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

Condensed Interim Consolidated Financial Statements as of March 31, 2017 and for the three month periods ended March 31, 2017 and 2016 (Unaudited) and Independent Auditor's Review Report Dated April 24, 2017

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, 2017 (Unaudited)	December 31, 2016
Current assets:			
Cash and cash equivalents		$ 60,098	$ 24,918
Short-term investments	12	13,081	80
Finance lease receivables	5, 12	7,392	7,155
Trade and other receivables, net		95,448	100,886
Due from unconsolidated affiliates	3	11,399	12,976
Income taxes receivable		34,735	6,390
Natural gas inventories		8,841	6,083
Derivative financial instruments	12	184	6,913
Value added tax receivable		45,430	27,600
Other assets		9,205	9,289
Restricted cash	12	58,150	51,363
Assets held for sale	6	221,342	191,287
Total current assets		565,305	444,940
Non-current assets:			
Due from unconsolidated affiliates	3	103,734	104,352
Derivative financial instruments		-	1,127
Finance lease receivables	5, 12	949,027	950,311
Deferred income tax assets		80,979	75,999
Investments in joint ventures	4	179,359	125,355
Other assets		5,118	4,855
Property, plant and equipment, net	7, 15	3,670,506	3,614,085
Intangible assets	8	151,779	154,144
Goodwill		1,651,780	1,651,780
Total non-current assets		6,792,282	6,682,008
Total assets		$ 7,357,587	$ 7,126,948

Liabilities and Stockholders' Equity	Notes	March 31, 2017 (Unaudited)	December 31, 2016
Current liabilities:			
Short-term debt	10, 12	$ 567,156	$ 493,571
Trade and other payables		73,906	94,566
Due to unconsolidated affiliates	3, 12	308,858	260,914
Income tax liabilities		16,141	13,322
Derivative financial instruments	12	43,866	10,310
Other financial liabilities		3,289	5,877
Provisions		841	930
Other taxes payable		30,440	27,872
Other liabilities		25,529	28,861
Liabilities held for sale	6	63,025	35,451
Total current liabilities		1,133,051	971,674
Non-current liabilities:			
Long-term debt	11, 12	981,590	1,039,804
Due to unconsolidated affiliates	3, 12	41,505	3,080
Deferred income tax liabilities		489,375	489,607
Provisions		51,412	51,035
Derivative financial instruments	12	146,295	215,851
Employee benefits		5,846	5,586
Total non-current liabilities		1,716,023	1,804,963
Total liabilities		2,849,074	2,776,637
Stockholders' equity:			
Common stock	14	963,272	963,272
Additional paid-in capital	14	2,351,801	2,351,801
Accumulated other comprehensive loss		(113,415)	(126,658)
Retained earnings		1,306,855	1,161,896
Total equity attributable to owners of the Company		4,508,513	4,350,311
Commitments and contingencies	17, 18		
Events after the reporting period	20		
Total liabilities and equity		$ 7,357,587	$ 7,126,948

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

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

Condensed Interim Consolidated Statements of Profit

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

	Notes	Three-month period ended March 31, (Unaudited) 2017 (note 1, 6)	2016 (note 1, 6)
Revenues	15	$ 272,803	$ 133,254
Cost of revenues		(66,026)	(45,316)
Operating, administrative and other expenses		(39,917)	(19,161)
Depreciation and amortization		(27,173)	(14,295)
Interest income		1,566	1,537
Finance costs		(13,585)	(1,792)
Other gains, net		2,386	1,610
Profit before income tax and share of profits of joint ventures		130,054	55,837
Income tax expense	13	(5,734)	(17,349)
Share of profits of joint ventures, net of income tax	4, 15	12,636	27,442
		6,902	10,093
Profit for the period from continuing operations	16	$ 136,956	$ 65,930
Discontinued operation:			
Gain (loss) for the period from discontinued operations, net of income tax	6	8,003	(33,158)
Profit for the period	15, 16	$ 144,959	$ 32,772
Earnings per share:			
From continuing operations:			
Basic and diluted earnings per share	16	$ 0.08	$ 0.06
From continuing and discontinued operations:			
Basic and diluted earnings per share	16	$ 0.09	$ 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)

	Notes	Three-month period ended March 31, (Unaudited) 2017	2016
Profit for the period	15, 16	$ 144,959	$ 32,772
Items that may be subsequently reclassified to profit or (loss):			
Gain (loss) on valuation of derivative financial instruments held for hedging purposes		1,006	(3,059)
Deferred income tax on the gain (loss) on valuation of derivative financial instruments held for hedging purposes		(302)	918
Loss on valuation of derivative financial instruments held for hedging purposes at joint ventures		(7,711)	(17,143)
Deferred income tax on the loss on valuation of derivative financial instruments held for hedging purposes at joint ventures		2,313	5,143
Exchange differences gain (loss) on translation of foreign operations		17,937	(1,622)
Total items that may be subsequently reclassified to profit		13,243	(15,763)
Other comprehensive gain (loss) for the period		13,243	(15,763)
Total comprehensive income for the period		$ 158,202	$ 17,009

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

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

Condensed Interim Consolidated Statements of Changes in Stockholders' Equity

(In thousands of U. S. Dollars)

	Notes	Common shares	Additional paid-in capital	Other comprehensive loss	Retained earnings	Total
Balance as of January 1st, 2016		$ 762,949	$ 973,953	$ (103,944)	$ 546,906	$ 2,179,864
Profit for the period		-	-	-	32,772	32,772
Loss on valuation of financial derivatives held for hedging purposes, net of income tax		-	-	(2,141)	-	(2,141)
Loss on valuation of financial derivatives held for hedging purposes of joint ventures, net of income tax		-	-	(12,000)	-	(12,000)
Exchange differences on translation of foreign operations		-	-	(1,622)	-	(1,622)
Total comprehensive (loss) income for the period		-	-	(15,763)	32,772	17,009
Balance as of March 31, 2016 (Unaudited)	14	$ 762,949	$ 973,953	$ (119,707)	$ 579,678	$ 2,196,873
Balance as of January 1st, 2017		$ 963,272	$ 2,351,801	$ (126,658)	$ 1,161,896	$ 4,350,311
Profit for the period		-	-	-	144,959	144,959
Gain on valuation of financial derivatives held for hedging purposes, net of income tax		-	-	704	-	704
Loss on valuation of financial derivatives held for hedging purposes of joint venture, net of income tax		-	-	(5,398)	-	(5,398)
Exchange differences on translation of foreign operations		-	-	17,937	-	17,937
Total comprehensive income for the period		-	-	13,243	144,959	158,202
Balance as of March 31, 2017 (Unaudited)	14	$ 963,272	$ 2,351,801	$ (113,415)	$ 1,306,855	$ 4,508,513

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	Three-month period ended March 31, (Unaudited) 2017	2016
Cash flows from operating activities:			
Profit for the period	16	$ 144,959	$ 32,772
Adjustments for:			
Income tax (benefit) expense	6, 13	(2,953)	44,333
Share of profit of joint ventures, net of income tax	4, 15	(12,636)	(27,442)
Finance costs		13,653	1,856
Interest income		(1,566)	(1,542)
Loss on disposal of property, plant and equipment		1,016	1,479
Impairment loss recognized on trade receivables		15	13
Depreciation and amortization		27,173	16,517
Net foreign exchange gain		(4,311)	(733)
Loss (gain) on valuation of derivative financial instruments		134	(355)
		165,484	66,898
Movements in working capital:			
Increase in trade and other receivables, net		(14,189)	(1,141)
(Increase) decrease in natural gas inventories		(2,758)	128
(Increase) decrease in other assets		(17,172)	1,509
(Decrease) increase in trade and other payables		(10,904)	23,228
Increase (decrease) in provisions		4,692	(17,544)
(Decrease) increase in other liabilities		(881)	2,959
Cash generated from operations		124,272	76,037
Income taxes paid		(30,075)	(30,995)
Net cash provided by operating activities		94,197	45,042

(Continued)

	Notes	Three-month period ended March 31, (Unaudited) 2017	2016
Cash flows from investing activities:			
Investment in joint ventures		(45,795)	-
Interest received		587	3,159
Acquisitions of property, plant and equipment		(69,419)	(36,383)
Loans to unconsolidated affiliates		-	(134)
Receipts of loans to unconsolidated affiliates		2,417	5,571
Restricted cash		(6,787)	-
Short-term investments		(13,001)	(5,017)
Net cash used in investing activities		(131,998)	(32,804)
Cash flows from financing activities:			
Interest paid		(25,759)	(8,188)
Loans from unconsolidated affiliates		110,425	-
Loans payments on unconsolidated affiliates		(8,403)	-
Payments on long-term debt		(79,881)	-
Proceeds from bank financing		70,000	-
Net cash provided by (used in) financing activities		66,382	(8,188)
Net increase in cash and cash equivalents		28,581	4,050
Cash and cash equivalents at the beginning of the period		24,918	40,377
Cash and cash equivalent provided by (used in) discontinued operations	6	594	(873)
Effects of exchange rate changes on cash and cash equivalents		6,005	1,382
Cash and cash equivalents at the end of the period		$ 60,098	$ 44,936

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

Notes to the Condensed Interim Consolidated Financial Statements

As of March 31, 2017 and for the three-month periods ended March 31, 2017 and 2016 (Unaudited)
(In thousands of U.S. Dollars, except where otherwise stated)

1. Business and relevant events

a. *Business*

Infraestructura Energética Nova, S. A. B. de C. V. ("IEnova") and Subsidiaries (collectively, the "Company") are located and incorporated in Mexico. Their parent and ultimate holding company is Sempra Energy (the "Parent"), located and incorporated in the United States of America ("U. S."). The address of their registered offices and principal places of business are disclosed in Note 22.

The Company operates in the energy sector. The Company is organized in two separately managed reportable segments, Gas and Power. Amounts labeled as Corporate consist of parent company activities at IEnova (Please refer to Note 15).

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

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

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

b. *Relevant events*

1.1. *Pima Solar Project*

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

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

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

2. Significant accounting policies

a. *Statement of compliance*

The Condensed Interim Consolidated Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB").

Certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been condensed or omitted pursuant to the interim period reporting provisions. Therefore, the Condensed Interim Consolidated financial information should be read in conjunction with the annual Consolidated Financial Statements for the year ended December 31, 2016, which 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, 2016.

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

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

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

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.

	Revenues / Cost of revenues	
	Three-month period ended	
	03/31/17	03/31/16
Effects of continuing operation with Gasoducto Rosarito, S. de R. L. de C. V. ("GRO") and IEnova Marketing, S. de R. L. de C. V. ("formerly IEnova LNG")	$ 17,553	$ 9,704

a. *Transactions with unconsolidated affiliates*

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

	Revenues	
	Three-month period ended	
	03/31/17	03/31/16
Discontinued operation – Sempra Generation ("SGEN")	$ 25,613	$ 15,165
Sempra LNG International Holdings, LLC ("SLNGIH")	25,011	27,027
Sempra International, LLC ("Sempra International")	496	427
Discontinued operation – Sempra Gas & Power Marketing, LLC ("SG&PM")	186	-
Servicios ESJ, S. de R. L. de C. V. ("SESJ")	152	14
Sempra LNG ECA Liquefaction, LLC ("SLNGEL")	99	989
Southern California Gas Company ("SoCalGas")	14	-
Discontinued operation – SESJ	-	217
Energía Sierra Juárez, S. de R. L. de C. V. ("ESJ")	-	105

	Cost of revenues and operating, administrative and other expenses	
	Three-month period ended	
	03/31/17	03/31/16
Sempra LNG International, LLC ("SLNGI")	$ 46,384	$ 30,748
SG&PM	7,124	-
Discontinued operation – SG&PM	4,219	-
Sempra U. S. Gas & Power, LLC ("USGP")	2,133	1,846
Discontinued operation – SGEN	1,044	5,073
Sempra International	1,087	961
SGEN	-	1,227
SoCalGas	345	366
Sempra Midstream, Inc. ("Sempra Midstream")	172	199

	Interest income	
	Three-month period ended	
	03/31/17	03/31/16
Ductos y Energéticos del Norte, S. de R. L. de C. V. ("DEN")	$ 967	$ 1,004
ESJ	235	334
Discontinued operation – SGEN	-	5

	Finance cost	
	Three-month period ended	
	03/31/17	03/31/16
Sempra Latin America Limitada ("ISLA")	$ 700	$ 398
Sempra Oil Suisse Sarl ("formerly Sempra Oil Trading Suisse")	366	369
Inversiones Sempra Limitada ("ISL")	173	133
DEN	44	-
Peruvian Opportunity Company, S. A. C. ("POC")	88	-
Sempra Energy Holding XI, B. V. ("SEH")	-	434

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

	Amounts due from unconsolidated affiliates	
	As of	
	03/31/17	12/31/16
SLNGIH	$ 8,769	$ 6,456
TAG Pipelines Norte, S. de R. L. de C. V. ("TAG")	1,106	-
DEN	697	5,754
Sempra International	396	-
SESJ	385	174
ESJ	43	539
SLNGEL	3	53
	$ 11,399	$ 12,976

	Amounts due to unconsolidated affiliates	
	As of	
	03/31/17	12/31/16
ISLA (i)	$ 160,000	$ 160,091
ISL (i, ii)	115,000	30,025
POC (iii)	20,000	20,004
SLNGI	10,649	11,135
SG&PM	3,091	491
SoCalGas	118	120
Sempra Oil Suisse Sarl (iv)	-	38,460
Sempra International	-	582
Sempra Midstream	-	6
	$ 308,858	$ 260,914

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

In December 2016, the Company signed addendums modifying the initial contracts and the new characteristics are: the note term is extended and is due and payable in full on December 15, 2017. The applicable interest shall be computed and paid on a quarterly basis at the rate of 1.75 percent per annum.

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

(ii) On March 21, 2017, IEnova entered into an $85.0 million U.S. Dollar-denominated affiliate credit facility with ISL, to finance working capital and for general corporate purposes. The credit is a twelve-month term, with an option to extend for up to four years. Interest of the outstanding balance is payable on a quarterly basis at three-month London Interbank Offered Rate ("LIBOR") plus 0.60 percent (sixty basis points) per annum. Interest shall be paid on the last day of each calendar quarter.

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

(iv) On March 17, 2017, IEnova entered into an amendment agreement with Sempra Oil Suisse Sarl in order to extend the loan to seven years. The interest is payable on an annually basis at three-month LIBOR plus 180 basis points.

Transactions with unconsolidated affiliates as of the date of this report are consistent in the nature and amount with those in previous periods. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given nor received. 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 $1.1 million and $1.0 million for the three-month period ended March 31, 2017 and 2016, respectively, which were collected and paid, and have been properly distributed to the segments incurring those costs.

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

	As of	
	03/31/17	**12/31/16**
DEN	$ 91,031	$ 90,045
ESJ	12,703	14,307
	$ 103,734	$ 104,352

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

	As of	
	03/31/17	**12/31/16**
Sempra Oil Suisse Sarl	$ 38,460	$ -
DEN	3,045	3,080
	$ 41,505	$ 3,080

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

Total compensation expense of key management personnel was \$6.3 million and \$2.6 million for the three-month period ended March 31, 2017 and 2016, respectively.

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

4. Investment in joint ventures

4.1. Gasoductos de Chihuahua, S. de R. L. de C. V. ("GdC")

Until September 26, 2016, the Company owned a 50.0 percent interest in GdC, a joint venture with Pemex Transformacion Industrial ("Pemex TRI"), a Petroleos Mexicanos ("Pemex") subsidiary. GdC operates three natural gas pipelines, five natural gas compression stations, one propane system and one ethane pipeline, in the states of Chiapas, Chihuahua, Nuevo León, Tabasco, Tamaulipas and Veracruz, and one propane gas storage facility in the state of Jalisco, Mexico.

Beginning on September 27, 2016 the Company fully consolidated GdC.

GdC's Condensed Interim Consolidated Statement of Profit and the Company's equity method investment for the three-month period ended March 31, 2016 is summarized as follows:

	Three-month period ended 03/31/16
Revenues	\$ 85,020
Operating, administrative and other expenses	(17,012)
Finance costs	(6,314)
Income tax expense	(12,623)
Share of profit of joint ventures, net of income tax	5,065
Profit for the period	\$ 54,136
Share of profit of GdC	\$ 27,068

4.2. ESJ

As of March 31, 2017, the Company's remaining 50.0 percent interest in ESJ is accounted for under the equity method. ESJ's Condensed Interim Consolidated Financial Statements and the Company's equity method investment are summarized as follows:

	As of	
	03/31/17	**12/31/16**
Cash and cash equivalents	$ 5,416	$ 9,601
Other assets	28,159	15,201
Total current assets	33,575	24,802
Deferred income tax assets	5,179	5,413
Other assets	2,648	2,650
Property, plant and equipment, net	261,392	264,468
Total non-current assets	269,219	272,531
Total assets	$ 302,794	$ 297,333
Current liabilities	$ 19,993	$ 17,777
Non-current liabilities	254,261	255,070
Total liabilities	274,254	272,847
Total members' equity	$ 28,540	$ 24,486
Share of members' equity	14,270	12,243
Goodwill	12,121	12,121
Carrying amount of investment in ESJ	$ 26,391	$ 24,364

	Three-month period ended	
	03/31/17	**03/31/16**
Revenues	$ 14,020	$ 10,530
Operating, administrative and other expenses	(4,919)	(5,153)
Finance cost, net	(4,190)	(4,265)
Other gain, net	109	19
Income tax expense	(1,512)	(383)
Profit for the period	$ 3,508	$ 748
Share of profit of ESJ	$ 1,754	$ 374

(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 ("NORD/LB") and Sumitomo Mitsui Banking Corporation ("SMBC") as lenders.

On June 30, 2015, ESJ converted the construction loans into 18-year term loans. The credit facilities mature on June 30, 2033, with payments due on a semi-annual basis (each June 30 and December 30 until the final maturity date), starting on December 30, 2015. The credit facilities bear interest at LIBOR plus the applicable margin.

Years	LIBOR applicable margin
June 2014 – June 2015	2.375%
June 2015 – June 2019	2.375%
June 2019 – June 2023	2.625%
June 2023 – June 2027	2.875%
June 2027 – June 2031	3.125%
June 2031 – June 2033	3.375%

As per the financing agreement, the ability to make withdrawals ended on the term conversion date June 30, 2015. ESJ made total accumulated withdrawals from the credit facility in the amount of $239.8 million. The debt outstanding as of March 31, 2017 is $227.5 million and the breakdown is as follows:

	Debt balance
Mizuho	$ 51,069
NAFINSA	37,141
NORD/LB	51,069
NADB	37,141
SMBC	51,069
	$ 227,489

(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 90.0 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.

Other disclosures. The member's agreement provides certain restrictions and benefits to the sale of the membership interest in ESJ. The agreement establishes that capital calls are contributed on a pro rata basis by the members. CSJ and its joint venture partner have provided guarantees of payment of amounts due by ESJ and its subsidiaries under the wind turbine supply agreement with Vestas WTG Mexico, S. A. de C. V. The guarantees are immaterial as of March 31, 2017 and 2016.

4.3. Infraestructura Marina del Golfo, S. de R. L. de C. V. ("IMG")

As of March 31, 2017, the Company's 40.0 percent interest in IMG is accounted for under the equity method. IMG's Condensed Interim Consolidated Financial Statements and the Company's equity method investment are summarized as follows:

	As of	
	03/31/17	**12/31/16**
Cash and cash equivalents	$ 69,787	$ 128,110
Other current assets	32,180	12,947
Total current assets	101,967	141,057
Total non-current assets	324,938	135,494
Total assets	$ 426,905	$ 276,551
Current liabilities	$ 59,426	$ 27,916
Non-current liabilities	-	2,678
Total liabilities	$ 59,426	$ 30,594
Total members' equity	$ 367,479	$ 245,957
Share of member's equity and carrying amount of investment in IMG	$ 146,991	$ 98,383

	Three-month period ended 03/31/17
Other gains, net	$ 2,981
Income tax benefit	4,052
Profit for the period	$ 7,033
Share of profit of IMG	$ 2,813

(a) *Project financing for the IMG project*

As of March 31, 2017, the project resources for the design and construction of the marine pipeline have been funded with capital contributions of its members.

4.4. DEN

DEN, is a joint venture formed between IEnova and Pemex TRI in which the Company owns 50.0 percent equity interest.

As of March 31, 2017, the Company's remaining 50.0 percent interest in DEN is accounted for under the equity method. DEN's Condensed Interim Consolidated Financial Statements and the Company's equity method investment are summarized as follows:

	As of	
	03/31/17	**12/31/16**
Cash and cash equivalents	$ 7,502	$ 8,819
Due from unconsolidated affiliates	5,294	4,012
Other assets	230	4,278
Total current assets	13,026	17,109
Deferred income tax assets	12,411	17,364
Investments in joint venture	165,856	155,327
Other assets	3,045	1,461
Property, plant and equipment, net	1,667	228
Total non-current assets	182,979	174,380
Total assets	$ 196,005	$ 191,489
Current liabilities	$ 2,019	$ 646
Non-current liabilities	182,031	185,627
Total liabilities	$ 184,050	$ 186,273
Total members' equity	$ 11,955	$ 5,216
Share of members' equity and carrying amount of investment in DEN	$ 5,977	$ 2,608

	Three-month period ended 03/31/17
Revenues	$ 5,574
Operating, administrative and other expenses	(2,158)
Finance costs	(2,077)
Other losses, net	(177)
Income tax expense	(4,953)
Share of profit of joint ventures, net of income tax	19,928
Profit for the period	$ 16,137
Share of profit of DEN	$ 8,069

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

(a) *TAG Project financing*

On December 19, 2014, TAG Holding, (subsidiary of DEN), entered into a credit contract with Banco Santander (Mexico), S. A., Institucion de Banca Multiple, Grupo Financiero Santander Mexico ("Santander") (as lender, administrative agent and collateral agent), with the purpose of financing the engineering, procurement, construction and commissioning of the gas pipeline. During 2015 and 2016, there were amendments to the credit in order to include additional banks as part of the credit. The total amount of the credit is $1,276.2 million, divided in tranches: i) long tranche, up to $701.9 million, ii) short tranche up to $511.8 million and iii) a letter of credit tranche for debt service reserve up to $62.5 million.

The credit facilities mature in December 2026 and December 2034 for the short and long tranche loan respectively, with payments due on a semi-annual basis. The credit facilities bear interest at LIBOR plus the applicable margin.

Years	**Applicable margin (basis points)**
1st disbursement – System (Commercial Operation Date)	250
0 – 4	265
5 – 9	300
10 – 14	325
14 – 19	350

As of March 31, 2017, the total outstanding loan is $1,185.0 million, with its respective maturities. TAG Holding hedged a portion of the loans tied to the interest rate risk through an interest rate swap, by changing the variable rate for a fixed rate.

The loans mentioned above contain restrictive covenants, which require that the Company maintain certain financial ratios and limit dividend payments, loans and obtaining additional financing. TAG Holding met such covenants as of March 31, 2017.

Long-term debt due dates are as follows:

Year	**Amount**
2017	$ 58,900
2018	58,900
2019	58,900
2020	58,900
Thereafter	949,400
Total	$ 1,185,000

Debt for financing VAT. On December 19, 2014, TAG Pipelines Norte signed a credit agreement for VAT with Santander. The amount of the credit line is $3,680.0 million Mexican Pesos. As of March 31, 2017, dispositions of $3,660.0 million Mexican Pesos were taken from the credit line and advance payments were made for $3,399.0 million Mexican Pesos.

5. Finance leases

5.1 Finance lease receivable – Natural Gas Compression Plant

	As of 03/31/17	As of 12/31/16
Current finance lease receivables	$ 238	$ 219
Non-current finance lease receivables	14,068	14,135
	$ 14,306	$ 14,354

Leasing arrangements

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

5.1.1 Amounts receivable under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	As of		As of	
	03/31/17	12/31/16	03/31/17	12/31/16
Not later than one year	$ 5,136	$ 5,136	$ 238	$ 219
Later than one year and not later than five years	25,680	22,458	3,705	3,403
More than five years	17,975	24,395	10,363	10,732
	48,791	51,989	14,306	14,354
Less: unearned finance income	(34,485)	(37,635)	n/a	n/a
Present value of minimum lease payments receivable	$ 14,306	$ 14,354	$ 14,306	$ 14,354

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

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

The average effective interest rate contracted is approximately 34.48 percent as of March, 2017. The receivable under finance lease balance as of March 31, 2017 and December 31, 2016 is neither past due nor impaired.

5.2 Finance lease receivable – Los Ramones I

	As of 03/31/17	As of 12/31/16
Current finance lease receivables	$ 3,447	$ 3,383
Non-current finance lease receivables	570,764	571,070
	$ 574,211	$ 574,453

Leasing arrangements

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

5.2.1 Amounts receivable under finance leases

	Minimum lease payments As of		Present value of minimum lease payments As of	
	03/31/17	12/31/16	03/31/17	12/31/16
Not later than one year	$ 87,509	$ 3,384	$ 3,447	$ 3,384
Later than one year and not later than five years	427,647	430,496	25,153	23,997
More than five years	963,756	984,650	545,611	547,072
	1,478,912	1,418,530	574,211	574,453
Less: unearned finance income	(904,701)	(844,077)	n/a	n/a
Present value of minimum lease payments receivable	$ 574,211	$574,453	$ 574,211	$ 574,453

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

The interest rate inherent in the finance lease is fixed at the contract date for the entire lease term. The average effective interest rate contracted is approximately 15.0 percent as of March, 2017.

The receivable under finance lease balance as of March 31, 2017 and December31, 2016, is neither past due nor impaired.

5.3 Finance lease receivable – Ethane Pipeline

	As of	
	03/31/17	12/31/16
Current finance lease receivables	$ 3,707	$ 3,553
Non-current finance lease receivables	364,195	365,106
	$ 367,902	$ 368,659

Leasing arrangements

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

The transportation system refers to:

Segment I. Transports ethane from Ethylene Complex XXI (Braskem-IDESA) to Cangrejera (Veracruz), through a 20-inches pipeline and 4 kilometers of length. The term of the finance lease is 20.5 years. The average effective interest rate contracted is approximately 16.0 percent as of March 31, 2017 and as of December 31, 2016.

Segment II. Transports ethane from Nuevo Pemex to Cactus (Chiapas), through a 16-inch pipeline of 15 kilometers of length and Cactus to the Ethylene XXI Complex (Braskem-IDESA) through a 24-inch pipeline of 133.5 kilometers of length. The term of the finance lease is 20.5 years. The average effective interest rate contracted is approximately 14.0 percent as of March 31, 2017 and as of December 31, 2016.

Segment III. Transports liquid ethane from Ciudad Pemex to Nuevo Pemex (Tabasco) through a 20-inch pipeline of 73.5 kilometers of length. The term of the finance lease is 21 years. The average effective interest rate contracted is approximately 14.0 percent as of March 31, 2017 and as of December 31, 2016, respectively.

The breakdown as of March 31, 2017 of this financial lease is as follows:

	Amount
Segment I	$ 31,893
Segment II	187,589
Segment III	148,420
Total	$ 367,902

5.3.1 Amounts receivable under finance leases

	Minimum lease payments As of		Present value of minimum lease payments As of	
	03/31/17	12/31/16	03/31/17	12/31/16
Not later than one year	$ 55,839	$ 55,976	$ 3,707	$ 3,553
Later than one year and not later than five years	267,840	268,951	29,964	28,779
More than five years	426,858	439,651	334,231	336,327
	750,537	764,578	367,902	368,659
Less: unearned finance income	(382,635)	(395,919)	n/a	n/a
Present value of minimum lease payments receivable	$ 367,902	$368,659	$ 367,902	$ 368,659

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

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

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

a. In February 2016, the Company's management approved a plan to market and sell TDM, a 625-MW natural gas-fired power plant located in Mexicali, Baja California, Mexico. As of March 31, 2017, the assets and liabilities were classified under current assets and liabilities as held for sale.

b. Details of the discontinued operations are provided as follows:

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

	Three-month period ended 03/31/17	Three-month period ended 03/31/16
Revenues	$ 25,800	$ 15,382
Cost of revenues	(23,832)	(14,385)
Operating, administrative and other expenses	(3,924)	(5,044)
Depreciation and amortization	-	(2,222)
Interest income	-	5
Finance costs	(68)	(64)
Other gains, net	1,340	153
Income tax benefit (expense) *	8,687	(26,983)
Profit (loss) for the period	$ 8,003	$ (33,158)

* As of March 31, 2017, the Company recorded a deferred tax benefit in the amount of $3.5 million, to recognize the difference between book value and tax basis, as a result of the decision to classify TDM as held for sale. This effect is shown in the Condensed Interim Consolidated Statements of Profit in the line of "Gain (loss) for the period from discontinued operations, net of income tax".

	Three-month period ended	
	03/31/17	**03/31/16**
Earnings (loss) per share from discontinued operations:	$ 0.01	$ (0.03)

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

	As of	
	03/31/17	**12/31/16**
Cash and cash equivalents	$ 594	$ 434
Other assets	51,524	32,813
Total current assets	52,118	33,247
Deferred income tax assets	6,861	193
Carbon allowance	24,120	22,089
Other assets	32	1,125
Property, plant and equipment, net (1)	138,211	134,633
Total non-current assets	169,224	158,040
Total assets	$ 221,342	$ 191,287
Current liabilities	$ 13,558	$ 7,974
Non-current liabilities	49,467	27,477
Total liabilities	$ 63,025	$ 35,451

(1) As a result of the allocation as assets held for sale, the Company carried out a review of the recoverable amount of these assets. The Company also estimated the fair value less costs of disposal of property, plant and equipment, which is based on the recent market prices of assets with similar age and obsolescence.

	As of	
Cash flows from discontinued operations:	**03/31/17**	**03/31/16**
Net cash flows provided by (used in) operating activities	$ 3,734	$ (5,222)
Net cash flows used in investing activities	(3,582)	(1,086)
Net cash flows used in financing activities	(65)	(64)
Net cash flows	$ 87	$ (6,372)

TDM meets the criteria established in IFRS 5, (*Non-current Assets Held for Sale and Discontinued Operations)* to maintain the classification as assets and liabilities held for sale and discontinued operation as of March 31, 2017.

7. Property, plant and equipment

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

	As of	
	03/31/17	12/31/16
Pipeline projects (*)	$ 749,511	$ 686,622
Other projects	35,337	32,205
	$ 784,848	$ 718,827

(*) The additions to property, plant and equipment during 2017 and 2016 are mainly comprised of construction in process, related to: the Guaymas – El Oro pipeline, the Ojinaga – El Encino pipeline and San Isidro – Samalayuca pipeline.

Borrowing cost. During the three-month periods ended March 31, 2017 and 2016, the Company capitalized interest attributable to the construction in projects in the amount of $4.4 million and $2.8 million, respectively. The weighted average rates used to determine the amount of borrowing costs eligible for capitalization were 2.99 percent and 3.05 percent, for the three-month periods ended March 31, 2017 and 2016, respectively.

8. Intangible assets

	As of	
	03/31/17	12/31/16
Carrying amounts of:		
Renewable transmission rights	$ 154,144	$ 154,144
Amortization	(2,365)	-
	$ 151,779	$ 154,144

This amount corresponds to the renewable transmission and consumption rights associated with projects approved under the preexisting self-supply renewable program.

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

9. Carbon allowances

The Company is required by California Assembly Bill 32 to acquire carbon allowance for every metric ton of carbon dioxide equivalent emitted into the atmosphere during electricity generation. Under the bill TDM is subject to this extraterritorial regulation, despite being located in Baja California, Mexico since their end users are located in California, United States.

The Company records carbon allowances at the lower of weighted average cost or market value, and includes them as current or non-current on the Statements of Financial Position based on the dates that they are required to be surrendered. The Company measures the compliance of the obligation, which is based on emissions, at the carrying value of allowances held plus the fair value of additional allowances necessary to satisfy the obligation. The Company derecognizes the assets and liabilities from the Statement of Financial Position as the allowances are surrendered. Please refer to Note 6.

10. Short-term debt

	As of	
	03/31/17	12/31/16
Credit agreement (a)	$ 446,031	$ 446,034
Certificados Bursatiles (“CEBURES”) at variable rate (Please refer Note 11.a. and 11.b.)	69,115	-
Current portion of GdC’s bank loan (Please refer Note 11.c.)	39,766	38,682
Current portion of Ventika’s bank loan (Please refer Note 11.d.)	16,560	13,482
Borrowing costs	(4,316)	(4,627)
	$ 567,156	$ 493,571

(a) *Withdrawal of credit line*. In July, 2016, the Company withdrew $380.0 million of the credit line to be used for working capital and general corporate purposes. In December, 2016 the Company withdrew $375.0 million of such credit to finance a portion of Ventika’s acquisition and for general corporate purposes.

On November 3, 2016, the Company renegotiated the credit line of such credit agreement for an amount up to $1,170.0 million. On December 30, 2016, a portion of this revolving credit was repaid in the amount of $200.0 million. As of December 31, 2016, the available unused credit portion was $724.0 million.

On January 12, 2017, the Company withdrew $70.0 million of such credit line to be used for working capital and general corporate purposes.

On March 31, 2017 the Company paid $70.0 million of such credit agreement.

11. Long-term debt

Long-term debt includes:

	As of			
		03/31/17		12/31/16
Santander – Ventika (d)	$	468,971	$	472,781
Bancomer – GdC (c)		307,047		317,279
CEBURES at fixed rate (a, b)		207,345		188,734
CEBURES at variable rate (a, b)		-		62,911
		983,363		1,041,705
Debt issuance costs		(1,773)		(1,901)
	$	981,590	$	1,039,804

(a) On February 14, 2013, the Company entered into two public debt issuances of CEBURES or debt securities as follows:

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

ii) The second placement was for $102.1 million ($1.3 billion of historical Mexican Pesos) bearing interest at variable rate based on the tasa de interbancaria de equilibrio ("TIIE") plus 30 basis points, with monthly payments of interest, maturing in 2018. The average rate as of March 31, 2017 and 2016 was 6.48 percent and 3.79 percent, respectively.

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

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

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

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

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

Covenants arising from the credit require for the following:

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

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

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

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

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

The credit facilities mature according to the following table, with payments due on a quarterly basis (each March 15, June 15, September 15 and December 15 until the final maturity date), starting on December 15, 2016. The credit facilities bear interest as follow:

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

The breakdown of the debt is as follows:

	As of 03/31/17
SANTANDER	$ 114,784
BANOBRAS	89,922
NADB	139,879
BANCOMEX	69,940
NAFIN	69,940
INTEREST PAYABLE	1,067
	$ 485,532

(e) *Interest Rate Swaps*. In order to mitigate the impact of benchmark interest rate changes, Ventika and Ventika II entered into four interest rate swaps with Santander and BANOBRAS; it allows Ventika and Ventika II to have almost 92% of the mentioned credit facilities above fixed. The swap contracts allow the Company to pay a fixed interest rate of 2.94% and 3.68% respectively, and to receive variable interest rate (3 month LIBOR).

12. 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		
	03/31/2017	12/31/2016	04/24/2017
One U. S. Dollar	$ 18.8092	$ 20.6640	$ 18.8187

b. ***Fair value of financial instruments***

12.1. 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.

	Carrying amount	Fair Value	Carrying amount	Fair value
	As of			
	03/31/17		12/31/16	
Financial assets				
Financial lease receivables	$ 956,419	$ 990,904	$ 957,466	$ 995,096
Financial liabilities				
Financial liabilities held at amortized cost:				
Loans from banks long – term	776,018	683,218	790,060	678,649
Long-term debt (traded in stock exchange)	205,572	192,064	249,744	232,812
Short- term debt	567,156	564,263	493,571	487,252
Due to unconsolidated affiliates (not traded in stock exchange)	41,505	33,684	3,080	3,080
Due to unconsolidated affiliates (short-term)	295,000	291,547	248,580	245,255

12.2. 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 $990.9 million and $955.1 million as of March 31, 2017 and December 31, 2016, respectively, using the risk free interest rate adjusted to reflect the Company's own credit risk.

12.3. 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:

	As of	
	03/31/17	**12/31/16**
Financial instruments assets at fair value through profit or loss ("FVTPL")		
Short-term investments (Level 1)	$ 71,231	$ 51,443
Derivative financial instrument assets (Level 2)	184	8,040
Derivative financial instrument liabilities at FVTPL		
Derivative financial instrument liabilities (Level 2)	$ 190,161	$ 226,161

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

13. 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 three-month periods ended March 31, 2017 and 2016 are reconciled to the profit for the period as follows:

	Three-month period ended	
	03/31/17	**03/31/16**
Profit before income tax and share of profits of joint ventures	$ 130,054	$ 55,837
Income tax expense calculated at 30%	(39,016)	(16,751)
Foreign currency exchange effects	(50,783)	2,191
Inflationary effects	(14,788)	(1,824)
Effects of foreign currency exchange rates and inflation on the tax basis of property, plant and equipment, net and net operating losses	101,519	(1,345)
Other	(2,666)	380
Income tax expense recognized in the Statements of Profit	$ (5,734)	$ (17,349)

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

- The effect of foreign currency exchange gains or losses is being calculated on Mexican Pesos balances for financial reporting purposes, while the Mexican income tax law recognizes foreign exchange gains or losses on U. S. Dollar balances.
- The effect of exchange rate changes in the tax basis of property, plant and equipment, which are valued in Mexican Pesos for tax purposes, while maintained in U. S. Dollars (functional currency) for financial reporting purposes. In addition, the Mexican income tax law takes into account the effects of inflation on such tax basis.
- The inflationary effects relative to certain monetary assets and liabilities.

14. Stockholders' equity

14.1. Global offering

On October 13, 2016, the Company carried out a Global Offering. The Company issued 380,000,000 shares of common stock at $80.0 Mexican Pesos per share. After the global offering, the additional and over-allotment option was exercised, the free float represented approximately 33.57 percent of IEnova's outstanding ownership interest.

Total capital raised, net of expenses, were approximately $1.6 billion of US Dollars. As a result of the Global Offering, the Company raised $30,400.0 million Mexican Pesos, net of issuance costs of $459.3 million Mexican Pesos (34.8 million U. S. Dollars). Subsequent to the Company's Global Offering, subscribed and paid common stock of IEnova is represented by a total of 1,534,023,812 shares.

	For the period ended at March 31, 2017, (Mexican Pesos)				
Company stockholder's	Number of social parts	Fixed social parts	Variable social parts	Total	Total Social parts in USD
Semco Holdco, S. de R. L. de C. V.	1,019,038,312	50,000	16,009,083,120	16,009,133,120	$ 751,825
Private investors	514,985,500	-	25,931,105,000	25,931,105,000	211,447
	1,534,023,812	50,000	41,940,188,120	41,940,238,120	$ 963,272

15. Segment information

15.1. 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.

15.2. 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 03/31/17	03/31/16
Gas:		
Revenues from customers	$ 221,630	$ 95,932
Revenues from unconsolidated affiliates	25,011	27,027
Intersegment revenues	56,665	51,964
Power:		
Revenues from customers and unconsolidated affiliates	25,666	44
Corporate:		
Allocation of professional services with unconsolidated affiliates	496	547
Intersegment professional services	6,993	6,748
	336,461	182,262
Intersegment adjustments and eliminations	(63,658)	(49,008)
Total segment revenues	$ 272,803	$ 133,254

	Segment profit for Three-month period ended 03/31/17	03/31/16
Gas	$ 150,487	$ 72,646
Power *	8,104	(32,670)
Corporate	(13,632)	(7,204)
Total segment profit	$ 144,959	$ 32,772

* 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.

15.3. Assets and liabilities by segment

	As of 03/31/17	As of 12/31/16
Assets by segment:		
Gas	$ 5,850,289	$ 5,716,175
Power *	1,271,530	1,241,689
Corporate	235,768	169,084
Consolidated total assets	$ 7,357,587	$ 7,126,948
Liabilities by segment:		
Gas	$ 942,027	$ 983,424
Power *	673,656	641,479
Corporate	1,233,391	1,151,734
Consolidated total liabilities	$ 2,849,074	$ 2,776,637

* Includes assets and liabilities held for sale.

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

15.4. Other segment information

	Property, plant and equipment		Accumulated depreciation	
	As of		As of	
	03/31/17	12/31/16	03/31/17	12/31/16
Gas	$ 3,439,778	$ 3,354,683	$ (448,077)	$ (424,639)
Power	677,485	677,440	(7,564)	(1,807)
Corporate	17,004	16,191	(8,120)	(7,783)
	$ 4,134,267	$ 4,048,314	$ (463,761)	$ (434,229)

	Share of profits of joint ventures	
	Three-month period ended	
	03/31/17	03/31/16
Gas	$ 10,882	$ 27,068
Power	1,754	374
	$ 12,636	$ 27,442

15.5. 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 three-month periods ended March 31, 2017 and 2016:

	Three-month period ended 03/31/17	03/31/16
Sale of natural gas	$ 49,505	$ 31,649
Transportation	91,922	25,485
Storage and regasification capacity	26,491	23,154
Natural gas distribution	29,924	22,602
Power generation	25,640	-
Other operating revenues (*)	49,321	30,364
	$ 272,803	$ 133,254

Other operating revenues

(*) IEnova Marketing received payments from SLNGIH related to the losses and obligations incurred in the amount of $25.0 million and $27.0 million for the three-month periods ended March 31, 2017 and 2016, respectively. Such balances are presented within the Revenues line item in the accompanying Condensed Interim Consolidated Statements of Profit.

16. Earnings per share

	Three-month period ended 03/31/17	03/31/16
From continuing operations		
Basic and diluted earnings per share	$ 0.08	$ 0.06
From continuing and discontinued operations		
Basic and diluted earnings per share	$ 0.09	$ 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:

	Three-month period ended 03/31/17	03/31/16
Earnings from continuing operations used in the calculation of basic and diluted earnings per share	$ 136,956	$ 65,930
Earnings from continuing and discontinued operations used in the calculation of basic and diluted earnings per share	$ 144,959	$ 32,772
Weighted average number of shares for the purposes of basic and diluted earnings per share	1,534,023,812	1,154,023,812

The Company does not have potentially diluted shares.

17. Commitments

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

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

On March 30, 2017 Gasoductos Servicios Corporativos y de Administración, S. de R. L. de C. V. ("GSCA") entered into an agreement with GE Oil & Gas Products And Services, S. de R. L. de C. V. ("GE") for the maintenance of GdT´s turbines. This agreement will expire upon the first occur considering the following: a) the date upon which all covered units have reached their performance end date, or b) eight years from the contract effective date. The estimated cost of this contract amounts to $18.2 million.

Future contractual cash payments are as follows:

Year	**Amounts**
2018	$ 2,665
2019	3,061
2020	5,038
Thereafter	5,392
	$ 16,156

18. Contingencies

Major contingencies, regarding the Company's legal, administrative or arbitration procedures are the same as those disclosed in the Consolidated Financial Statements for the year ended December 31, 2016.

19. Application of new and revised IFRS

The application of the new and revised IFRS are the same as those disclosed in the Consolidated Financial Statements for the year ended as of December 31, 2016.

20. Events after the reporting period

Withdrawal of credit line. On April 17, 2017, regarding the credit line mentioned in Note 10.a., the Company withdrew $30.0 million, such credit line to be used for working capital and general corporate purposes.

21. Approval of financial statements

The Condensed Interim Consolidated Financial Statements were approved by Arturo Infanzón Favela, Chief Financial Officer and authorized for issuance on April 24, 2017.

22. Registered offices

- Paseo de la Reforma No. 342 Piso 24
  Torre New York Life
  Col. Juárez, C.P. 06600
  Ciudad de Mexico, Mexico.
- Campos Eliseos No. 345 Piso 4
  Torre Omega
  Col. Chapultepec Polanco C.P. 11560
  Ciudad de Mexico, Mexico.
- Carretera Escénica Tijuana – Ensenada Km. 81.2
  Col. El Sauzal, C. P. 22760

Ensenada, B.C., Mexico.

- Carretera Mexicali Tijuana Km. 14.5
  Col. Sonora, C. P. 21210
  Mexicali, B.C., Mexico.
- Avenida Tecnológico No. 4505
  Col. Granjas, C. P. 31160
  Chihuahua, Chih., Mexico.
- Boulevard Francisco Eusebio Kino No. 309
  Piso 10, Col. Country Club
  Hermosillo, Son., Mexico.
- Carretera Federal Cuota 15D, KM 461 820,
  San Román Corralillos, CP 45464
  Guadalajara, Jal., Mexico.
- Avenida Constitución Poniente No. 444
  Col. Monterrey Centro C. P. 64000
  Monterrey, N.L., Mexico.

* * * * * *

“Pro forma additional information”

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

Pro forma Combined Statements of Financial Position

As of March 31, 2016
(In thousands of US dollars)

	As of March 31, 2016					
	Infraestructura Energética Nova, S. A. B. de C. V. and Subsidiaries (Note 2(1))	Gasoductos de Chihuahua, S. de R. L. de C. V. and Subsidiaries (Note 2(2))	Fisterra Energy Netherlands III and Fisterra Energy Netherlands IV and Subsidiaries (Note 2(3))	Pro Forma Adjustments (Note 3)	Notes	Infraestructura Energética Nova, S. A. B. de C. V. and Subsidiaries Pro Forma
Assets						
Current assets:						
Cash and cash equivalents	$ 44,936	$ 15,725	$ 15,288	$ (1,413)	a	$ 74,536
Short-term investments	25,085	25,878	-	-		50,963
Trade and other receivables, net	56,085	46,759	6,166	-		109,010
Due from unconsolidated affiliates	11,815	-	-	-		11,815
Income tax receivable	8,155	-	-	-		8,155
Natural gas inventories	4,500	-	-	-		4,500
Derivative financial instruments	2,301	-	-	-		2,301
Value added tax receivable	34,996	3,140	6,294	480	a	44,910
Other assets	10,834	7,315	-	(283)	a	17,866
Assets held for sale	314,059	-	-	-		314,059
Total current assets	512,766	98,817	27,748	(1,216)		638,115
Non-current assets:						
Due from unconsolidated Affiliates	103,767	-	-	(5,100)	a	98,667
Finance lease receivables	14,476	948,157	-	-		962,633
Deferred income tax assets	49,274	16,316	24,914	(11,002)	a	79,502
Investment in joint ventures	455,546	125,744	-	(580,383)	a, d	907
Goodwill	25,654	-	-	1,689,083	b	1,714,737
Property, plant and equipment, Net	2,376,604	317,123	525,979	100,570	a	3,320,276
Intangible assets	-	-	-	152,217	3b	152,217
Other assets	1,901	1,991	-	-		3,892
Total non-current assets	3,027,222	1,409,331	550,893	1,345,385		6,332,831
Total assets	$ 3,539,988	$ 1,508,148	$ 578,641	$ 1,344,169		$ 6,970,946

Liabilities and Stockholders' Equity	As of March 31, 2016: Infraestructura Energética Nova, S. A. B. de C. V. and Subsidiaries (Note 2(1))	Gasoductos de Chihuahua, S. de R.L. de C.V. and Subsidiaries (Note 2(2))	Fisterra Energy Netherlands III and Fisterra Energy Netherlands IV and Subsidiaries (Note 2(3))	Pro Forma Adjustments (Note 3)	Notes	Infraestructura Energética Nova, S. A. B. de C. V. and Subsidiaries Pro Forma
Current liabilities:						
Short-term debt	$ 88,287	$ 35,848	$ 3,443	$ -		$ 127,578
Trade and other payables	71,029	46,926	25,107	(308)	a	142,754
Due to unconsolidated affiliates	348,183	-	8,338	(8,338)	a	348,183
Income tax liabilities	-	-	60	-		60
Derivative financial instruments	219	7,272	3,426	-		10,917
Other financial liabilities	2,895	-	-	-		2,895
Provisions	1,149	-	-	-		1,149
Other taxes payable	15,955	-	-	-		15,955
Other liabilities	16,745	-	-	-		16,745
Liabilities held for sale	67,773	-	-	-		67,773
Total current liabilities	612,235	90,046	40,374	(8,646)		734,009
Non-current liabilities:						
Long-term debt	296,633	349,781	375,391	26,201	a	1,048,006
Due to unconsolidated affiliates	38,829	183,015	99,879	(274,970)	a	46,753
Deferred income tax liabilities	223,085	113,943	15,412	75,887		428,327
Provisions	29,118	4,913	-	-		34,031
Derivative financial instruments	139,302	18,605	21,622	-		179,529
Employee benefits	3,913	971	-	-		4,884
Total non-current liabilities	730,880	671,228	512,304	(172,882)		1,741,530
Total liabilities	1,343,115	761,274	552,678	(181,528)		2,475,539
Stockholders' Equity:						
Common stock	762,949	88,642	39,656	72,025	c	963,272
Additional paid-in capital	973,953	-	-	1,377,848	c	2,351,801
Accumulated other comprehensive income	(119,707)	(42,459)	(17,534)	51,046	c	(128,654)
Retained earnings	579,678	700,691	3,841	24,778	c	1,308,988
Total equity	2,196,873	746,874	25,963	1,525,697		4,495,407
Total equity and liabilities	$ 3,539,988	$ 1,508,148	$ 578,641	$ 1,344,169		$ 6,970,946

See accompanying notes to the pro forma combined financial statements.

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

Pro forma Combined Statements of Profit

For the three-month period ended March 31, 2016
(In thousands of US dollars)

	For the three-month period ended March 31, 2016					
	Infraestructura Energética Nova, S. A. B. de C. V. and Subsidiaries (Note 2(1))	Gasoductos de Chihuahua, S. de R.L. de C.V. and Subsidiaries (Note 2(2))	Fisterra Energy Netherlands III and Fisterra Energy Netherlands IV and Subsidiaries (Note 2(3))	Pro Forma Adjustments (Note 3)	Notes	Infraestructura Energética Nova, S. A. B. de C. V. and Subsidiaries Pro Forma
Revenues	$ 133,254	$ 41,811	$ 4	$ (3,775)	a	$ 171,294
Finance lease revenue	-	43,209	-	-		43,209
Cost of revenues	(45,316)	(7,834)	-	265	a	(52,885)
Operating, administrative and other expenses	(19,161)	(3,731)	(6)	286	a	(22,612)
Depreciation and amortization	(14,295)	(5,445)	-	(1,927)	a	(21,667)
Interest income	1,537	-	43	(2)	a	1,578
Finance (costs) income	(1,792)	(7,179)	35	2,051	a	(6,885)
Other gain (losses), net	1,610	865	(2)	7	a	2,480
Remeasurement of equity method investment	-	-	-	723,957	d	723,957
Profit before income tax and share of profits of joint ventures	55,837	61,696	74	720,862	a	838,469
Income tax (expense) benefit	(17,349)	(12,623)	-	1,333	a	(28,639)
Share of profits of joint ventures, net of income tax	27,442	5,065	-	(29,396)	a	3,111
Profit for the year from continuing operations	$ 65,930	$ 54,138	$ 74	$ 692,799		$ 812,941
Loss for the year from discontinued operations, net of income tax	(33,158)	-	-	-		(33,158)
Profit for the period	$ 32,772	$ 54,138	$ 74	$ 692,799		$ 779,783

See accompanying notes to the pro forma combined financial statements.

Notes to the Pro Forma Combined Financial Statements

As of March 31, 2016, and for the three-month period ended March 31, 2016
(In thousands of US dollars)

1. Activities

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

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

Description of the GDC Acquisition

The transaction involves the acquisition (the "GDC Acquisition") by IEnova Gasoductos Holding, S. de R. L. de C. V., a subsidiary of the Company, of the remaining equity interest in Gasoductos de Chihuahua, S. de R. L. de C. V. ("GDC") which was held by Pemex Transformación Industrial ("Pemex TRI"). Upon consummation of the GDC Acquisition, the Company holds, indirectly, 100 percent of the equity interests in GDC; provided, however that the Company and Pemex TRI have agreed that the Company, through GDC, and Pemex TRI holds a 50 percent equity interest in GDC's current subsidiary Ductos y Energéticos del Norte, S. de R. L. de C. V. ("DEN"). Through DEN, the Company and Pemex TRI will preserve their energy infrastructure joint venture for the purpose of the construction of the Los Ramones Norte pipeline and the potential development of new projects.

The purchase price for the GDC Acquisition was $1,143.8 million, plus the assumption of indebtedness.

Description of the financing of the GDC Acquisition

The Company financed the GDC Acquisition with the proceeds of a bridge loan obtained from unconsolidated affiliates ("the Bridge Loan"). The Company paid the Bridge Loan with the proceeds of the issuance and sale of additional equity securities (the "Bridge Refinancing"); as a result, and because the amount of interest expense de minimis for the periods presented, no debt or interest expense is shown in the Pro Forma Combined Financial Statements in connection with the GDC Acquisition.

Description of the Ventika Acquisition

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

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

Description of the financing of the Ventika Acquisition

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

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

The accounting policies applied in the preparation of the pro forma combined financial information comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The pro forma combined statements of financial position and the accompanying pro forma combined statements of profit have been prepared based on assumptions that the Company's management believes are appropriate in the current circumstances, taking into account the fact that the Company is in the process of determining the fair value of the net assets acquired in the GDC Acquisition and the Ventika Acquisition, as discussed in more detail below.

The pro forma combined financial statements include the pro forma combined statements of financial position as of March 31, 2016 and the pro forma combined statements of profit for the three-month period ended March 31, 2016.

The pro forma combined financial statements present the financial information of the Company as if the GDC Acquisition and the Ventika Acquisition had occurred (i) with respect to the pro forma combined statements of financial position as March 31, 2016, and (ii) with respect to the pro forma combined statements of profit on January 1, 2016.

Accordingly, the accompanying pro forma combined financial information was compiled using the following information:

(1) The consolidated statement of financial position as of March 31, 2016 and the consolidated statement of profit of the Company for the three-month period ended March 31, 2016, prepared in accordance with IFRS.

(2) The consolidated statement of financial position as of March 31, 2016 and the consolidated statement of profit of GDC for the three-month period ended March 31, 2016, prepared in accordance with Accounting Principles Generally Accepted in the United States as reconciled to IFRS.

(3) The combined statement of financial position as of March 31, 2016 and the consolidated statement of profit of Ventika for the three-month period ended March 31, 2016, prepared in accordance with IFRS.

3. Pro forma adjustments

Pro forma adjustments as of March 31, 2016, included in the accompanying pro forma combined statements of financial position, and for the three-month period ended March 31, 2016, included in the pro forma combined statements of profit as described below, represent the GDC Acquisition and Ventika Acquisition as well as the expected Bridge Refinancing, the expected offering of the Company's Class II common stock and a draw under the Company's revolving credit facility to fund approximately half of the Ventika Acquisition. No interest expense has been included in the pro forma combined financial statements with respect to the Bridge Loan, as it is expected that the Bridge Refinancing will be made in the near term (and the interest expense related to the Bridge Loan de minimis for the periods presented).

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

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

Adjustments to the pro forma combined statements of financial position as of March 31, 2016 and adjustments to the pro forma combined statements of profit for the three-month period ended March 31, 2016:

The pro forma combined statements of financial position as of March 31, 2016 have been adjusted to reflect the preliminary allocation of: (i) the purchase price of the identifiable net assets of GDC and Ventika; (ii) the goodwill recognized as the excess of the consideration transferred in cash in the GDC Acquisition and the Ventika Acquisition as well as the remeasurement to fair value of the previously held 50 percent interest in GDC by the Company; and (iii) the consummation of the Bridge Refinancing. The purchase price allocation in the pro forma combined statements of financial position as of March 31, 2016 is based upon the total consideration detailed below:

The preliminary purchase price allocation presented below has been prepared only for purposes of the pro forma combined financial statements. A complete and final purchase price allocation will be performed once the GDC Acquisition and the Ventika Acquisition are consummated and the Company acquires control over GDC and Ventika.

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

	As of March 31, 2016
Current assets	$ 97,751
Non-current assets, mainly property, plant and equipment, net	1,267,116
Current and long - term liabilities	(585,875)
Total identifiable net assets	778,992
DEN's Stockholders' equity (a)	(32,118)
Goodwill recognized in accordance with the pro forma purchase price allocation	1,540,792
Fair value of previously held interest	$ (1,143,833)
Total consideration transferred	$ 1,143,833

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

	As of March 31, 2016
Current assets	$ 27,748
Non-current assets, mainly property, plant and equipment, net	550,893
Current and long - term liabilities	(552,678)
Total identifiable net assets	25,963
Debt cancellation	108,217
Intangible assets (b)	152,217
Goodwill recognized in accordance with the pro forma purchase price allocation	148,291
Total consideration transferred	$ 434,688

a. Pursuant to the terms of the GDC acquisition agreement, DEN, a subsidiary of GDC, will not be acquired by the Company. Therefore, the pro forma adjustments exclude the assets and liabilities related to DEN. The Company will retain a 50 percent joint venture investment in DEN after the GDC Acquisition.

DEN statements of financial position and Statements of profit or loss and other comprehensive income are as follows:

Statements of financial position

	As of March 31, 2016
Cash and cash equivalents	$ 1,263
Due from unconsolidated affiliates	5,100
Other assets	283
Investment in Los Ramones Norte project, joint venture	125,744
Property, plant and equipment, net	169
Deferred income tax assets	11,002
Total assets	143,561
Trade and other payables	788
Due to unconsolidated affiliates	175,091
Total liabilities	175,879
Common stock	200
Accumulated other comprehensive income	(24,566)
Retained earnings	(7,952)
Total Equity	(32,318)

Statements of profit or loss and other comprehensive income

	Three-month period ended March 31, 2016
Revenues	$ 3,775
Cost of revenues	(265)
Operating, administrative and other expenses	(286)
Depreciation and amortization	-
Interest income	2
Finance costs	(2,051)
Other gains, net	(7)
Income tax benefit	(755)
Share of profits of joint ventures, net of income tax	5,065
Loss for the year	5,478
Accumulated other comprehensive loss related to gain on valuation of derivative financial instruments held for hedging purposes	15,226
Accumulated other comprehensive income related to deferred income tax on the gain on valuation of derivative financial instruments held for hedging purposes	(4,568)
Other comprehensive income for the period	10,658
Total comprehensive income for the period	$ 16,136

b. Goodwill and intangible shown in the pro forma combined statements of financial position corresponds to the excess of the consideration transferred from the GDC Acquisition and the Ventika Acquisition, and the remeasurement to fair value of the Company's previously held 50 percent equity interest in GDC over the fair value of the net assets acquired. Net assets acquired are estimated as of March 31, 2016 and are subject to adjustment upon completion of the GDC Acquisition and the Ventika Acquisition and during the subsequent 12-month measurement period permitted by IFRS 3.

c. The effect on stockholders' equity is $1,525,697, for the year indicated below, including the elimination of GDC and Ventika stockholders' equity upon consolidation (excluding DEN), as follows:

Stockholder's equity	As of March 31, 2016
Capital stock	$ 72,025
Additional paid-in capital	1,377,848
Accumulated other comprehensive income	51,046
Retained earnings	24,778
Total pro forma adjustments	$ 1,525,697

The additional paid-in capital shown above assumes net proceeds from an offering of the Company's Class II common stock in the amount of $1,578,171.

d. Remeasurement of equity method investment in the GDC Acquisition was estimated as follows:

Item	As of January 1, 2016
Cash paid in acquisition	$ 1,143,833
Less book value of investment in joint venture	(419,876)
Remeasurement gain of equity method investment	$ 723,957

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

* * * * *