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

Condensed interim consolidated financial statements for the years and three month periods ended December 31, 2014 and 2013 and Independent Accountant's Report Dated February 24, 2015

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	December 31, 2014 (unaudited)	December 31, 2013
Current assets:			
Cash and cash equivalents		$ 83,637	$ 103,880
Short-term investments	9	30,020	207,027
Trade and other receivables, net		66,401	64,035
Due from related parties	3	26,601	24,860
Income tax receivable		34,297	15,931
Inventory of natural gas		9,375	3,836
Derivative financial instruments	9	4,709	9,188
Value added tax recoverable		30,797	43,914
Carbon allowances	6	29,864	4,778
Other assets		9,918	20,679
Total current assets		325,619	498,128
Non-current assets:			
Due from related parties	3	146,775	331
Finance lease receivables	9	14,621	14,700
Deferred income tax asset		85,758	106,227
Investment in joint venture	4	401,538	366,288
Goodwill		25,654	25,654
Property, plant and equipment, net	5, 12	2,377,739	2,213,837
Carbon allowances	6	229	11,584
Other assets		2,285	5,159
Total non-current assets		3,054,599	2,743,780
Total assets		$ 3,380,218	$ 3,241,908

Liabilities and equity	Notes	December 31, 2014 (unaudited)	December 31, 2013
Current liabilities:			
Short-term debt, net	7, 9	$ 195,089	$ -
Trade and other payables		59,575	49,459
Due to related parties	3	14,405	3,655
Income tax liabilities		18,022	90,130
Derivative financial instruments	9	6,808	10,705
Other financial liabilities		7,223	12,853
Provisions		1,619	1,945
Other payable taxes		11,247	7,815
Carbon allowances	6	29,864	4,778
Other liabilities		23,698	11,749
Total current liabilities		367,550	193,089
Non-current liabilities:			
Long-term debt, net	8, 9	350,638	394,656
Due to related parties	3, 9	38,460	38,893
Deferred income tax liabilities		232,538	205,385
Carbon allowances	6	-	11,151
Provisions		38,250	26,430
Derivative financial instruments	9	100,449	53,208
Employee benefits		3,045	2,684
Total non-current liabilities		763,380	732,407
Total liabilities		1,130,930	925,496
Stockholders' equity:			
Common stock		762,949	762,949
Additional paid-in capital		973,953	973,953
Accumulated other comprehensive income		(64,331)	(24,273)
Retained earnings	11	576,717	603,783
Total equity attributable to owners of the Company		2,249,288	2,316,412
Total liabilities and equity		$ 3,380,218	$ 3,241,908

See accompanying notes to condensed interim consolidated financial statements.

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

Condensed Interim Consolidated Statements of Profit and Loss

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

	Notes	Year ended December 31, 2014 (unaudited)	Year ended December 31, 2013	Three month period ended December 31, 2014 (unaudited)	Three month period ended December 31, 2013 (unaudited)
Revenue	12	$ 822,796	$ 677,836	$ 200,697	$ 156,682
Cost of revenue		(443,298)	(328,817)	(100,053)	(73,639)
Operating, administrative and other expenses		(98,384)	(99,685)	(25,643)	(30,872)
Depreciation and amortization expenses		(61,943)	(61,164)	(17,269)	(15,758)
Interest income		3,299	1,372	1,718	236
Finance income (costs)		1,143	(5,035)	(3,061)	632
Other gains and (losses)		1,258	6,986	(13,828)	2,321
Profit before income tax and share of profits of joint ventures		224,871	191,493	42,561	39,602
Income tax expense	10	(111,283)	(83,792)	(58,129)	(39,146)
Share of profits of joint ventures, net of income tax	4	23,346	34,689	3,806	4,867
		(87,937)	(49,103)	(54,323)	(34,279)
Profit (loss) for the year / period	13	$ 136,934	$ 142,390	$ (11,762)	$ 5,323

All results are from continuing activities.

All earnings are attributable to Infraestructura Energética Nova, S. A. B. de C. V. and subsidiaries.

Earnings per share:

	Notes				
Basic and diluted earnings (loss) per share:	13	$ 0.12	$ 0.13	$ (0.01)	$ -

See accompanying notes to condensed interim consolidated financial statements.

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

Condensed Interim Consolidated Statements of Profit and Loss and Other Comprehensive Income

(In thousands of U.S. Dollars)

	Year ended December 31,		Three-month period ended December 31,	
	2014 (unaudited)	2013	2014 (unaudited)	2013 (unaudited)
Profit (loss) for the year / period	$ 136,934	$ 142,390	$ (11,762)	$ 5,323
Other comprehensive income (loss):				
Items that will not be reclassified to profit or loss				
Actuarial gains on defined benefits plans	357	179	357	179
Income tax relating to components of other comprehensive income	(107)	(54)	(107)	(54)
Total items that will not be reclassified to profit and loss	250	125	250	125
Items that may be reclassified subsequently to profit or loss:				
Loss in financial instruments valuation held for hedging purpose	(1,822)	(18,381)	(2,282)	(324)
Deferred income tax on loss in financial instruments valuation held for hedging purposes	547	5,514	936	97
Loss on valuation of hedging financial instruments at joint ventures	(19,936)	-	(13,928)	-
Deferred income tax on the loss on valuation of hedging financial instruments at joint ventures	5,981	-	4,178	-
Exchange differences on translating foreign operations	(25,078)	(1,927)	(19,127)	(1,431)
Total items that may be reclassified subsequently to profit and loss	(40,308)	(14,794)	(30,223)	(1,658)
Other comprehensive loss for the year / period	(40,058)	(14,669)	(29,973)	(1,533)
Total comprehensive income (loss) for the period	$ 96,876	$ 127,721	$ (41,735)	$ 3,790

All comprehensive income is attributable to Infraestructura Energética Nova, S. A. B. de C. V. and subsidiaries.

See accompanying notes to condensed interim consolidated financial statements.

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

Condensed Interim Consolidated Statements of Changes in Stockholders' Equity

(In thousands of U.S. Dollars)

	Common shares	Additional paid-in capital	Other comprehensive income	Retained earnings	Total
Balance as of December 31, 2012	$ 618,752	$ 536,577	$ (9,604)	$ 617,393	$ 1,763,118
Profit for the year	-	-	-	142,390	142,390
Loss in financial instruments valuation held for hedging purposes – Net	-	-	(12,867)	-	(12,867)
Actuarial gains on defined benefits plans – Net	-	-	125	-	125
Exchange differences on translating foreign operations	-	-	(1,927)	-	(1,927)
Total comprehensive income for the period	-	-	(14,669)	142,390	127,721
Issuance of shares – Net	144,197	437,376	-	-	581,573
Payment of dividends (Note 11)	-	-	-	(156,000)	(156,000)
Balance as of December 31, 2013	762,949	973,953	(24,273)	603,783	2,316,412
Profit for the year				136,934	136,934
Loss in financial instruments valuation held for hedging purposes – Net	-	-	(15,230)		(15,230)
Actuarial gains on defined benefits plans – Net	-	-	250	-	250
Exchange differences on translating foreign operations	-	-	(25,078)	-	(25,078)
Total comprehensive income for the period	-	-	(40,058)	136,934	96,876
Payment of dividends (Note 11)	-	-	-	(164,000)	(164,000)
Balance as of December 31, 2014 (unaudited)	$ 762,949	$ 973,953	$ (64,331)	$ 576,717	$ 2,249,288

See accompanying notes to 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)

	Year ended December 31,		Three-month period ended December 31,	
	2014	**2013**	**2014**	**2013**
	(unaudited)		**(unaudited)**	**(unaudited)**
Cash flows from operating activities:				
Profit (loss) for the year / period	$ 136,934	$ 142,390	$ (11,762)	$ 5,323
Adjustments for:				
Income tax expense	111,283	83,792	58,129	39,146
Share of profits of joint ventures, net of income tax	(23,346)	(34,689)	(3,806)	(4,867)
Finance (income) costs	(1,143)	5,035	3,061	(632)
Interest income	(3,299)	(1,372)	(1,718)	(236)
Loss on disposal of property, plant and equipment	624	5,391	(385)	3,251
Impairment (gain) loss recognized on trade receivables	(8)	9	(25)	(2)
Gain on sale of equity interest in subsidiary	(18,824)	-	-	-
Depreciation and amortization	61,943	61,164	17,269	15,758
Net foreign exchange loss	9,057	2,303	5,762	152
Loss (gain) on derivative financial instruments valuation	4,045	(19,000)	4,030	(4,310)
	277,266	245,023	70,555	53,583
Movements in working capital:				
(Increase) decrease in trade and other receivables	(4,020)	19,066	36,887	6,271
(Increase) decrease in inventories	(5,539)	5,437	(2,794)	(817)
Decrease (increase) in other assets	14,308	(54,057)	22,734	(4,201)
Increase (decrease) in trade and other payables	49,393	18,241	(31,935)	(6,412)
(Decrease) increase in provisions	(19,873)	(28,512)	3,486	(22,791)
Increase (decrease) in other liabilities	17,895	32,219	(2,199)	14,218
Cash generated from operations	329,430	237,417	96,734	39,851
Income taxes paid	(166,213)	(74,657)	(35,176)	(11,745)
Net cash generated by operating activities	163,217	162,760	61,558	28,106

(Continued)

	Year ended December 31,		Three-month period ended December 31,	
	2014	**2013**	**2014**	**2013**
	(unaudited)		**(unaudited)**	**(unaudited)**
Cash flows from investing activities:				
Proceeds from sale of equity interest, net of cash sold	24,411	-	-	-
Interest received	4	-	4	-
Acquisitions for property, plant and equipment	(325,484)	(369,672)	(63,006)	(89,136)
Loans to unconsolidated affiliates	(162,823)	(100)	(52,236)	(524)
Repayments received from loans to unconsolidated affiliates	18,921	-	100	-
Cash received from related parties relative to loans	-	-	-	347
Short-term investments	177,007	(207,027)	29,984	274,556
Net cash (used in) generated in investing activities	(267,964)	(576,799)	(85,154)	185,243
Cash flows from financing activities:				
Interest paid	(18,872)	(11,557)	(3,909)	(1,762)
Loans received from related parties	146	12,383	22	37
Loans payments received from related parties	(583)	(388,042)	(30)	-
Issuance or ordinary shares under initial public offering	-	598,812	-	-
Share issue costs	-	(24,627)	-	-
Proceeds from bank loans and bank financing	278,432	-	51,000	
Proceeds from debt issuance	-	408,278	-	-
Debt issuance costs	(11,184)	(3,003)	-	84
Dividends paid	(164,000)	(156,000)	-	(117,000)
Net cash provided by (used in) financing activities	83,939	436,244	47,083	(118,641)
Net (decrease) increase in cash and cash equivalents	(20,808)	22,205	23,487	94,708
Cash and cash equivalents at the beginning of the year / period	103,880	85,073	58,414	10,052
Effects of exchange rate changes on the balance of cash held in foreign currencies	565	(3,398)	1,736	(880)
Cash and cash equivalents at the end of the year / period	$ 83,637	$ 103,880	$ 83,637	$ 103,880

See accompanying notes to condensed interim consolidated financial statements.

1. Business and relevant events

a. Business

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

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

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

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

Seasonality. Customer demand in Gas and Power segments experience seasonal fluctuations. For Gas Segment, the demand for natural gas service is higher in cold weather season. In the case of Power Segment, the demand for power distribution service is higher during hot weather season.

b. Relevant events

1.1.1. Los Ramones I project

In January 2013, PEMEX announced that the first phase of the Los Ramones pipeline project was assigned to and will be developed by IEnova's joint venture with PEMEX (see Note 4). The project is a 114 Kilometers (Km) natural gas pipeline (Los Ramones I) with two compression stations, from the northern portion of the state of Tamaulipas bordering the United States to Los Ramones in the Mexican state of Nuevo León. The capacity is fully contracted under a 25-year transportation services agreement with PEMEX denominated in Mexican pesos, with a contract rate based on the U.S. dollar investment, adjusted annually for inflation and fluctuation of the exchange rate. The pipeline portion of the project began operations at the end of 2014. The compressor stations will be operational at the end of 2015. The design capacity is 2.1 billion of cubic feet per day (CFPD).

1.1.2. Los Ramones Norte project

On March 12, 2014, Gasoductos de Chihuahua, S. de R. L. de C. V. ("GdC"), the Company's joint venture with PEMEX Gas y Petroquímica Básica ("PGPB") entered into a partnership agreement with TAG Pipelines, S. de R. L. de C. V. (an affiliate of Mex Gas International, PGPB's subsidiary), establishing the terms and conditions to jointly operate TAG Norte, S. de R. L. de C. V. ("TAG Norte").

TAG Norte will develop the Los Ramones Norte project, which consists of a 440 km pipeline system and two compression stations between the municipality of Los Ramones, Nuevo León and San Luis Potosí, with an investment of approximately $1.3 to 1.5 billion.

TAG Norte concurrently entered into an integrated transportation service of natural gas agreement with PGPB for all the capacity of the Los Ramones Norte system, with a 25-year term from the date of commercial operation, estimated for the last quarter of 2015. The design capacity is 1.4 billion of CFPD.

1.1.3. Energía Sierra Juarez project

a. *Sale of 50% of the ESJ project*

On April 18, 2014, the Company, through its subsidiary Controladora Sierra Juárez, S. de R. L. de C. V., entered into a purchase and sale agreement with InterGen International (UK) Ltd. ("Intergen") with respect to the 50% of the membership interests of Energía Sierra Juárez, S. de R. L. de C. V.'s ("ESJ") equity (entity responsible for the ESJ project). This transaction was completed on July 16, 2014. The Company recognizes ESJ as an investment in joint venture and accounts for its ownership share by the equity method of accounting. See Note 4.2. for more details of this transaction.

b. *Project financing agreement of the ESJ project*

On June 12, 2014, ESJ entered into a project financing agreement for $239.8 million with a term of 18 years after the date of commencement of commercial operation (first half of 2015). The financing includes the granting of certain guarantees in favor of lenders and providers of coverage. See Note 4.2a. for more details of the project financing.

c. *Financing of project's value added tax*

On June 12, 2014, ESJ entered into a current account simple loan contract with Banco Santander (México), S. A. ("Santander") for an amount of up to $455.0 million Pesos (approximately $35 million U.S. Dollars historical) for financing the value added tax ("IVA", for its acronym in Spanish) of the ESJ project. See Note 4.2c. for more details.

1.1.4. Ojinaga – El Encino project

In December 2014, Gasoductos de Aguaprieta, S. de R. L. de C. V. (GAP) (subsidiary company), entered into the Ojinaga pipeline natural gas transportation services agreement with CFE which has a term of 25 years. The CFE contracted 100% of the transportion capacity of the Ojinaga pipeline, equal to 1.4 billion CFPD. GAP will be responsible for the development, construction and operation of the 42-inch pipeline, with a length of approximately 205 (Km) and estimated cost of $300 million, which is expected to begin operations in the first half of 2017.

1.1.5. *Pipeline Gasoducto Sonora*

In October 2012, GAP was awarded by the CFE with two contracts to build and operate an approximately 835 km natural gas pipeline network connecting the Northwestern Mexican states of Sonora and Sinaloa (the "Sonora Pipeline") to the U.S. interstate pipeline. The Sonora gas pipeline is comprised of two segments; the first one (Sasabe – Guaymas), is for an approximate length of 505 km, 36-inch diameter pipeline with 770 million cubic feet per day ("Mmcfd") of transportation capacity; and the second one (Guaymas – El Oro), is for an approximate length of 330 km, 30-inch pipeline with 510 Mmcfd of transportation capacity. The Company estimates the total cost of the Sonora gas pipeline will be approximately $1.0 billion, and be completed by second half 2016. The capacity of the Sonora gas pipeline is contracted by CFE under two 25-year firm contracts denominated in U.S. Dollars.

On August 18, 2014, CFE granted a compliance certification to the Sasabe – Puerto Libertad segment construction. The first 220 Km, of the first segment was put into operation in the fourth quarter of 2014.

1.1.6. *Other financing*

a. In June 2014, IEnova entered into an agreement for a $200.0 million, U.S. dollar-denominated, three-year corporate revolving credit facility to finance working capital and for general corporate purposes. The lender is Banco Santander, (México), S.A., Institución de Banca Múltiple, Grupo Financiero Santander Mexico. At December 31, 2014, IEnova had $145 million of outstanding borrowings supported by the facility, and the available unused credit on the line was $55 million.

b. In August 2014, IEnova entered into an agreement for a $100.0 million, U.S. dollar-denominated, three-year corporate revolving credit facility to finance working capital and for general corporate purposes. The lender is Sumitomo Mitsui Banking Corporation. At December 31, 2014, IEnova had $51.0 million of outstanding borrowings due on August 25, 2017, supported by the facility, and the available unused credit on the line was $49.0 million.

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, 2013, 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 principal accounting policies**,** basis of presentation and estimates used in the preparation of the condensed interim consolidated financial statements of the Company for the period were the same as those applied in preparing the consolidated financial statements for the years ended December 31, 2014 and 2013.

3. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties are disclosed below.

a. *Trading transactions*

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

	Revenues			
	Year ended		**Three–month period ended**	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
Sempra Generation (“SGEN”)	$ 222,471	$ 168,340	$ 51,243	$ 33,364
Sempra LNG International, LLC (“SLNGI”)	90,871	90,842	22,982	22,988
Sempra International, LLC (“Sempra International”)	1,739	1,248	427	387
Sempra Global	-	434	-	-
Southern California Gas Company (“SoCalGas”)	9	143	-	71

	Cost of revenues			
	Year ended		**Three-month period ended**	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
SGEN	$ 31,702	$ 31,953	$ 8,348	$ 23,477
Sempra LNG International LLC	335,025	224,195	74,834	50,031
Sempra International	7,311	6,759	927	3,390
Sempra Global	-	65	-	-
SoCal Gas	1,074	1,402	244	371
Sempra U.S. Gas & Power, LLC	7,106	7,144	1,770	1,988
Sempra Services Company, S. de R. L. de C. V. (“Sempra Services Company”)	985	1,745	221	396
Sempra Servicios México, S. de R. L. de C. V. (“Sempra Servicios México”)	517	694	(4)	214
Sempra Midstream, Inc.	448	556	112	139
San Diego Gas & Electric	-	28	-	-

	Interest income			
	Year ended		**Three-month period ended**	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
Ductos Energéticos del Norte, S. de R. L. de C. V. (“DEN”)	$ 1,828	$ -	$ 1,162	$ -
ESJ	826	-	455	-
Sempra Services Company	3	-	-	-
Sempra Servicios México	-	3	-	-

	Finance costs			
	Year ended		**Three-month period ended**	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
Sempra Oil Trading Suisse, “SOT Suisse”)	$ 1,480	$ 1,494	$ 377	$ 386
Sempra Chile, S. A. (“Sempra Chile”)	-	903	-	-
Sempra Energy International Holdings, N. V.	-	350	-	-
Sempra Global	-	7	-	-
SGEN	4	7	1	4
Sempra Services Company	-	1	-	-

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

	Amounts due from related parties Year Ended 12/31/14	12/31/13
SGEN	$ 23,949	$ 24,741
Servicios ESJ, S. de R. L. de C. V.	626	-
ESJ	690	-
Sempra International	1,336	119
	$ 26,601	$ 24,860

	Amounts payable to related parties Year ended 12/31/14	12/31/13
Sempra LNG International LLC	$ 14,228	$ 3,031
Sempra Services Company	85	291
Sempra Servicios México	6	181
SoCal Gas	77	106
Sempra Generation	9	-
Sempra Midstream	-	46
	$ 14,405	$ 3,655

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

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given nor received. No expense has been recognized in the current or prior periods for bad or doubtful debts in respect to the amounts owed by related parties.

In commercial transactions there are expenses for administrative services from affiliates of $8.0 million and $8.8 million for the years ended December 31, 2014 and 2013, respectively; $1.3 million and $2.0 million for the three months ended December 31, 2014 and 2013, respectively; which were collected and paid, and have been properly distributed to the segments incurring those costs.

b. Loans to related parties

	Year ended 12/31/14	12/31/13
DEN	$ 123,867	$ -
Sempra Servicios México	100	231
Sempra Generation	115	-
ESJ	22,693	-
Sempra Services Company	-	100
	$ 146,775	$ 331

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

c. Loans from related parties

	Year ended 12/31/14	12/31/13
SOT Suisse	$ 38,460	$ 38,460
SGEN	-	433
	$ 38,460	$ 38,893

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

Key operating and financial decisions have historically been performed by management of the Parent Company. The Company has received fees from affiliated companies in the United States to distribute the remuneration of directors and key executives. In 2013, the Company began to contract directly certain key positions of its management. Compensation paid to key management personnel of the Company was $6.5 million and $3.8 million for the years ended December 31, 2014 and 2013, respectively; and $334 and $638, for the three month periods ended December 31, 2014 and 2013, respectively.

4. Investment in joint ventures

4.1 GdC

The Company has a 50% equity ownership in the members' equity of GdC, an entity jointly controlled entity with PGPB. GdC operates two natural gas pipelines, a natural gas compression station, a propane system in Northern Mexico, in the States of Chihuahua, Tamaulipas and Nuevo León, México; and a gas storage facility in the State of Jalisco, México. GdC has construction in process for Los Ramones phase two, Los Ramones Norte (See Note 1.1.2.) and Ethane Pipeline projects.

At December 31, 2014, there has been no change in the Company's ownership or voting rights in this joint venture.

A summary of GdC's consolidated financial statements is as follows:

	Period/Year ended	
	12/31/14	**12/31/13**
Cash and cash equivalents	$ 74,931	$ 98,869
Short-term investments	58,233	12,805
Other current assets	94,086	47,713
Current assets	227,250	159,387
Finance lease receivables	346,314	-
Property, plant and equipment	673,714	508,023
Due from TAG Norte Holding, S. de R. L. de C. V.	140,160	-
Other non-current assets	413	476
Deferred income tax asset	359	-
Non-current assets	1,160,960	508,499
Total assets	$ 1,388,210	$ 667,886
Current liabilities	$ 31,201	$ 16,345
Non-current liabilities	724,810	48,853
Total liabilities	756,011	65,198
Total members' equity	$ 632,199	$ 602,688
Share of members' equity	$ 316,100	$ 301,345
Goodwill and indefinite lived intangible assets	64,943	64,943
Carrying amount of investment in joint venture	$ 381,043	$ 366,288

	Year ended		Three-month period ended	
	12/31/14	12/31/13	12/31/14	12/31/13
Revenue	$ 496,789	$ 147,478	$ 384,946	$ 34,391
Expenses	(368,802)	(51,445)	(324,174)	(11,330)
Interest expenses, net	(26,973)	(396)	(16,302)	(1,170)
Investment in subsidiaries	(9,019)	-	(9,019)	-
Income taxes expenses	(42,456)	(26,260)	(23,936)	(12,157)
Net and comprehensive income	$ 49,539	$ 69,377	$ 11,515	$ 9,734
Share of profits of joint venture	$ 24,770	$ 34,689	$ 5,757	$ 4,867

a) On March 7, 2013, GdC made an advance repayment of its long-term debt to Export-Import Bank of the United States of approximately $19 million.

b) On December 5, 2013 GdC entered into a credit agreement for $490 million with BBVA Bancomer, Institution de Banca Múltiple, Grupo Financiero BBVA Bancomer, Bank of Tokyo Mitsubishi UFJ, Ltd., Mitzuho Bank and Norddeutsche Landesbank, for the purpose of funding Los Ramones I project. The funding is contracted for a term of 13 years, with quarterly principal payments, and bearing interest equivalent to 90 day LIBOR plus 200 to 275 bps from the anniversary date of the credit agreement; this funding is guaranteed with collection rights of certain GdC projects. The withdrawals of this credit commenced in 2014.

c) On January 22, 2014, GdC entered into a derivative financial instrument for hedging the interest rate risk on the total of the credit agreement mentioned above at a rate of 2.63%.

d) Regular investment contribution to TAG Norte Holding, S. de R. L. de C. V. pursuant to a resolution of the general ordinary members' meeting of GdC and the modified and restated partner's agreement between Ductos Energéticos del Norte, S. de R. L. de C.V. ("DEN", GdC's subsidiary), TAG Pipelines, S. de R. L. de C. V. ("TAG Pipelines") and P.M.I. Holdings, B. V. ("PMI") both dated June 30, 2014. An ordinary contribution investment to capitalize TAG Norte Holding, S. de R. L. de C. V. ("TAG Holding") was authorized as follows:

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

Under the terms of the contract, the contributions made in July, August and November 2014, are presented as loans.

4.2 ESJ

On July 16, 2014, CSJ completed the sale of 50% of the social parts in its indirect subsidiary ESJ (see Note 1.1.3). The net cash received by this transaction were $25.9 million. The retained interest in ESJ was recorded at its fair value of $25.9 million as a non-cash transaction. The net gain for the sale of ESJ shares was $18.8 million after income tax, included within the other gains (losses) line item in the statements of profit and loss.

As of December 31, 2014, the investment in ESJ is recorded using the equity method. ESJ's condensed consolidated financial statement, is shown in the next page.

	Period ended 12/31/14
Cash and cash equivalents	$ 4,784
Other current assets	6,339
Current assets	11,123
Property, plant and equipment	258,885
Other non-current assets	10,189
Deferred income tax	7,914
Non-current assets	276,988
Total assets	$ 288,111
Current liabilities	$ 11,815
Non-current liabilities	259,548
Total liabilities	271,363
Total members' equity	$ 16,748
Share of members' equity	$ 8,374
Goodwill and indefinite lived intangible assets	12,121
Carrying amount of investment in joint venture	$ 20,495

	For the period of 07/16/2014 to 12/31/14
Expenses	$ (571)
Interest income, net	67
Income taxes expense	(2,343)
Net income	$ (2,847)
Share of profits of joint venture	$ (1,424)

In the fourth quarter of 2014 the participation in ESJ amounted to ($1.9 million), see note 12.4.

a) ***Project financing for the ESJ project*** - On June 12, 2014, ESJ entered into a project financing agreement for $239.8 million with a syndicate of 5 banks: with Mizuho Bank, Ltd. ("Mizuho") as coordinating lead arranger, the North American Development Bank ("NADB") as technical and modeling bank, and Nacional Financiera, S. N. C. Institución de Banca de Desarrollo ("NAFINSA"), Norddeutsche Landesbank Girozentrale ("NORD/LB") and SMBC as lenders. The loans mature in 18-years.

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

The credit facilities amortization period ends on June 30, 2033, with payments on a semi-annual basis (each June 30 and December 30 until the final maturity date), starting on December 30, 2015. The credit facilities (both construction and term loans) bearing interest at selected rate between London Interbank Offered Rate ("LIBOR") plus the applicable margin and Prime Rate plus applicable margin.

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

	Total credit facilities	Withdrawals	Unexercised outstanding balances
Mizuho Bank. Ltd.	$ 49,270	$ 39,475	$ 9,795
Nacional Financiera, S.N.C.	40,112	32,138	7,974
Norddeutsche Landesbank Girozentrale	55,154	44,189	10,965
North American Development Bank	40,112	32,138	7,974
Sumitomo Mitsui Banking Corporation	55,154	44,189	10,965
	$ 239,802	$ 192,129	$ 47,673

As of December 31, 2014, ESJ has withdrawn a total of $192.1 million. In addition, ESJ has withdrawn $5,743 in letters of credit, and generated interest expense in the amount of $3,103. Therefore the unexercised outstanding balance of credit facilities is $38,827.

b) ***Interest rate swaps.*** In order to mitigate the impact of benchmark interest rate changes, ESJ entered into three 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; hedging 90% of the above mentioned credit facilities. The swap contracts allow for ESJ to pay a fixed interest rate of 3.50% and to receive variable interest rate (6 month LIBOR). 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. The cumulative loss recognized in other comprehensive income of $5.1 million net of taxes, was reclassified from equity to profit or loss upon deconsolidation of ESJ.

c) ***Financing of project's value added tax with Santander.*** On June 12, 2014, ESJ entered into a current account simple loan with Santander for an amount of up to $455 million Pesos (approximately $35 million historical); for each withdrawal, interest will be accrued based on Mexican Interbank Interest Rate ("TIIE", by its acronym in Spanish) plus 145 base points (Bps) payable on a semi-annual basis. The credit line under this contract will be used for financing the VAT of the ESJ project. As of December 31, 2014, the Company has withdrawn $453.3 million pesos (approximately $30.8 million historical) of this credit line.

d) ***Other disclosures.*** The member's agreement provides for certain restrictions to the sale. Also, such agreement establishes capital calls that are to be contributed on a pro rata basis by the members. Finally, the Company and its joint venture partner have provided guarantees of payment of amounts due by ESJ and its subsidiaries under the wind turbine supply agreement with Vestas WTG México, S. A. de C. V.

5. Property, plant and equipment - Net

As of December 31, 2014 and 2013, the balance of property, plant and equipment includes construction in progress as follows:

	Year ended	
	31/12/2014	31/12/2013
Sonora pipeline project	$ 382,384	$ 331,119
ESJ project (a)	-	69,453
Other projects	5,480	23,417
	$ 387,864	$ 423,989

(a) As of July 16, 2014 the construction in progress for the initial stage of the ESJ project is recognized in ESJ investment in joint venture.

Borrowing cost. During the periods of twelve and three months ended December 31, 2014, the Company capitalized interest attributable to the construction of its projects of $31.4 million and $5.9 million respectively. The weighted average used to determine the amount of borrowing costs eligible for capitalization was 5.5% for the twelve months and three months ended December 31, 2014.

6. Carbon allowances

Carbon allowances are shown in the balance sheets as follows:

	Year ended	
	12/31/14	12/31/13
Assets:		
Current	$ 29,864	$ 4,778
Non-current	229	11,584
	$ 30,093	$ 16,362
Liabilities (a):		
Current	$ 29,864	$ 4,778
Non-current	-	11,151
	$ 29,864	$ 15,929

(a) Changes in the condensed interim consolidated statement of position, for the twelve months and three months ended December 31, 2014 were recorded at cost for $13.9 million and $453 thousand, respectively.

7. Short-term debt, net

As of December 31, 2014 and 2013, within other financial liabilities short-term debt includes:

	Year ended	
	12/31/14	12/31/13
Santander (a)	$ 145,346	$ -
SMBC (b)	51,020	-
	196,366	-
Borrowing costs	(1,277)	-
	$ 195,089	$ -

(a) ***Current account credit contract with Santander.*** On June 19, 2014, the Company entered into an agreement for a $200 million, U.S. dollar-denominated, three-year corporate revolving credit facility with interest accrual based on 3-month LIBOR plus 105 bps payable on a quarterly basis to finance working capital and for general corporate purposes. The lender is Banco Santander, (México), S.A., Institución de Banca Múltiple, Grupo Financiero Santander Mexico. At December 31, 2014, the Company has $145 million of outstanding borrowings supported by the facility, and available unused credit on the line was $55 million.

(b) ***Current account credit contract with SMBC.*** On August 25, 2014, IEnova entered into an agreement for a $100 million, U.S. dollar-denominated, three-year corporate revolving credit facility with interest accrual based on 3-month LIBOR plus 105 bps payable on a quarterly basis to finance working capital and for general corporate purposes. The lender is Sumitomo Mitsui Banking Corporation. At December 31, 2014, IEnova had $51 million of outstanding borrowings supported by the facility, and available unused credit on the line was $49 million.

8. Long-term debt - Net

	Year ended	
	12/31/14	**12/31/13**
CEBURES at fixed rate	$ 264,981	$ 298,245
CEBURES at variable rate	88,327	99,415
	353,308	397,660
Debt issuance debt cost	(2,670)	(3,004)
	$ 350,638	$ 394,656

9. Financial instruments

a. Foreign currency exchange rate-

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

		Mexican Pesos	
	12/31/14	**12/31/13**	**02/24/15**
One U. S. Dollar	14.7180	$ 13.0765	$ 15.0757

b. Trading financial instruments -

The Company enters into derivative financial instrument agreements to hedge the volatility of the fluctuation of the Peso relative to the Dollar. Certain monetary assets and liabilities of the Company are denominated in Dollars (functional currency); however, they are remeasured in Pesos throughout the year for Mexican tax purposes. The remeasurement of these assets and liabilities gives rise to foreign currency gains and losses for Mexican tax purposes.

c. Fair value of financial instruments

9.1 Fair value of financial instruments carried at amortized cost

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

	Year ended			
	12/31/14		12/31/13	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial lease receivables	$ 14,621	$ 47,640	$ 14,700	$ 52,270
Financial liabilities				
Financial liabilities held at amortized cost:				
- Long-term debt (traded in stock exchange)	350,638	343,584	394,656	374,899
- Short- term debt (not traded in stock change)	195,089	193,119	-	-
- Loans from related parties (not traded in stock exchange)	38,460	37,207	38,893	36,573

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

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

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

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

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

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

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

  Finance lease receivables. The fair value of finance lease receivables is estimated to be $47.6 million and $52.2 million as of December 31, 2014 and 2013, respectively, using the risk free interest rate adjusted to reflect the Company's own credit risk.

9.2.1 *Fair value measurements recognized in the consolidated statement 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.
- 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, 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.

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.

	Year ended	
	12/31/14	**12/31/13**
Financial assets at fair value through profit or loss (“FVTPL”)		
Short-term investments (Level 1)	$ 30,020	$ 207,027
Derivative financial assets (Level 2)	4,709	9,188
Financial liabilities at FVTPL		
Derivative financial liabilities (Level 2)	$ 107,257	$ 63,913

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

10. Income taxes

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

Income tax expense for interim periods is recognized based on Company's management 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.

Taxes on income for the years and the three-month periods ended December 31, 2014 and 2013 are reconciled to the accounting profit as follows:

	Year ended		Three-month period ended	
	12/31/14	12/31/13	12/31/14	12/31/13
Profit before income tax	$ 224,871	$ 191,493	$ 42,561	$ 39,602
Income tax expense calculated at 30%	(67,461)	(57,448)	(12,768)	(11,881)
Non-deductible expenses	(1,017)	-	2,931	-
Effects of foreign exchange rate	(3,813)	(6,706)	(2,637)	(21)
Effect of unused tax losses not recognized as deferred income tax asset	(58)	5,979	(58)	5,979
Effects of inflation adjustment	(2,845)	(38)	(1,802)	(323)
Non - taxable income	479	-	(2,886)	-
Effect of the sale of the 50% stake in ESJ.	3,365	-	3,365	-
Effect of exchange rate and inflation on the tax bases of property, plant and equipment	(39,252)	11,696	(43,593)	4,375
Adjustment to deferred tax attributable to changes in laws	-	(21,436)	-	(21,436)
Effect of deferred tax balances due to changes in the income tax rate from 28% to 30% (effective on January 1. 2014)	-	(15,463)	-	(15,463)
Other	(681)	(376)	(681)	(376)
Expense for income taxes recognized in the statement of income	$ (111,283)	$ (83,792)	$ (58,129)	$ (39,146)

The change in effective tax rate was caused mainly by:

- The effect of exchange rate changes in the tax bases of property, plant and equipment, which are valued in Pesos for tax purposes, while maintained in U. S. Dollars (functional currency) for financial reporting purposes. In addition, the Mexican income tax law takes into account the effects of inflation on such tax bases.
- Foreign exchange gains or losses are calculated on Pesos balances for financial reporting purposes, while the Mexican income tax law recognizes foreign exchange gains or losses on U. S. Dollar balances.
- The effects of inflation on certain monetary assets and liabilities for tax purposes without an equivalent impact for book purposes.
- The effect of changes in tax rate on profits from non-current deferred taxes, which increased from 28% to 30% due to the 2014 tax reform, which was enacted in 2013.
- The effect of the sale of the 50% stake in ESJ.
- The effect of non-deductible expenses.

11. Declared dividends

During the twelve and three month period ended December 31, 2014 and 2013, pursuant to the resolution of stockholders' meetings, payments of dividends in cash were approved, against income tax account balance ("CUFIN", for its acronym in Spanish), for $164.0 million and $156.0 million in 2014 and 2013 respectively. During the three month period ended December 31, 2014 and 2013, the amounts of the dividend payment in such periods were $0.0 and $117.0 million.

a. Dividends per share

	Cents per share Years ended		Cents per share Three-month period ended	
	12/31/14	12/31/13	12/31/14	12/31/13
IEnova	$ 0.14	$ 0.14	$ -	$ 0.10

12. Segment information

12.1 Products and services from which reportable segments obtain their revenues

Information reported to the chief operating officers 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 income and condensed interim consolidated statements of financial position.

12.2 Segment revenues and results

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

	Segment revenue			
	Year ended		for three-month period ended	
	12/31/14	12/31/13	12/31/14	12/31/13
Gas:				
Sales to customers	$ 507,312	$ 416,829	$ 125,634	$ 99,871
Revenue with foreign related parties	90,871	90,985	22,973	23,059
Intersegment sales	301,870	252,117	74,163	61,039
Power:				
Sales to customers related parties	222,471	168,340	51,243	33,364
Intersegment sales	66,085	52,950	16,785	9,250
Corporate:				
Allocation of professional services with related parties	2,142	1,682	847	388
Professional services between segments	27,468	35,854	6,867	13,168
	1,218,219	1,018,757	298,512	240,139
Adjustments and eliminations between segments	(395,423)	(340,921)	(97,815)	(83,457)
Total revenues by segment	$ 822,796	$ 677,836	$ 200,697	$ 156,682

	Segment profit			
	Year ended		Three-month period ended	
	12/31/14	12/31/13	12/31/14	12/31/13
Gas	$ 161,120	$ 180,296	$ 19,769	$ 37,202
Power	28,611	8,567	(8,851)	(857)
Corporate	(52,797)	(46,473)	(22,680)	(31,022)
Total segment profit (loss)	$ 136,934	$ 142,390	$ (11,762)	$ 5,323

12.3 Assets and liabilities by segment

	Year ended	
	12/31/14	12/31/13
Assets by segment:		
Gas	$ 2,684,488	$ 2,413,965
Power	417,601	433,894
Corporate	278,129	394,049
Consolidated total assets	$ 3,380,218	$ 3,241,908
Liabilities by segment:		
Gas	$ 334,572	$ 272,298
Power	76,076	64,794
Corporate	720,282	588,404
Consolidated total liabilities	$ 1,130,930	$ 925,496

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

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

12.4 Other segment information

	Property, plant and equipment		Accumulated depreciation	
	Year ended		Year ended	
	12/31/14	12/31/13	12/31/14	12/31/13
Gas	$2,414,223	$2,138,129	$ (326,875)	$ (287,407)
Power	447,038	504,595	(165,795)	(150,791)
Corporate	14,165	13,156	(5,017)	(3,845)
	$2,875,426	$2,655,880	$ (497,687)	$ (442,043)

	Share on profits of joint ventures		Share on profits of joint ventures	
	Year ended		Three-month period ended	
	12/31/14	31/12/2013	12/31/14	12/31/13
Gas	$ 24,770	$ 34,689	$ 5,757	$ 4,867
Power	(1,424)	-	(1,951)	-
	$ 23,346	$ 34,689	$ 3,806	$ 4,867

12.5 *Revenue by type of product or service*

The following is an analysis of the Company's revenue by its major type of product or service:

	For the year ended		Three-month period ended	
	12/31/14	12/31/13	12/31/14	12/31/13
Power generation	$ 222,415	$ 168,340	$ 51,187	$ 33,364
Sale of natural gas	230,003	169,832	43,268	37,263
Storage and regasification capacity	93,744	93,785	23,640	23,633
Natural gas distribution	109,330	99,235	26,321	25,446
Transportation of natural gas	56,915	44,335	23,660	11,146
Other operating revenues (*)	110,389	102,309	32,621	25,830
	$ 822,796	$ 677,836	$ 200,697	$ 156,682

(*) Due to a lack of LNG cargoes, IEnova LNG, S. de R. L. de C. V. (formerly Sempra LNG Marketing México, S. de R. L. de C. V.) received payments from SLNGI related to the losses and obligations incurred for $90.8 million and $90.9 million for the year ended December 31, 2014 and 2013, respectively, and $22.9 million and $22.9 million for the three-month period ended December 31, 2014 and 2013, respectively; which are presented within the revenues line item in the accompanying condensed interim consolidated statements of profit and loss.

13. Earnings per share

	Year ended		Three-month period ended	
	12/31/14	12/31/13	12/31/14	12/31/13
Basic and diluted earnings (loss) per share	$ 0.12	$ 0.13	$ (0.01)	$ -

a. *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:

	Year ended		Three-month period ended	
	12/31/14	12/31/13	12/31/14	12/31/13
Earnings (loss) used in the calculation of basic and diluted earnings per share	$ 136,934	$ 142,390	$ (11,762)	$ 5,323

	Year ended		Three-month period ended	
	12/31/14	12/31/13	12/31/14	12/31/13
Weighted average number of shares for the purposes of basic and diluted earnings per share	1,154,023,812	1,123,885,851	1,154,023,812	1,154,023,812

The Company does not have potentially dilutive shares.

14. Commitments

The main commitments of the Company are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2013, except for the following:

a. Refer to Note 4.1. regarding the contributions committed to TAG Holding.

b. Refer to Note 4.2. regarding the project financing for ESJ project which assets are granted as collateral.

15. Contingencies

Major contingencies, regarding the Company's legal, administrative or arbitration procedures are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2013, except for the following:

On May 15, 2014, in connection with the claim by Ramón Eugenio Sánchez Ritchie ("Sánchez Ritchie"), dated February 2011, with the Dirección de Control Urbano from the Municipality of Ensenada, Baja California, México challenging the legality of the land use permits and the construction permits issued for the LNG Terminal in 2003 and 2004; on April 28, 2014, the Municipality of Ensenada was declared incompetent to attend, process or continue with the procedure initiated in 2011 by Sánchez Ritchie. Therefore, the administrative authority has resolved to void all administrative procedures, including the closing order, ordering to file the records as a matter fully and properly completed. Sánchez Ritchie still can appeal the authority's decision.

16. Application of new and revised IFRS

New and revised IFRSs issued effective as of January 1, 2014

- Amendments to IFRS 10, IFRS 12 and IAS 27 (revised 2011), Consolidated Financial Statements, Disclosures of Interest in Other Entities and Separate Financial Statements (1)
- Amendments to IAS 32, Offsetting Financial Assets and Financial Liabilities (1)
- Amendments to IAS 36, *Impairment of assets* (1)
- Amendments to IAS 39, *Financial instruments: recognition and measurement* (1)
- IFRIC 21, Levies (1)

(1) Effective for annual periods beginning on or after January 1, 2014

Amendments to IFRS 10, IFRS 12 y IAS 27 (revised 2011), ***Consolidated Financial Statements, Disclosures of Interest in Other Entities and Separate Financial Statements***

Amendments to IFRS 10, IFRS 12 and IAS 27, provide 'investment entities' an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 or IAS 39. In addition, the amendments also require disclosures about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries. These amendments are effective for annual periods beginning on or after January 1, 2014.

Amendments to IAS 32, ***Offsetting Financial Assets and Financial Liabilities***

Amendments to IAS 32, "Offsetting Financial Assets and Financial Liabilities", clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014, with retrospective application required.

Amendments to IAS 36, *Impairment of assets*

Amendments to IAS 36 "Impairment of Assets", reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014.

Amendments to IAS 39, *Financial Instruments: Recognition and Measurement*

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" clarify that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations. The amendments to IAS 39 are effective for annual periods beginning on or after January 1, 2014.

IFRIC 21, *Levies*

IFRIC 21 Levies, provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides guidance on recognition of a liability to pay levies, where the liability is recognized progressively if the obligating event occurs over a period of time; and if an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached. This interpretation is effective for accounting periods beginning on or after 1 January 2014, with early adoption permitted.

New and revised IFRSs issued but not yet effective

- Amendments to IAS 19, *Employee benefits* (2)
- Annual improvements 2010-2012 cycle (2)
- Annual improvements 2011-2013cycle (2)
- IFRS 9, *Financial Instruments* (6)
- IFRS 14, *Regulatory Deferral Accounts* (3)
- IFRS 15, *Revenue from Contracts with Customers* (5)
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* (3)
- Amendments to IAS 16, *Property, Plant and Equipment* and IAS 41 *Agriculture* (3)
- Amendments to IFRS 10 *Consolidated financial statements* and IAS 28 *Investments in associates and joint ventures* (3)
- Amendments to IAS 27, *Separate Financial Statements* (3)
- Amendments to IFRS 11, *Joint Arrangements* (3)
- Annual improvements 2012-2014 cycle (4)

- Amendments to IFRS 10, IFRS 12 and IAS 28, *Investment Entities: Applying the Consolidation Exception* (3)
- Amendments to IAS 1, *Disclosure Initiative* (3)

(2) Effective for annual periods beginning on or after July 1, 2014

(3) Effective for annual periods beginning on or after January 1, 2016

(4) Effective for annual periods beginning on or after July 1, 2016

(5) Effective for annual periods beginning on or after January 1, 2017

(6) Effective for annual periods beginning on or after January 1, 2018

Amendments to IAS 19, *Employee benefits*

Amendments to IAS 19 (2011) "Employee Benefits", in regards to employee contributions on defined benefit plans, clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions can, but are not required, to be recognized as a reduction in the service cost in the period in which the related service is rendered. These amendments are effective for annual periods beginning on or after July 1, 2014.

Annual Improvements 2010-2012 Cycle

Annual Improvements 2010-2012 Cycle makes amendments to: IFRS 2 "Share-based payment", by amending the definitions of vesting condition and market condition, and adding definitions for performance condition and service condition; IFRS 3 "Business combinations", which require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date; IFRS 8 "Operating segments", requiring disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly; IFRS 13 "Fair value measurement", clarifying that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only); IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets" clarifying that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount; and IAS 24 "Related party Disclosures", clarifying how payments to entities providing management services are to be disclosed. These improvements are applicable to annual periods beginning on or after 1 July 2014.

Annual Improvements 2011-2013 Cycle

Annual Improvements 2011-2013 Cycle makes amendments to the following standards: IFRS 1 "First-time adoption of IFRS" clarifying which versions of IFRSs can be used on initial adoption (amends basis for conclusions only); IFRS 3 clarifying that the standard excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; IFRS 13, clarifying the scope of the portfolio exception of paragraph 52, which permits an entity to measure the fair value of a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position for a particular risk exposure or to transfer a net short position for a particular risk exposure in an orderly transaction between market participants at the measurement date under current market conditions; IAS 40 "Investment property", clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. These improvements are applicable to annual periods beginning on or after 1 July 2014.

IFRS 9, *Financial Instruments*

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

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

IFRS 14, *Regulatory Deferral Accounts*

IFRS 14, “Regulatory Deferral Accounts”, was issued in January 2014 and applies to annual reporting periods beginning on or after 1 January 2016, earlier application is permitted. The standard specifies the financial reporting requirements for 'regulatory deferral account balances' that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation. It permits an entity which is a first-time adopter of IFRS to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP.

IFRS 15, *Revenue from Contracts with Customers*

IFRS 15, “Revenue from Contracts with Customers”, was issued in May 2014 and applies to annual reporting periods beginning on or after 1 January 2017, earlier application is permitted. Revenue is recognized as control is passed, either over time or at a point in time.

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

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

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

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

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

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

Amendments to IAS 27, *Separate Financial Statements*

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

Amendments to IFRS 11, *Joint Arrangements*

Amendments to IFRS 11 "Joint Arrangements", issued in May 2014, require the acquirer of an interest in a joint operation whose activity constitutes a business as defined in IFRS 3 *Business Combinations*, to apply all accounting principles on the basis of the business combinations guidance in IFRS 3 and other IFRSs, except for those who conflict with IFRS 11 guidance. Additionally, they require disclosing information applicable to business combinations and apply to initial acquisition as well as to the acquisition of an additional interest in a joint operation.

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

Annual Improvements 2012-2014 Cycle

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

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

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

Amendments to IAS 1, ***Disclosure Initiative***

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

The Company's is in process of assessing the potential effects these new or revised standards could have on its consolidated financial statements.

17. Events after the reporting period

The Company, together with its affiliate Sempra LNG, announced the execution of a "Memorandum of Understanding" with a subsidiary of Petróleos Mexicanos (PEMEX), for the collaboration in the development of a natural gas liquefaction project at Energía Costa Azul, its receipt, storage and regasification facility, located in Ensenada, Baja California, Mexico. Such Memorandum defines the basis for the collaboration for the parties to approve the extent of their participation in the liquefaction project, including the development, structuring and the terms under which PEMEX may become a client and/or investor. This Memorandum, will allow PEMEX to enhance its position in the natural gas markets, and to set the basis that allow its participation in other regions of the world. This is the first project involving a liquefaction facility in Mexico and with it Petróleos Mexicanos proves that it is ready to establish alliances in the energy market. The development of this project will support the commercial policy of the country through an increase in exports and the promotion of Mexico's commercial relations worldwide.

18. Approval of financial statements

The condensed interim consolidated financial statements were approved by Arturo Infanzón Favela, Executive Vice President, Chief Operating and Financial Officer and authorized for issue on February 24, 2015.

19. Registered offices

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  Ensenada, B.C.
- Carretera Mexicali Tijuana Km. 14.5
  Col. Sonora, C. P. 212110
  Mexicali, B.C.
- Avenida Tecnológico No. 4505
  Col. Granjas, C. P. 31160
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- Boulevard Francisco Eusebio Kino No. 309
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