	Share of profits of joint ventures	
	Three-month period ended	
	03/31/19	03/31/18
Gas	$ 2,358	$ (12,819)
Power	1,065	747
	$ 3,423	$ (12,072)

13. Revenues

13.1. Distribution by type of revenues

The following table shows the distribution by type of revenue shown in the Condensed Consolidated Statements of Profit for the three-month periods ended March 31, 2019 and 2018:

	Three-month period ended	
	03/31/19	03/31/18
Revenue by type of operations:		
Contracts with customers	$ 228,370	$ 211,631
Leases	42,930	39,394
Derivatives	26,543	3,199
Others - Sale of natural gas	60,136	28,971
Other revenue - Non IFRS 15	22,651	24,051
Total revenue	$ 380,630	$ 307,246

13.2 Disaggregation of revenues from contracts with customers

Following is a breakdown of revenues from contracts with clients by revenue stream and date on which obligations are met for the three-month periods ended on March 31, 2019 and 2018:

	Three-month period ended			
	03/31/19		03/31/18	
Power generation	$	85,428	$	62,249
Transportation of gas		80,580		87,195
Storage of natural gas		27,967		27,933
Natural gas distribution		26,832		28,293
Administrative services		7,563		5,961
Total	$	228,370	$	211,631
Obligations met:				
Over time	$	228,370	$	211,631

The revenue from products and services shown in the preceding table arises independently from contracts with each of the clients with possible renewal provided in the contracts.

14. Earnings per share

14.1. Basic earnings per share

	Three-month period ended			
	03/31/19		03/31/18	
Basic and diluted earnings per share	$	0.07	$	0.08

14.2. 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:

	Three-month period ended			
	03/31/19		03/31/18	
Earnings used in the calculation of basic and diluted earnings per share	$	100,590	$	127,505
Weighted average number of shares for the purposes of basic and diluted earnings per share		1,531,464,923		1,534,023,812

The Company does not have potentially diluted shares.

15. Commitments

Material commitments of the Company are the same as those disclosed in the Consolidated Financial Statements for the year ended December 31, 2018, except for the following:

a. ***Border Solar project.*** During 2019, the Company entered into several leases agreements for the project. During the three-month period ended March 31, 2019, payments under these contracts were $0.3 million. Net future payments under these contractual commitments are as follows:

Year	Amounts	
2019	$	374
2020		634
2021		634
Thereafter		9,223
	$	10,865

b. ***Don Diego Solar project.*** During 2019, the Company entered into several contracts for the construction of the project. During the three-month period ended March 31, 2019, payments under these contracts were $7.3 million. Net future payments under these contractual commitments are as follows:

Year		Amounts
2019	$	81,254
2020		112
2021		112
Thereafter		1,793
	$	83,271

c. ***Puebla in-land project.*** During 2019, the Company entered into several contracts for the construction of the project. During the three-month period ended March 31, 2019, payments under these contracts were $2.3 million. Net future payments under these contractual commitments are as follows:

Year		Amounts
2019	$	12,172

d. ***Mexico City in-land project.*** During 2019, the Company entered into several contracts for the construction of the project. Net future payments under these contractual commitments are as follows:

Year		Amounts
2019	$	6,869

e. ***Veraruz Marine Terminal project.*** During 2019, the Company entered into several contracts for the construction of the project. Net future payments under these contractual commitments are as follows:

Year		Amounts
2019	$	18,649

f. ***ERP project.*** During 2019, the Company entered several contracts for the services of ERP project. Net future payments under this contractual commitment is as follows:

Year		Amounts
2019	$	6,402
2020		2,020
2021		1,489
Thereafter		1,991
	$	11,902

16. 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, 2018.

17. Application of new and revised IFRS

a. ***Application of new and revised IFRSs or IAS that are mandatory effective for the current year.***

In the current year, the Company has applied a number of amendments to IFRS issued by the IASB that are mandatory effective for an accounting period that begins January 1, 2019.

IFRS 16 *Leases*

IFRS 16 *Leases* was issued in January 2016 and supersedes IAS 17 *Leases* and related interpretations. The new standard brings most leases on balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 has also been applied.

Under IFRS 16 a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly, and the liability accrues interest. This will typically produce a front-loaded expense profile (whereas operating leases under IAS 17 would typically have had straight-line expenses) as an assumed linear depreciation of the right-of-use asset and the decreasing interest on the liability will lead to an overall decrease of expense over the reporting period.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

However, a lessee may elect to account for lease payments as an expense on a straight-line basis over the lease term for leases with a lease term of 12 months or less and containing no purchase options (this election is made by class of underlying asset); and leases where the underlying asset has a low value when new, such as personal computers or small items of office furniture (this election can be made on a lease-by-lease basis).

IFRS 16 establishes different transitional provisions, including retrospective application or the modified retrospective application where the comparative period is not restated.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and the IFRS Interpretations Committee ("IFRIC") 4, *Determining Whether an Arrangement Contains a Lease* at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption IFRS 16 as of January 1, 2019, is as follows:

		As of 01/01/19
Right of use assets	$	164,540
Other assets and other liabilities classification		(71,030)
	$	93,510
Lease liabilities:		
Lease current liabilities	$	(18,027)
Lease non current liabilities		(75,483)
Total leases liabilities	$	(93,510)

Nature of the effect of adoption of IFRS 16

The Company has lease contracts for land and buildings (offices). Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognized as finance costs) and reduction of the lease liability.

In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under prepayments.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Company.

Leases previously accounted for as operating leases

The Company recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized.

Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

i. Used a single discount rate to a portfolio of leases with reasonably similar characteristics
ii. Relied on its assessment of whether leases are onerous immediately before the date of initial application
iii. Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
iv. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

Based on the foregoing, as of January 1, 2019:

i. Right-of -use assets of $164,540 were recognized and presented separately in the statement of financial position.
ii. Additional lease liabilities of $96,245 (included in Interest bearing loans and borrowings) were recognized.
iii. Prepayments of $68,295 and trade and other payables of $2,735 related to previous operating leases were derecognized.
iv. Deferred tax liabilities increase in an amount of $28,873.5 and the deferred tax assets increase in the same amount.

The lease liabilities as of January 1, 2019, can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

Operating lease commitments as of December 31, 2018	$	234,068
Less:		
Commitments related to short-term leases and leases of low value assets		22,343
Operating lease commitments as of January 1, 2019.		211,725
Weighted average incremental borrowing rate as of January 1, 2019		8.57%
Lease liabilities as of January 1, 2019	$	96,245

Amounts recognized in the statement of financial position and profit or loss

Set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the period:

	Right of use assets	Lease liabilities
As at 1 January, 2019	$ 164,540	$ (96,245)
Additions	13,386	(13,386)
Depreciation expense	(2,800)	—
Interest expense	—	(2,230)
Payments	—	19,651
Exchange differences on translation of foreign operations	—	(864)
As at 31 March 2019	$ 175,126	$ (93,074)

IFRIC 23 *Uncertainty over Income Tax Treatments*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 *Income Taxes*. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

i. Whether an entity considers uncertain tax treatments separately
ii. The assumptions an entity makes about the examination of tax treatments by taxation authorities
iii. How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
iv. How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The interpretation did not have an impact on the consolidated financial statements of the Company.

b. ***New and revised IFRSs issued but not yet effective***

The Company has not applied the following new and revised IFRS that have been issued but have not being enforced:

Annual Improvements to IFRSs 2015 - 2017 Cycle

-IFRS 3 - *Business Combination*
-IFRS 11 - *Joint Arrangements*
-IAS 12 - *Income Taxes*
-IAS 23 - *Borrowing Costs*

IFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the Condensed Interim Consolidated Financial Statements of the Company as there is no transaction where a joint control is obtained during 2019.

IFRS 11 Joint Arrangements

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the Condensed Interim Consolidated Financial Statements of the Company as there is no transaction where a joint control is obtained during 2019.

IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognized those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period.

Since the Company's current practice is in line with these amendments, they had no impact on the Condensed Interim Consolidated Financial Statements of the Company.

IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

Since the Company's current practice is in line with these amendments, they had no impact on the Condensed Interim Consolidated Financial Statements of the Company.

18. Events after the reporting period

18.1. Revolving Credit Agreement

On April 11, 2019, the Company entered into a revolving credit agreement with Scotiabank, for up to $100’000,000.0 (one hundred million dollars). The term is three years.

18.2. Standby Letter of Credit to the CFE

On April 12, 2019, IMG issues a credit letter to the CFE for an amount of $84,463.9 for the fixed charges for three month capacity counted from April 14, 2019. This amount represent the 40 percent of the Company’s share in the project.

19. Approval of financial statements

The Condensed Interim Consolidated Financial Statements were approved and authorized for issuance by Manuela Molina Peralta, Chief Financial Officer on April 29, 2019.

20. Registered offices

- Paseo de la Reforma No. 342 Piso 24
  Torre New York Life
  Col. Juarez, C.P. 06600
  Ciudad de Mexico, Mexico.
- Campos Eliseos No. 345 Piso 4
  Torre Omega
  Col. Chapultepec Polanco C.P. 11560
  Ciudad de Mexico, Mexico.
- Carretera Escenica Tijuana – Ensenada Km. 81.2
  Col. El Sauzal, C. P. 22760
  Ensenada, B.C., Mexico.
- Carretera Mexicali - Tijuana Km. 14.5
  Col. Sonora, C. P. 21210
  Mexicali, B.C., Mexico.
- Avenida Tecnologico No. 4505
  Col. Granjas, C. P. 31160
  Chihuahua, Chihuahua, Mexico.
- Avenida Constitucion Poniente No. 444
  Col. Monterrey Centro C. P. 64000
  Monterrey, Nuevo Leon, Mexico.

* * * * * *