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

Condensed Interim Consolidated Financial Statements as of September 30, 2017 and for the nine and three-month periods ended September 30, 2017 and 2016 (Unaudited) and Independent Auditor's Review Report Dated October 24, 2017

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

Condensed Interim Consolidated Financial Statements as of September 30, 2017 and for the nine and three-month periods ended September 30, 2017 and 2016 (Unaudited)

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

Condensed Interim Consolidated Statements of Financial Position

(In thousands of U. S. Dollars)

Assets	Notes	September 30, 2017 (Unaudited)	December 31, 2016
Current assets:			
Cash and cash equivalents		$ 38,417	$ 24,918
Short-term investments	13	81	80
Finance lease receivables	5, 13	7,859	7,155
Trade and other receivables, net		150,477	100,886
Due from unconsolidated affiliates	3	12,303	12,976
Income taxes receivable		82,207	6,390
Natural gas inventories		6,949	6,083
Derivative financial instruments	13	1,841	6,913
Value added tax receivable		33,874	27,600
Other assets		10,638	9,289
Restricted cash	13	49,016	51,363
Assets held for sale	7	152,366	191,287
Total current assets		546,028	444,940
Non-current assets:			
Due from unconsolidated affiliates	3, 13	407,063	104,352
Derivative financial instruments	13	1,905	1,127
Finance lease receivables	5, 13	944,649	950,311
Deferred income tax assets		78,845	75,999
Investments in joint ventures	4	224,031	125,355
Other assets		32,909	4,855
Property, plant and equipment, net	8, 16	3,738,436	3,614,085
Intangible assets	9	150,036	154,144
Goodwill		1,651,780	1,651,780
Total non-current assets		7,229,654	6,682,008
Total assets	16	$ 7,775,682	$ 7,126,948

Liabilities and Stockholders' Equity	Notes	September 30, 2017 (Unaudited)	December 31, 2016
Current liabilities:			
Short-term debt	11, 13	$ 812,724	$ 493,571
Trade and other payables		96,169	94,566
Due to unconsolidated affiliates	3, 13	514,539	260,914
Income tax liabilities		8,405	13,322
Derivative financial instruments	13	39,431	10,310
Other financial liabilities		5,539	5,877
Provisions		568	930
Other taxes payable		31,416	27,872
Other liabilities		16,325	28,861
Liabilities related to assets held for sale	7	51,894	35,451
Total current liabilities		1,577,010	971,674
Non-current liabilities:			
Long-term debt	12, 13	955,284	1,039,804
Due to unconsolidated affiliates	3, 13	41,609	3,080
Deferred income tax liabilities		510,903	489,607
Provisions		55,272	51,035
Derivative financial instruments	13	139,925	215,851
Other financial liabilities		378	—
Employee benefits		6,449	5,586
Total non-current liabilities		1,709,820	1,804,963
Total liabilities	16	3,286,830	2,776,637
Stockholders' equity:			
Common stock	15	963,272	963,272
Additional paid-in capital	15	2,351,801	2,351,801
Accumulated other comprehensive loss		(105,563)	(126,658)
Retained earnings		1,279,342	1,161,896
Total equity attributable to owners of the company		4,488,852	4,350,311
Commitments and contingencies	18, 19		
Events after the reporting period	21		
Total liabilities and equity		$ 7,775,682	$ 7,126,948

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)

		Nine-month period ended September 30, (Unaudited)		Three-month period ended September 30, (Unaudited)	
	Notes	2017 (Notes 1, 7)	2016 (Notes 1, 7)	2017 (Notes 1, 7)	2016 (Notes 1, 7)
Revenues	16	$ 872,220	$ 466,283	$ 319,327	$ 194,307
Cost of revenues		(219,852)	(175,834)	(90,851)	(84,343)
Operating, administrative and other expenses		(122,622)	(64,164)	(42,288)	(22,245)
Depreciation and amortization		(85,908)	(42,990)	(30,005)	(14,439)
Interest income		12,346	4,598	7,766	1,563
Finance costs		(48,812)	(12,098)	(21,212)	(6,273)
Other losses, net		(1,803)	(2,146)	(7,010)	(1,448)
Remeasurement of equity method investment	6	—	673,071	—	673,071
Profit before income tax and share of profits of joint ventures		405,569	846,720	135,727	740,193
Income tax expense	14	(51,393)	(57,290)	(23,158)	(16,692)
Share of profits of joint ventures, net of income tax	4, 16	26,374	40,441	9,504	1,016
Profit for the period from continuing operations	17	$ 380,550	$ 829,871	$ 122,073	$ 724,517
Discontinued operation:					
(Loss) profit for the period from discontinued operations, net of income tax	7	(63,104)	(102,414)	4,621	(64,132)
Profit for the period	16, 17	$ 317,446	$ 727,457	$ 126,694	$ 660,385
Earnings per share:					
From continuing operations:					
Basic and diluted earnings per share	17	$ 0.25	$ 0.72	$ 0.08	$ 0.63
From continuing and discontinued operations:					
Basic and diluted earnings per share	17	$ 0.21	$ 0.63	$ 0.08	$ 0.57

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 and Other Comprehensive Income

(In thousands of U. S. Dollars)

		Nine-month period ended September 30, (Unaudited)		Three-month period ended September 30, (Unaudited)	
	Notes	2017	2016	2017	2016
Profit for the period	16, 17	$ 317,446	$ 727,457	$ 126,694	$ 660,385
Items that may be subsequently reclassified to profit or (loss):					
Gain (loss) on valuation of derivative financial instruments held for hedging purposes		5,447	(16,578)	16,022	(17,352)
Deferred income tax on the gain (loss) on valuation of derivative financial instruments held for hedging purposes		(1,634)	4,973	(4,806)	5,205
(Loss) gain on valuation of derivative financial instruments held for hedging purposes of joint ventures		(6,836)	(10,322)	5,611	16,479
Deferred income tax on the (loss) gain on valuation of derivative financial instruments held for hedging purposes of joint ventures		2,050	3,096	(1,684)	(4,944)
Gain (loss) exchange differences on translation of foreign operations		22,068	(22,448)	(3,385)	(5,494)
Total items that may be subsequently reclassified to profit (loss)		21,095	(41,279)	11,758	(6,106)
Other comprehensive income (loss) for the period		21,095	(41,279)	11,758	(6,106)
Total comprehensive income for the period		$ 338,541	$ 686,178	$ 138,452	$ 654,279

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

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

Condensed Interim Consolidated Statements of Changes in Stockholders' Equity

(In thousands of U. S. Dollars)

	Notes	Common Shares	Additional paid-in capital	Other comprehensive loss	Retained earnings	Total
Balance as of January 1st, 2016		$ 762,949	$ 973,953	$ (103,944)	$ 546,906	$ 2,179,864
Profit for the period		—	—	—	727,457	727,457
Loss on valuation of derivative financial instruments held for hedging purposes, net of income tax		—	—	(11,605)	—	(11,605)
Loss on valuation of derivative financial instruments held for hedging purposes of joint ventures, net of income tax		—	—	(7,226)	—	(7,226)
Exchange differences on translation of foreign operations		—	—	(22,448)	—	(22,448)
Total comprehensive (loss) income for the period		—	—	(41,279)	727,457	686,178
Dividends paid		—	—	—	(140,000)	(140,000)
Balance as of September 30, 2016 (Unaudited)	15	$ 762,949	$ 973,953	$ (145,223)	$ 1,134,363	$ 2,726,042
Balance as of January 1st, 2017		$ 963,272	$ 2,351,801	$ (126,658)	$ 1,161,896	$ 4,350,311
Profit for the period		—	—	—	317,446	317,446
Gain on valuation of derivative financial instruments held for hedging purposes, net of income tax		—	—	3,813	—	3,813
Loss on valuation of derivative financial instruments held for hedging purposes of joint venture, net of income tax		—	—	(4,786)	—	(4,786)
Exchange differences on translation of foreign operations		—	—	22,068	—	22,068
Total comprehensive income for the period		—	—	21,095	317,446	338,541
Dividends paid		—	—	—	(200,000)	(200,000)
Balance as of September 30, 2017 (Unaudited)	15	$ 963,272	$ 2,351,801	$ (105,563)	$ 1,279,342	$ 4,488,852

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

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

Condensed Interim Consolidated Statements of Cash Flows

(In thousands of U. S. Dollars)

	Notes	Nine-month period ended September 30, (Unaudited) 2017	Nine-month period ended September 30, (Unaudited) 2016	Three-month period ended September 30, (Unaudited) 2017	Three-month period ended September 30, (Unaudited) 2016
Cash flows from operating activities:					
Profit for the period	17	$ 317,446	$ 727,457	$ 126,694	$ 660,385
Adjustments for:					
Income tax expense (benefit)	7, 14	46,071	20,294	26,619	(48,842)
Share of profit of joint ventures, net of income tax	4, 16	(26,374)	(40,441)	(9,504)	(1,016)
Finance costs		49,354	12,290	21,370	6,337
Interest income		(12,346)	(4,616)	(7,766)	(1,571)
Loss on disposal of property, plant and equipment		1,393	4,280	542	3,095
Impairment loss recognized on trade receivables		76	3	37	20
Impairment property plant and equipment	7	63,804	136,880	—	136,880
Remeasurement of intangible asset		(2,289)	—	—	—
Remeasurement of equity method investment	6	—	(673,071)	—	(673,071)
Depreciation and amortization		85,908	45,212	30,005	14,439
Net foreign exchange (gain) loss		(1,394)	3,042	8,844	1,899
Loss on valuation of derivative financial instruments		4,906	2,110	1,050	2,434
		526,555	233,440	197,891	100,989
Movements in working capital:					
(Increase) decrease in trade and other receivables, net		(67,674)	28,064	(40,249)	21,514
(Increase) decrease in natural gas inventories, net		(866)	628	3,931	2,953
Decrease (increase) in other assets, net		1,888	25,440	7,786	(6,183)
Increase (decrease) in trade and other payables, net		18,631	(28,316)	57,149	(29,481)
(Decrease) increase in provision, net		(13,184)	15,447	(8,758)	47,056
(Decrease) increase in other liabilities, net		(9,416)	7,684	(11,411)	2,955
Cash generated from operations		455,934	282,387	206,339	139,803
Income taxes paid		(101,704)	(76,079)	(29,737)	(20,041)
Net cash provided by operating activities		354,230	206,308	176,602	119,762

(Continued)

	Notes	Nine-month period ended September 30, (Unaudited) 2017	2016	Three-month period ended September 30, (Unaudited) 2017	2016
Cash flows from investing activities:					
Acquisition of subisidiary, net of cash acquired	6	—	(1,077,585)	—	(1,077,585)
Investment in joint ventures		(72,067)	(55,840)	—	(55,840)
Veracruz marine terminal initial bidding quota	1.2	(28,179)	—	(28,179)	—
Interest received		1,089	3,875	502	716
Acquisitions of property, plant and equipment		(179,980)	(270,588)	(85,505)	(155,683)
Loans granted to unconsolidated affiliates		(300,065)	(311)	(130,042)	(36)
Receipts of loans granted to unconsolidated affiliates		7,236	8,262	4,819	2,691
Restricted cash		2,347	—	19,139	—
Short-term investments		(1)	19,988	2,900	—
Net cash used in investing activities		(569,620)	(1,372,199)	(216,366)	(1,285,737)
Cash flows from financing activities:					
Interest paid		(57,208)	(20,191)	(21,550)	(10,490)
Loans received from unconsolidated affiliates		321,926	1,150,000	155,227	1,150,100
Loans payments to unconsolidated affiliates		(43,536)	(120,100)	(34,049)	(120,100)
Proceeds from bank financing		525,000	430,000	355,000	—
Payments of long-term debt		(326,303)	—	(205,935)	400,000
Dividends paid		(200,000)	(140,000)	(200,000)	(140,000)
Net cash provided by financing activities		219,879	1,299,709	48,693	1,279,510
Increase in cash and cash equivalents		4,489	133,818	8,929	113,535
Cash and cash equivalents at the beginning of the period		24,918	40,377	28,041	53,435
Cash and cash equivalent (used in) provided by discontinued operations	7	—	(1,091)	(572)	79
Effects of exchange rate changes on cash and cash equivalents		9,010	1,706	2,019	7,761
Cash and cash equivalents at the end of the period		$ 38,417	$ 174,810	$ 38,417	$ 174,810

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

Notes to the Condensed Interim Consolidated Financial Statements

As of September 30, 2017 and for the nine and three-month periods ended September 30, 2017 and 2016 (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 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 23.

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 (Please refer to Note 16).

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"), 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 a LNG terminal in Baja California, Mexico for importing, storing and regasifying LNG.

The Power segment develops, owns and operates a natural gas fired power plant that includes two gas turbines and one steam turbine, 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.

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

b. *Relevant events*

1.1. Pima Solar Project

In March 2017, the Company, through one of its subsidiaries executed a 20-year electric supply contract with Deacero, S. A. P. I. de C. V. to provide energy, clean energy certificates, and capacity from a new solar power plant located in Caborca, Sonora.

The Company will be responsible for all aspects of the project implementation, including permitting, acquisition of land and rights of way, engineering, procurement, construction, financing, operations and maintenance.

The solar power plant will have a 110 Megawatts ("MW") capacity. The estimated investment for this project is $115.0 million. The beginning of commercial operations is expected to occur in the fourth quarter of 2018.

1.2. Veracruz marine terminal and in-land terminal projects.

On July 12, 2017, the Company won the Administracion Portuaria Integral de Veracruz, S. A. de C. V. ("API") bid for a 20-year transfer of its concession rights of an area to build and operate a marine terminal for the reception, storage and delivery of refined products.

According to the bidding basis, the Company is committed to cover a onetime counter-payment offered for the right to build, use, leverage and benefit from the operation of the Veracruz marine terminal, payable in two exhibitions, each equivalent to the 50 percent of the total amount, the first payment of $500.0 million pesos ($28.2 million Dollars) was settled on August 1, 2017, prior to the execution of the concession agreement, as per bidding basis.

On August 3, 2017, the Company executed the 20-year concession agreement with API to develop, construct and operate the aforementioned marine terminal. The concession includes the transfer, by the end of 2017, of the waterfront lot where the terminal will be built.

With an investment of approximately $155.0 million U.S. Dollars, the terminal will have a capacity of 1,400,000 barrels and is expected to begin operations at the end of 2018.

Additionally, the Company will build and operate two storage terminals that will be strategically located near Puebla and Mexico City and will have initial storage capacities of approximately 500,000 and 800,000 barrels, respectively. With an investment of approximately $120.0 million U.S. Dollars, the two in-land terminals will start operations during 2019.

The Company will be responsible for the implementation of the projects, including permitting, engineering, procurement, construction, operation, maintenance, financing and providing services.

On July 29, 2017, the Company executed long-term firm capacity contracts with a subsidiary of Valero Energy Corporation ("Valero") for the receipt, storage capacity and delivery of hydrocarbons in the Veracruz marine terminal and for the two in-land terminals to be constructed in Puebla and Mexico City, the contracts are denominated in U.S. Dollars.

Valero plans to import refined products including gasoline, diesel and jet fuel, and store them at the Veracruz marine terminal. Locally, the products will be distributed by truck and transported to Puebla and Mexico City by rail.

After commercial operations, and subject to all relevant regulatory and corporate authorizations as well as the approval of the API of Veracruz, Valero will have the option to acquire 50% of the equity in all three assets.

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, 2016, 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, 2016.

c. ***Non-current assets classified as held for sale and discontinued operations***

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable.

A discontinued operation is a component of a company that either has been disposed of or is classified as held for sale and represents (or is part of a single coordinated plan to dispose of) a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. A discontinued operation is presented as a single amount in the Statement of Condensed Interim Consolidated Statements of Profit comprising the total of post-tax profit or loss of discontinued operations and gain or loss recognized on the measurement to fair value less costs to sell or on the disposal of the assets constituting the discontinued operation.

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

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

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

e. ***Impairment of tangible and intangible assets (other than goodwill)***

When non-current assets and disposal groups are classified as held for sale, they are required to be measured at the lower of their carrying amount and fair value less costs to sell. The comparison of carrying amount and fair value less costs to sell is carried out at each reporting date while it continues to meet the held for sale criteria. As described in Note 7, an impairment loss has been recognized related to Termoelectrica de Mexicali S. de R. L. de C. V. ("TDM") in the Condensed Interim Consolidated Statements of Profit.

Fair value is an estimate of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accordingly, a gain or loss could arise once an actual sale is completed.

3. Transactions and balances with unconsolidated affiliates

Balances and transactions between IEnova and its subsidiaries have been eliminated upon consolidation and are not disclosed in this note, except for those transactions between continued and discontinued operations.

Transactions between continued and discontinued operations are eliminated in consolidation. Any profit made from sales to external parties by the discontinued operations are presented separated from continuing operations.

Accordingly, the Consolidated Statements of Profit present revenues and costs from continuing operations as follows:

	Revenues / Cost of revenues			
	Nine-month period ended		Three-month period ended	
	09/30/17	09/30/16	09/30/17	09/30/16
Effects of continuing operation with Gasoducto de Aguaprieta S. de R. L. de C.V., Gasoducto Rosarito, S. de R. L. de C. V. and IEnova Marketing, S. de R. L. de C. V.	$ 48,581	$ 44,321	$ 23,453	$ 24,271

a. Transactions with unconsolidated affiliates

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

	Revenues			
	Nine-month period ended		Three-month period ended	
	09/30/17	09/30/16	09/30/17	09/30/16
Discontinued operation - Sempra Generation (“SGEN”)	$ 85,023	$ 38,772	$ 45,273	$ 4,830
Sempra LNG International Holdings, LLC (“SLNGIH”)	77,736	79,555	26,574	25,756
Ductos y Energéticos del Norte, S. de R. L. de C. V. (“DEN”)	6,109	—	2,325	—
Sempra International, LLC (“Sempra International”)	1,404	1,234	422	408
Tag Pipelines Norte, S. de R. L. de C. V. (“TAG”)	1,369	—	522	—
Servicios ESJ, S. de R. L. de C. V. (“SESJ”)	659	549	272	294
Discontinued operation - Sempra Gas & Power Marketing, LLC (“SG&PM”)	558	—	186	—
Sempra LNG ECA Liquefaction, LLC (“SLNGEL”)	187	1,975	40	105
Southern California Gas Company (“SoCalGas”)	82	12	—	9
Sempra Energy Holding XI, B.V. (“SEH”)	2	—	—	—
Discontinued operation - SESJ	—	365	—	50
Energía Sierra Juárez, S. de R. L. de C. V. (“ESJ”)	—	85	—	—

	Cost of revenues and operating, administrative and other expenses			
	Nine-month period ended		Three-month period ended	
	09/30/17	09/30/16	09/30/17	09/30/16
Sempra LNG International, LLC (“SLNGI”)	$ 156,072	$ 132,243	$ 66,911	$ 65,442
SG&PM	33,855	1,286	16,188	1,286
Discontinued operation - SG&PM	10,131	—	4,944	—
Sempra U. S. Gas & Power, LLC (“USGP”)	5,719	5,232	1,727	1,693
Sempra International	4,737	3,037	1,811	935
Discontinued operation - SGEN	3,958	18,353	1,618	8,366
SoCalGas	955	1,100	299	360
Sempra Midstream, Inc. (“Sempra Midstream”)	492	521	—	123
SGEN	—	3,183	—	620

	Interest income			
	Nine-month period ended		Three-month period ended	
	09/30/17	09/30/16	09/30/17	09/30/16
Infraestructura Marina del Golfo, S. de R. L. de C. V. (“IMG”)	$ 7,560	$ —	$ 6,144	$ —
DEN	3,268	3,039	1,179	1,028
ESJ	648	879	181	263
Discontinued operation - SGEN	—	17	—	6

	Finance cost			
	Nine-month period ended		Three-month period ended	
	09/30/17	09/30/16	09/30/17	09/30/16
Inversiones Sempra Limitada (“ISL”)	$ 2,181	$ 400	$ 1,263	$ 135
Inversiones Sempra Latin America Limitada (“ISLA”)	1,174	1,199	—	403
Sempra Oil Trading Suisse (“SOT Suisse”)	957	1,040	305	313
Peruvian Opportunity Company, S. A. C. (“POC”)	533	—	291	—
Discontinued operation - Sempra Global, LLC	346	180	92	180
SEH	277	1,185	277	309
DEN	128	4	14	4
Semco Holdco, S. de R. L. de C. V. ("SEMCO")	—	79	—	79

Included in the operational transactions are administrative services from affiliates by $4.7 million and $3.2 million for the nine-month periods ended September 30, 2017 and 2016, respectively, $1.8 million and $ 0.6 million for the three-month periods ended September 30, 2017 and 2016, respectively, which were collected and paid, and have been properly distributed to the segments incurring those costs.

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

	Amounts due from unconsolidated affiliates Period / Year ended	
	09/30/17	12/31/16
SLNGIH	$ 8,745	$ 6,456
DEN	3,321	5,754
TAG	154	—
SESJ	79	174
SLNGEL	4	53
ESJ	—	539
	$ 12,303	$ 12,976

	Amounts due to unconsolidated Period / Year ended	
	09/30/17	12/31/16
ISL (i, ii)	$ 275,000	$ 30,025
SEH (iii)	133,077	—
POC (iv)	81,000	20,004
SLNGI	19,507	11,135
SG&PM	5,442	491
Sempra International	417	582
SoCalGas	96	120
ISLA (i)	—	160,091
SOT Suisse (v)	—	38,460
Sempra Midstream	—	6
	$ 514,539	$ 260,914

(i) On March 2, 2015, IEnova entered into a $90.0 million and a $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 nine-month terms, with an option to be extended for up to four years. Interest is payable on a quarterly basis a rate of 1.98 percent per annum of outstanding balances. In December 2016, the Company signed addendums modifying the initial contracts and the new characteristics are: the note term is extended and is due and payable in full on December 15, 2017. The applicable interest shall be computed and paid on a quarterly basis at the rate of 1.75 percent per annum.

On December 27, 2016, IEnova entered into a $70.0 million U.S. Dollar-denominated affiliate revolving credit facility with ISLA, to finance working capital and for general corporate purposes. The credit is a twelve-month term, with an option to extend it for up to four years. Interest of the outstanding balance is payable on a quarterly basis at a rate of 1.75 percent per annum. Interest shall be paid on the last day of each calendar quarter.

Effective June 1, 2017, ISLA was merged with and into ISL which is the surviving entity in the merger, the agreements conditions between ISL and IEnova remain the same.

(ii) On March 21, 2017, IEnova entered into an $85.0 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 it for up to four years. Interest of the outstanding balance is payable on a quarterly basis at three-month London Interbank Offered Rate (“LIBOR”) plus 60 basis points ("BPS") per annum. Interest shall be paid on the last day of each calendar quarter.

(iii) On August 23, 2017 IEnova entered into a $132.8 million U.S. Dollar denominated affiliate credit facility with SEH, to finance working capital and general corporate purposes. The credit is for six-month term. Interest of the outstanding balance is payable on a quarterly basis at three-month LIBOR plus 61 BPS per annum.

(iv) On December 27, 2016, IEnova entered into a $20.0 million U.S. Dollar-denominated affiliate revolving credit facility with POC, to finance working capital and general corporate purposes. The credit is for twelve-month term, with an option to extend it for up to four years. Interest of the outstanding balance is payable on a quarterly basis at rate of 1.75 percent per annum.

On April 27, 2017, IEnova entered into a $19.0 million U.S. Dollar-denominated affiliate-revolving credit facility with POC, to finance working capital and general corporate purposes. The credit is a twelve-month term, with an option to extend it for up to four years. Interest of the outstanding balance is payable on a quarterly basis at three-month LIBOR plus 60 BPS per annum.

On June 26, 2017, IEnova entered into a $21.0 million U.S. Dollar denominated affiliate credit facility with POC, to finance working capital and general corporate purposes. The credit is for twelve month term, with an option to extend it for up to four years. Interest of the outstanding balance is payable on a quarterly basis at three-month LIBOR plus 70 BPS per annum.

On September 29, 2017, IEnova entered into a $21.0 million U.S. Dollar denominated affiliate credit facility with POC, to finance working capital and general corporate purposes. The credit is for twelve month term, with an option to extend it for up to four years. Interest of the outstanding balance is payable on a quarterly basis at three-month LIBOR plus 70 BPS per annum.

(v) On March 17, 2017, IEnova entered into an amended agreement with SOT Suisse in order to extend the loan to seven years. The interest is payable on an annually basis at three-month LIBOR plus 180 BPS.

b. Loans to unconsolidated affiliates

	As of	
	09/30/17	12/31/16
IMG (i)	$ 307,178	$ —
DEN	93,332	90,045
ESJ	6,553	14,307
	$ 407,063	$ 104,352

(i) On April 21, 2017, IEnova entered into a loan agreement with IMG, providing a credit line in an amount of up to $9.0 billion 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. Until September 30, 2017, the following cash provisions and interest capitalizations have been made:

Date		Historical Mexican Pesos (Millions)
May 2, 2017 - withdrawal	$	1,271,201
May 30, 2017 - withdrawal		658,000
June 15, 2017 - interest capitalization		16,888
June 29, 2017 - withdrawal		1,218,689
July 26, 2017 - withdrawal		1,354,994
August 30, 2017 - withdrawal		951,515
September 15, 2017 - interest capitalization		94,984
	$	5,566,271

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

c. Loans from unconsolidated affiliates

	As of			
	09/30/17		12/31/16	
SOT Suisse (Please refer to Note 3.a.v.)	$	38,460	$	—
DEN		3,149		3,080
	$	41,609	$	3,080

d. Compensation of key management personnel

Total compensation expense of key management personnel was $9.0 million and $4.3 million for the nine-month periods ended September 30, 2017 and 2016, respectively and $2.2 million and $1.1 million for the three-month periods ended September 30, 2017 and 2016, respectively.

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

4. Investment in joint ventures

4.1. Ienova Pipelines, S. de R. L. de C. V. formerly known as Gasoductos de Chihuahua, S. de R. L. de C. V. ("GdC")

Until September 26, 2016, the Company owned a 50 percent interest in GdC, a joint venture with Pemex Transformacion Industrial ("Pemex TRI"), a Petroleos Mexicanos ("Pemex") subsidiary. GdC operates three natural gas pipelines, five natural gas compression stations, one LPG system and one ethane pipeline, in the states of Chiapas, Chihuahua, Nuevo León, Tabasco, Tamaulipas and Veracruz, and one LPG storage facility in the state of Jalisco, Mexico.

Beginning September 27, 2016 the Company fully consolidated GdC.

GdC's Condensed Interim Consolidated Statement of Profit and the Company's equity method investment for nine and three-month periods ended September 26, 2016 are summarized as follows:

	Nine-month period ended 09/26/16	Three-month period ended 09/26/16
Revenues	$ 199,996	$ 53,257
Operating, administrative and other expenses	(60,174)	(24,450)
Finance costs	(20,989)	(4,771)
Income tax expense	(53,409)	(23,737)
Share of profit of joint ventures, net of income tax	15,417	5,916
Profit for the period	$ 80,841	$ 6,215
Share of profit of GdC	$ 40,421	$ 3,108

4.2. ESJ

As of September 30, 2017, the Company's remaining 50 percent interest in ESJ is accounted for under the equity method. ESJ's Condensed Interim Consolidated Financial Statements and the Company's equity method investment are summarized as follows:

	Period/Year ended	
	09/30/17	12/31/16
Cash and cash equivalents	$ 2,631	$ 9,601
Other assets	20,845	15,201
Total current assets	23,476	24,802
Deferred income tax assets	5,503	5,413
Other assets	2,643	2,650
Property, plant and equipment, net	255,337	264,468
Total non-current assets	263,483	272,531
Total assets	$ 286,959	$ 297,333
Current liabilities	20,552	17,777
Non-current liabilities	234,330	255,070
Total liabilities	$ 254,882	$ 272,847
Total members' equity	$ 32,077	$ 24,486
Share of members' equity	16,038	12,243
Goodwill	12,121	12,121
Carrying amount of investment in ESJ	$ 28,159	$ 24,364

	Nine-month period ended		Three-month period	
	09/30/17	09/30/16	09/30/17	09/30/16
Revenues	$ 36,080	$ 32,691	$ 8,670	$ 9,899
Operating, administrative and other expenses	(16,491)	(15,352)	(6,063)	(5,146)
Finance cost, net	(12,103)	(12,747)	(4,011)	(4,059)
Other gains (losses), net	153	(207)	(18)	62
Income tax benefit (expense)	161	(57)	2,636	(653)
Profit for the period	$ 7,800	$ 4,328	$ 1,214	$ 103
Share of profit of ESJ	$ 3,900	$ 2,164	$ 607	$ 52

(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. 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
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 September 30, 2017 is $ $219.8 million and the breakdown is as follows:

	Debt balance
MIZUHO	$ 49,347
SMBC	49,347
NORD/LB	49,347
NAFINSA	35,888
NADB	35,888
	$ 219,817

(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. 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) ***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 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 Mexico, S. A. de C. V. The guarantees are immaterial as of September 30, 2017 and December 31, 2016.

4.3. IMG

As of September 30, 2017 , the Company's 40 percent interest in IMG is accounted for under the equity method. IMG's Condensed Interim Consolidated Financial Statements and the Company's equity method investment are summarized as follows:

	Period / Year ended	
	09/30/17	**12/31/16**
Cash and cash equivalents	$ 13,682	$ 128,110
Value added tax receivable	132,807	12,264
Other assets	49	683
Total current assets	146,538	141,057
Property, plant and equipment, net	1,157,456	135,494
Deferred income tax assets	3,437	—
Total non-current assets	1,160,893	135,494
Total assets	$ 1,307,431	$ 276,551
Current liabilities	101,056	27,916
Non-current liabilities	769,563	2,678
Total liabilities	$ 870,619	$ 30,594
Total members' equity	$ 436,812	$ 245,957
Share of members' equity	174,725	98,383
Guarantees	5,018	—
Share of member's equity and carrying amount of investment in IMG	$ 179,743	$ 98,383

	Nine-month period ended		Three-month period ended	
	09/30/17	**09/30/16**	**09/30/17**	**09/30/16**
Other income (expense), net	$ 606	$ (785)	$ (1,349)	$ (785)
Finance income, net	4,322	859	10,424	859
Income tax benefit (expense)	5,757	(62)	402	(62)
Profit for the period	$ 10,685	$ 12	$ 9,477	$ 12
Share of profit of IMG	$ 4,274	$ 5	$ 3,791	$ 5

(a) ***Project financing for the IMG project.*** As of September 30, 2017, the project resources for the design and construction of the marine pipeline have been funded with capital contributions of its members and loans.

On April 21, 2017, IMG entered into two revolving credit agreements with IEnova and Transcanada Corporation ("Transcanada"), parent entities, by $9.0 billion Mexican Pesos and $13.6 billion Mexican Pesos, respectively. Loans accrue an annual interest rate of TIIE plus 220 basis points. Loan balances for the period ended on September 30, 2017 with IEnova and Transcanada are $5.6 billion Mexican Pesos and $8.4 billion Mexican Pesos, respectively.

IEnova and Transcanada have each provided guarantees to third parties associated with construction of IMG's Sur de Texas - Tuxpan natural gas marine pipeline. The aggregate amount of the obligations guaranteed by IEnova shall not exceed $288.0 million and will terminate upon completion of all guaranteed obligations. IEnova expects the construction giving rise to these guarantees to be completed by the end of 2018.

As of September 30, 2017, IEnova recognized an increase to the equity method investment for the amount of $5.0 million fair value of the guarantees granted.

4.4. DEN

DEN is a joint venture formed between IEnova and Pemex TRI in which the Company owns 50 percent equity interest.

As of September 30, 2017, the Company's remaining 50 percent interest in DEN is accounted for under the equity method. DEN's Condensed Interim Consolidated Financial Statements and the Company's equity method investment are summarized as follows:

	Period /Year ended	
	09/30/17	**12/31/16**
Cash and cash equivalents	$ 17,194	$ 8,819
Due from unconsolidated affiliates	4,135	4,012
Other assets	3,177	4,278
Total current assets	24,506	17,109
Deferred income tax	10,482	17,364
Investments in joint venture	185,845	155,327
Other assets	1,403	1,461
Property, plant and equipment, net	383	228
Total non-current assets	198,113	174,380
Total assets	$ 222,619	$ 191,489
Current liabilities	409	646
Non-current liabilities	189,952	185,627
Total liabilities	$ 190,361	$ 186,273
Total members' equity	$ 32,258	$ 5,216
Share of members' equity and carrying amount of investment in DEN	$ 16,129	$ 2,608

	Nine-month period ended		Three-month period ended	
	09/30/17	09/26/16	09/30/17	09/26/16
Revenues	$ 16,657	$ 173	$ 5,567	$ 173
Operating, administrative and other expenses	(6,524)	(221)	(2,387)	(221)
Finance costs, net	(6,801)	(97)	(2,347)	(97)
Other gains (losses), net	74	(119)	—	(119)
Income tax (expense) benefit	(6,882)	546	509	546
Share of profit (loss) of joint ventures, net of income tax	39,875	(4,580)	8,869	(4,580)
Profit (loss) for the period	$ 36,399	$ (4,298)	$ 10,211	$ (4,298)
Share of profit (loss) of DEN	$ 18,200	$ (2,149)	$ 5,106	$ (2,149)

TAG Norte Holding, S. de R. L. de C. V. ("TAG Holding"), through TAG, a joint venture between DEN and Pemex TRI, and a consortium comprised of BlackRock and First Reserve, owns Los Ramones Norte pipeline, which began operations in February 2016.

(a) ***TAG Project financing***. On December 19, 2014, TAG Holding, (subsidiary of DEN), entered into a credit contract with Banco Santander (Mexico), S. A., Institucion de Banca Multiple, Grupo Financiero Santander Mexico ("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 $1.3 billion, 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 bear interest at LIBOR plus the applicable margin.

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

As of September 30, 2017 , the total outstanding loan is $1.2 billion, with its respective maturities. TAG Holding 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 Holding to maintain certain financial ratios and limit dividend payments, loans and obtaining additional financing. TAG Holding met such covenants as of September 30, 2017.

Long-term debt due dates are as follows:

Year	Amount	
2017	$	29.4
2018		58.9
2019		58.9
2020		58.9
Thereafter		949.3
Total	$	1,155.4

(b) ***Debt for financing Value Added Tax ("VAT").*** On December 19, 2014, TAG signed a credit agreement for financing VAT with Santander, NAFINSA, Bancomext and Ban Bajio. The amount of the credit line was $3.7 billion Mexican Pesos. On September 29th 2017 the VAT Line of Credit was paid in full for a total amount including interest of $206.4 million Mexican Pesos ($11.3 million Dollars).

5. Finance leases

5.1 Finance lease receivable – Natural Gas Compression Plant

	Period /Year ended			
	09/30/17		12/31/16	
Current finance lease receivables	$	283	$	219
Non-current finance lease receivables		13,914		14,135
	$	14,197	$	14,354

Leasing arrangements

The Company entered into a finance lease arrangement for one of its compression stations. The lease is denominated in U.S. Dollars. The term of the finance lease is 25 years.

5.1.1 Amounts receivable under finance leases

	Minimum lease payments				Present value of minimum lease payments			
	Period/Year ended				Period/Year ended			
	09/30/17		12/31/16		09/30/17		12/31/16	
Not later than one year	$	5,136	$	5,136	$	283	$	219
Later than one year and not later than five years		23,112		22,458		3,551		3,403
More than five years		17,975		24,395		10,363		10,732
		46,223		51,989		14,197		14,354
Less: unearned finance income		(32,026)		(37,635)		n/a		n/a
Present value of minimum lease payments receivable	$	14,197	$	14,354	$	14,197	$	14,354

No residual values of assets leased under finance lease at the end of the reporting period are estimated.

The interest rate inherent in the finance lease is fixed at the contract date for the entire lease term.

The average effective interest rate contracted is approximately 34.5 percent as of September 30, 2017.

The receivable under finance lease balance as of September 30, 2017 and December 31, 2016 is neither past due nor impaired.

5.2 Finance lease receivable – Los Ramones I

	Period /Year ended	
	09/30/17	12/31/16
Current finance lease receivables	$ 3,577	$ 3,383
Non-current finance lease receivables	568,563	571,070
	$ 572,140	$ 574,453

Leasing arrangements

The Company entered into a finance lease arrangement for one of its natural gas pipelines and compression stations. The lease is denominated in U.S. Dollars. The term of the finance lease is 25 years.

5.2.1 Amounts receivable under finance leases

	Minimum lease payments Period/Year ended		Present value of minimum lease payments Period/Year ended	
	09/30/17	12/31/16	09/30/17	12/31/16
Not later than one year	$ 87,241	$ 87,639	$ 3,577	$ 3,383
Later than one year and not later than five years	425,664	428,582	27,081	23,998
More than five years	922,182	984,650	541,482	547,072
	1,435,087	1,500,871	572,140	574,453
Less: unearned finance income	(862,947)	(926,418)	n/a	n/a
Present value of minimum lease payments receivable	$ 572,140	$ 574,453	$ 572,140	$ 574,453

No residual values of assets leased under finance lease at the end of the reporting period are estimated.

The interest rate inherent in the finance lease is fixed at the contract date for the entire lease term.

The average effective interest rate contracted is approximately 15 percent as of September 30, 2017.

The receivable under finance lease balance as of September 30, 2017 and December 31, 2016, is neither past due nor impaired.

5.3 Finance lease receivable – Ethane Pipeline

	Period /Year ended	
	09/30/17	12/31/16
Current finance lease receivables	$ 3,999	$ 3,553
Non-current finance lease receivables	362,172	365,106
	$ 366,171	$ 368,659

Leasing arrangements

The Company entered into a finance lease arrangement for one of its ethane pipeline. The lease is denominated in U.S. Dollars. The term of the finance lease is 21 years.

The transportation system refers to:

Segment I. Transports ethane from Ethylene Complex XXI Braskem-IDESA to Cangrejera (Veracruz), through a 20-inch and 4 kilometers length pipeline. The term of the finance lease is 20.5 years.

Segment II. Transports ethane from Nuevo Pemex (Tabasco) to Cactus (Chiapas), through a 16-inch and 15 kilometers length pipeline and from Cactus to the Ethylene XXI Complex (Braskem-IDESA) through a 24-inch and 133.5 kilometers length pipeline. The term of the finance lease is 20.5 years.

Segment III. Transports liquid ethane from Ciudad Pemex to Nuevo Pemex (Tabasco) through a 20-inch and 73.5 kilometers length pipeline. The term of the finance lease is 21 years.

The breakdown as of September 30, 2017 of this financial lease is as follows:

	Amount
Segment I	$ 31,726
Segment II	186,597
Segment III	147,848
Total	$ 366,171

5.3.1 Amounts receivable under finance leases

	Minimum lease payments Period/Year ended		Present value of minimum lease payments Period/Year ended	
	09/30/17	12/31/16	09/30/17	12/31/16
Not later than one year	$ 55,547	$ 55,976	$ 3,999	$ 3,553
Later than one year and not later than five years	265,482	268,951	32,306	28,779
More than five years	401,523	439,651	329,866	336,327
	722,552	764,578	366,171	368,659
Less: unearned finance income	(356,381)	(395,919)	n/a	n/a
Present value of minimum lease payments receivable	$ 366,171	$ 368,659	$ 366,171	$ 368,659

No residual values of assets leased under finance lease at the end of the reporting period are estimated.

The average effective interest rate contracted is approximately 16 percent for segment I and 14 percent for segments II and III as of September 30, 2017, and December 31, 2016

The receivable under finance lease balance as of September 30, 2017 and December 31, 2016, is neither past due nor impaired.

6. Business combination

On September 26, 2016, IEnova acquired the remaining 50 percent of the shares of GdC at a value of $1,143.8 million, which was recorded using the acquisition method as it obtained control over GdC as of such date. The result of this acquisition has been included in the accompanying Condensed Interim Consolidated Financial Statements from the acquisition date.

(a) *Net cash flow used in acquisition of subsidiaries*

	As of September 30, 2016
Consideration paid in cash	$ (1,143,834)
Less: balances of cash and cash equivalents acquired	66,249
Consideration paid in cash, net	$ (1,077,585)

(b) *Impact of acquisitions on the results of the period*

The results of the nine-month and three-month period ended September 30, 2016, includes a gain of $673.1 million for the excess of the acquisition-date fair value of IEnova's previously held equity interest in GdC over the carrying value of that interest, included as Remeasurement of Equity Method Investment on the Condensed Interim Consolidated Statements of Profit.

7. Assets and liabilities classified as held for sale and discontinued operations

(a) In February 2016, the Company's management approved a plan to market and sell TDM, a 625-MW natural gas-fired power plant located in Mexicali, Baja California, Mexico. As of September 30, 2017, the assets and liabilities were classified under current assets and liabilities as held for sale.

(b) Details of the discontinued operations are provided as follows:

TDM is a part of the Power Segment; its Condensed Interim Consolidated Financial Statements are summarized as follows:

	Nine-month period ended		Three-month period ended	
	09/30/17	09/30/16	09/30/17	09/30/16
Revenues	$ 83,736	$ 76,405	$ 43,613	$ 42,148
Cost of revenues	(66,556)	(62,863)	(32,278)	(31,472)
Operating, administrative and other expenses	(22,263)	(12,711)	(3,294)	(3,026)
Impairment	(63,804)	(136,880)	—	(136,880)
Depreciation and amortization	—	(2,222)	—	—
Interest income	—	17	—	6
Finance costs	(542)	(192)	(159)	(64)
Other gains (losses), net	1,003	(964)	198	(377)
Income tax benefit (expense) *	5,322	36,996	(3,459)	65,533
Net (loss) profit for the period	$ (63,104)	$ (102,414)	$ 4,621	$ (64,132)

* As of September 30, 2017, the Company recorded a deferred tax benefit in the amount of $6.8 million for the nine-month period ended September 30, 2017, to recognize the difference between book value and tax basis, as a result of the decision to classify TDM as held for sale. This effect is shown in the Condensed Interim Consolidated Statements of Profit in the line of "(Loss) profit for the period from discontinued operations, net of income tax".

	Nine-month period ended		Three-month period ended	
	09/30/17	**09/30/16**	**09/30/17**	**09/30/16**
Loss per share:				
From discontinued operations:	$ (0.04)	$ (0.09)	$ —	$ (0.06)

(c) Assets and liabilities held for sale corresponding to TDM are as follows:

	Period /Year ended	
	09/30/17	**12/31/16**
Cash and cash equivalents	$ —	$ 434
Other assets	47,291	32,813
Total current assets	47,291	33,247
Deferred income tax assets	193	193
Carbon allowance	26,430	22,089
Other assets	1,166	1,125
Property, plant and equipment, net (1)	77,286	134,633
Total non-current assets	105,075	158,040
Total assets	$ 152,366	$ 191,287
Current liabilities	$ 12,280	$ 7,974
Non-current liabilities	39,614	27,477
Total liabilities	$ 51,894	$ 35,451

(1) As a result of the allocation as assets held for sale, the Company carried out a review of the recoverable amount of these assets. The Company estimated the fair value less estimated costs to sell of property, plant and equipment based on available market appraisals or using other valuation techniques.

As of September 30, 2017, the review led to the recognition of an impairment loss of $63.8 million, which has been recognized in the Condensed Interim Consolidated Statements of Profit.

	Period /Year ended	
	09/30/17	**12/31/16**
Cash flows from discontinued operations:		
Net cash flows provided by operating activities	$ 6,069	$ 2,661
Net cash flows used in investing activities	(5,817)	(4,419)
Net cash flows used in financing activities	(319)	(192)
Net cash flows	$ (67)	$ (1,950)

TDM meets the criteria established in IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* to maintain the classification as assets and liabilities held for sale and discontinued operation as of September 30, 2017.

8. Property, plant and equipment

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

		Period / Year ended	
		09/30/17	12/31/16
Pipeline projects	$	71,730	$ 686,622
Other projects		17,076	32,205
	$	88,806	$ 718,827

The additions to property, plant and equipment during 2016 are mainly comprised of construction in process, related to the following pipeline segments: Guaymas – El Oro, Ojinaga – El Encino, San Isidro Samalayuca and El Empalme pipeline branch.

As of September 30, 2017 the pipeline projects started commercial operation as follows:

San Isidro - Samalayuca on March 31, 2017
Guaymas - El Oro on May 19, 2017
Ojinaga - El Encino on June 30, 2017
El Empalme pipeline branch on June 24, 2017

Costs incurred during the 120 days after the start of commercial operations of these projects, required to complete a safe and trustworthy service, are included as construction work in progress by an amount of $71.7 million.

(a) Borrowing cost. During the nine-month periods ended September 30, 2017 and 2016, the Company capitalized interest attributable to the construction in projects in the amount of $9.9 million and $10.0 million, respectively. The weighted average rate used to determine the amount of borrowing costs eligible for capitalization were 3.15 percent and 2.14 percent, for the nine-month periods ended September 30, 2017 and 2016, respectively.

9. Intangible assets

		Period / Year ended	
		09/30/17	12/31/16
Carrying amounts of:			
Renewable transmission rights	$	156,433	$ 154,144
Amortization		(6,397)	—
	$	150,036	$ 154,144

This amount corresponds to the renewable transmission and consumption rights associated with Ventika, S. A. P. I. de C. V. and Ventika II, S. A. P. I. de C. V. (jointly "Ventika") projects approved under the preexisting self-supply renewable program.

Amortization is calculated using the straight-line method based on the remaining useful life of the related intangible assets, derived over the term of the self-supply power agreements of 20 years.

At September 30, 2017, the purchase price allocations for the acquisitions were preliminary and subject to completion.

Applying the accounting requirements of IFRS 3 *Business Combinations*, the Company will have twelve months from the applicable acquisition date to finalize purchase accounting.

Adjustments to the current fair value estimates may occur as the process conducted for various valuations and assessments is finalized. During the measurement periods, which may be up to one year from the respective acquisition dates, the Company may record adjustments to the assets acquired and liabilities assumed with a corresponding offset to intangible assets or goodwill as applicable.

As of September 30, 2017 adjustments to the intangible assets fair value were made by $2.3 million.

10. 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 electricity generation. Under the bill TDM is subject to this extraterritorial regulation, despite being located in Baja California, Mexico since their end users are located in California, United States.

The Company records carbon allowances at the lower of weighted average cost or market value, and includes them as current or non-current on the Statements of Financial Position based on the dates that they are required to be surrendered. The Company measures the compliance of the obligation, which is based on emissions, at the carrying value of allowances held plus the fair value of additional allowances necessary to satisfy the obligation. The Company derecognizes the assets and liabilities from the Statement of Financial Position as the allowances are surrendered. Please refer to Note 7.

11. Short-term debt

Short-term debt includes:

	Period / Year ended	
	09/30/17	12/31/16
Credit agreement (a)	$ 681,091	$ 446,034
Certificados Bursatiles (“CEBURES”) at variable rate (Please refer Note 12.a. and 12.b.)	71,437	—
Current portion of GdC’s Bank Loan (Please refer Note 12.c.)	40,600	38,682
Current portion of Ventika’s Bank Loan (Please refer Note 12.d.)	23,291	13,482
Borrowing costs	(3,695)	(4,627)
	$ 812,724	$ 493,571

(a) ***Withdrawal of credit line.*** During June and July 2016, the Company withdrew $430.0 million of the credit line to be used for working capital and general corporate purposes. In December 2016, the Company withdrew $375.0 million of the credit to finance a portion of Ventika’s acquisition and for general corporate purposes.

On October 21, 2016, the Company paid $250.0 million of the credit agreement.

On November 3, 2016, the Company renegotiated the credit line of the credit agreement for an amount up to $1.2 billion, U.S. Dollar on December 30, 2016, a portion of this revolving credit was repaid in the amount of $200.0 million. As of December 31, 2016, the available unused credit portion was $724.0 million.

During 2017, the Company withdrew and paid as follows:

As of September 30, 2017			As of September 30, 2017		
Date		Withdrawals (Million USD)	Date		Payments (Million USD)
01/12/17	$	70	03/31/17	$	70
04/17/17		30	06/30/17		30
05/02/17		40	08/29/17		85
06/28/17		30	09/29/17		105
07/05/17		40		$	290
07/19/17		35			
07/26/17		80			
08/14/17		200			
	$	525			

As of September 30, 2017, the available unused credit portion was $489.0 million.

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

12. Long-term debt

Long-term debt includes:

	Period / Year ended			
	09/30/17		12/31/16	
Santander – Ventika (d)	$	455,571	$	472,781
BBVA Bancomer, S. A. de C. V. ("Bancomer") – GdC (c)		287,013		317,279
CEBURES at fixed rate (a, b)		214,310		188,734
CEBURES at variable rate (a, b)		—		62,911
		956,894		1,041,705
Debt issuance costs		(1,610)		(1,901)
	$	955,284	$	1,039,804

(a) ***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 ($3.9 billion of historical Mexican Pesos) bearing interest at a rate of 6.30 percent, with semi-annual payments of interest, maturing in 2023.

ii) The second placement was for $102.1 million ($1.3 billion of historical Mexican Pesos) bearing interest at variable rate based on the TIIE plus 30 basis points, with monthly payments of interest, maturing in 2018. The average rate as of September 30, 2017 and December 31, 2016 was 6.93 percent and 4.41 percent, respectively.

(b) ***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 interest 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.

ii) For the debt maturing in 2018, the Company swapped a variable interest 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 2.65 percent.

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

(c) ***Bancomer – GdC.*** In such credit, GdC 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 GdC, TDF and GdT as source of payment for the credit.

Covenants arising from the credit require for the following:

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

Entity		**Amount**
GdC	$	450,000
GdT		130,000
TDF		90,000

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

At the date of the Condensed Interim Consolidated Financial Statements, the Company has complied with these obligations.

(d) ***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. Institución de Banca de Desarrollo ("BANOBRAS"), Banco Nacional de Comercio Exterior, S. N. C. Institución de Banca de Desarrollo ("BANCOMEX"), 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 is as follows:

		As of
Bank		**09/30/17**
NADB	$	138,958
SANTANDER		110,524
BANOBRAS		89,330
BANCOMEX		69,479
NAFINSA		69,479
Interest payable		1,092
	$	478,862

(e) ***Interest Rate Swaps.*** In order to mitigate the impact of benchmark interest rate changes, Ventika entered into four interest rate swaps with Santander and BANOBRAS; it allows Ventika to have almost 92 percent of the mentioned credit facilities above fixed. 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 (3 month LIBOR).

13. Financial instruments

(a) *Foreign currency exchange rate*

Exchange rates in effect as of the date of the Condensed Interim Consolidated Financial Statements and their issuance date are as follows:

	Mexican Pesos		
	09/30/17	12/31/16	10/24/17
One U. S. Dollar	$ 18.1979	$ 20.6640	$ 19.0080

(b) *Fair value of financial instruments*

13.1. Fair value of financial instruments carried at amortized cost

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recognized in the Condensed Interim Consolidated Financial Statements approximate their fair values.

	Period /Year ended			
	09/30/17		12/31/16	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Financial lease receivables	$ 952,508	$ 952,508	$ 957,466	$ 995,096
Due from unconsolidated Affiliates (not traded in stock exchange)	392,970	357,569	94,264	90,989
Financial liabilities				
Financial liabilities held at amortized cost:				
Loans from banks long-term	742,584	705,530	790,060	678,649
Long-term debt (traded in stock exchange)	212,700	202,009	249,744	232,812
Short-term debt	812,724	805,835	493,571	487,252
Due to unconsolidated affiliates (not traded in stock exchange)	3,149	3,149	3,080	3,080
Due to unconsolidated affiliates (short-term)	527,260	509,531	248,580	245,255

13.2. 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, which include interest rate swaps, are determined using market participant's 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:

  Finance lease receivables. The fair value of finance lease receivables is estimated to be \$952.5 million and \$995.1 million as of September 30, 2017 and December 31, 2016, respectively, using the risk free interest rate adjusted to reflect the Company's own credit risk.

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

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

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

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

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

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

	Period /Year Ended	
	09/30/17	12/31/16
Financial instruments assets at fair value through profit or loss (“FVTPL”)		
Short-term investments (Level 1)*	$ 49,097	$ 51,443
Derivative financial instrument assets (Level 2)	3,746	8,040
Derivative financial instrument liabilities at FVTPL		
Derivative financial instrument liabilities (Level 2)	$ 179,356	$ 226,161

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.

* The short term investments include restricted cash by $49,016 and $51,363 as of September 30, 2017 and December 31, 2016, respectively.

14. Income taxes

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

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

Income tax for the nine and three-month periods ended September 30, 2017 and 2016 are reconciled to the profit for the period as follows:

	Nine-month period ended		Three-month period ended	
	09/30/17	09/30/16	09/30/17	09/30/16
Profit before income tax and share of profits of joint ventures	$ 405,569	$ 846,720	$ 135,727	$ 740,193
Income tax expense calculated at 30%	(121,671)	(254,016)	(40,718)	(222,058)
Foreign exchange effects	(69,518)	26,859	10,225	6,789
Inflationary effects	(23,263)	(3,402)	(6,756)	(2,885)
Effect of remeasurement of equity method investment	—	201,921	—	201,921
Effects of foreign exchange rates and inflation on the tax basis of property, plant and equipment, net and unused tax losses	168,776	(29,110)	16,495	(981)
Other	(5,717)	458	(2,404)	522
Income tax expense recognized in the statements of profit	$ (51,393)	$ (57,290)	$ (23,158)	$ (16,692)

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

- The effect of foreign currency exchange gains or losses is being calculated on Mexican 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 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.
- The inflationary effects relative to certain monetary assets and liabilities.

15. Stockholders' equity

15.1 Global offering

On October 13, 2016, the Company carried out a Global Offering. The Company issued 380,000,000 shares of common stock at $80 Mexican Pesos per share. After the global offering, the additional and over-allotment option was exercised, the free float represented approximately 33.57 percent of IEnova's outstanding ownership interest.

Total capital raised, net of expenses, were approximately $1.6 billion US Dollars. As a result of the Global Offering, the Company raised $30.4 billion Mexican Pesos, net of issuance costs of $459.3 million Mexican Pesos ($34.8 million U. S. Dollars). Subsequent to the Company's Global Offering, subscribed and paid common stock of IEnova is represented by a total of 1,534,023,812 shares.

	As of September 30, 2017 (Mexican Pesos)				
Company stockholder's	**Number of shares**	**Fixed shares**	**Variable shares**	**Total**	**Total shares in USD**
Semco Holdco, S. de R. L. de C. V.	1,019,038,312	50,000	16,009,083,120	16,009,133,120	$ 751,825
Private investors	514,985,500	-	25,931,105,000	25,931,105,000	211,447
	1,534,023,812	50,000	41,940,188,120	41,940,238,120	$ 963,272

15.2 Dividends declared

Pursuant to a resolution of the General Ordinary Shareholders' Meeting held on April 28, 2017, the Board of Directors, in its meeting held on July 25, 2017, resolved to pay a cash dividend on August 15, 2017 in the amount of $200.0 million. The dividends were paid in the aforementioned date.

On August 9, 2016 $140.0 million dividends were paid.

16. Segment information

16.1 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.

16.2 Segment revenues and results

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

	Segment revenues			
	Nine-month period ended		Three-month period ended	
	09/30/17	09/30/16	09/30/17	09/30/16
Gas:				
Revenues from customers	$ 712,749	$ 384,613	$ 265,187	$ 168,144
Revenues from unconsolidated affiliates	77,737	79,555	26,574	25,756
Intersegment revenues	172,009	130,423	52,030	43,937
Power:				
Revenues from customers	80,330	—	27,144	—
Corporate:				
Allocation of professional services with affiliates	1,404	2,115	422	407
Intersegment professional services	21,899	18,445	7,889	5,693
	1,066,128	615,151	379,246	243,937
Intersegment adjustments and eliminations	(193,908)	(148,868)	(59,919)	(49,630)
Total segment revenues	$ 872,220	$ 466,283	$ 319,327	$ 194,307

	Segment profit (loss)			
	Nine-month period ended		Three-month period ended	
	09/30/17	09/30/16	09/30/17	09/30/16
Gas	$ 399,856	$ 852,723	$ 119,635	$ 739,794
Power *	(50,786)	(99,067)	18,080	(64,375)
Corporate	(31,624)	(26,199)	(11,021)	(15,034)
Total segment profit	$ 317,446	$ 727,457	$ 126,694	$ 660,385

* Includes discontinued operations.

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

16.3 Assets and liabilities by segment

	Period / Year ended	
	09/30/17	12/31/16
Assets by segment:		
Gas	$ 6,067,113	$ 5,716,175
Power *	1,189,948	1,241,689
Corporate	518,621	169,084
Consolidated total assets	$ 7,775,682	$ 7,126,948

	Period / Year ended	
	09/30/17	12/31/16
Liabilities by segment:		
Gas	$ 968,542	$ 983,424
Power *	663,521	641,479
Corporate	1,654,767	1,151,734
Consolidated total liabilities	$ 3,286,830	$ 2,776,637

* Includes assets and liabilities held for sale.

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

16.4 Other segment information

	Property, plant and equipment		Accumulated depreciation	
	Period /Year ended		Period /Year ended	
	09/30/17	12/31/16	09/30/17	12/31/16
Gas	$ 3,563,344	$ 3,354,683	$ (492,103)	$ (424,639)
Power	677,311	677,440	(19,079)	(1,807)
Corporate	17,755	16,191	(8,792)	(7,783)
	$ 4,258,410	$ 4,048,314	$ (519,974)	$ (434,229)

	Share of profits of joint ventures			
	Nine-month period ended		Three-month period ended	
	09/30/17	09/30/16	09/30/17	09/30/16
Gas	$ 22,474	$ 38,277	$ 8,896	$ 964
Power	3,900	2,164	608	52
	$ 26,374	$ 40,441	$ 9,504	$ 1,016

16.5 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 nine and three-month periods ended September 30, 2017 and 2016:

	Nine-month period ended		Three-month period ended	
	09/30/17	09/30/16	09/30/17	09/30/16
Transportation of natural gas	$ 318,101	$ 77,564	$ 120,514	$ 26,397
Sale of natural gas	172,965	149,810	77,168	79,407
Storage and regasification capacity	82,088	70,190	28,037	23,690
Natural gas distribution	81,456	64,444	25,932	21,811
Power generation	80,330	—	27,144	—
Other operating revenues	137,280	104,275	40,532	43,002
	$ 872,220	$ 466,283	$ 319,327	$ 194,307

Other operating revenues

(a) IEnova Marketing received payments from SLNGIH related to the losses and obligations incurred in the amount of $77.7 million and $79.5 million for the nine-month periods ended September 30, 2017 and 2016, respectively and $26.5 million and $25.8 million for the three-month periods ended September 30, 2017 and 2016, respectively. Such balances are presented within the Revenues line item in the accompanying Condensed Interim Consolidated Statements of Profit.

(b) The Company reported damage and declared a force majeure event for the Guaymas-El Oro segment of the Sonora pipeline in the Yaqui territory that has interrupted its operations since August 23, 2017. There is no economic impact due to this event. The Sasabe-Puerto Libertad-Guaymas segment remains in full operation.

17. Earnings per share

17.1 Basic earnings per share

	Nine-month period ended		Three-month period ended	
	09/30/17	09/30/16	09/30/17	09/30/16
From continuing operations:				
Basic and diluted earnings per share	$ 0.25	$ 0.72	$ 0.08	$ 0.63
From continuing and discontinued operations:				
Basic and diluted earnings per share	$ 0.21	$ 0.63	$ 0.08	$ 0.57

17.2 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:

	Nine-month period ended		Three-month period ended	
	09/30/17	09/30/16	09/30/17	09/30/16
Earnings from continuing operations used in the calculation of basic and diluted earnings per share	$ 380,550	$ 829,871	$ 122,073	$ 724,517
Earnings from continuing and discontinued operations used in the calculation of basic and diluted earnings per share	$ 317,446	$ 727,457	$ 126,694	$ 660,385
Weighted average number of shares for the purposes of basic and diluted earnings per share	1,534,023,812	1,154,023,812	1,534,023,812	1,154,023,812

The Company does not have potentially diluted shares.

18. Commitments

Material commitments of the Company are the same as those disclosed in the Consolidated Financial Statements for the year ended December 31, 2016, except for the following:

During the first quarter of 2017, Gasoductos del Noreste, S. de R. L. de C. V. (“GdN”) entered into a contract with Distribuidora Megak, to acquire a gas motor-generator for an estimated amount of $5.0 million.

(a) On March 30, 2017, Gasoductos Servicios Corporativos y de Administración, S. de R. L. de C. V. ("GSCA") entered into an agreement with GE Oil & Gas Products and Services, S. de R. L. de C. V. ("GE") for the maintenance of GdT's turbines. This agreement will expire upon the first occur considering the following:

a) The date upon which all covered units have reached their performance end date, or
b) Eight years from the contract effective date.

The estimated cost of this contract amounts to $18.2 million.

Future contractual cash payments are as follows:

Year		Amounts
2017	$	1,444
2018		2,665
2019		3,061
2020		5,038
Thereafter		5,392
	$	17,600

(b) ESJ Renovable III, S. de R. L. de C. V. is committed to cover the remaining 50 percent of a counter-payment fee equivalent to the amount in Mexican Pesos for the right to build, use, leverage and benefit from the operation of the marine terminal in Veracruz, the counter-payment amounts to $500.0 million Mexican Pesos, payable during the first ten days of January, 2018. (Please refer to Note 1.2)

19. 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, 2016.

20. Application of new and revised IFRS

The company has not applied the following new and revised IFRSs that have been issued but have not yet entered into force:

- IFRS 9, *Financial Instruments* (1)
- IFRS 15, *Revenue from Contracts with Customers* (1)
- Clarifications to IFRS 15, *Revenue from Contracts with Customers* (1)
- IFRIC 22, *Interpretation on Foreign Currency Transactions and Advance Consideration* (1)
- Amendments to IAS 40, *Investment Property* (1)
- Amendments to IFRS 10 *Consolidated financial statements* and IAS 28 *Investments in associates and joint ventures* (2)
- Deferral Effective Date of Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2)
- IFRS 16, *Leases* (3)
- IFRIC 23, *Uncertainty over Income Tax Treatments* (3)

(1) Effective for annual periods beginning on or after January 1, 2018
(2) Effective date is deferred indefinitely; early adoption of the September 2014 amendments continues to be permitted.
(3) Effective for annual periods beginning on or after January 1, 2019

IFRS 9, *Financial Instruments*

IFRS 9, “Financial Instruments” issued in July 2014, is the replacement of IAS 39 “Financial Instruments: Recognition and Measurement”. This standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. This version supersedes all previous versions and is mandatorily effective for periods beginning on or after January 1, 2018, with early adoption being permitted. IFRS 9 (2014) does not replace the requirements for portfolio fair value hedge accounting for interest rate risk since this face of the project was separated from the IFRS 9 project.

IFRS 9 (2014) is a complete standard that includes the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. More specifically, the new impairment model is based on expected credit losses rather than incurred losses, and will apply to debt instruments measured at amortized cost or FVTOCI, lease receivables, contract assets and certain written loan commitments and financial guarantee contracts. Regarding the new measurement category of FVTOCI, it will apply for debt instruments held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets.

The Company has decided not to adopt IFRS 9 until it becomes mandatory on January 1st, 2018. The Company does not expect the new guidance to have a significant impact on the classification and measurement of its financial statements. The new hedge accounting rules will align the accounting for heading instruments more closely with management practices. At this stage, does not expect to identify any new hedge relationship and the existing hedge relationships appear to qualify as continuing hedges upon the adoption of IFRS 9.

The new standard also introduces expand disclosure requirements and changes in presentation. These are expected to change the nature and extend of the disclosures about financial instruments particularly in the year of the adoption of the new standard.

IFRS 15, *Revenue from Contracts with Customers*

IFRS 15, “Revenue from Contracts with Customers”, was issued in May 2014 and applies to annual reporting periods beginning on or after 1 January 2018, earlier application is permitted. Revenue is recognized as control is passed, either over time or at a point in time.

The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. In applying the revenue model to contracts within its scope, an entity will: 1) Identify the contract(s) with a customer; 2) Identify the performance obligations in the contract; 3) Determine the transaction price; 4) Allocate the transaction price to the performance obligations in the contract; 5) Recognize revenue when (or as) the entity satisfies a performance obligation. Also, an entity needs to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Clarifications to IFRS 15, *Revenue from Contracts with Customers*

These clarifications address (1) identifying performance obligations, (2) principal-versus-agent considerations, and (3) licensing. The amendments also provide some transition relief for modified contracts and completed contracts. Specific provisions of the amendments include the following: Identifying performance obligations - Clarification that the objective of the assessment of a promise to transfer goods or services to a customer is to determine whether the nature of the promise, within the context of the contract, is to transfer each of those goods or services individually or, instead, to transfer a combined item or items to which the promised goods or services are inputs. Principal-versus-agent considerations - Extension of the application guidance. Licensing - Clarification of whether an entity’s promise to grant a license of its IP should be recognized as revenue at a point in time or over time on the basis of whether the licensor’s ongoing activities significantly affect the IP. Transition relief - Two additional (optional) practical expedients. The amendments are effective for annual reporting periods beginning on or after January 1, 2018, which is the same effective date as that of IFRS 15. Earlier application is permitted.

The Company has evaluated recognition and measurement of revenue based on the five-step model in IFRS 15 and has not identified any significant financial impacts, hence no material adjustments will result from the adoption of IFRS 15. The Company has elected to adopt the new standard from January 1, 2018 applying the modified retrospective adoption method. The Company has not early adopted any interpretation or amendment that was issued but not yet effective.

Certain disclosures will change as result of the requirements of IFRS 15. The Company expects this to include a breakdown of revenue from customers and revenue from other sources.

Interpretation on Foreign Currency Transactions and Advance Consideration

This new Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The interpretation is being issued to reduce diversity in practice related to the exchange rate used when an entity reports transactions that are denominated in a foreign currency in accordance with IAS 21 in circumstances in which consideration is received or paid before the related asset, expense, or income is recognized.

Effective for annual reporting periods beginning after January 1, 2018 with earlier application permitted.

Amendments to IAS 40, *Investment Property*

These amendments to the guidance in IAS 40 on transfers of property to or from investment property. Specifically, the amendments revise paragraph 57 of IAS 40 to state that "[a]n entity shall transfer a property to, or from, investment property when, and only when, there is a change in use." The amendments further clarify that a "change in use occurs when the property meets, or ceases to meet, the definition of investment property" and that a "change in management's intentions for the use of a property does not provide evidence of a change in use." The amendments are effective for periods beginning on or after January 1, 2018; early adoption is permitted.

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 1 January 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' 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.

Amendments to IFRS 10 *Consolidated financial statements* and IAS 28 *Investments in associates and joint ventures*

Amendments to IAS 28 require that gains and losses resulting from transactions between an entity and its associate or joint venture relate only to assets that do not constitute a business. As well, a new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognized in full in the investor's financial statements. Additionally an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

On the other hand, for consolidated financial statements, an exception from the general requirement of full gain or loss recognition has been introduced into IFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

IASB Defers Effective Date of September 2014 Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*

The amendments that indefinitely defer the effective date of its September 2014 amendments to IFRS 10 (on consolidated financial statements) and IAS 28 (on investments in associates and joint ventures), which address how an entity determines any gain or loss related to transactions with an associate or joint venture. The IASB plans to redeliberate the effective date of the September 2014 amendments after it has completed its research project on the equity method. Early adoption of the September 2014 amendments continues to be permitted.

IFRIC 23, *Uncertainty over Income Tax Treatments*

This new Interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 Income taxes when there is uncertainty over income tax treatments. Uncertain tax treatments is a tax treatment for which there is uncertainty over whether the relevant taxation authority will accept the tax treatment under tax law. In such a circumstance, an entity shall recognize and measure its current or deferred tax asset or liability by applying the requirements in IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation.

An entity shall apply IFRIC 23 for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted and the fact must be disclosed. On initial application, the Interpretation must be applied retrospectively under the requirements of IAS 8 or retrospectively with the cumulative effect of initially applying the Interpretation as an adjustment to the opening balance of retained earnings.

The Company's is in process of assessment of potential effects that could generate the implementation of these changes if any applicable.

21. Events after the reporting period

(a) ***IEnova to acquire Pemex TRI participation in DEN.*** On October 6, 2017, the Company announced the agreement to acquire Pemex TRI participation in DEN, and as a result, will increase its indirect participation in the Los Ramones Norte pipeline from 25 percent to 50 percent. The acquisition is comprised of an estimated cash payment of $231.0 million plus the proportional amount of total outstanding debt in TAG Norte Holding of approximately $289 million. The Los Ramones Norte pipeline outstanding debt will not be consolidated in the Company financial statements. The cash payment will be subject to customary post-closing adjustments included in the purchase and sale agreement.

The transaction is expected to close within the fourth quarter of 2017, once the required authorizations have been obtained, including approval from Mexico's Federal Antitrust Commission ("COFECE").

(b) ***Withdrawal of credit line.*** Regarding the credit line mentioned in Note 11.a. the Company withdrew $62.0 million and $30.0 million on October 2 and October 16, 2017, respectively; the credit lines are to be used for working capital and general corporate purposes.

22. Approval of financial statements

The Condensed Interim Consolidated Financial Statements were approved by Manuela Molina Peralta, Chief Financial Officer and authorized for issuance on October 24, 2017.

23. Registered offices

- Paseo de la Reforma No. 342 Piso 24
  Torre New York Life
  Col. Juárez, 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 Escénica 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 Tecnológico No. 4505
  Col. Granjas, C. P. 31160
  Chihuahua, Chih., Mexico.
- Boulevard Francisco Eusebio Kino No. 309
  Piso 10, Col. Country Club
  Hermosillo, Son., Mexico.
- Carretera Federal Cuota 15D, KM 461 820,
  San Román Corralillos, CP 45464
  Guadalajara, Jal., Mexico.
- Avenida Constitución Poniente No. 444
  Col. Monterrey Centro C. P. 64000
  Monterrey, N.L., Mexico.

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“Pro forma additional information”

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

Pro forma Combined Statements of Financial Position

As of September 30, 2016
(In thousands of U.S. Dollars)

	As of September 30, 2016				
	Infraestructura Energética Nova, S. A. B. de C. V. and Subsidiaries (Note 2(1))	Fisterra Energy Netherlands III and Fisterra Energy Netherlands IV and Subsidiaries (Note 2(3))	Pro Forma Adjustments (Note 3)	Notes	Infraestructura Energética Nova, S. A. B. de C. V. and Subsidiaries Pro Forma
Assets					
Current assets:					
Cash and cash equivalents	$ 174,810	$ 28	$ —		$ 174,838
Short-term investments	80	—	—		80
Trade and other receivables, net	91,846	12,262	—		104,108
Due from unconsolidated affiliates	9,284	—	—		9,284
Income tax receivable	2,085	589	—		2,674
Natural gas inventories	4,000	—	—		4,000
Derivative financial instruments	2,728	—	—		2,728
Value added tax receivable	29,628	—	—		29,628
Other assets	11,308	1,358	—		12,666
Assets held for sale	201,055	—	—		201,055
Total current assets	526,824	14,237	—		541,061
Non-current assets:					
Restricted cash	—	58,859	—		58,859
Due from unconsolidated Affiliates	103,028	—	—		103,028
Derivative financial instruments	689	—	—		689
Finance lease receivables	959,340	—	—		959,340
Deferred income tax assets	99,893	—	—		99,893
Investment in joint ventures	59,203	—	—		59,203
Goodwill	1,512,611	—	107,065	a	1,619,676
Property, plant and equipment, Net	2,853,750	576,876	100,739	a	3,531,365
Intangible assets	—	—	154,144	a	154,144
Other assets	3,934	2,786	—		6,720
Total non-current assets	5,592,448	638,521	361,948		6,592,917
Total assets	$ 6,119,272	$ 652,758	$ 361,948		$ 7,133,978

	As of September 30, 2016				
	Infraestructura Energética Nova, S. A. B. de C. V. and Subsidiaries (Note 2(1))	Fisterra Energy Netherlands III and Fisterra Energy Netherlands IV and Subsidiaries (Note 2(3))	Pro Forma Adjustments (Note 3)	Notes	Infraestructura Energética Nova, S. A. B. de C. V. and Subsidiaries Pro Forma

Liabilities and Stockholders' Equity

Current liabilities:					
Short-term debt	$ 568,531	$ 8,216	$ —		$ 576,747
Trade and other payables	87,083	1,215	—		88,298
Due to unconsolidated affiliates	1,390,820	—	—		1,390,820
Income tax liabilities	20,465	—	76,464	a	96,929
Derivative financial instruments	6,695	3,813	—		10,508
Other financial liabilities	2,769	—	—		2,769
Provisions	1,091	—	—		1,091
Other taxes payable	21,807	—	—		21,807
Other liabilities	29,919	1,986	—		31,905
Liabilities related to assets held for sale	35,302	—	—		35,302
Total current liabilities	2,164,482	15,230	76,464		2,256,176
Non-current liabilities:					
Long-term debt	579,633	460,461	434,688	a	1,474,782
Due to unconsolidated affiliates	42,531	123,261	(123,261)	a	42,531
Deferred income tax liabilities	354,540	5,512	—		360,052
Provisions	44,123	—	—		44,123
Derivative financial instruments	202,537	22,351	—		224,888
Employee benefits	5,384	—	—		5,384
Total non-current liabilities	1,228,748	611,585	311,427		2,151,760
Total liabilities	3,393,230	626,815	387,891		4,407,936
Stockholders' Equity:					
Common stock	762,949	2	(2)	a	762,949
Additional paid-in capital	973,953	48,939	(48,939)	a	973,953
Accumulated other comprehensive income	(145,223)	(18,314)	18,314	a	(145,223)
Retained earnings	1,134,363	(4,684)	4,684	a	1,134,363
Total equity	2,726,042	25,943	(25,943)		2,726,042
Total equity and liabilities	$ 6,119,272	$ 652,758	$ 361,948		$ 7,133,978

See accompanying notes to the Pro forma Combined Financial Statements.

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

Pro forma Combined Statements of Profit

For the nine-month period ended September 30, 2016
(In thousands of U.S. Dollars)

	For the nine-month period ended September 30, 2016					
	Infraestructura Energética Nova, S. A. B. de C. V. and Subsidiaries (Note 2(1))	Gasoductos de Chihuahua and Subsidiaries	Fisterra Energy Netherlands III and Fisterra Energy Netherlands IV and Subsidiaries (Note 2(3))	Pro Forma Adjustments (Note 3)	Notes	Infraestructura Energética Nova, S. A. B. de C. V. and Subsidiaries Pro Forma
Revenues	$ 466,283	$ 200,605	$ 49,689	$ (5,193)	a	$ 711,384
Finance lease revenue	—	—	—	—		—
Cost of revenues	(175,834)	—	(1,879)	—		(177,713)
Operating, administrative and other expenses	(64,164)	(43,989)	(4,867)	(78)	a	(113,098)
Depreciation and amortization	(42,990)	(15,700)	(14,746)	(6,880)	a	(80,316)
Interest income	4,598	205	294	5	a	5,102
Finance (costs) income	(12,098)	(9,483)	(18,863)	172	a	(40,272)
Other gains (losses), net	673,071	—	—	(1,555)	a	671,516
Remeasurement of equity method investment	(2,146)	(8,847)	(1,483)	—		(12,476)
Profit (losses) before income tax and share of profits of joint ventures	846,720	122,791	8,145	(13,529)	a	964,127
Income tax expense	(57,290)	(52,974)	(2,555)	(123)	a	(112,942)
Share of profit (loss) of joint ventures, net of income tax	40,441	13,088	—	(41,671)	a	11,858
Profit (loss) for the year from continuing operations	$ 829,871	$ 82,905	$ 5,590	$ (55,323)		$ 863,043
Loss for the year from discontinued operations, net of income tax	(102,414)	—	—	—		(102,414)
Profit (loss) for the period	$ 727,457	$ 82,905	$ 5,590	$ (55,323)		$ 760,629

See accompanying notes to the Pro forma Combined Financial Statements.

Notes to the Pro forma Combined Financial Statements

As of September 30, 2016, and for the nine-month period ended September 30, 2016
(In thousands of U.S. Dollars)

1. Activities

Infraestructura Energética Nova, S. A. B. de C. V. and subsidiaries (collectively, the "Company") is located and incorporated in Mexico. Its parent and ultimate holding company is Sempra Energy (the "Parent"), domiciled and incorporated in the State of California in the United States of America ("U.S."). The address of the Company's registered offices is Paseo de la Reforma No. 342 Piso 24, Torre New York Life, Colonia Juárez, Mexico, Ciudad de Mexico.

The Company operates in the energy sector, develops, owns and operates, or holds interests in, natural gas and propane pipelines and liquefied petroleum gas storage facilities and engages in the transportation and distribution and sale of natural gas in the states of Baja California, Sonora, Sinaloa, Coahuila, Chihuahua, Durango, Tamaulipas, Nuevo León and Jalisco, Mexico. It also owns and operates a LNG terminal in Baja California, México for importing, storing and regasifying LNG and owns and operates a natural gas fired power plant that includes two gas turbines and one steam turbine, and hold interests in a joint venture in Baja California, Mexico, using wind resources to serve clients in the U.S.

Description of the Ventika Acquisition

The transaction involves the acquisition (the "Ventika Acquisition") by Controladora Sierra Juárez, S. de R. L. de C. V., a subsidiary of the Company, of 100 percent of the equity interests of Fisterra Energy Netherlands III, B. V., Fisterra Energy Netherlands, IV B. V., Fisterra Energy Mexico III, S. de R. L. de C. V. and Fisterra Energy Mexico IV, S. de R. L. de C. V., and thereby through such acquisition 100 percent of the equity interests (other than certain shares that have neither voting nor economic rights) of Ventika, from Fisterra Energy, a portfolio company of Blackstone Energy Partners, and minority equity holders, Ventika own two adjacent wind farms with a total capacity of 252 MW, located in the northeastern state of Nuevo Léon, Mexico, which were acquired by the Company as part of the Ventika Acquisition.

The purchase price for the Ventika Acquisition was $434.6 million, plus the assumption of indebtedness.

Description of the financing of the Ventika Acquisition

The Company financed the Ventika Acquisition with both borrowings under its revolving credit facility and the follow on equity offering.

2. Basis for presentation of the Pro forma Combined Financial Statements

The accounting policies applied in the preparation of the pro forma combined financial information comply with IFRS as issued by the IASB.

The Pro forma Combined Statements of Financial Position and the accompanying Pro forma Combined Statements of Profit have been prepared based on assumptions that the Company's management believes are appropriate in the current circumstances, taking into account the fact that the Company is in the process of determining the fair value of the net assets acquired in the Ventika Acquisition, as discussed in more detail below.

The Pro forma Combined Financial Statements include the Pro forma Combined Statements of Financial Position as of September 30, 2016 and the Pro forma Combined Statements of Profit for the nine-month period ended September 30, 2016.

The Pro forma Combined Financial Statements present the financial information of the Company as if the Ventika Acquisition had occurred (i) with respect to the Pro forma Combined Statements of Financial Position as September 30, 2016 , and (ii) with respect to the Pro forma Combined Statements of Profit on January 1, 2016.

Accordingly, the accompanying Pro forma Combined Financial Information was compiled using the following information:

(1) The Consolidated Statement of Financial Position as of September 30, 2016 and the Consolidated Statement of Profit of the Company for the nine-month period ended September 30, 2016, prepared in accordance with IFRS.

(2) The Combined Statement of Financial Position as of September 30, 2016 and the Consolidated Statement of Profit of Ventika for the nine-month period ended September 30, 2016, prepared in accordance with IFRS.

3. Pro forma adjustments

Pro forma adjustments as of September 30, 2016, included in the accompanying Pro forma Combined Statements of Financial Position, and for the nine-month period ended September 30, 2016, included in the Pro forma Combined Statements of Profit as described below, represent the Ventika Acquisition as well as the expected offering of the Company's Class II common stock and a draw under the Company's revolving credit facility to fund the Ventika Acquisition.

This information is not intended to present the Company's results of operations or its financial position as though the Ventika Acquisition occurred on the aforementioned dates, nor it is intended to project the Company's operating results and financial position for any future periods or as of any future dates.

In order to present the effects of the Ventika Acquisition in the Pro forma Combined Financial Statements, management applied certain Pro forma adjustments to the historical figures of the acquired companies. The Ventika Acquisition have been completed, the Company recognized both acquisitions as an acquisition of a business, applying the accounting requirements of IFRS 3 *Business Combinations*, to its financial information. The Company will have twelve months from the applicable acquisition date to finalize purchase accounting and thus the values assigned to the acquired net assets in these Pro forma Combined Financial Statements are subject to change. The Pro forma adjustments reflect the effects of acquisition accounting under IFRS as of the dates previously established and are as follows:

Adjustments to the Pro forma Combined Statements of Financial Position as of September 30, 2016 and adjustments to the Pro forma Combined Statements of Profit for the nine-month period ended September 30, 2016:

The Pro forma Combined Statements of Financial Position as of September 30, 2016 have been adjusted to reflect the preliminary allocation of: (i) the purchase price of the identifiable net assets of Ventika; (ii) the goodwill recognized as the excess of the consideration transferred in cash in the Ventika Acquisition; and (iii) the consummation of the Bridge Refinancing. The purchase price allocation in the Pro forma Combined Statements of Financial Position as of September 30, 2016 is based upon the total consideration detailed below:

The preliminary purchase price allocation presented below has been prepared only for purposes of the Pro forma Combined Financial Statements. A complete and final purchase price allocation will be performed once the Ventika Acquisition are consummated and the Company acquires control over Ventika.

Preliminary recognized amounts of identifiable assets acquired and liabilities assumed of Ventika:

	As of September 30, 2016
Current assets	$ 14,237
Non-current assets, mainly property, plant and equipment, net	893,402
Current and long - term liabilities	(703,279)
Total identifiable net assets	204,360
Debt cancellation	123,261
Goodwill recognized in accordance with the pro forma purchase price allocation	107,065
Total consideration transferred	$ 434,686

a. Goodwill and intangible shown in the Pro forma Combined Statements of Financial Position corresponds to the excess of the consideration transferred from the Ventika Acquisition. Net assets acquired are estimated as of September 30, 2016 and are subject to adjustment upon completion of the Ventika Acquisition and during the subsequent 12-month measurement period permitted by IFRS 3.

In a business combination achieved in stages, the acquirer shall remeasure its previously held equity interest in the acquired entity at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss and other comprehensive income, in accordance with IFRS 3.

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