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

Condensed interim consolidated Financial Statements as of March 31, 2015 and for the three-month periods ended March 31, 2015 and 2014 (Unaudited)

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

Condensed Interim Consolidated Statements of Financial Position

(In thousands of U.S. Dollars)

Assets	**Notes**	**March 31, 2015 (Unaudited)**	**December 31, 2014**
Current assets:			
Cash and cash equivalents		$ 44,372	$ 83,637
Short-term investments	9	30,039	30,020
Trade and other receivables, net		57,930	66,401
Due from related parties	3	18,821	26,601
Income tax receivable		35,618	34,297
Inventory of natural gas		4,268	9,375
Derivative financial instruments	9	3,954	4,709
Value added tax recoverable		33,303	30,797
Carbon allowances	6	29,864	29,864
Other assets		14,936	9,918
Total current assets		273,105	325,619
Non-current assets:			
Due from related parties	3	149,075	146,775
Finance lease receivables	9	14,597	14,621
Deferred income tax asset		90,274	85,758
Investments in joint ventures	4	403,553	401,538
Goodwill		25,654	25,654
Property, plant and equipment, net	5, 11	2,411,369	2,377,739
Carbon allowances	6	3,892	229
Other assets		2,163	2,285
Total non-current assets		3,100,577	3,054,599
Total assets		$ 3,373,682	$ 3,380,218

Liabilities and Equity	**Notes**	**March 31, 2015 (Unaudited)**	**December 31, 2014**
Current liabilities:			
Short-term debt	7, 9	$ 74,136	$ 195,089
Trade and other payables		38,858	59,575
Due to related parties	3	123,015	14,405
Income tax liabilities		9,065	18,022
Derivative financial instruments	9	6,657	6,808
Other financial liabilities		2,963	7,223
Provisions		1,537	1,619
Other taxes payable		13,541	11,247
Carbon allowances	6	29,864	29,864
Other liabilities		21,767	23,698
Total current liabilities		321,403	367,550
Non-current liabilities:			
Long-term debt	8, 9	340,583	350,638
Due to related parties	3, 9	38,820	38,460
Deferred income tax liabilities		231,290	232,538
Carbon allowances	6	4,269	-
Provisions		38,646	38,250
Derivative financial instruments	9	122,915	100,449
Employee benefits		3,040	3,045
Total non-current liabilities		779,563	763,380
Total liabilities		1,100,966	1,130,930
Stockholders' equity:			
Common stock		762,949	762,949
Additional paid-in capital		973,953	973,953
Accumulated other comprehensive income		(87,118)	(64,331)
Retained earnings		622,932	576,717
Total equity attributable to owners of the Company		2,272,716	2,249,288
Total liabilities and equity		$ 3,373,682	$ 3,380,218

See accompanying notes to the condensed interim consolidated financial statements.

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

Condensed Interim Consolidated Statements of Profit

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

	Notes	Three-month period ended March 31, (Unaudited) 2015	2014
Revenues	11	$ 163,945	$ 201,349
Cost of revenues		(70,789)	(109,321)
Operating, administrative and other expenses		(24,005)	(23,140)
Depreciation and amortization		(16,178)	(14,978)
Interest income		1,971	166
Finance (costs) income		(1,946)	1,430
Other losses		(4,163)	(1,851)
Profit before income tax and share of profits of joint ventures		48,835	53,655
Income tax expense	10	(14,337)	(13,094)
Share of profits of joint venture, net of income tax	4	11,717	6,161
		(2,620)	(6,933)
Profit for the period		$ 46,215	$ 46,722

All results are from continuing operations.

Earnings per share:

Basic and diluted earnings per share:	12	$ 0.04	$ 0.04

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 Comprehensive Income

(In thousands of U.S. Dollars)

	Three-month period ended March 31, (Unaudited) 2015	2014
Profit for the period	$ 46,215	$ 46,722
Other comprehensive income (loss):		
Items that may be subsequently reclassified to profit or (loss):		
(Loss) gain on valuation of derivative financial instruments held for hedging purposes	(10,370)	1,394
Deferred income tax on the (loss) gain on valuation of derivative financial instruments held for hedging purposes	3,040	(418)
Loss on valuation of derivative financial instruments held for hedging purposes of joint ventures	(13,860)	(3,921)
Deferred income tax on loss on valuation of derivative financial instruments held for hedging purposes at joint ventures	4,158	1,176
Exchange differences on translating foreign operations	(5,755)	154
Total items that may be reclassified subsequently to profit and loss	(22,787)	(1,615)
Other comprehensive loss for the period	(22,787)	(1,615)
Total comprehensive income for the period	$ 23,428	$ 45,107

See accompanying notes to the condensed interim consolidated financial statements.

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

Condensed Interim Consolidated Statements of Changes in Stockholders' Equity

(In thousands of U.S. Dollars)

	Common shares	Additional paid-in capital	Other comprehensive income (loss)	Retained earnings	Total
Balance as of January 1, 2014	$ 762,949	$ 973,953	$ (24,273)	$ 603,783	$ 2,316,412
Profit for the period	-	-	-	46,722	46,722
Loss on valuation of derivative financial instruments held for hedging purposes, net	-	-	(1,769)	-	(1,769)
Exchange differences on translating foreign operations	-	-	154	-	154
Total comprehensive income for the period	-	-	(1,615)	46,722	45,107
Balance as of March 31, 2014 (Unaudited)	$ 762,949	$ 973,953	$ (25,888)	$ 650,505	$ 2,361,519
Balance as of January 1, 2015	$ 762,949	$ 973,953	$ (64,331)	$ 576,717	$ 2,249,288
Profit for the period	-	-	-	46,215	46,215
Loss on valuation of derivative financial instruments held for hedging purposes, net	-	-	(17,032)	-	(17,032)
Exchange differences on translating foreign operations	-	-	(5,755)	-	(5,755)
Total comprehensive income for the period	-	-	(22,787)	46,215	23,428
Balance as of March 31, 2015 (Unaudited)	$ 762,949	$ 973,953	$ (87,118)	$ 622,932	$ 2,272,716

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)

		Three-month period ended March 31, (Unaudited)	
	Notes	**2015**	**2014**
Cash flows from operating activities:			
Profit for the period	11	$ 46,215	$ 46,722
Adjustments for:			
Income tax expense	10	14,337	13,094
Share of profits of joint ventures, net of income tax	4	(11,717)	(6,161)
Finance costs (income)		1,946	(1,430)
Interest income		(1,971)	(166)
Loss on disposal of property, plant and equipment		247	590
Impairment loss recognized on trade receivables		-	8
Depreciation and amortization		16,178	14,978
Net foreign exchange loss (gain)		686	(296)
Loss on derivative financial instruments		5,086	1,138
		71,007	68,477
Movements in working capital:			
Decrease (increase) in trade and other receivables		16,275	(42,957)
Decrease (increase) in inventories		5,107	(397)
Decrease (increase) in other assets		(6,796)	(25,080)
(Decrease) increase in trade and other payables		(32,224)	26,789
Increase (decrease) in provisions		7,469	(1,152)
(Decrease) increase in other liabilities		363	11,668
Cash generated from operations		61,201	37,348
Income taxes paid		(25,962)	(21,797)
Net cash provided by operating activities		35,239	15,551
Cash flows from investing activities:			
Interest received		1	-
Acquisitions of property, plant and equipment		(55,435)	(75,347)
Loans to unconsolidated affiliates		(501)	(120)
Proceeds received for payment of loans from unconsolidated affiliates		35	231
Short-term investments		(19)	16,362
Net cash used in investing activities		(55,919)	(58,874)

(Continued)

	Notes	Three-month period ended March 31, (Unaudited) 2015	2014
Cash flows from financing activities:			
Interest paid		(12,917)	(7,017)
Loans received from related parties	3	120,000	-
Loans payments on bank lines of credit	7	(121,100)	-
Net cash used in financing activities		(14,017)	(7,017)
Net decrease in cash and cash equivalents		(34,697)	(50,340)
Cash and cash equivalents at the beginning of the period		83,637	103,880
Effects of exchange rate changes on the balance of cash held in foreign currencies		(4,568)	2,708
Cash and cash equivalents at the end of the period		$ 44,372	$ 56,248

See accompanying notes to the condensed interim consolidated financial statements.

1. Business and relevant events

a. Business

Infraestructura Energética Nova, S. A. B. de C. V. ("IEnova") and Subsidiaries (collectively, the "Company") are companies domiciled and incorporated in México. Their parent and ultimate holding company is Sempra Energy (the "Parent"), domiciled and incorporated in the United States of America ("U.S."). The address of their registered offices and principal places of business are disclosed in Note 18.

The Company operates in the energy sector. The Company is organized in two separately managed reportable segments, Gas and Power. Amounts labeled as Corporate consist of parent company activities at IEnova (Note 11).

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

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

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

b. Relevant events

1.1. Credit Facilities

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

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

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

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

1.3. Liquefaction project

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

2. Significant accounting policies

a. Statement of compliance

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

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

b. Basis of preparation

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

3. Related party transactions

Balances and transactions between IEnova and its subsidiaries, have been eliminated during the consolidation process and are not disclosed in this Note. Details of transactions between the Company and other related parties are disclosed below.

a. *Trading transactions*

During the period, the Company entered into the following trading transactions with related parties:

	Revenues Three-month period ended		Cost of revenues and administrative and other expenses Three-month period ended	
	03/31/15	03/31/14	03/31/15	03/31/14
	(Unaudited)		(Unaudited)	
Sempra Generation ("SGEN")	$ 30,461	$ 55,828	$ 6,035	$ 7,856
Sempra LNG International, LLC ("SLNGI")	25,096	22,329	41,290	77,824
Sempra International, LLC ("Sempra International")	410	450	1,091	1,895
Southern California Gas Company ("SoCalGas")		26	268	319
Sempra U.S. Gas & Power, LLC	-	-	1,727	1,796
Sempra Services Company, S. de R. L. de C. V. ("Sempra Services Company")	-	-	192	300
Sempra Servicios México, S. de R. L. de C. V. ("Sempra Servicios México")	-	-	-	161
Sempra Midstream, Inc.	-	-	180	46

	Interest income Three-month period ended	
	03/31/15	03/31/14
	(Unaudited)	
Sempra Services Company	$ -	$ 1
Sempra Servicios México	1	1
Ductos Energéticos del Norte, S. de R. L. de C. V. ("DEN")	1,425	-
Energía Sierra Juárez, S. de R. L. de C. V. ("ESJ")	407	-

	Finance costs Three-month period ended	
	03/31/15	03/31/14
	(Unaudited)	
Sempra Oil Trading Suisse, ("SOT Suisse")	$ 360	$ 360
ISLA	88	-
ISL	29	-
SGEN	-	2

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

	Amounts due from related parties Period / Year ended 03/31/15 (Unaudited)	12/31/14
SGEN	$ 17,510	$ 23,949
Servicios ESJ, S. de R. L. de C. V.	514	626
ESJ	797	690
Sempra International	-	1,336
	$ 18,821	$ 26,601

	Amounts payable to related parties Period / Year ended 03/31/15 (Unaudited)	12/31/14
ISLA (*)	$ 90,088	$ -
ISL (*)	30,029	-
SLNGI	2,619	14,228
Sempra Services Company	127	85
Sempra Servicios México	-	6
SoCal Gas	88	77
Sempra International	64	-
SGEN	-	9
	$ 123,015	$ 14,405

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

Sales and purchases of goods and services with related parties have been carried out in accordance with applicable transfer pricing requirements.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expenses have been recognized in the current or prior periods for bad or doubtful debts regarding the amounts owed by related parties.

Included in the trading transactions are administrative services from affiliates of $1.3 million and $2.3 million for the three-month period ended March 31, 2015 and 2014, respectively, which were collected and paid, and have been properly distributed to the segments incurring those costs.

b. Receivables related to loans to related parties

	Period / Year ended 03/31/15 (Unaudited)	12/31/14
DEN	$ 125,292	$ 123,868
Sempra Servicios México	65	100
SGEN	285	114
ESJ	23,433	22,693
	$ 149,075	$ 146,775

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

c. Payables related to loans from related parties

	Period / Year ended	
	03/31/15 (Unaudited)	12/31/14
SOT Suisse	$ 38,820	$ 38,460

d. Compensation of key management personnel

Since 2013, the Company has directly contracted certain key positions of its management. Total compensation expense for key management personnel was $5.0 million and $5.1 million for three-month periods ended March 31, 2015 and 2014, respectively.

4. Investments in joint ventures

4.1 GdC

The Company has a 50% equity ownership in the members' equity of GdC, an entity jointly controlled with Pemex Gas Petroquímica Básica ("PGPB"). GdC operates two natural gas pipelines, a natural gas compression station, a propane system in Northern México, in the states of Chihuahua, Tamaulipas and Nuevo León, México; and a gas storage facility in the state of Jalisco, México. Construction is currently in process for phase two of the Los Ramones I pipeline, as well as the Los Ramones Norte and Ethane Pipeline projects.

As of March 31, 2015, there has been no change in the Company's ownership or voting rights in this joint venture.

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

	Period / Year ended	
	03/31/15 (Unaudited)	12/31/14
Cash and cash equivalents	$ 53,175	$ 74,931
Short-term investments	40,611	58,233
Other current assets	110,699	94,086
Current assets	204,485	227,250
Finance lease receivables	352,202	346,314
Property, plant and equipment, net	725,304	673,714
Due from TAG Norte Holding, S. de R. L. de C. V.	131,465	140,160
Related parties accounts receivable	88,264	-
Other non-current assets	443	413
Deferred income tax asset	5,945	359
Non-current assets	1,303,623	1,160,960
Total assets	$ 1,508,108	$ 1,388,210
Current liabilities	$ 16,616	$ 31,201
Non-current liabilities	850,447	724,810
Total liabilities	867,063	756,011
Total members' equity	$ 641,045	$ 632,199
Share of members' equity	$ 320,523	$ 316,100
Goodwill and indefinite lived intangible assets	64,943	64,943
Carrying amount investment in GdC	$ 385,466	$ 381,043

	Three-month period ended	
	03/31/15	03/31/14
	(Unaudited)	
Revenues	$ 57,599	$ 34,270
Expenses	(15,881)	(12,853)
Interest expenses, net	(5,933)	(3,997)
Investment in joint venture	1,878	-
Income taxes expenses	(14,533)	(5,098)
Net and comprehensive income	$ 23,130	$ 12,322
Share of profits of GdC	$ 11,565	$ 6,161

a) ***Credit agreement***. On December 5, 2013, GdC entered into a credit agreement for $490.0 million with BBVA Bancomer, Institution de Banca Múltiple, Grupo Financiero BBVA Bancomer, Bank of Tokyo Mitsubishi UFJ, Ltd., Mitzuho Bank and Norddeutsche Landesbank, for the purpose of funding the Los Ramones I pipeline project. The funding is contracted for a term of 13 years, with quarterly principal payments, bearing interest at the 90 day London Interbank Offered Rate ("LIBOR") plus 200 to 275 base points ("bps") from the anniversary date of the credit agreement. This funding is guaranteed by collection rights of certain GdC projects. Borrowings under the facility began in 2014 and, as of March 31, 2015, GdC has $431.1 million of outstanding borrowings.

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

c) *Regular investment contribution to TAG Norte Holding, S. de R. L. de C. V.:* TAG Norte Holding, S. de R. L. de C. V. ("TAG Holding") is owned by GdC through its subsidiary, DEN, and partners PMI and TAG Pipelines. Pursuant to the amended partnership agreement dated June 30, 2014, an ordinary contribution investment to capitalize TAG Holding was authorized as follows:

PGPB	$ 123,867
IEnova	123,867
	$ 247,734

Under the terms of the contract, the contributions made in July, August and November 2014, are presented as loans to DEN. As of March 31, 2015, the amount has generated interest of $1.4 million.

4.2 ESJ

On July 16, 2014, Controladora Sierra Juarez, S. de R. L. de C. V. ("CSJ"), a subsidiary of IEnova, completed the sale of a 50% interest in the first phase of ESJ to a wholly owned subsidiary of InterGen N. V. ("InterGen").

As of March 31, 2015, the Company's remaining 50% interest in ESJ is accounted for under the equity method. ESJ's condensed consolidated financial statements and the Company's equity method investment are summarized as follows:

	Period / Year ended	
	03/31/15 (Unaudited)	12/31/14
Cash and cash equivalents	$ 4,581	$ 4,784
Other current assets	4,121	6,339
Current assets	8,702	11,123
Property, plant and equipment, net	262,921	258,885
Other non-current assets	14,215	10,189
Deferred income tax	10,461	7,914
Non-current assets	287,597	276,988
Total assets	$ 296,299	$ 288,111
Current liabilities	$ 9,133	$ 11,815
Non-current liabilities	275,234	259,548
Total liabilities	284,367	271,363
Total members' equity	$ 11,932	$ 16,748
Share of members' equity	$ 5,966	$ 8,374
Goodwill and indefinite lived intangible assets	12,121	12,121
Carrying amount of investment in ESJ	$ 18,087	$ 20,495

	Three-month period ended 03/31/15 (Unaudited)
Revenues	$ -
Expenses	(131)
Interest income, net	9
Investment in subsidiaries	(21)
Income taxes expense	447
Net income	$ 304
Share of profits of ESJ	$ 152

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

The credit facilities consist of construction loans and term loan commitments. ESJ will use the proceeds of construction loans to fund or reimburse ESJ project's costs. The proceeds of terms loans will be used for paying any unpaid principal amount of construction loans and other obligations accumulated as of the earlier of conversion date or project substantial completion date.

The variable rate loan is secured by the project and will convert to an 18-year term loan upon completion of the first phase of the project. 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 (both construction and term loans) bear interest at selected rate between LIBOR plus the applicable margin and Prime Rate plus applicable margin.

Years	Base rate applicable margin	LIBOR applicable margin
0 – 1	1.375%	2.375%
1 – 4	1.375%	2.375%
5 – 8	1.625%	2.625%
9 – 12	1.875%	2.875%
13 – 16	2.125%	3.125%
17 – 18	2.375%	3.375%

	Total credit facilities	Withdrawals	Unexercised outstanding balances
Mizuho	$ 49,270	$ 40,556	$ 8,714
NAFINSA	40,112	33,018	7,094
NORD/LB	55,154	45,400	9,754
NADB	40,112	33,018	7,094
SMBC	55,154	45,400	9,754
	$ 239,802	$ 197,392	$ 42,410

As of March 31, 2015, ESJ has withdrawn a total accumulated amount of $197.3 million from the credit facility. The loan agreement also provides for a $31.7 million letter of credit which supports the cost of necessary upgrades and interconnections of the project. ESJ has drawn down $5.7 million on the letter of credit and generated interest expense in the amount of $3.9 million during the three-month period then ended. The total unexercised outstanding balances under these arrangements are $32.8 million.

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

c) ***Financing of the project's value added tax ("VAT") with Santander.*** On June 12, 2014, ESJ entered into a line of credit with Santander for up to $455.0 million Pesos (approximately $35.0 million historical U.S. dollar equivalent). Interest on each withdrawal will be accrued at the Mexican Interbank Interest Rate ("TIIE") plus 145 bps payable on a semi-annual basis. The credit line under this contract will be used to finance the VAT on the ESJ project. As of March 31, 2015, ESJ has withdrawn $453.3 million pesos (approximately $30.8 million historical U.S. dollar equivalent) of this credit line.

d) ***Other disclosures.*** The member's agreement provides certain restrictions and benefits to the sale of the membership interest in ESJ. The Partnership agreement establishes that capital calls that are to be contributed on a pro rata basis by the members. CSJ and its joint venture partner have provided guarantees of payment of amounts due by ESJ and its subsidiaries under the wind turbine supply agreement with Vestas WTG México, S. A. de C. V., The guarantees are immaterial as of March 31, 2015.

5. Property, plant and equipment

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

	Period / Year ended	
	03/31/15 (Unaudited)	12/31/14
Sonora pipeline project	$ 425,375	$ 382,384
Other projects	8,471	5,480
	$ 433,846	$ 387,864

The Sasabe-Puerto Libertad section of the Sonora pipeline project has been completed and began operating in October 2014.

Borrowing cost. During the three-month period ended March 31, 2015 and 2014, the Company capitalized interest attributable to the construction of its projects in the amount of $3.1 million and $3.4 million respectively. The weighted average rate used to determine the amount of borrowing costs eligible for capitalization was 4.5% and 5.4% respectively.

6. Carbon allowances

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

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

Carbon allowances are shown in the balance sheets as follows:

	Period / Year ended	
	03/31/15 (Unaudited)	12/31/14
Assets:		
Current	$ 29,864	$ 29,864
Non-current	3,892	229
	$ 33,756	$ 30,093
Liabilities (a):		
Current	$ 29,864	$ 29,864
Non-current	4,269	-
	$ 34,133	$ 29,864

(a) Changes in these balances, during the three-month period ended March 31, 2015 and 2014 were recorded in cost of revenues for $4.3 million and $4.7 million respectively.

7. Short-term debt

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

	Period / Year ended	
	03/31/2015 (Unaudited)	12/31/2014
Santander (a)	$ 50,282	$ 145,346
SMBC (b)	25,019	51,020
Borrowing costs	(1,165)	(1,277)
	$ 74,136	$ 195,089

(a) ***Credit facilities with Santander.*** On June 19, 2014, the Company entered into an agreement for a $200.0 million, U.S. dollar-denominated, three-year corporate revolving credit facility to finance working capital and for general corporate purposes. The lender is Banco Santander, (México), S.A., Institución de Banca Múltiple, Grupo Financiero Santander Mexico. Interest accrues based on the 3-month LIBOR plus 105 bps. The credit facility is payable on a quarterly basis and as of March 31, 2015, the Company has $50.2 million of outstanding borrowings supported by the facility, and available unused credit on the line was $149.8 million. During March 2015, the Company made partial prepayments in the amount $95.0 million.

(b) ***Credit facilities with SMBC.*** On August 25, 2014, the Company entered into an agreement for a $100.0 million, U.S. dollar-denominated, three-year corporate revolving credit facility to finance working capital and for general corporate purposes. The lender is Sumitomo Mitsui Banking Corporation. Interest accrues based on the 3-month LIBOR plus 105 bps and as of March 31, 2015, IEnova had $25.0 million of outstanding borrowings supported by the facility, and available unused credit on the line was $75.0 million. As of March 2015, the Company made partial prepayments in the amount $26.1 million.

8. Long-term debt

	Period / Year ended	
	03/31/15 (Unaudited)	12/31/14
CEBURES at fixed rate	$ 257,354	$ 264,981
CEBURES at variable rate	85,785	88,327
	343,139	353,308
Debt issuance cost	(2,556)	(2,670)
	$ 340,583	$ 350,638

On February 14, 2013, the Company entered into two public placements of Notes or CEBURES ("Certificados Bursatiles by the acronym in Spanish") as follows:

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

(b) The second placement was for $102.1 million ($1.3 billion Pesos) bearing interest at variable rate based on TIIE plus 30 bp, with monthly payments of interest; maturing in 2018. The average annual rate as of March 31, 2015 was 4.52%.

Cross-currency and interest rate swaps. On February 15, 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 Pesos:

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

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

The swaps' total notional value is $408.3 million ($5.2 billion Pesos).

These contracts have been designated as cash flow hedges.

9. Financial instruments-

a. Foreign currency exchange rate

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

		Mexican Pesos	
	03/31/15 (Unaudited)	12/31/14	04/21/15 (Unaudited)
One U. S. Dollar	$ 15.1542	$ 14.7180	$ 15.3128

b. Fair value of financial instruments

9.1 Fair value of financial instruments carried at amortized cost

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

	Period/Year ended			
	03/31/15		12/31/14	
	Carrying amount	Fair Value	Carrying amount	Fair value
	(Unaudited)			
Financial assets				
Financial lease receivables	$ 14,597	$ 46,380	$ 14,621	$ 47,640
Financial liabilities				
Financial liabilities held at amortized cost:				
- Long-term debt (traded in stock exchange)	340,583	343,139	350,638	343,584
- Short- term debt (not traded in stock change)	74,136	74,143	195,089	193,119
- Loans from related parties (not traded in stock exchange)	38,820	37,523	38,460	37,207
- Loans from related parties (short-term)	120,117	119,309	-	-

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

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

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

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

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

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

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

Finance lease receivables. The fair value of finance lease receivables is estimated to be $46.4 million and $47.6 million as of March 31, 2015 and December 31, 2014, respectively, using the risk free interest rate adjusted to reflect the Company's own credit risk.

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

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

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

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

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

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

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

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

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

	Period / Year ended	
	03/31/15 (Unaudited)	**12/31/14**
Derivative financial instrument assets at fair value through profit or loss ("FVTPL")		
Short-term investments (Level 1)	$ 30,039	$ 30,020
Derivative financial instrument assets (Level 2)	3,954	4,709
Derivative financial instrument liabilities at FVTPL		
Derivative financial instrument liabilities (Level 2)	$ 129,572	$ 107,257

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

10. Income taxes

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

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

Income taxes for the three-month periods ended March 31, 2015 and 2014 are reconciled to the accounting profit as follows:

	Three-month period ended	
	03/31/15	03/31/14
	(Unaudited)	
Profit before income tax and share of joint ventures	$ 48,835	$ 53,655
Income tax expense calculated at 30%	(14,651)	(16,097)
Non-deductible expenses	-	(1,118)
Effects of foreign exchange rates	3,693	(205)
Effects of unused tax losses not recognized as deferred income tax assets	(355)	(147)
Effects of inflation adjustments	(291)	(455)
Effects of exchange rates and inflation on the tax basis of property, plant and equipment	(2,416)	4,928
Other	(317)	-
Income taxes recognized in the statement of profit	$ (14,337)	$ (13,094)

The change in effective tax rates was caused mainly by:

- Foreign exchange gains or losses are calculated on Pesos balances for financial reporting purposes, while the Mexican income tax law recognizes foreign exchange gains or losses on U. S. Dollar balances.

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

- The effect of non-deductible expenses.

11. Segment information

11.1 Products and services from which reportable segments obtain their revenues

Information reported to the Chief Operating Decision Maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

The Company's reportable segments are described and presented in Note 1.
The following tables show selected information by segment from the condensed interim consolidated statements of profit and condensed interim consolidated statements of financial position.

11.2 Segment revenues and results

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

	Segment revenue for three-month period ended 03/31/15	03/31/14
	(Unaudited)	
Gas:		
Sales to customers	$ 107,978	$ 122,716
Revenues with foreign related parties	25,096	22,355
Intersegment sales	63,914	81,667
Power:		
Sales to customers related parties	30,461	55,828
Intersegment sales	9,934	16,810
Corporate:		
Allocation of professional services with related parties	410	450
Professional services between segments	6,846	7,589
	244,639	307,415
Adjustments and eliminations between segments	(80,694)	(106,066)
Total revenues by segment	$ 163,945	$ 201,349

	Segment profit (loss) for three-month period ended 03/31/15	03/31/14
	(Unaudited)	
Gas	$ 56,959	$ 52,708
Power	(810)	2,662
Corporate	(9,934)	(8,648)
Total segment profit	$ 46,215	$ 46,722

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

11.3 Assets and liabilities by segment

	Period / Year ended 03/31/15 (Unaudited)	12/31/14
Assets by segment:		
Gas	$ 2,719,265	$ 2,684,488
Power	398,258	417,601
Corporate	256,159	278,129
Consolidated total assets	$ 3,373,682	$ 3,380,218
Liabilities by segment:		
Gas	$ 322,018	$ 334,572
Power	76,573	76,076
Corporate	702,375	720,282
Consolidated total liabilities	$ 1,100,966	$ 1,130,930

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

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

11.4 Other segment information

	Property, plant and equipment		Accumulated depreciation	
	Period / Year ended		Period / Year ended	
	03/31/15 (Unaudited)	12/31/14	03/31/15 (Unaudited)	12/31/14
Gas	$2,460,877	$2,414,223	$ (337,527)	$ (326,875)
Power	448,700	447,038	(169,584)	(165,795)
Corporate	14,268	14,165	(5,365)	(5,017)
	$2,923,845	$2,875,426	$ (512,476)	$ (497,687)

	Share on profits of joint ventures	
	three-month period ended	
	03/31/15 (Unaudited)	03/31/14
Gas	$ 11,565	$ 6,161
Power	152	-
	$ 11,717	$ 6,161

11.5 Revenues by type of product or service

The following is an analysis of the Company’s revenues by its major type of product or service for the three-month periods ended March 31, 2015 and 2014:

	Three-month period ended	
	03/31/15	03/31/14
	(Unaudited)	
Power generation	$ 30,461	$ 55,828
Sale of natural gas	30,332	53,200
Storage and regasification capacity	23,073	23,081
Natural gas distribution	25,168	32,945
Transportation of natural gas	23,732	11,064
Other operating revenues (*)	31,179	25,231
	$ 163,945	$ 201,349

(*) Due to a lack of LNG cargoes, IEnova LNG, S. de R. L. de C. V. (formerly Sempra LNG Marketing México, S. de R. L. de C. V.) received payments from SLNGI related to the losses and obligations incurred for $25.0 million and $22.3 million for the three-month period ended March 31, 2015 and 2014, respectively. Such balances are presented within the revenues line item in the accompanying condensed interim consolidated statements of profit.

12. Earnings per share

	Three-month period ended 03/31/15 (Unaudited)	Three-month period ended 03/31/14 (Unaudited)
Basic and diluted earnings per share in U.S. Dollar	$ 0.04	$ 0.04

Basic and diluted earnings per share

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

	Three-month period ended 03/31/15 (Unaudited)	Three-month period ended 03/31/14 (Unaudited)
Earnings used in the calculation of basic and diluted earnings per share	$ 46,215	$ 46,722

	Three-month period ended 03/31/15 (Unaudited)	Three-month period ended 03/31/14 (Unaudited)
Weighted average number of shares for the purposes of basic and diluted earnings per share	1,154,023,812	1,154,023,812

The Company does not have potentially dilutive shares.

13. Commitments

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

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

14. Contingencies

Major contingencies, regarding the Company’s legal, administrative or arbitration procedures are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2014.

15. Application of new and revised IFRS

New and revised IFRSs issued but not yet effective

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

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

Management estimates that the IFRS for 2014 and as of March 2015 the improvements to IFRS will not have a material impact on the Company's financial statements.

IFRS 9, *Financial Instruments*

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

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

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

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

IFRS 14, *Regulatory Deferral Accounts*

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

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

IFRS 15, *Revenue from Contracts with Customers*

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

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

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

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

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

Amendments to IAS 27, *Separate Financial Statements*

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

Amendments to IFRS 11, *Joint Arrangements*

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

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

Annual Improvements 2012-2014 Cycle

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

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

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

Amendments to IAS 1, *Disclosure Initiative*

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

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

16. Events after the reporting period

In preparing these condensed interim consolidated financial statements, the Company's management has assessed the events and transactions for recognition or subsequent disclosures from March 31, 2015 to April 21, 2015 (approval and issuance date of these financial statements), and concluded that there are no significant subsequent events that affect the reporting period.

17. Approval of financial statements

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

18. Registered offices

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

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