2017
SECOND QUARTER RESULTS

Ticker BMV: IENOVA
Mexico City, July 26, 2017

We are the first private sector, publicly traded energy infrastructure company on the Mexican Stock Exchange and one of the largest private sector energy companies in Mexico in terms of market share. We develop, build, and operate essential energy infrastructure. Our footprint in Mexico includes several business lines that encompass a significant portion of the Mexican energy infrastructure value chain that is open to private investment.

Executive Summary

(thousands of US$, except percentages)	Three months ended June 30, 2017	Three months ended June 30, 2016	% Var.	Six months ended June 30, 2017	Six months ended June 30, 2016	% Var.
	(unaudited)			(unaudited)		
Adjusted EBITDA	$ 183,788	$ 106,289	73%	$ 367,582	$ 216,235	70%
Profit for the period	$ 45,793	$ 34,300	34%	$ 190,752	$ 67,072	184%
Revenues	$ 280,090	$ 138,722	102%	$ 552,893	$ 271,976	103%

- In the second quarter of 2017, Adjusted EBITDA increased 73 percent to $183.8 million, compared with $106.3 million in the same period of 2016. In the six months ended June 30, 2017, Adjusted EBITDA increased 70 percent to $367.6 million, compared with $216.2 million in the same period of 2016. For both periods, the increase of $77.5 million and $151.4 million, respectively, was mainly due to the acquisition of the remaining 50 percent of Gasoductos de Chihuahua, the acquisition of the Ventika wind generation facility, and the start of operations in 2017 of the Sonora pipeline Guaymas – El Oro segment, San Isidro – Samalayuca pipeline, and Ojinaga – El Encino pipeline, partially offset by the Termoeléctrica de Mexicali power plant's scheduled major maintenance expenses in the second quarter of 2017.
- In the second quarter of 2017, profit was $109.6 million, excluding the non-cash after-tax impairment charge of $63.8 million related to Termoeléctrica de Mexicali power plant, compared with $34.3 million of profit in the same period of 2016. The increase of $75.3 million was mainly due to the Adjusted EBITDA drivers mentioned above. In the six months ended June 30, 2017, profit was $254.6 million, excluding the non-cash after-tax impairment charge of $63.8 million related to Termoeléctrica de Mexicali power plant, compared with $67.1 million of profit in the same period of 2016. The increase of $187.5 million was mainly due to the Adjusted EBITDA drivers mentioned above, non-cash deferred income tax expense in 2016 for discontinued operations, and lower income tax expense in 2017.
- In the second quarter of 2017, revenues were $280.1 million, compared with $138.7 million in the same period of 2016. In the six months ended June 30, 2017, revenues were $552.9 million, compared with $272.0 million in the same period of 2016. For both periods, the increase of $141.4 million and $280.9 million, respectively, was mainly due to revenues related to the previously described acquisitions, the start of pipeline operations, and higher weighted average natural gas prices.
- In July 2017, IEnova was awarded the public tender issued by the Integral Port Administration (API) of Veracruz for the construction and operation of a marine terminal for the receipt, storage and delivery of hydrocarbons, primarily gasoline, diesel, and jet fuel. The terminal will be built in the new Port of Veracruz with a capacity of approximately 1,400,000 barrels and an estimated investment of $155 million. It is expected to begin operations during the second half of 2018.

- Pursuant to a resolution of the General Ordinary Shareholders' Meeting held on April 28, 2017, the Board of Directors, in its meeting held on July 25, 2017, resolved to pay a cash dividend in August, 2017 in the amount of $200 million U.S. dollars.

Results of Operations

Amounts are presented in U.S. dollars, the functional currency of the company, unless otherwise noted, and in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). All amounts are unaudited, unless otherwise noted. Numbers may not add up due to rounding.

Condensed Consolidated Statements of Profit

(thousands of US$)	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
	(unaudited)		(unaudited)	
Revenues	$ 280,090	$ 138,722	$ 552,893	$ 271,976
Cost of revenues	(62,975)	(46,175)	(129,001)	(91,491)
Operating, administrative, and other expenses	(40,417)	(22,758)	(80,334)	(41,919)
Depreciation and amortization	(28,730)	(14,256)	(55,903)	(28,551)
Financing cost, net	(11,001)	(2,535)	(23,020)	(2,790)
Other gains (losses), net	2,821	(2,308)	5,207	(698)
Profit before income tax and share of profits of joint ventures	**139,788**	**50,690**	**269,842**	**106,527**
Income tax expense	(22,501)	(23,249)	(28,235)	(40,598)
Share of profits of joint ventures, net of income tax	4,234	11,983	16,870	39,425
Profit for the period from continuing operations	**121,521**	**39,424**	**258,477**	**105,354**
Loss for the period from discontinued operations, net of income tax[1]	(75,728)	(5,124)	(67,725)	(38,282)
Profit for the period	**$ 45,793**	**$ 34,300**	**$ 190,752**	**$ 67,072**

[(1)] The Board of Directors approved a plan to market and sell the Termoeléctrica de Mexicali power plant; accordingly, its financial results are presented as discontinued operations, which includes a non-cash deferred tax expense of $28.3 million in the three-month period ended March 31, 2016. The three months and six months ended June 30, 2017, include a non-cash, after-tax impairment charge of $63.8 million, related to Termoeléctrica de Mexicali power plant.

Segment Information

Segment information is presented after eliminating inter-company transactions.

Profit before Income Tax and Share of Profits of Joint Ventures

(thousands of US$)	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
	(unaudited)		(unaudited)	
Gas Segment	$ 142,440	$ 58,635	$ 277,315	$ 120,482
Power Segment	3,917	-	13,468	-
Corporate	(6,569)	(7,945)	(20,941)	(13,955)
	$ 139,788	**$ 50,690**	**$ 269,842**	**$ 106,527**

Gas Segment

In the second quarter of 2017, Gas segment profit before income tax and share of profits of joint ventures was $142.4 million, compared with $58.6 million in the same period of 2016. The increase of $83.8 million is mainly due to $58.2 million from the acquisition of the remaining 50 percent of Gasoductos de Chihuahua on September 26, 2016 and $20.2 million from the start of operations of the Sonora pipeline Guaymas – El Oro segment, San Isidro – Samalayuca pipeline, and Ojinaga – El Encino pipeline.

In the six months ended June 30, 2017, Gas segment profit before income tax and share of profits of joint ventures was $277.3 million, compared with $120.5 million in the same period of 2016. The increase of $156.8 million is mainly due to $110.5 million from the acquisition of the remaining 50 percent of Gasoductos de Chihuahua on September 26, 2016 and $40.3 million from the start of operations of the Sonora pipeline Guaymas – El Oro segment, San Isidro – Samalayuca pipeline, and Ojinaga – El Encino pipeline.

Power Segment

In the second quarter of 2017 and the six months ended June 30, 2017, the Power segment profit before income tax and share of profits of joint ventures was $3.9 million and $13.5 million, respectively, mainly from the Ventika wind generation facility, acquired on December 14, 2016.

Corporate

In the second quarter of 2017, corporate loss before income tax was $6.6 million, compared with $7.9 million in the same period of 2016. In the six months ended June 30, 2017, corporate loss before income tax was $20.9 million, compared with $14.0 million in the same period of 2016, mainly due to higher interest expense in 2017.

Revenues

(thousands of US$, except price per MMBtu)[2]	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
	(unaudited)		(unaudited)	
Gas Segment	$ 252,084	$ 137,561	$ 498,725	$ 270,224
Power Segment	27,520	-	53,186	-
Corporate	486	1,161	982	1,752
	$ 280,090	**$ 138,722**	**$ 552,893**	**$ 271,976**
Natural gas weighted average price USD per MMBtu	$ 3.04	$ 1.85	$ 3.16	$ 1.89

(2) MMBtu: Million British thermal units (of natural gas)

Gas Segment

In the second quarter of 2017, Gas segment revenues were $252.1 million, compared with $137.6 million in the same period of 2016. The increase of $114.5 million is mainly due to:

- $78.5 million in revenues related to the acquisition of the remaining 50 percent of Gasoductos de Chihuahua,
- $23.1 million from the start of operations of the Sonora pipeline Guaymas – El Oro segment, San Isidro – Samalayuca pipeline, and Ojinaga – El Encino pipeline, and
- $13.2 million from higher weighted average prices of natural gas, partially offset by lower natural gas volume sold.

In the six months ended June 30, 2017, Gas segment revenues were $498.7 million, compared with $270.2 million in the same period of 2016. The increase of $228.5 million is mainly due to:

- $151.6 million in revenues related to the acquisition of the remaining 50 percent of Gasoductos de Chihuahua,
- $41.0 million from the start of operations of the Sonora pipeline Guaymas – El Oro segment, San Isidro – Samalayuca pipeline, and Ojinaga – El Encino pipeline, and
- $39.0 million mainly from higher weighted average prices of natural gas.

Power Segment

In the second quarter of 2017 and the six months ended June 30, 2017, Power segment revenues were $27.5 million and $53.2 million, respectively, from the Ventika wind generation facility.

Cost of Revenues

(thousands of US$, except cost per MMBtu)	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
	(unaudited)		(unaudited)	
Gas Segment	$ 59,542	$ 46,175	$ 124,529	$ 91,491
Power Segment	3,433	-	4,472	-
	$ 62,975	**$ 46,175**	**$ 129,001**	**$ 91,491**
Natural gas weighted average cost USD per MMBtu	$ 2.94	$ 1.82	$ 3.02	$ 1.85

In the second quarter of 2017, Gas segment cost of revenues was $59.5 million, compared with $46.2 million for the same period of 2016. The increase of $13.3 million is mainly due to the higher weighted average price of natural gas, partially offset by lower natural gas volume sold.

In the six months ended June 30, 2017, Gas segment cost of revenues was $124.5 million, compared with $91.5 million for the same period of 2016. The increase of $33.0 million is mainly due to the higher weighted average price of natural gas.

Consolidated Results

Operating, Administrative, and Other Expenses

In the second quarter of 2017, operating, administrative, and other expenses were $40.4 million, compared with $22.8 million for the same period of 2016. In the six months ended June 30, 2017, operating, administrative, and other expenses were $80.3 million, compared with $41.9 million for the same period of 2016. For both periods, the increase of $17.6 million and $38.4 million, respectively, was mainly due to the acquisition of the remaining 50 percent of Gasoductos de Chihuahua and the acquisition of the Ventika wind generation facility.

Depreciation and Amortization

In the second quarter of 2017, depreciation and amortization was $28.7 million, compared with $14.2 million for the same period of 2016. In the six months ended June 30, 2017, depreciation and amortization was $55.9 million, compared with $28.6 million for the same period of 2016. For both periods, the increase of $14.5 million and $27.3 million, respectively, was mainly due to the acquisition of the Ventika wind generation facility and the acquisition of the remaining 50 percent of Gasoductos de Chihuahua.

Financing Cost, Net

In the second quarter of 2017, financing cost, net was $11.0 million, compared with $2.5 million for the same period of 2016. In the six months ended June 30, 2017, financing cost, net was $23.0 million, compared with $2.8 million for the same period of 2016. For both periods, the increase of $8.5 million and $20.2 million, respectively, is mainly due to higher interest expense from debt related to the Ventika wind generation facility and Gasoductos de Chihuahua, and a higher corporate debt balance.

Other Gains (Losses), net

In the second quarter of 2017, other gains were $2.8 million, compared with other losses of $2.3 million in the same period of 2016. In the six months ended June 30, 2017, other gains were $5.2 million, compared with other losses of $0.7 million in the same period of 2016. For both periods, the increase of $5.1 million and $5.9 million, respectively, is mainly due to foreign exchange rate effects.

Income Tax Expense

In the second quarter of 2017, income tax expense was $22.5 million compared with $23.2 million in the same period of 2016. In the six months ended June 30, 2017, income tax expense was $28.2 million compared with $40.6 million in the same period of 2016. For both periods, the variance of $0.7 million and $12.4 million, respectively, is primarily due to the effect of the deferred income tax balance from the fluctuation in the tax basis of property, plant, and equipment at our U.S. dollar company functional currency, which we are required to remeasure in each reporting period based on changes in the Mexican peso exchange rate, partially offset by exchange rate and inflation effects on monetary assets and liabilities.

Share of Profits of Joint Ventures, Net of Income Tax

(thousands of US$)	Joint Venture With	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
		(unaudited)		(unaudited)	
Gasoductos de Chihuahua	Pemex TRI[3]	$ -	$ 8,027	$ -	$ 32,563
Los Ramones Norte pipeline	Pemex TRI[3]	5,025	2,218	13,094	4,750
Energía Sierra Juárez wind generation facility	InterGen	1,539	1,738	3,293	2,112
South Texas – Tuxpan pipeline	TransCanada	(2,330)	-	483	-
		$ 4,234	**$ 11,983**	**$ 16,870**	**$ 39,425**

(3) On September 26, 2016, IEnova acquired the remaining 50–percent participation in Gasoductos de Chihuahua. This acquisition excluded the Los Ramones Norte pipeline, in which IEnova continues to hold an indirect 25–percent ownership interest through Gasoductos de Chihuahua's interest in Ductos y Energéticos del Norte.

In the second quarter of 2017, our share of profits of joint ventures, net of income tax, was $4.2 million, compared with $12.0 million in the same period of 2016. The decrease of $7.8 million is mainly due to the acquisition of the remaining 50 percent of Gasoductos de Chihuahua and a loss in Infraestructura Marina del Golfo "IMG", our joint venture related to the South Texas – Tuxpan pipeline, due to foreign exchange rate effects related to a peso-denominated shareholders' loan, partially offset by lower income tax expense in the Los Ramones Norte pipeline.

In the six months ended June 30, 2017, our share of profits of joint ventures, net of income tax, was $16.9 million, compared with $39.4 million in the same period of 2016. The decrease of $22.5 million is mainly due to the acquisition of the remaining 50 percent of Gasoductos de Chihuahua, partially offset by the start of operations of the Los Ramones Norte pipeline in February 2016.

Loss for the Period from Discontinued Operations, Net of Income Tax

In February 2016, the Board of Directors approved a plan to market and sell the Termoeléctrica de Mexicali power plant. Accordingly, its financial results for the three–month and six–month periods ended June 30, 2017 and June 30, 2016 are presented in the Condensed Consolidated Statements of Profit as discontinued operations, net of income tax.

In June 2017, the asset value indicated by the Termoeléctrica de Mexicali power plant sale process was determined to be lower than its carrying value. This resulted in a non-cash, after-tax impairment charge of $63.8 million in the second quarter of 2017.

In the second quarter of 2017, loss from discontinued operations, net of income tax, was $75.7 million, compared with $5.1 million in the same period of 2016. The increase in losses of $70.6 million is mainly due to the impairment charge mentioned above and scheduled major maintenance expenses in 2017, partially offset by higher operating results.

In the six months ended June 30, 2017, loss from discontinued operations, net of income tax, was $67.7 million, compared with $38.3 million in the same period of 2016. The increase in losses of $29.4 million is mainly due the impairment charge mentioned above and scheduled major maintenance expenses in 2017, partially offset by non-cash deferred income tax expense at the discontinued operations related to the held for sale classification in 2016 and higher operating results in 2017.

EBITDA and Adjusted EBITDA

We present "EBITDA" and "Adjusted EBITDA" in this earnings report for the convenience of investors. EBITDA and Adjusted EBITDA, however, are not measures of financial performance under IFRS and should not be considered as alternatives to profit or operating income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity.

Our definition of EBITDA is profit for the period after adding back or subtracting, as the case may be, (1) depreciation and amortization, (2) financing cost, net, (3) other (gains) losses, net, (4) income tax expense, (5) share of profits of joint ventures, net of income tax, (6) remeasurement of equity method investment, and (7) loss for the period from discontinued operations, net of income tax.

We define the JV EBITDA adjustment as our share of the profit of joint ventures, after adding back or subtracting, as the case may be, our share of: (1) depreciation and amortization, (2) financing cost, net, (3) other (gains) losses, net, (4) income tax expense, and (5) share of profits of equity method investments, net of income tax.

We define the Discontinued operations EBITDA adjustment as the profit (loss) for the period from discontinued operations, net of income tax after adding back or subtracting, as the case may be, (1) depreciation and amortization, (2) financing cost, net, (3) other (gains) losses, net, (4) income tax expense and (5) impairment.

	Three months ended June 30,		Six months ended June 30,	
(thousands of US$)	2017	2016	2017	2016
	(unaudited)		(unaudited)	
Gas Segment	$ 159,480	$ 68,442	$ 306,321	$ 137,080
Power Segment	18,688	-	40,140	-
Corporate	(1,470)	1,347	(2,903)	1,486
EBITDA	**$ 176,698**	**$ 69,789**	**$ 343,558**	**$ 138,566**
JV EBITDA adjustment	18,257	39,273	37,147	84,489
Discontinued operations EBITDA adjustment	(11,167)	(2,773)	(13,123)	(6,820)
Adjusted EBITDA	**$ 183,788**	**$ 106,289**	**$ 367,582**	**$ 216,235**

Reconciliation of Profit for the Period to Adjusted EBITDA

(thousands of US$)	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
	(unaudited)		(unaudited)	
EBITDA reconciliation				
Profit for the period	$ 45,793	$ 34,300	$ 190,752	$ 67,072
Depreciation and amortization	28,730	14,256	55,903	28,551
Financing cost, net	11,001	2,535	23,020	2,790
Other (gains) losses	(2,821)	2,308	(5,207)	698
Income tax expense	22,501	23,249	28,235	40,598
Share of profits of joint ventures, net of income tax	(4,234)	(11,983)	(16,870)	(39,425)
Loss for the period from discontinued operations, net of income tax	75,728	5,124	67,725	38,282
(1) EBITDA	**176,698**	**69,789**	**343,558**	**138,566**
JV EBITDA Adjustment reconciliation				
Profit for the period	4,234	11,983	16,870	39,425
Depreciation and amortization	1,562	6,021	3,121	10,946
Financing cost, net	7,672	8,014	14,522	15,166
Other losses	3,634	1,362	1,821	914
Income tax expense	1,155	11,893	813	18,038
(2) JV EBITDA Adjustment	**18,257**	**39,273**	**37,147**	**84,489**
Discontinued Operations EBITDA Adjustment reconciliation				
Loss for the period	(75,728)	(5,124)	(67,725)	(38,282)
Depreciation and amortization	-	-	-	2,222
Financing cost, net	315	57	383	116
Other losses (gains)	534	740	(806)	587
Impairment	63,804	-	63,804	-
Income tax (benefit) expense	(92)	1,554	(8,779)	28,537
(3) Discontinued Operations EBITDA Adjustment	**(11,167)**	**(2,773)**	**(13,123)**	**(6,820)**
(1+2+3) Adjusted EBITDA	**$ 183,788**	**$ 106,289**	**$ 367,582**	**$ 216,235**

Condensed Consolidated Statements of Financial Position

(thousands of US$)	June 30, 2017	December 31, 2016
	(unaudited)	(audited)
Assets		
Current assets		
Cash and cash equivalents	$ 28,041	$ 24,918
Short-term investments	2,981	80
Trade and other receivables, net	104,960	100,886
Assets held for sale	160,449	191,287
Other current assets(1)	220,987	127,769
Total current assets	**517,418**	**444,940**
Non-current assets		
Due from unconsolidated affiliates	282,450	104,352
Finance lease receivables	946,962	950,311
Deferred income tax assets	86,136	75,999
Investments in joint ventures	205,581	125,355
Goodwill	1,651,780	1,651,780
Property, plant and equipment, net	3,692,281	3,614,085
Other non-current assets(2)	157,193	160,126
Total non-current assets	**7,022,383**	**6,682,008**
Total assets	**$ 7,539,801**	**$ 7,126,948**
Liabilities and Stockholders' Equity		
Short-term debt	$ 647,065	$ 493,571
Due to unconsolidated affiliates	362,312	260,914
Liabilities held for sale	81,800	35,451
Other current liabilities(3)	171,041	181,738
Total current liabilities	**1,262,218**	**971,674**
Non-current liabilities		
Long-term debt	976,028	1,039,804
Due to unconsolidated affiliates	41,587	3,080
Deferred income tax liabilities	504,211	489,607
Other non-current liabilities(4)	205,357	272,472
Total non-current liabilities	**1,727,183**	**1,804,963**
Total liabilities	**2,989,401**	**2,776,637**
Stockholders' Equity		
Common stock	963,272	963,272
Additional paid-in capital	2,351,801	2,351,801
Accumulated other comprehensive loss	(117,321)	(126,658)
Retained earnings	1,352,648	1,161,896
Total equity attributable to owners of the company	**4,550,400**	**4,350,311**
Total liabilities and equity	**$ 7,539,801**	**$ 7,126,948**

(1) Other current assets include income taxes receivable, restricted cash, value added tax receivable, amounts due from unconsolidated affiliates, natural gas inventories, other current assets, finance lease receivable (current) and derivative financial instruments.

(2) Other non-current assets include intangible assets, other non-current assets and derivative financial instruments.

(3) Other current liabilities include trade and other payables, other taxes payable, derivative financial instruments, other current liabilities, other financial liabilities, income tax liabilities and provisions.

(4) Other non-current liabilities include derivative financial instruments, provisions, and employee benefits.

Liquidity and Capital Resources

We are a holding company. As a result, our ability to meet our obligations and to fund our capital needs depends on our ongoing ability to generate cash from operations, the terms of our financing arrangements, and our access to capital markets.

Sources and Uses of Cash

(thousands of US$)	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
	(unaudited)		(unaudited)	
Cash and cash equivalents at period beginning	**$ 60,098**	**$ 44,936**	**$ 24,918**	**$ 40,377**
Net cash provided by operating activities	83,431	41,503	177,628	86,545
Net cash used in investing activities	(221,256)	(53,658)	(353,254)	(86,462)
Net cash provided by financing activities	104,804	28,387	171,186	20,199
Effects of exchange rate changes on cash and cash equivalents	986	(7,436)	6,991	(6,054)
Cash and cash equivalents at period end before discontinued operations	**$ 28,063**	**$ 53,732**	**$ 27,469**	**$ 54,605**
Cash and cash equivalents (used in) provided by discontinued operations	(22)	(297)	572	(1,170)
Cash and cash equivalents at period end	**$ 28,041**	**$ 53,435**	**$ 28,041**	**$ 53,435**

Operating Activities

In the second quarter of 2017, net cash provided by operating activities was $83.4 million, compared with $41.5 million in the same period of 2016, mainly due to a higher operations base as a result of the acquisition of the remaining 50 percent of Gasoductos de Chihuahua and the acquisition of the Ventika wind generation facility, partially offset by changes in working capital.

In the six months ended June 30, 2017, net cash provided by operating activities was $177.6 million, compared with $86.5 million in the same period of 2016, mainly due to a higher operations base as a result of the acquisition of the remaining 50 percent of Gasoductos de Chihuahua and the acquisition of the Ventika wind generation facility, partially offset by changes in working capital.

Investing Activities

In the second quarter of 2017, net cash used in investing activities was $221.3 million, due to a $170.0 million loan granted to Infraestructura Marina del Golfo “IMG” (our TransCanada joint venture), capital expenditures of $25.1 million related to our Ojinaga – El Encino pipeline, Sonora pipeline Guaymas – El Oro segment, San Isidro – Samalayuca pipeline, and Empalme lateral pipeline projects and the investment of $26.3 million in IMG.

In the second quarter of 2016, net cash used in investing activities was $53.7 million, due to capital expenditures of $78.5 million, primarily related to our Sonora pipeline Guaymas – El Oro segment, Ojinaga – El Encino pipeline and San Isidro – Samalayuca pipeline, partially offset by a decrease in short-term investments of $25.0 million.

In the six months ended June 30, 2017, net cash used in investing activities was $353.3 million, mainly due to a $170.0 million loan granted to IMG, capital expenditures of $94.5 million related to our Ojinaga – El Encino pipeline, Sonora pipeline Guaymas – El Oro segment, San Isidro – Samalayuca pipeline, and Empalme lateral pipeline projects, the investment of $72.1 million in IMG, and restricted cash increase of $16.8 million related to Ventika and Gasoductos de Chihuahua bank debt.

In the six months ended June 30, 2016, net cash used in investing activities was $86.5 million, due to capital expenditures of $114.9 million related to our Sonora pipeline Guaymas – El Oro segment, Ojinaga – El Encino pipeline and San Isidro – Samalayuca pipeline, partially offset by a decrease in short-term investments of $20.0 million, and repayment of loans granted to unconsolidated related parties by $8.7 million.

Financing Activities

In the second quarter of 2017, net cash provided by financing activities was $104.8 million due to $59.5 million in net borrowings from bank loans and $55.2 million in net borrowings from unconsolidated affiliates, partially offset by interest paid of $9.9 million.

In the second quarter of 2016, net cash provided by financing activities was $28.4 million due to $30.0 million proceeds from borrowings against credit facilities, partially offset by interest paid.

In the six months ended June 30, 2017, net cash provided by financing activities was $171.2 million, due to $157.2 million in net borrowings from unconsolidated affiliates and $49.6 million in net borrowings from bank loans, partially offset by interest paid of $35.7 million.

In the six months ended June 30, 2016, net cash provided by financing activities was $20.2 million, mainly due to $30.0 million proceeds from borrowings against credit facilities, partially offset by interest paid of $9.7 million.

Internal Controls

Our management is responsible for maintaining a system of internal control over financial reporting. This system gives our shareholders reasonable assurance that our transactions are executed and maintained in accordance with the guidelines set forth by our management and that our financial records are reliable as a basis for preparing our financial statements.

The system of internal control over financial reporting is supported by ongoing audits, the results of which are reported to management throughout the year. In addition, we maintain reliable databases and have modern and efficient systems designed to generate key financial information.