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

Condensed interim consolidated Financial Statements as of June 30, 2015 and for the six and three-month periods ended June 30, 2015 and 2014 (Unaudited) and Independent Auditor´s Review Report Dated July 28, 2015

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	June 30, 2015 (Unaudited)	December 31, 2014
Current assets:			
Cash and cash equivalents		$ 75,438	$ 83,637
Short-term investments	9	34,888	30,020
Trade and other receivables, net		55,995	66,401
Due from unconsolidated affiliates	3	8,949	26,601
Income taxes receivable		35,522	34,297
Natural gas inventories		9,448	9,375
Derivative financial instruments	9	3,615	4,709
Value added tax receivable		30,969	30,797
Carbon allowances	6	29,771	29,864
Other assets		11,264	9,918
Total current assets		295,859	325,619
Non-current assets:			
Due from unconsolidated affiliates	3	108,776	146,775
Finance lease receivables	9	14,570	14,621
Deferred income tax assets		78,995	85,758
Investments in joint ventures	4	427,125	401,538
Goodwill		25,654	25,654
Property, plant and equipment, net	5, 11	2,459,429	2,377,739
Carbon allowances	6	8,594	229
Other assets		2,014	2,285
Total non-current assets		3,125,157	3,054,599
Total assets		$ 3,421,016	$ 3,380,218

Liabilities and Equity	Notes	June 30, 2015 (Unaudited)	December 31, 2014
Current liabilities:			
Short-term debt	7, 9	$ 74,183	$ 195,089
Trade and other payables		36,183	59,575
Due to unconsolidated affiliates	3, 9	125,306	14,405
Income tax liabilities		9,667	18,022
Derivative financial instruments	9	6,699	6,808
Other financial liabilities		6,951	7,223
Provisions		1,456	1,619
Other taxes payable		11,432	11,247
Carbon allowances	6	29,771	29,864
Other liabilities		22,503	23,698
Total current liabilities		324,151	367,550
Non-current liabilities:			
Long-term debt	8, 9	331,579	350,638
Due to unconsolidated affiliates	3, 9	39,178	38,460
Deferred income tax liabilities		235,636	232,538
Carbon allowances	6	7,714	-
Provisions		39,042	38,250
Derivative financial instruments	9	121,308	100,449
Employee benefits		3,046	3,045
Total non-current liabilities		777,503	763,380
Total liabilities		1,101,654	1,130,930
Equity:			
Common stock		762,949	762,949
Additional paid-in capital		973,953	973,953
Accumulated other comprehensive income		(76,965)	(64,331)
Retained earnings		659,425	576,717
Total equity attributable to owners of the Company		2,319,362	2,249,288
Total liabilities and equity		$ 3,421,016	$ 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)

		Six-month period ended June 30, (Unaudited)		Three-month period ended June 30, (Unaudited)	
	Notes	**2015**	**2014**	**2015**	**2014**
Revenues	11	$ 316,117	$ 387,201	$ 152,172	$ 185,852
Cost of revenues		(131,051)	(212,460)	(60,262)	(103,139)
Operating, administrative and other expenses		(49,405)	(47,340)	(25,400)	(24,200)
Depreciation and amortization		(32,374)	(29,887)	(16,196)	(14,909)
Interest income		3,743	325	1,772	159
Finance (costs) income		(2,452)	3,004	(506)	1,574
Other (losses) gains		(3,762)	(3,761)	401	(1,910)
Profit before income tax and share of profits of joint ventures		100,816	97,082	51,981	43,427
Income tax expense	10	(41,366)	(26,735)	(27,029)	(13,641)
Share of profits of joint ventures, net of income tax	11, 4	23,258	13,884	11,541	7,723
Profit for the period	11	$ 82,708	$ 84,231	$ 36,493	$ 37,509

All results are from continuing operations.

Earnings per share:					
Basic and diluted earnings per share:	12	$ 0.07	$ 0.07	$ 0.03	$ 0.03

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)

		Six-month period ended June 30, (Unaudited)		Three-month period ended June 30, (Unaudited)	
	Notes	**2015**	**2014**	**2015**	**2014**
Profit for period	11	$ 82,708	$ 84,231	$ 36,493	$ 37,509
Other comprehensive income (loss):					
Items that will not be reclassified to profit or loss					
Actuarial gains on defined benefits plans		254	-	254	-
Income tax relating to components of other comprehensive income		(76)	-	(76)	-
Total items that will not be reclassified to profit and loss		178	-	178	-
Items that may be subsequently reclassified to profit or (loss):					
(Loss) gain on valuation of derivative instruments held for hedging purposes		(5,107)	10,591	5,263	9,197
Deferred income tax on the (loss) gain on valuation of derivative instruments held for hedging purposes		1,532	(3,177)	(1,508)	(2,759)
Gain (loss) on valuation of derivative financial instruments held for hedging purposes of joint ventures		3,326	(5,332)	17,186	(1,411)
Deferred income tax on gain (loss) on valuation of derivative instruments held for hedging purposes at joint ventures		(997)	1,600	(5,155)	424
(Loss) on valuation of derivative instruments held for hedging purposes of liabilities related to assets held for sale		-	(7,370)	-	(7,370)
Deferred income tax on (loss) on valuation of derivative instruments held for hedging purposes of liabilities related to assets held for sale		-	2,211	-	2,211
Foreign currency translation adjustments		(11,566)	911	(5,811)	757
Total items that may be subsequently reclassified to profit and loss		(12,812)	(566)	9,975	1,049
Other comprehensive (loss) income for the period		(12,634)	(566)	10,153	1,049
Total comprehensive income for the period		$ 70,074	$ 83,665	$ 46,646	$ 38,558

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)

	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	-	-	-	84,231	84,231
Gain on valuation of financial derivatives held for hedging purposes, net of income tax	-	-	7,414	-	7,414
Loss on valuation of financial derivatives held for hedging purposes of joint venture, net of income tax	-	-	(3,732)	-	(3,732)
Loss on valuation of financial derivatives held for hedging purposes of liabilities related to assets held for sale, net of income tax	-	-	(5,159)	-	(5,159)
Foreign currency translation adjustments	-	-	911	-	911
Total comprehensive income for the period	-	-	(566)	84,231	83,665
Balance as of June 30, 2014 (Unaudited)	$ 762,949	$ 973,953	$ (24,839)	$ 688,014	$ 2,400,077
Balance as of January 1, 2015	$ 762,949	$ 973,953	$ (64,331)	$ 576,717	$ 2,249,288
Profit for the period	-	-	-	82,708	82,708
Actuarial gains on defined benefits plans, net of income tax	-	-	178	-	178
Gain on valuation of financial derivatives held for hedging purposes of joint ventures, net of income tax	-	-	2,329	-	2,329
Loss on valuation of financial derivatives held for hedging purposes, net of income tax	-	-	(3,575)	-	(3,575)
Foreign currency translation adjustments	-	-	(11,566)	-	(11,566)
Total comprehensive income for the period	-	-	(12,634)	82,708	70,074
Balance as of June 30, 2015 (Unaudited)	$ 762,949	$ 973,953	$ (76,965)	$ 659,425	$ 2,319,362

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	Six-month period ended June 30, (Unaudited) 2015	2014	Three-month period ended June 30, (Unaudited) 2015	2014
Cash flows from operating activities:					
Profit for period	11	$ 82,708	$ 84,231	$ 36,493	$ 37,509
Adjustments for:					
Income tax expense	10	41,366	26,735	27,029	13,641
Equity earnings of joint ventures, net of income tax	11, 4	(23,258)	(13,884)	(11,541)	(7,723)
Finance costs (income)		2,452	(3,004)	506	(1,574)
Interest income		(3,743)	(325)	(1,772)	(159)
Loss on disposal of property, plant and equipment		551	660	304	70
Impairment loss (gain) recognized on trade receivables		108	4	108	(4)
Depreciation and amortization		32,374	29,887	16,196	14,909
Net foreign exchange (gain) loss		(1,978)	1,713	(2,664)	2,009
(Gain) loss on valuation of derivative financial instruments		(1,548)	4,593	(6,634)	3,455
		129,032	130,610	58,025	62,133
Movements in working capital:					
Decrease (increase) in trade and other receivables		28,001	(21,319)	11,726	21,638
Increase in inventories		(73)	(2,237)	(5,180)	(1,840)
(Increase) decrease in other assets		(1,898)	(27,340)	4,898	(2,260)
(Decrease) increase in trade and other payables		(32,491)	46,521	(267)	19,732
Increase (decrease) in provisions		15,339	(27,834)	7,870	(26,682)
(Decrease) increase in other liabilities		(1,010)	11,310	(1,373)	(358)
Cash generated from operations		136,900	109,711	75,699	72,363
Income taxes paid		(38,846)	(115,660)	(12,884)	(93,863)
Net cash provided by (used in) operating activities		98,054	(5,949)	62,815	(21,500)

(Continued)

	Six-month period ended June 30, (Unaudited)		Three-month period ended June 30, (Unaudited)	
	2015	**2014**	**2015**	**2014**
Cash flows from investing activities:				
Interest received	1,047	-	1,046	-
Acquisitions of property, plant and equipment	(119,801)	(189,777)	(64,366)	(114,430)
Loans to unconsolidated affiliates	(1,044)	-	(543)	-
Repayment of loans to unconsolidated affiliates	41,530	355	41,495	124
Short-term investments	(4,868)	78,001	(4,849)	61,639
Net cash used in investing activities	(83,136)	(111,421)	(27,217)	(52,667)
Cash flows from financing activities:				
Interest paid	(16,406)	(7,650)	(3,489)	(633)
Loans from unconsolidated affiliates	120,000	-	-	-
Loans payments on bank lines of credit	(121,839)	(543)	(739)	(423)
Proceeds from debt issuance	-	82,432	-	82,432
Debt issue costs	-	(9,684)	-	(9,684)
Net cash (used in) provided by financing activities	(18,245)	64,555	(4,228)	71,692
Net (decrease) increase in cash and cash equivalents	(3,327)	(52,815)	31,370	(2,475)
Cash and cash equivalents at the beginning of the period	83,637	103,880	44,372	56,248
Effects of exchange rate changes on cash and cash equivalents	(4,872)	52	(304)	(2,656)
Cash and cash equivalents at the end period	$ 75,438	$ 51,117	$ 75,438	$ 51,117

See accompanying notes to the condensed interim consolidated financial statements.

Notes to the Condensed Interim Consolidated Financial Statements

As of June 30, 2015 and for the six and three-month periods ended June 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 18.

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 11).

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 is 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 the 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 services 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 months terms, 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 Black Rock and First Reserve acquired a combined interest of 45% of TAG Norte Holding, S. de R. L. de C. V. 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 our 50% joint venture with InterGen N. V. and has a 155-megawatt capacity.

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.

3. Unconsolidated affiliate transactions

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			
	Six-month period ended		Three-month period ended	
	06/30/15	06/30/14	06/30/15	06/30/14
Sempra Generation (“SGEN”)	$ 56,419	$ 97,897	$ 25,958	$ 42,069
Sempra LNG International, LLC (“SLNGI”)	49,138	44,941	24,042	22,612
Sempra International, LLC (“Sempra International”)	830	889	420	439
Southern California Gas Company (“SoCalGas”)	-	26	-	26

	Cost of revenues and operating, administrative and other expenses			
	Six-month period ended		Three-month period ended	
	06/30/15	06/30/14	06/30/15	06/30/14
SLNGI	$ 85,911	$ 155,492	$ 44,621	$ 78,070
SGEN	8,896	14,527	2,861	6,671
Sempra International	2,619	3,834	1,528	1,939
Sempra U. S. Gas & Power	3,396	3,609	1,669	1,813
SoCalGas	534	619	266	300
Sempra Services Company, S. de R. L. de C. V. (“Sempra Services Company”)	234	528	42	228
Sempra Servicios México, S. de R. L. de C. V. (“Sempra Servicios México”)	-	354	-	193
Sempra Midstream, Inc.	360	224	180	112

	Interest income			
	Six-month period ended		Three-month period ended	
	06/30/15	06/30/14	06/30/15	06/30/14
Ductos Energéticos del Norte, S. de R. L. de C. V. (“DEN”)	$ 2,703	$ -	$ 1,278	$ -
ESJ	826	-	419	-
Sempra Servicios México	2	1	1	1
Sempra Services Company	-	4	-	3

	Finance costs			
	Six-month period ended		Three-month period ended	
	06/30/15	06/30/14	06/30/15	06/30/14
Sempra Oil Trading Suisse (“SOT Suisse”)	$ 718	$ 732	$ 358	$ 373
ISLA	554	-	466	-
ISL	185	-	156	-
SGEN	-	5	-	3

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

	Amounts due from unconsolidated affiliates Period / Year ended	
	06/30/15	12/31/14
SGEN	$ 8,797	$ 23,949
Servicios ESJ, S. de R. L. de C. V.	102	626
ESJ	50	690
Sempra International	-	1,336
	$ 8,949	$ 26,601

	Amounts due to unconsolidated affiliates Period / Year ended	
	06/30/15	12/31/14
ISLA	$ 90,000	$ -
ISL	30,000	-
SLNGI	4,562	14,228
Sempra International	631	-
SoCal Gas	84	77
SGEN	29	9
Sempra Services Company	-	85
Sempra Servicios México	-	6
	$ 125,306	$ 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 balances outstanding.

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 $4.1 million and $4.7 million for the six-month period ended June 30, 2015 and 2014, respectively, and $2.8 million and $2.3 million for the three-month period ended June 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	
	06/30/15	12/31/14
DEN	$ 84,029	$ 123,868
ESJ	24,284	22,693
SGEN	397	114
Sempra Servicios México	66	100
	$ 108,776	$ 146,775

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

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

	Period / Year ended	
	06/30/15	**12/31/14**
SOT Suisse	$ 39,178	$ 38,460

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

Total compensation expense for key management personnel was $6.9 million and $5.7 million for the six-month periods ended June 30, 2015 and 2014, respectively, and $1.9 million and $0.6 million for the three-month periods ended June 30, 2015 and 2014, respectively.

4. Investments 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 June 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	
	06/30/15	**12/31/14**
Cash and cash equivalents	$ 52,107	$ 74,931
Short-term investments	12,640	58,233
Other current assets	96,549	94,086
Current assets	161,296	227,250
Finance lease receivables	349,903	346,314
Property, plant and equipment, net	792,338	673,714
Investments in joint venture	136,619	140,160
Other non-current assets	427	413
Deferred income tax assets	7,433	359
Non-current assets	1,286,720	1,160,960
Total assets	$ 1,448,016	$ 1,388,210
Current liabilities	$ 64,601	$ 63,264
Non-current liabilities	704,956	692,747
Total liabilities	769,557	756,011
Total members' equity	$ 678,459	$ 632,199
Share of members' equity	$ 339,230	$ 316,100
Goodwill and indefinite lived intangible assets	64,943	64,943
Carrying amount investment in GdC	$ 404,173	$ 381,043

	Six-month period ended		Three-month period ended	
	06/30/15	06/30/14	06/30/15	06/30/14
Revenues	$ 117,320	$ 72,869	$ 59,721	$ 38,599
Expenses	(32,058)	(26,781)	(16,177)	(13,928)
Interest expense, net	(11,946)	(8,978)	(6,013)	(4,981)
Share of profits of joint venture, net of income tax	(5,681)	-	(7,559)	-
Income tax	(26,123)	(9,343)	(11,590)	(4,245)
Net income	$ 41,512	$ 27,767	$ 18,382	$ 15,445
Share of profits of GdC	$ 20,756	$ 13,884	$ 9,191	$ 7,723

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 June 30, 2015, GdC has $431.1 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 Norte Holding, S. de R. L. de C. V.:* TAG Norte Holding, S. de R. L. de C. V. ("TAG Holding") is owned by GdC through its subsidiary, DEN, and partners PMI and TAG Norte Pipelines, S. de R. L. de C. V. (subsidiary of Tag Norte Holding, S. de R. L. de C. V.) 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 June 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 June 30, 2015, amounts outstanding have generated interest of $3.5 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 June 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	
	06/30/15	12/31/14
Cash and cash equivalents	$ 14,539	$ 4,784
Other current assets	7,887	6,339
Current assets	22,426	11,123
Property, plant and equipment, net	284,998	258,885
Other non-current assets	29,272	10,189
Deferred income tax	7,893	7,914
Non-current assets	322,163	276,988
Total assets	$ 344,589	$ 288,111
Current liabilities	$ 16,371	$ 11,815
Non-current liabilities	306,557	259,548
Total liabilities	322,928	271,363
Total members' equity	$ 21,661	$ 16,748
Share of members' equity	$ 10,831	$ 8,374
Goodwill and indefinite lived intangible assets	12,121	12,121
Carrying amount of investment in ESJ	$ 22,952	$ 20,495

	Six-month period ended 06/30/15	Three-month period ended 06/30/15
Revenues	$ 9,504	$ 9,480
Operating, administrative and others expenses	(3,456)	(3,314)
Interest expense, net	(854)	(815)
Income tax	(191)	(652)
Net income	$ 5,003	$ 4,699
Share of profits of ESJ	$ 2,502	$ 2,350

a) *Project financing for the ESJ project*. On June 12, 2014, ESJ entered into a $239.8 million loan to project finance 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 withdraws 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 June 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 June 30, 2015 ESJ has repaid the total withdrawn amount. 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 June 30, 2015.

5. Property, plant and equipment

The balances of property, plant and equipment includes construction work in progress as follows:

	Period / Year ended	
	06/30/15	12/31/14
Sonora pipeline project (*)	$ 475,925	$ 382,384
Other projects	4,926	5,480
	$ 480,851	$ 387,864

(*) The Sásabe-Puerto Libertad section of the Sonora pipeline project has been completed and began operating in October 2014. We expect to complete the remaining sections in stages in 2015 and 2016.

Borrowing cost. During the six-month periods ended June 30, 2015 and 2014, the Company capitalized interest attributable to the construction of its projects in the amount of $8.8 million and $12.2 million, respectively. The weighted average rate used to determine the amount of borrowing costs eligible for capitalization was 4.7% and 5.6% respectively, for the six-month and three-month period ended June 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, 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 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	
	06/30/15	12/31/14
Assets:		
Current	$ 29,771	$ 29,864
Non-current	8,594	229
	$ 38,365	$ 30,093
Liabilities (a):		
Current	$ 29,771	$ 29,864
Non-current	7,714	-
	$ 37,485	$ 29,864

(a) Changes in these balances, during the six-month periods ended June 30, 2015 and 2014 were recorded in cost of revenues for $7.6 million and $8.4 million, respectively, and for the three-month periods ended June 30, 2015 and 2014 were $3.4 and $3.7 million, respectively.

7. Short-term debt

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

	Period / Year ended	
	06/30/15	12/31/14
Santander (a)	$ 50,213	$ 145,346
SMBC (b)	25,030	51,020
Borrowing costs	(1,060)	(1,277)
	$ 74,183	$ 195,089

(a) *Credit facilities 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. The credit facility is payable on a quarterly basis and as of June 30, 2015, the Company has $50.2 million of outstanding borrowings supported by the facility.

(b) *Credit facilities 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 and as of June 30, 2015, IEnova had $25.0 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" 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 semi-annual rate as of June 30, 2015 was 4.52%.

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

	Period / Year ended	
	06/30/15	12/31/14
CEBURES at fixed rate	$ 250,520	$ 264,981
CEBURES at variable rate	83,507	88,327
	334,027	353,308
Debt issuance cost	(2,448)	(2,670)
	$ 331,579	$ 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 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 from this swap was 4.12%.

(b) For the debt maturing in 2018, 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 from 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		
	06/30/15	**12/31/14**	**07/28/15**
One U. S. Dollar	$ 15.5676	$ 14.7180	$ 16.2364

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			
	06/30/15		**12/31/14**	
	Carrying amount	**Fair Value**	**Carrying amount**	**Fair value**
Financial assets				
Financial lease receivables	$ 14,570	$ 45,123	$ 14,621	$ 47,640

	Period/Year ended			
	06/30/15		**12/31/14**	
	Carrying amount	**Fair Value**	**Carrying amount**	**Fair value**
Financial liabilities				
Financial liabilities held at amortized cost:				
- Long-term debt (traded in stock exchange)	331,579	319,432	350,638	343,584
- Short- term debt (not traded in stock change)	74,183	74,283	195,089	193,119

	Period/Year ended			
	06/30/15		12/31/14	
	Carrying amount	Fair Value	Carrying amount	Fair value
- Loans from unconsolidated affiliates (not traded in stock exchange)	39,178	37,599	38,460	37,207
- Loans from unconsolidated affiliates (short-term)	120,000	107,331	-	-

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 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 \$45.1 million and \$47.6 million as of June 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	
	06/30/15	**12/31/14**
Derivative financial instrument assets at fair value through profit or loss ("FVTPL")		
Short-term investments (Level 1)	$ 34,888	$ 30,020
Derivative financial instrument assets (Level 2)	3,615	4,709
Derivative financial instrument liabilities at FVTPL		
Derivative financial instrument liabilities (Level 2)	$ 128,007	$ 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.

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 the 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 taxes for the six-month and three-month periods ended June 30, 2015 and 2014 are reconciled to profit for the period as follows:

	Six-month period ended		Three-month period ended	
	06/30/15	06/30/14	06/30/15	06/30/14
Profit before income tax of share of profits of joint ventures	$ 100,816	$ 97,082	$ 51,981	$ 43,427
Income tax expense calculated at 30%	(30,245)	(29,125)	(15,594)	(13,028)
Non deductible expenses	-	(2,257)	-	(1,139)
Foreign exchange effects	7,179	(152)	3,486	53
Effects of unused tax losses not recognized as deferred income tax assets	(767)	(205)	(412)	(58)
Inflation effects	-	(549)	291	(94)
Effect of foreign exchange rates and inflation on the tax basis of property, plant and equipment	(16,383)	5,553	(13,967)	625
Other	(1,150)	-	(833)	-
Income tax expense recognized in the Statements of Profit	$ (41,366)	$ (26,735)	$ (27,029)	$ (13,641)

The change in effective tax rates was caused mainly by:

- The effect of foreign exchange gains or losses calculated on Pesos balances for financial reporting purposes while the Mexican income tax law recognizes foreign exchange gains or losses on 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. Segment information

11.1 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.

11.2 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			
	Six-month period ended		Three-month period ended	
	06/30/15	06/30/14	06/30/15	06/30/14
Gas:				
Sales to customers	$ 209,682	$ 243,448	$ 101,704	$ 120,706
Revenue from unconsolidated affiliates	49,138	44,967	24,042	22,638
Intersegment sales	122,793	150,337	58,879	68,670
Power:				
Sales to unconsolidated affiliates	56,466	97,897	26,005	42,069
Intersegment sales	18,970	30,312	9,036	13,502
Corporate:				
Allocation of professional services with related parties	831	889	421	439
Intersegment professional services	17,382	13,818	10,536	6,229
	475,262	581,668	230,623	274,253
Intersegment adjustments and eliminations	(159,145)	(194,467)	(78,451)	(88,401)
Total segment revenues	$ 316,117	$ 387,201	$ 152,172	$ 185,852

	Segment profit for			
	Six-month period ended		Three-month period ended	
	06/30/15	06/30/14	06/30/15	06/30/14
Gas	$ 100,177	$ 100,394	$ 43,218	$ 47,686
Power	(2,657)	2,975	(1,847)	313
Corporate	(14,812)	(19,138)	(4,878)	(10,490)
Total segment profit	$ 82,708	$ 84,231	$ 36,493	$ 37,509

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.

11.3 Assets and liabilities by segment

	Period / Year ended	
	06/30/15	12/31/14
Assets by segment:		
Gas	$ 2,807,335	$ 2,684,488
Power	408,134	417,601
Corporate	205,547	278,129
Consolidated total assets	$ 3,421,016	$ 3,380,218
Liabilities by segment:		
Gas	$ 339,065	$ 334,572
Power	80,653	76,076
Corporate	681,936	720,282
Consolidated total liabilities	$ 1,101,654	$ 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.

11.4 Other segment information

	Property, plant and equipment Period / Year ended		Accumulated depreciation Period / Year ended	
	06/30/15	12/31/14	06/30/15	12/31/14
Gas	$ 2,521,612	$ 2,414,223	$ (348,046)	$ (326,875)
Power	450,347	447,038	(173,401)	(165,795)
Corporate	14,659	14,165	(5,742)	(5,017)
	$ 2,986,618	$ 2,875,426	$ (527,189)	$ (497,687)

	Share of profits of joint ventures Six month period ended		Share of profits of joint ventures Three-month period ended	
	06/30/15	06/30/14	06/30/15	06/30/14
Gas	$ 20,756	$ 13,884	$ 9,191	$ 7,723
Power	2,502	-	2,350	-
	$ 23,258	$ 13,884	$ 11,541	$ 7,723

11.5 Revenues 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 six-month and three-month periods ended June 30, 2015 and 2014:

	Six-month period ended		Three-month period ended	
	06/30/15	06/30/14	06/30/15	06/30/14
Power generation	$ 56,419	$ 97,897	$ 25,958	$ 42,069
Sale of natural gas	61,913	110,576	31,581	57,376
Storage and regasification capacity	46,429	46,464	23,356	23,383
Natural gas distribution	43,951	59,202	18,783	26,257
Transportation of natural gas	47,557	22,149	23,825	11,085
Other operating revenues (*)	59,848	50,913	28,669	25,682
	$ 316,117	$ 387,201	$ 152,172	$ 185,852

(*) 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 related to the losses and obligations incurred in the amount of $49.1 million and $44.9 million for the six-month periods ended June 30, 2015 and 2014, respectively, and $24.1 million and $22.6 million for the three-month periods ended June 30, 2015 and 2014. Such balances are presented within the Revenues line item in the accompanying Condensed Interim Consolidated Statements of Profit.

12. Earnings per share

	Six-month period ended		Three-month period ended	
	06/30/15	06/30/14	06/30/15	06/30/14
Basic and diluted earnings per share	$ 0.07	$ 0.07	$ 0.03	$ 0.03

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:

	Six-month period ended		Three-month period ended	
	06/30/15	**06/30/14**	**06/30/15**	**06/30/14**
Earnings used in the calculation of basic and diluted earnings per share	$ 82,708	$ 84,231	$ 36,493	$ 37,509

	Six-month period ended		Three-month period ended	
	06/30/15	**06/30/14**	**06/30/15**	**06/30/14**
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.

13. 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.

14. 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 first semi-annual period ended as of June 30, 2015.

I. ***Inmuebles Vista Golf, S. A. de C. V. (IVG)*** Challenge to the ECA's Port Concession. In January 2005, Action for annulment against the port concession ECA, brought by IVG. In January 2005, IVG filed with the Secretariat of Communications and Transportation ("SCT"), an annulment with respect to the port concession ECA, which authorizes 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 port concession ECA and the activities of the LNG Terminal are not within the competence of the SCT, and that ECA did not conduct a risk assessment environmental and SEMARNAT MIA modified without duly notify the SCT. In March 2005, the SCT and IVG dismissed that appeal brought before the TFJFA, in the City of México, an action for annulment against the respective agreement. In March 2010, the TFJFA gave judgment declaring the agreement that the SCT dismissed the appeal and ordered the latter to admit that resource. In May 2011, the SCT issued a new agreement dismissing the action again. In August 2011, IVG brought a second action for annulment before the TFJFA, reiterating his previous arguments and claims further that the SCT is not empowered to issue the agreement.

ECA appealed the agreement that the TFJFA admitted the second appeal for annulment, based on the fact that the claims claimed by IVG resolved during the preliminary appeal. In June 2012, the TFJFA concurred with this argument and dismissed the second appeal filed by IVG. IVG filed a petition with the federal courts, against the latter agreement TFJFA. The answer to this demand was made by the Company on August 27, 2012. The SCT and LNG Terminal answered this demand. The final hearing has not yet been held. 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 before the TFJFA, which was granted under lifting the dismissal of the action for annulment. The annulment is pending and there the SCT and LNG Terminal have already answered the application. The management of the Company believes that the claims are unfounded IVG. 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 (juicio de nulidad) 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 Dirección de Control Urbano 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.

15. Application of new and revised IFRS

The application of the new and revised IFRS are the same as those disclosed in the condensed consolidated financial statements for the period ended as of March 31, 2015.

16. Events after the reporting period

The Company through its subsidary Gasoducto de Aguaprieta, S. de R. L. de C. V., was declared winner of the Comision Federal de Electricidad ("CFE") tender for a Natural Gas Transportation Contract through a pipeline from San Isidro to Samalayuca in the State of Chihuahua. Such project consists of a header facility with a capacity of 3 billion cubic feet per day and a 23 km pipeline with a capacity of 1,135 million cubic feet per day of natural gas. The system will supply natural gas to the Norte III Combined Cycle Power Plant and will interconnect with the following systems: Gasoductos de Chihuahua, Tarahumara Pipeline and the Samalayuca-Sásabe pipeline. The estimated investment is USD $108.0 million and the project is expect to start in Q1 2017. The contract maturity with CFE will be for 25 years.

Dividends declared - Pursuant to a resolution of the General Ordinary Stockholders' Meeting held on April 30, 2015, the Board of Directors in its meeting held on July 28, 2015, resolved to pay a cash dividend on August, 2015, in the amount of $170 million.

17. 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 July 28, 2015.

18. Registered offices

- Paseo de la Reforma No. 342 Piso 24
  Torre New York Life
  Col. Juárez, C.P. 06600
  México, D. F.
- Carretera Escénica Tijuana – Ensenada Km. 81.2
  Col. El Sauzal, C. P. 22760
  Ensenada, B.C.
- Carretera Mexicali Tijuana Km. 14.5
  Col. Sonora, C. P. 212110
  Mexicali, B.C.
- Avenida Tecnológico No. 4505
  Col. Granjas, C. P. 31160
  Chihuahua, Chih.
- Boulevard Francisco Eusebio Kino No. 309
  Piso 10, Col. Country Club
  Hermosillo, Sonora

* * * * * *