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

Condensed interim consolidated Financial Statements as of June 30, 2016 and for the six and three-month periods ended June 30, 2016 and 2015 (Unaudited) and Independent Auditor's Review Report Dated July 26, 2016

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

Condensed interim consolidated financial statements as of June 30, 2016 and for the six and three-month periods ended June 30, 2016 and 2015 (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	June 30, 2016 (Unaudited)	December 31, 2015
Current assets:			
Cash and cash equivalents		$ 53,435	$ 40,377
Short-term investments	10	80	20,068
Trade and other receivables, net		56,366	53,728
Due from unconsolidated affiliates	3	9,494	27,608
Income taxes receivable		1,979	16,226
Natural gas inventories		6,953	4,628
Derivative financial instruments	10	1,565	1,926
Value added tax receivable		20,590	46,807
Carbon allowances	5, 7	-	5,385
Other assets		9,043	8,576
Assets held for sale	1, 5	312,973	-
Total current assets		472,478	225,329
Non-current assets:			
Due from unconsolidated affiliates	3	105,102	111,766
Finance lease receivables	10	14,438	14,510
Deferred income tax assets		63,237	78,965
Investments in joint ventures	4	460,772	440,105
Goodwill		25,654	25,654
Property, plant and equipment, net	6, 13	2,446,041	2,595,840
Carbon allowances	5, 7	-	12,975
Other assets		4,263	1,938
Total non-current assets		3,119,507	3,281,753
Total assets		$ 3,591,985	$ 3,507,082

Liabilities and Stockholders´ Equity

	Notes	June 30, 2016 (Unaudited)	December 31, 2015
Current liabilities:			
Short-term debt	8, 10	$ 118,437	$ 88,507
Trade and other payables		50,549	43,849
Due to unconsolidated affiliates	3, 10	356,457	352,650
Income tax liabilities		7,420	14,095
Derivative financial instruments	10	352	-
Other financial liabilities		6,003	6,444
Provisions		1,067	1,293
Other taxes payable		14,307	13,881
Carbon allowances	5, 7	-	5,385
Other liabilities		20,816	17,237
Liabilities held for sale	1, 5	70,494	-
Total current liabilities		645,902	543,341
Non-current liabilities:			
Long-term debt	9, 10	272,900	299,925
Due to unconsolidated affiliates	3, 10	39,187	38,460
Deferred income tax liabilities		230,029	261,294
Carbon allowances	5, 7	-	12,611
Provisions		29,453	34,236
Derivative financial instruments	10	158,572	133,056
Employee benefits		4,179	4,295
Total non-current liabilities		734,320	783,877
Total liabilities		1,380,222	1,327,218
Stockholders' equity:			
Common stock		762,949	762,949
Additional paid-in capital		973,953	973,953
Accumulated other comprehensive income		(139,117)	(103,944)
Retained earnings		613,978	546,906
Total equity attributable to owners of the Company		2,211,763	2,179,864
Total liabilities and equity		$ 3,591,985	$ 3,507,082

See accompanying notes to the condensed interim consolidated financial statements.

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

Condensed Interim Consolidated Statements of Profit

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

		Six-month period ended June 30, (Unaudited)		Three-month period ended June 30, (Unaudited)	
	Notes	**2016** (notes 1, 5)	**2015** (notes 1, 5)	**2016** (notes 1, 5)	**2015** (notes 1, 5)
Revenues	12	$ 271,976	$ 297,230	$ 138,722	$ 142,788
Cost of revenues		(91,491)	(119,019)	(46,175)	(54,414)
Operating, administrative and other expenses		(41,919)	(38,742)	(22,758)	(18,921)
Depreciation and amortization		(28,551)	(24,768)	(14,256)	(12,379)
Interest income		3,035	3,708	1,498	1,770
Finance costs		(5,825)	(2,330)	(4,033)	(445)
Other (losses) gain		(698)	(3,268)	(2,308)	761
Profit before income tax and share of profits of joint ventures		106,527	112,811	50,690	59,160
Income tax expense	11	(40,598)	(42,860)	(23,249)	(27,462)
Share of profits of joint ventures, net of income tax	4, 12	39,425	23,258	11,983	11,541
Profit for the period from continuing operations	13	$ 105,354	$ 93,209	$ 39,424	$ 43,239
Discontinued operation:					
Loss for the period from discontinued operations, net of income tax	5	(38,282)	(10,501)	(5,124)	(6,746)
Profit for the period	12, 13	$ 67,072	$ 82,708	$ 34,300	$ 36,493
Earnings per share:					
From continuing and discontinued operations					
Basic and diluted earnings per share:	13	$ 0.09	$ 0.08	$ 0.03	$ 0.04
From continuing operations					
Basic and diluted earnings per share:	13	$ 0.06	$ 0.07	$ 0.03	$ 0.03

See accompanying notes to the condensed interim consolidated financial statements.

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

Condensed Interim Consolidated Statements of Profit and Other Comprehensive Income

(In thousands of U. S. Dollars)

		Six-month period ended June 30, (Unaudited)		Three-month period ended June 30, (Unaudited)	
	Notes	**2016**	**2015**	**2016**	**2015**
Profit for period	13	$ 67,072	$ 82,708	$ 34,300	$ 36,493
Other comprehensive income (loss):					
Items that will not be reclassified to profit or (loss)					
Actuarial gains on defined benefits plans		-	254	-	254
Deferred income tax relating to components of other comprehensive income		-	(76)	-	(76)
Total items that will not be reclassified to profit		-	178	-	178
Items that may be subsequently reclassified to profit or (loss):					
Gain (loss) on valuation of derivative instruments held for hedging purposes		774	(5,107)	3,833	5,364
Deferred income tax on the gain (loss) on valuation of derivative instruments held for hedging purposes		(232)	1,532	(1,150)	(1,609)
(Loss) gain on valuation of derivative financial instruments held for hedging purposes of joint ventures		(26,801)	3,326	(9,659)	17,186
Deferred income tax on the (loss) gain on valuation of derivate instruments held for hedging purposes at joint ventures		8,040	(997)	2,898	(5,155)
Exchange differences on translating foreign operations		(16,954)	(11,566)	(15,332)	(5,811)
Total items that may be subsequently reclassified to profit		(35,173)	(12,812)	(19,410)	9,975
Other comprehensive (loss) income for the period		(35,173)	(12,634)	(19,410)	10,153
Total comprehensive income for the period		$ 31,899	$ 70,074	$ 14,890	$ 46,646

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, 2015	$ 762,949	$ 973,953	$ (64,331)	$ 576,717	$ 2,249,288
Profit for the period	-	-	-	82,708	82,708
Actuarial gains on defined benefits plans, net of income tax	-	-	178	-	178
Loss on valuation of financial derivatives held for hedging purposes, net of income tax	-	-	(3,575)	-	(3,575)
Gain on valuation of financial derivatives held for hedging purposes of joint ventures, net of income tax	-	-	2,329	-	2,329
Exchange differences on translating foreign operations	-	-	(11,566)	-	(11,566)
Total comprehensive income for the period	-	-	(12,634)	82,708	70,074
Balance as of June 30, 2015 (Unaudited)	$ 762,949	$ 973,953	$ (76,965)	$ 659,425	$ 2,319,362
Balance as of January 1, 2016	$ 762,949	$ 973,953	$ (103,944)	$ 546,906	$ 2,179,864
Profit for the period	-	-	-	67,072	67,072
Gain on valuation of financial derivatives held for hedging purposes, net of income tax	-	-	542	-	542
Loss on valuation of financial derivatives held for hedging purposes of joint ventures, net of income tax	-	-	(18,761)	-	(18,761)
Exchange differences on translating foreign operations	-	-	(16,954)	-	(16,954)
Total comprehensive income for the period	-	-	(35,173)	67,072	31,899
Balance as of June 30, 2016 (Unaudited)	$ 762,949	$ 973,953	$ (139,117)	$ 613,978	$ 2,211,763

See accompanying notes to the condensed interim consolidated financial statements.

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

Condensed Interim Consolidated Statements of Cash Flows

(In thousands of U. S. Dollars)

	Notes	Six-month period ended June 30, (Unaudited) 2016	Six-month period ended June 30, (Unaudited) 2015	Three-month period ended June 30, (Unaudited) 2016	Three-month period ended June 30, (Unaudited) 2015
Cash flows from operating activities:					
Profit for the period	13	$ 67,072	$ 82,708	$ 34,300	$ 36,493
Adjustments for:					
Income tax expense	11, 5	69,135	41,366	24,802	27,029
Share of profit of joint ventures, net of income tax	4, 12	(39,425)	(23,258)	(11,983)	(11,541)
Finance costs		5,953	2,452	4,097	506
Interest income		(3,045)	(3,743)	(1,503)	(1,772)
Loss (gain) on disposal of property, plant and equipment		1,185	551	(294)	304
Impairment (gain) loss recognized on trade receivables		(17)	108	(30)	108
Depreciation and amortization		30,773	32,374	14,256	16,196
Net foreign exchange loss (gain)		1,143	(1,978)	1,876	(2,664)
(Gain) loss on valuation of derivative financial instruments		(324)	(1,548)	31	(6,634)
		132,450	129,032	65,552	58,025
Movements in working capital:					
Decrease in trade and other receivables, net		6,550	28,001	7,691	11,726
(Decrease) in natural gas inventories		(2,325)	(73)	(2,453)	(5,180)
Decrease (increase) in other assets		31,623	(1,898)	30,114	4,898
Increase (decrease) in trade and other payables		1,165	(32,491)	(22,063)	(267)
(Decrease) increase in provisions		(31,609)	15,339	(14,065)	7,870
Increase (decrease) in other liabilities		4,729	(1,010)	1,770	(1,373)
Cash generated from operations		142,583	136,900	66,546	75,699
Income taxes paid		(56,038)	(38,846)	(25,043)	(12,884)
Net cash provided by operating activities		86,545	98,054	41,503	62,815
Cash flows from investing activities:					
Interest received		3,159	1,047	-	1,046
Acquisitions of property, plant and equipment		(114,905)	(119,801)	(78,522)	(64,366)
Loans to unconsolidated affiliates		(275)	(1,044)	(141)	(543)
Repayment of loans to unconsolidated affiliates		5,571	41,530	-	41,495
Short-term investments		19,988	(4,868)	25,005	(4,849)
Net cash used in investing activities		(86,462)	(83,136)	(53,658)	(27,217)

	Notes	Six month period ended June 30, (Unaudited) 2016	2015	Three-month period ended June 30, (Unaudited) 2016	2015
Cash flows from financing activities:					
Interest paid		(9,701)	(16,406)	(1,513)	(3,489)
Loans from unconsolidated affiliates	3	(100)	120,000	(100)	-
Proceed from bank credit lines		30,000	-	30,000	-
Payments on bank credit lines		-	(121,839)	-	(739)
Net cash provided (used in) financing activities		20,199	(18,245)	28,387	(4,228)
Net increase (decrease) in cash and cash equivalents		20,282	(3,327)	16,232	31,370
Cash and cash equivalents at the beginning of the period		40,377	83,637	44,936	44,372
Cash and cash equivalent from discontinued operations	5	(1,170)	-	(297)	-
Effects of exchange rate changes on cash and cash equivalents		(6,054)	(4,872)	(7,436)	(304)
Cash and cash equivalents at the end of the period		$ 53,435	$ 75,438	$ 53,435	$ 75,438

See accompanying notes to the condensed interim consolidated financial statements.

Notes to the Condensed Interim Consolidated Financial Statements

As of June 30, 2016 and for the six and three-month periods ended June 30, 2016 and 2015 (Unaudited)
(In thousands of U.S. Dollars, except where otherwise stated)

1. Business and relevant events

a. ***Business***

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

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

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

The Power segment owns and operates a natural gas fired power plant that includes two gas turbines and one steam turbine, and a renewable energy project in a joint venture in Baja California, México, using wind resources to serve clients in the U. S. (Please refer to Note 1.1.)

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. Plan to market and sell TDM

In February 2016, the Company´s management approved a plan to market and sell Termoeléctrica de Mexicali, S. de R. L. de C. V. and subsidiaries ("TDM"), a 625-MW natural gas-fired power plant located in Mexicali, Baja California, Mexico. Although the Company believes fair value approximates the carrying value of the asset, in the event that the estimated sales price from the planned sale of TDM is less than the carrying value, the Company may recognize an impairment loss in the Condensed Interim Consolidated Statements of Profit.

As a result of the foregoing events, the assets and liabilities of TDM, were presented as assets held for sale and liabilities held for sale, in the Condensed Interim Consolidated Statement of Financial Position as of June 30, 2016; the results of these companies are also presented within discontinued operations in the Condensed Interim Consolidated Statements of Profit, which were retrospectively adjusted. Please refer to Note 5.

1.2. Beginning of commercial operations of "Los Ramones Norte project"

In February 2016, Los Ramones Norte project started commercial operation.

1.3. Marine pipeline

In June 2016, Infraestructura Marina del Golfo, S. de R.L. ("IMG") de C.V., the joint venture formed between IEnova and TransCanada Corporation ("TransCanada"), whereby IEnova has 40-percent interest in the partnership and TransCanada owns the remaining 60-percent interest, resulted the winner of the bidding process and entered into a 25-year natural gas transportation services agreement with the CFE, in connection with the bid issued by CFE for the South Texas – Tuxpan pipeline. IMG shall be responsible for the development, construction, and operation of the 42-inch pipeline that has a capacity of 2.6 billion cubic feet per day (BCF) and a length of approximately 800 kilometer. The project will require an investment of approximately US $2.1 billion and is expected to begin operations in the last quarter of 2018.

1.4. Ramal Empalme pipeline project

In May 2016, IEnova entered into a natural gas transportation services agreement with Comisión Federal de Electricidad ("CFE") for a 21-year term, denominated in U.S. Dollars, for 100 percent of the transport capacity of the Ramal Empalme pipeline, equal to 226 million cubic feet per day of natural gas. IEnova will be responsible for the development, construction and operation of the 20-kilometer pipeline. The Company expect to begin operations in May 2017.

1.5. Purchase agreement of remaining interest in Gasoductos de Chihuahua from Petróleos Mexicanos

In July 2016, IEnova announced it has reached an agreement with Pemex Transformación Industrial "Pemex TRI" to restructure the transaction to purchase Pemex's interest in Gasoductos de Chihuahua that was objected by the Mexico's Comisión Federal de Competencia Económica in December 2015. This agreement will allow i) Pemex TRI to satisfy the conditions imposed by the former Federal Competition Commission in connection with its indirect participation in the assets known as Gasoducto San Fernando and LPG Ducto TDF and ii) IEnova to acquire Pemex TRI participation in Gasoductos de Chihuahua once such conditions are satisfied.

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, 2015, 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, 2015:

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 an 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.

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

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

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

3. Transactions and balances with unconsolidated affiliates

Balances and transactions between IEnova and its subsidiaries have been eliminated upon consolidation and are not disclosed in this note, 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 outside continuing operations. Accordingly, the Consolidated Statements of Profit present revenues from continuing operations as follows:

	Revenues / Cost of revenues			
	Six-month period ended		Three-month period ended	
	06/30/16	06/30/15	06/30/16	06/30/15
Effects of continuing operation with Gasoducto Rosarito, S. de R. L. de C. V. and IEnova LNG, S. de R. L. de C. V.	$ 20,050	$ 37,581	$ 10,346	$ 16,269

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

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

	Revenues			
	Six-month period ended		**Three-month period ended**	
	06/30/16	**06/30/15**	**06/30/16**	**06/30/15**
Sempra LNG International Holdings, LLC (“SLNGIH”)	$ 53,799	$ -	$ 26,772	$ -
Discontinued operation – Sempra Generation (“SGEN”)	33,942	56,419	18,777	25,958
Sempra LNG ECA Liquefaction, LLC (“SLNGEL”)	1,870	-	881	-
Sempra International, LLC (“Sempra International”)	826	830	399	420
Discontinued operation – Servicios ESJ, S. de R. L. de C. V. (“SESJ”)	315	-	98	-
Energía Sierra Juárez, S. de R. L. de C. V. (“ESJ”)	85	-	(20)	-
SESJ	256	-	242	-
Southern California Gas Company (“SoCalGas”)	3	-	3	-
Sempra LNG International, LLC (“SLNGI”)	-	49,138	-	24,042

	Cost of revenues and operating, administrative and other expenses			
	Six-month period ended		**Three-month period ended**	
	06/30/16	**06/30/15**	**06/30/16**	**06/30/15**
SLNGI	$ 66,801	$ 85,754	$ 36,053	$ 44,464
Discontinued operation – SGEN	9,987	12,247	4,914	6,684
Sempra U. S. Gas & Power, LLC	3,539	3,396	1,693	1,669
SGEN	2,564	926	1,337	454
Sempra International	2,102	2,776	1,141	1,595
SoCalGas	740	534	374	266
Sempra Midstream, Inc. (“Sempra Midstream”)	398	360	199	180
Sempra Services Company, S. de R. L. de C. V. (“Sempra Services Company”) *	-	234	-	42

* In December 2015, this company was liquidated.

	Interest income			
	Six-month period ended		Three-month period ended	
	06/30/16	06/30/15	06/30/16	06/30/15
Ductos Energéticos del Norte, S. de R. L. de C. V. (“DEN”)	$ 2,011	$ 2,703	$ 1,007	$ 1,278
ESJ	616	826	282	419
Discontinued operation – SGEN	11	4	6	2
Sempra Servicios México, S. de R. L. de C. V. *	-	2	-	1

* In December 2015, this company was liquidated.

	Finance cost			
	Six-month period ended		Three-month period ended	
	06/30/16	06/30/15	06/30/16	06/30/15
Sempra Energy Holding XI, B. V. (“SEH”)	$ 876	$ -	$ 442	$ -
Inversiones Sempra Latin America Limitada (“ISLA”)	796	554	398	466
Sempra Oil Trading Suisse (“SOT Suisse”)	727	718	358	358
Inversiones Sempra Limitada (“ISL”)	265	185	132	156

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

	Amounts due from unconsolidated affiliates	
	Period / Year ended	
	06/30/16	12/31/15
SLNGIH	$ 8,823	$ 9,685
SLNGEL	518	668
SESJ	108	138
ESJ	45	51
SGEN *	-	17,066
	$ 9,494	$ 27,608

* As of June 30, 2016, the amount was reclassified to assets held for sale.

	Amounts due to unconsolidated affiliates	
	Period / Year ended	
	06/30/16	12/31/15
SEH (ii)	$ 220,376	$ 219,600
ISLA (i)	90,000	90,000
ISL (i)	30,000	30,000
SLNGI	15,104	12,220
SGEN	501	360
Sempra International	312	470
SoCalGas	120	-
Sempra Midstream	44	-
	$ 356,457	$ 352,650

(i) On March 2, 2015, IEnova entered into $90.0 million and $30.0 million of U.S. Dollar-denominated credit facilities with ISLA and ISL, respectively, to finance working capital and for general corporate purposes. The agreements are for nine month terms, with an option to be extended for up to four years. Interest is payable on a quarterly basis at 1.98% of outstanding balances. On December 15, 2015, the Company signed an addendum modifying the initial contracts and the new characteristics are: the note term is extended and is due and payable in full on December 15, 2016. The interest rate applicable shall be computed each calendar quarter at the rate of 1.75% per year.

(ii) On December 22, 2015, IEnova entered into $219.6 million of U. S. Dollar-denominated credit facility with SEH, to finance working capital and for general corporate purposes. The term of the agreements is for twelve months. Interest is payable on a quarterly basis at three-month Libor plus 0.17% of outstanding balances.

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

Included in the operational transactions are administrative services from affiliates by $2.1 million and $2.8 million for the six-month period ended June 30, 2016 and 2015 respectively, $1.0 million and $1.3 million for the three-month period ended June 30, 2016 and 2015, respectively which were collected and paid, and have been properly distributed to the segments incurring those costs.

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

	Period / Year ended	
	06/30/16	**12/31/15**
DEN	$ 87,975	$ 85,963
ESJ	17,127	25,142
SGEN *	-	661
	$ 105,102	$ 111,766

* As of June 30, 2016, the amount was reclassified to assets held for sale.

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

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

	Period / Year ended	
	06/30/16	**12/31/15**
SOT Suisse	$ 39,187	$ 38,460

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

Total compensation expense of key management personnel was $3.2 million and $6.9 million for the six-month periods ended June 30, 2016 and 2015, respectively and $0.6 million and $1.9 million for the three-month periods ended June 30, 2016 and 2015, respectively.

4. Investment in joint ventures

4.1 GdC

The Company owns a 50% interest in GdC, a joint venture with PEMEX TRI, a PEMEX subsidiary. GdC operates three natural gas pipelines, five natural gas compression stations, one propane system in México and one ethane pipeline, in the states of Chiapas, Chihuahua, Durango, Nuevo León, San Luis Potosí, Tabasco, Tamaulipas and Veracruz and one propane gas storage facility in the state of Jalisco, México.

TAG Norte holdings, S. de R. L. de C. V. ("TAG"), together with TAG Pipelines Norte, S. de R. L. de C. V. ("TAG pipelines") a joint venture between GdC and an affiliate of Pemex, and a consortium comprised of BlackRock and First Reserve, own the Los Ramones Norte pipeline, which began operations in February 2016.

As of June 30, 2016, there has been no change in the Company's ownership or voting rights in this joint venture.

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

	Period / Year ended	
	06/30/16	**12/31/15**
Cash and cash equivalents	$ 78,823	$ 22,080
Short-term investments	16,611	10,780
Other current assets	53,802	55,383
Total current assets	149,236	88,243
Finance lease receivables	946,629	952,201
Property, plant and equipment, net	313,235	320,079
Investments in joint venture	119,935	131,338
Other non-current assets	1,910	1,727
Deferred income tax assets	19,364	12,314
Total non-current assets	1,401,073	1,417,659
Total assets	$ 1,550,309	$ 1,505,902
Current liabilities	$ 126,710	$ 133,730
Non-current liabilities	666,575	662,307
Total liabilities	$ 793,285	$ 796,037
Total members' equity	$ 757,024	$ 709,865
Share of members' equity	378,512	354,933
Goodwill and indefinite lived intangible assets	64,943	64,943
Carrying amount of investment in GdC	$ 443,455	$ 419,876

	Six-month period ended		Three-month period ended	
	06/30/16	06/30/15	06/30/16	06/30/15
Revenues	$ 146,739	$ 117,320	$ 61,719	$ 59,721
Operating, administrative and other expenses	(35,724)	(32,058)	(18,712)	(16,177)
Finance cost, net	(16,218)	(11,946)	(9,904)	(6,013)
Share of profits of joint venture, net of income tax	9,501	(5,681)	4,436	(7,559)
Income tax expense	(29,672)	(26,123)	(17,049)	(11,590)
Profit for the period	$ 74,626	$ 41,512	$ 20,490	$ 18,382
Share of profits of GdC	$ 37,313	$ 20,756	$ 10,245	$ 9,191

(a) *Credit agreement*. On December 5, 2013, GdC entered into a credit agreement for $490.0 million with BBVA Bancomer, Institución 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 13.5 years, with quarterly principal payments, bearing interest at the 90 day London Interbank Offered Rate ("LIBOR") plus 200 to 275 basis points. This funding is guaranteed by collection rights of certain GdC projects. Borrowings under the facility began in 2014 and, as of June 30, 2016, GdC has $488.5 million of outstanding borrowings.

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

(b) *Regular investment contribution to TAG Holding.* TAG Holding is owned by GdC through its subsidiary, DEN, and partners, TETL JV México Norte, S. de R. L. de C. V. and TAG Pipelines, S. de R. L. de C. V. As of June 30, 2016, the contributions are as follows:

PGPB *	$ 87,975
IEnova *	87,975
	$ 175,950

* Includes interests.

Under the terms of the contract, the contributions made in 2014, are presented as loans to DEN. As of June 30, 2016 and 2015, amounts outstanding have generated interest of $2.0 million and $2.7 million respectively.

(c) On December 19, 2014 TAG, entered into a loan as a debtor, signed a promissory note in favor of Santander, for the amount of such loan of $1.3 million approximately. In addition TAG entered into a derivative instrument in order to hedge the interest rate risk.

(d) In December 2015, TAG Pipelines contracted derivative instruments in order to hedge the risk of exchange rate risk. TAG Pipeline entered into forward contracts with five banks to exchange pesos for dollars of a portion of the projects revenues for 2016; maturing through 2016 and in the first quarter of 2017.

4.2 ESJ

On July 16, 2014, Controladora Sierra Juárez, 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”).

The company started operations in the first half of 2015.

As of June 30, 2016, the Company’s remaining 50% interest in ESJ is accounted for under the equity method. ESJ's condensed consolidated financial statements and the Company’s equity method investment are summarized as follows:

	Period / Year ended	
	06/30/16	**12/31/15**
Cash and cash equivalents	$ 10,368	$ 12,930
Other current assets	12,743	21,937
Total current assets	23,111	34,867
Property, plant and equipment, net	270,405	276,352
Other non-current assets	12,626	12,347
Deferred income tax	11,072	6,534
Total non-current assets	294,103	295,233
Total assets	$ 317,214	$ 330,100
Current liabilities	$ 27,760	$ 7,248
Non-current liabilities	279,061	306,635
Total liabilities	$ 306,821	$ 313,883
Total members’ equity	$ 10,393	$ 16,217
Share of members’ equity	5,196	8,108
Goodwill and indefinite lived intangible assets	12,121	12,121
Carrying amount of investment in ESJ	$ 17,317	$ 20,229

	Six-month period ended		Three-month period ended	
	06/30/16	**06/30/15**	**06/30/16**	**06/30/15**
Revenues	$ 22,792	$ 9,504	$ 12,262	$ 9,480
Operating, administrative and other expenses	(10,206)	(3,456)	(5,053)	(3,314)
Finance cost, net	(8,688)	(854)	(4,423)	(815)
Other losses, net	(269)	-	(288)	-
Income taxes benefit (expenses)	596	(191)	979	(652)
Profit for the period	$ 4,225	$ 5,003	$ 3,477	$ 4,699
Share of profits of ESJ	$ 2,112	$ 2,502	$ 1,738	$ 2,350

(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**
0 – 1	2.375%
1 – 4	2.375%
5 – 8	2.625%
9 – 12	2.875%
13 – 16	3.125%
17 – 18	3.375%

As per the financing agreement, the ability to make withdrawals ended on the term conversion date (June 30, 2015). ESJ made total accumulated withdrawals from the credit facility in an amount of US$ 239.8 million. The debt outstanding is $230.5 million and the breakdown is as follows:

	Debt balance
Mizuho	$ 51,746
NAFINSA	37,633
NORD/LB	51,746
NADB	37,633
SMBC	51,746
	$ 230,504

(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) *Financing of the project's value added tax ("VAT") with Santander*. On June 12, 2014, ESJ entered into a line of credit with Santander and on February 23, 2015 there was an amendment to increase the line for up to $501.0 million Pesos (approximately $35.0 million historical U.S. Dollar equivalent). Interest on each withdrawal will be accrued at the Mexican Interbank Interest Rate ("TIIE") plus 145 basis points payable on a semi-annual basis. The credit line under this contract will be used to finance the VAT on the ESJ project. As of December 23, 2015, ESJ had withdrawn $472.6 million pesos of this line of credit. On December 23, 2015 ESJ repaid and canceled the total credit facility.

Other disclosures. The member's agreement provides certain restrictions and benefits to the sale of the membership interest in ESJ. The Partnership agreement establishes that capital calls that are to be contributed on a pro rata basis by the members. CSJ and its joint venture partner have provided guarantees of payment of amounts due by ESJ and its subsidiaries under the wind turbine supply agreement with Vestas WTG México, S. A. de C. V. The guarantees are immaterial as of June 30, 2016.

5. Assets classified as held for sale and discontinued operations

a. As mentioned in Note 1.1, 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 June 30, 2016, 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:

	Six-month period ended		Three-month period ended	
	06/30/16	**06/30/15**	**06/30/16**	**06/30/15**
Revenues	$ 34,257	$ 56,468	$ 18,875	$ 25,653
Cost of revenues	(31,391)	(49,613)	(17,006)	(22,117)
Operating, administrative and other expenses	(9,686)	(10,663)	(4,642)	(6,479)
Depreciation and amortization	(2,222)	(7,606)	-	(3,817)
Interest income, net	11	35	6	2
Finance costs	(128)	(122)	(64)	(61)
Other losses, net	(587)	(494)	(740)	(360)
Income tax (expense) benefit *	(28,536)	1,494	(1,553)	433
Net loss for the period	$ (38,282)	$ (10,501)	$ (5,124)	$ (6,746)

* As of June 30, 2016, the Company recorded a deferred tax expense in the amount of $28.5 million, to recognize the difference between book value and tax basis, as a result of the decision to classify TDM as a held for sale. This effect is shown in the Condensed Interim Consolidated Statements of Profit in the line of "loss for the period from discontinued operations, net of income tax".

	Six-month period ended		Three-month period ended	
Loss per share:	**06/30/16**	**06/30/15**	**06/30/16**	**06/30/15**
Losses per share from discontinued operations:				
Basic and diluted earnings per share	$ (0.03)	$ (0.01)	$ (0.00)	$ (0.01)

c. Assets and liabilities held for sale corresponding to TDM, are as follows:

		Period ended as of June 30, 2016
Cash and cash equivalents	$	1,170
Other current assets		26,339
Total current assets		27,509
Property, plant and equipment, net		268,041
Carbon allowance		16,097
Other non-current assets		947
Deferred income tax assets		379
Total non-current assets		285,464
Total assets	$	312,973
Current liabilities	$	9,377
Non-current liabilities		61,117
Total liabilities	$	70,494

		Period ended as of June 30, 2016
Cash flows from discontinued operations:		
Net cash flows used in operating activities	$	(6,158)
Net cash flows used in investing activities		(2,948)
Net cash outflows using in financing activities		(128)
Net cash outflows	$	(9,234)

TDM meets the criteria established in IFRS 5, Non-current Assets Held for Sale and Discontinued Operations for maintain the classification as assets and liabilities held for sale and discontinued operation as of June 30, 2016.

6. Property, plant and equipment

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

	Period / Year ended			
		06/30/16		12/31/15
Pipeline projects (*)	$	484,163	$	356,099
Other projects		8,950		8,197
	$	493,113	$	364,296

(*) The additions to property, plant and equipment during 2016 and 2015 are mainly comprised of additions to construction in process, the Sásabe-Puerto Libertad section of the Sonora pipeline began operations in October 2014. The first segment was completed in stages, with Puerto Libertad section completed in the fourth quarter of 2014 and the final section completed in August 2015. The capacity is fully contracted by the CFE under two 25-year contracts denominated in U.S. Dollars. Also as of June 30, 2016 the additions correspond to the Ojinaga and San Isidro projects.

Borrowing cost. During the three-month periods ended June 30, 2016 and 2015, the Company capitalized interest attributable to the construction in projects in the amount of $6.2 million and $8.8 million, respectively. The weighted average rate used to determine the amount of borrowing costs eligible for capitalization were 3.0% and 4.7%, for the three-month periods ended June 30, 2016 and 2015, respectively.

7. 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 TDM is subject to this extraterritorial regulation, despite being located in Baja California, México 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 5.

8. Short-term debt

As of June 30, 2016 and December 31, 2015, short-term debt includes:

	Period / Year ended	
	06/30/16	**12/31/15**
Credit agreement (a)	$ 121,004	$ 91,374
Borrowing costs	(2,567)	(2,867)
	$ 118,437	$ 88,507

(a) *Credit Agreement.* On August 21, 2015, the Company entered into an agreement for a $400.0 million, U.S. Dollar-denominated, five-year corporate revolving credit facility to finance working capital and for general corporate purposes. The lenders are Banco Nacional de México, S. A. Integrante de Grupo Financiero Banamex, Sumitomo Mitsui Banking Corporation, Banco Santander (México), S. A., Institución de Banca Múltiple, The Bank of Tokyo-Mitsubishi UFJ, LTD., and The Bank of Nova Scotia. Interest accrues based on the 3-month LIBOR plus 90 basis points. As of December 23, 2015, IEnova had $310.0 million of outstanding borrowings supported by the facility. On December 23, 2015 the Company decided to repay $219.0 million (principal) of such credit facility. On December 22, 2015, the Company renegotiated the credit line of such credit agreement for an amount up to $600.0 million, U.S. Dollar-denominated. As of June 30, 2016 the available unused credit portion is $479.0 million.

9. Long-term debt

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

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

(b) The second placement was for $102.1 million ($1.3 billion of historical Pesos) bearing interest at variable rate based on TIIE plus 30 basis points, with monthly payments of interest, maturing in 2018. The average rate as of June 30, 2016 was 3.14%.

As of June 30, 2016 and December 31, 2015, long-term debt includes:

	Period / Year ended	
	06/30/16	**12/31/15**
CEBURES at fixed rate	$ 206,226	$ 226,659
CEBURES at variable rate	68,742	75,553
	274,968	302,212
Debt issuance costs	(2,068)	(2,287)
	$ 272,900	$ 299,925

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 Pesos:

(a) For the debt maturing in 2023, the Company swapped fixed rate in Pesos for a fixed rate in U.S. Dollars, exchanging principal and interest payments. The weighted average interest rate, in U.S. Dollars for this swap was 4.14%.

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

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

10. Financial instruments

a. *Foreign currency exchange rate*

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

	Mexican Pesos		
	06/30/2016	**12/31/15**	**07/26/2016**
One U. S. Dollar	$ 18.9113	$ 17.2065	$ 18.6089

b. *Fair value of financial instruments*

10.1. Fair value of financial instruments carried at amortized cost

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

	Period / Year ended			
	06/30/16		12/31/15	
	Carrying amount	Fair Value	Carrying amount	Fair value
Financial assets				
Financial lease receivables	$ 14,438	$ 54,557	$ 14,510	$ 57,125
Financial liabilities				
Financial liabilities held at amortized cost:				
Long-term debt (traded in stock exchange)	272,900	274,968	299,925	289,955
Short- term debt (not traded in stock exchange)	118,437	120,610	88,507	90,035
Due to unconsolidated affiliates (not traded in stock exchange)	39,187	38,164	38,460	37,704
Due to unconsolidated affiliates (short-term)	340,376	337,803	339,600	334,481

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

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

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

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

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

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

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

  Finance lease receivables. The fair value of finance lease receivables is estimated to be \$54.6 million and \$57.1 million as of June 30, 2016 and December 31, 2015, respectively, using the risk free interest rate adjusted to reflect the Company's own credit risk.

10.3. *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	
	06/30/16	**12/31/15**
Financial instruments assets at fair value through profit or loss ("FVTPL")		
Short-term investments (Level 1)	$ 80	$ 20,068
Derivative financial instrument assets (Level 2)	1,565	1,926
Derivative financial instrument liabilities at FVTPL		
Derivative financial instrument liabilities (Level 2)	$ 158,924	$ 133,056

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.

11. 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 six and three-month periods ended June 30, 2016 and 2015 are reconciled to the profit for the period as follows:

	Six-month period ended		Three-month period ended	
	06/30/16	06/30/15	06/30/16	06/30/15
Profit before income tax and share of profits of joint ventures	$ 106,527	$ 112,811	$ 50,690	$ 59,160
Income tax expense calculated at 30%	(31,958)	(33,843)	(15,207)	(17,748)
Foreign exchange effects	20,070	7,373	17,879	3,544
Inflationary effects	(517)	-	1,307	342
Effect of unused tax losses not recognized as deferred income tax asset	-	(767)	-	-
Effects of foreign exchange rates and inflation on the tax basis of property, plant and equipment, net and net operating losses	(28,129)	(14,691)	(26,784)	(12,498)
Other	(64)	(932)	(444)	(1,102)
Income tax expense	$ (40,598)	$ (42,860)	$ (23,249)	$ (27,462)

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

- The effect of foreign exchange gains or losses is being calculated on Peso balances for financial reporting purposes, while the Mexican income tax law recognizes foreign exchange gains or losses is 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 inflationary effects relative to certain monetary assets and liabilities.

12. Segment information

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

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

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

12.2. Segment revenues and results

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

	Segment revenues			
	Six-month period ended		Three-month period ended	
	06/30/16	06/30/15	06/30/16	06/30/15
Gas:				
Revenues from customers	$ 216,469	$ 247,263	$ 120,537	$ 139,285
Revenues from unconsolidated affiliates	53,799	49,138	26,772	24,042
Intersegment revenues	86,486	85,212	34,522	21,298
Power:				
Revenues from unconsolidated affiliates	-	3	(44)	3
Corporate:				
Allocation of professional services with affiliates	1,708	831	1,161	421
Intersegment professional services	12,752	17,382	6,004	10,536
	371,214	399,829	188,952	195,585
Intersegment adjustments and eliminations	(99,238)	(102,599)	(50,230)	(52,797)
Total segment revenues	$ 271,976	$ 297,230	$ 138,722	$ 142,788

	Segment profit (loss)			
	Six-month period ended		Three-month period ended	
	06/30/16	06/30/15	06/30/16	06/30/15
Gas	$ 112,929	$ 105,142	$ 40,283	$ 43,218
Power *	(34,692)	(7,622)	(2,022)	(1,847)
Corporate	(11,165)	(14,812)	(3,961)	(4,878)
Total segment profit	$ 67,072	$ 82,708	$ 34,300	$ 36,493

* Included in 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.

12.3. Assets and liabilities by segment

	Period / Year ended	
	06/30/16	**12/31/15**
Assets by segment:		
Gas	$ 3,104,242	$ 2,916,917
Power *	330,567	382,763
Corporate	157,176	207,402
Consolidated total assets	$ 3,591,985	$ 3,507,082
Liabilities by segment:		
Gas	$ 409,785	$ 346,106
Power *	71,434	66,493
Corporate	899,003	914,619
Consolidated total liabilities	$ 1,380,222	$ 1,327,218

* Includes assets and liabilities held for sale.

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

12.4. Other segment information

	Property, plant and equipment		Accumulated depreciation	
	Period / Year ended		**Period / Year ended**	
	06/30/16	**12/31/15**	**06/30/16**	**12/31/15**
Gas	$ 2,830,059	$ 2,687,691	$ (394,763)	$ (370,690)
Power *	2,922	450,665	(89)	(180,461)
Corporate	14,984	15,048	(7,072)	(6,413)
	$ 2,847,965	$ 3,153,404	$ (401,924)	$ (557,564)

	Share of profits of joint ventures			
	Six-month period ended		**Three-month period ended**	
	06/30/16	**06/30/15**	**06/30/16**	**06/30/15**
Gas	$ 37,313	$ 20,756	$ 10,245	$ 9,191
Power *	2,112	2,502	1,738	2,350
	$ 39,425	$ 23,258	$ 11,983	$ 11,541

* Includes assets and liabilities held for sale.

12.5. Revenue by type of product or services

The following is an analysis of the Company's revenues by its major type of product or service for the six and three-month periods ended June 30, 2016 and 2015:

	Six-month period ended		Three-month period ended	
	06/30/16	06/30/15	06/30/16	06/30/15
Sale of natural gas	$ 70,403	$ 95,122	$ 38,754	$ 31,581
Storage and regasification capacity	46,500	46,429	23,346	23,356
Natural gas distribution	42,633	43,951	20,031	18,783
Transportation of natural gas	51,167	50,451	25,682	23,825
Other operating revenues (*)	61,273	61,277	30,909	28,669
	$ 271,976	$ 297,230	$ 138,722	$ 126,214

Other operating revenues

(*) IEnova LNG, S. de R. L. de C. V. received payments from SLNGIH and SLNGI related to the losses and obligations incurred in the amount of $53.7 million and $49.1 million for the six-month periods ended June 30, 2016 and 2015, respectively and $26.7 million and $24.1 million for the three-month periods ended June 30, 2016 and 2015. Such balances are presented within the Revenues line item in the accompanying Condensed Interim Consolidated Statements of Profit.

13. Earnings per share

	Six-month period ended		Three-month period ended	
	06/30/16	06/30/15	06/30/16	06/30/15
From continuing operations				
Basic and diluted earnings per share	$ 0.09	$ 0.08	$ 0.03	$ 0.04
From continuing and discontinued operations				
Basic and diluted earnings per share	$ 0.06	$ 0.07	$ 0.03	$ 0.03

Basic and diluted earnings per share

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

	Six-month period ended		Three-month period ended	
	06/30/16	06/30/15	06/30/16	06/30/15
Earnings from continuing operations used in the calculation of basic and diluted earnings per share	$ 105,354	$ 93,209	$ 39,424	$ 43,239
Earnings from continuing and discontinued operations used in the calculation of basic and diluted earnings per share	$ 67,072	$ 82,708	$ 34,300	$ 36,493

	Six-month period ended		Three-month period ended	
	06/30/16	06/30/15	06/30/16	06/30/15
Weighted average number of shares for the purposes of basic and diluted earnings per share	1,154,023,812	1,154,023,812	1,154,023,812	1,154,023,812

The Company does not have potentially dilutive shares.

14. Commitments

Material commitments of the Company are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2015.

15. Contingencies

Major contingencies, regarding the Company's legal, administrative or arbitration procedures are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2015.

16. Application of new and revised IFRS

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

17. Events after the reporting period

Dividends declared. Pursuant to a resolution of the General Ordinary Stockholders' Meeting held on April 30, 2016, the Board of Directors in its meeting held on July 26, 2016, resolved to pay a cash dividend in August, 2016, in the amount of $140 million.

Withdrawal of credit line. On July 26, 2016, regarding the credit line mentioned in Note 8a, the Company withdrew $400.0 million, such credit line to be used for working capital and general corporate purposes.

Paid in capital of Infraestructura Marina del Golfo. On July 25, 2016 pursuant an unanimous resolution the members of IMG resolve to approve the increase in the variable portion of the contributed capital of the Company, 60% was subscribed and paid-in by Infraestructura TCEM, S. de R. L. de C. V., equivalent to the amount of $7,298.8 and the remaining 40% was subscribed and paid-in by Ductos e Infraestructura Marina, S. de R. L. de C. V. (IEnova´s subisidiary), equivalent to the amount of $4,865.8.

18. Approval of financial statements

The condensed interim consolidated financial statements were approved by Arturo Infanzón Favela, Chief Financial Officer and authorized for issuance on July 26, 2016.

19. 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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