1. Significant Developments

- In April, one major industrial client was connected to Cálidda's distribution grid: Quimpac II, with an average consumption of 1 MMCFD.

- In June, Cálidda started connecting residential clients into a new district named *Santa Anita* (middle class neighborhood) within the Metropolitan area of Lima and Callao. As a result, Cálidda is now present in 15 districts as to the Residential & Commercial segment (out of 49 of the Metropolitan area of Lima and Callao).

- As of June Cálidda has a client base of 215,000 customers, 31% more than the 163,823 customers reached in 2013. In fact, a new record high in monthly connections was achieved in June, with 10,808 new clients (vs. 3,431 connections in June 2013).

- At early July, the industry regulator OSINERGMIN published the final resolution that sets Cálidda's distribution tariff for the period between May 8th, 2014 and May 7th, 2018. The approved average distribution tariff was in line with the Company's expectations and showed an increase of 6.37% when compared to last quarter's average tariff, recognizing properly past and future investments.

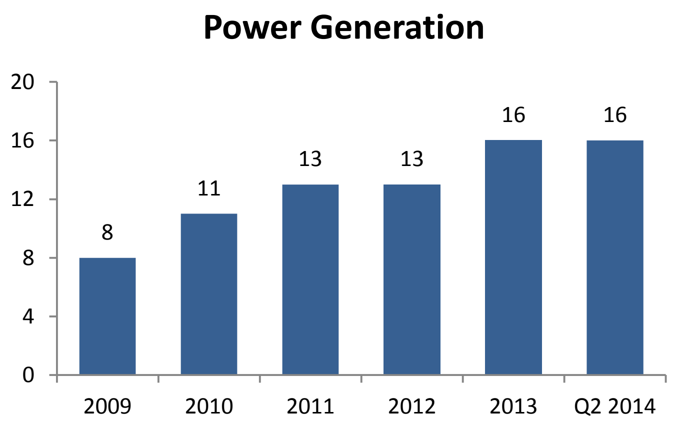
2. Natural Gas Market

In Q2 2014, the monthly average total volume of natural gas produced in Peru was 1,181 MMSCFD (million standard cubic feet per day), showing a slight increase of 0.34% when compared to the monthly average total volume produced in Q2 2013 (1,177 MMSCFD).

On the other hand, out of the average monthly production in Q2, the local natural gas consumption represented 65% (766 MMSCFD), whereas the remaining 35% (416 MMSCFD) was exported to foreign markets. In addition, considering the total national consumption of natural gas up to Q2 2014, Cálidda's market share is 71%.

3. Commercial Performance

3.1. Client Base

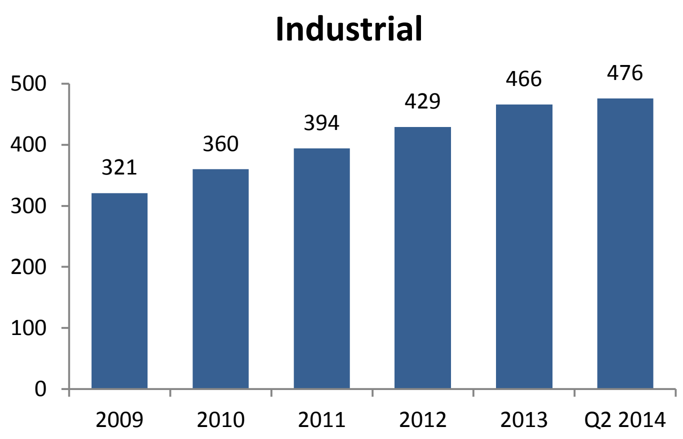


Our clients in this segment have an installed capacity close to 3,500 MW.

This represents approximately 60% of Peru's power generation capacity through thermal plants, and also represents approximately 37% of Peru's overall power generation capacity (*).

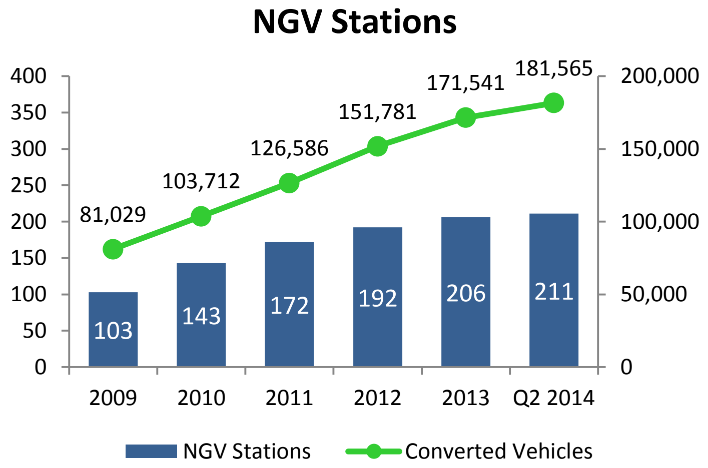
The latest power generators to become part of Cálidda's distribution system are operating at increased capacity: Fénix (100%) and Termochilca (80%)

(*) Source: Executive Yearbook of Electricity of 2013 – MEM.



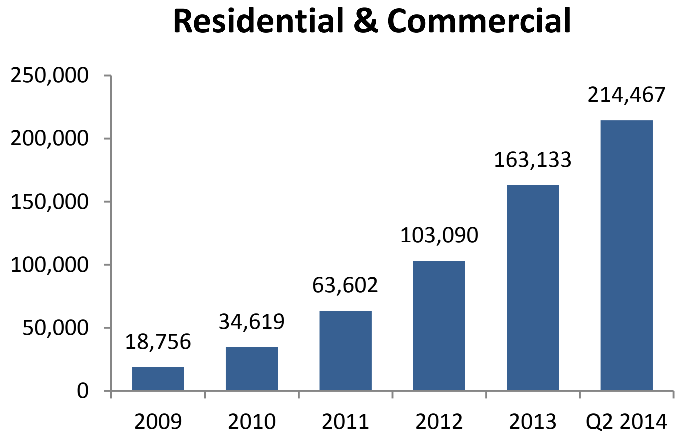
A total of 10 industrial plants have been connected up to Q2 2014. Cálidda is addressing demand for this segment in more than 30 districts.

Among the industrial plants that were connected in Q2, stands out Quimpac II (avg. consumption of 1 MMCFD), which is the sole integrated producer of salt and chemical products in Peru.



A total of 5 new NGV service stations have joined Cálidda's distribution system as of Q2 2014, and now there are more than 181,000 vehicles already converted to natural gas in the cities of Lima and Callao.

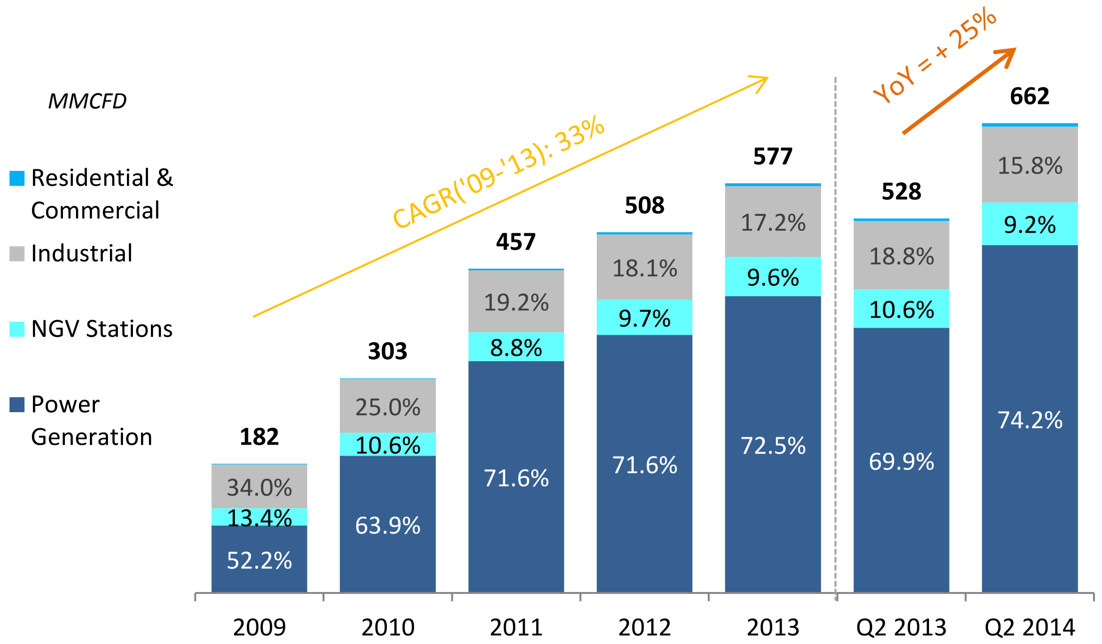
Further increases in natural gas consumption are expected in the near future as public transportation buses in the city of Lima are being converted gradually from diesel to natural gas.



As of Q2 2014, Cálidda has added 51,334 clients to the Residential & Commercial segment. As to residential clients only, 50,787 were connected mainly from districts within the Metropolitan area of Lima and Callao where Cálidda is already present. Therefore, Cálidda boasts a total of 211,483 connected households.

3.2. Volume

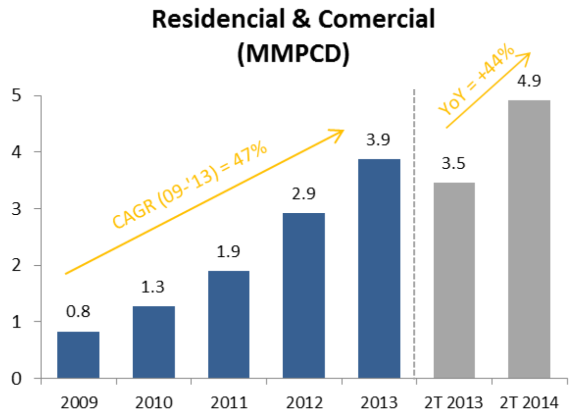
Cálidda has experienced a sustained increase in volume sold over the last few years, as shown in the next chart:

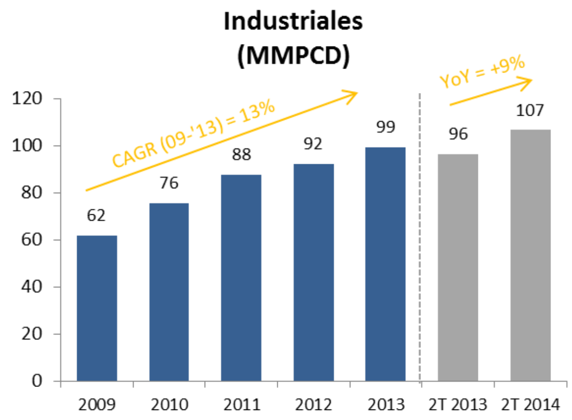


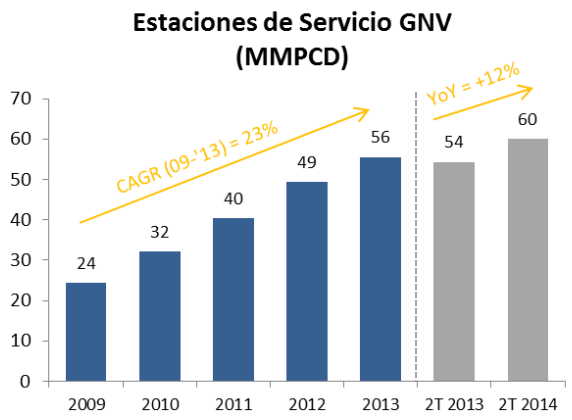
It is remarkable that Cálidda now sells more than 3.6x the volume sold in 2009.

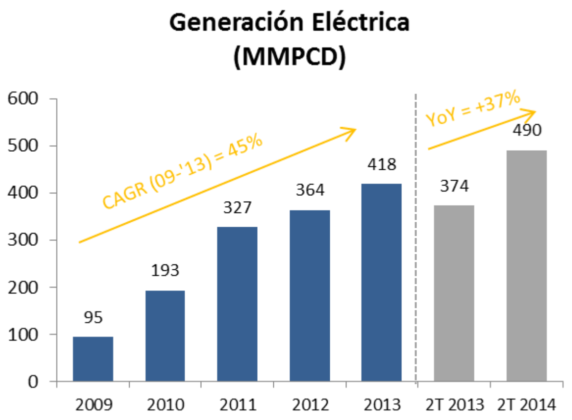
In Q2 Cálidda increased its volume sold by 25% compared to Q2 2013, mainly explained by the two new power generators that became part of our distribution system: Fénix Power (82 MMCFD) and Termochilca (45 MMCFD). In addition, Cálidda has agreed since the end of Q1 to distribute 20 MMCFD of additional volume to Kallpa power generator (total: 131 MMCFD).

The volume breakdown by client segments is shown in the following charts:









Positive trends were present in all our four client segments for the current year, largely explained by the number of additional customers connected. The Residential & Commercial segment shows the strongest growth rate explained by the successful addition of new customers where Cálidda is already present. Secondly, the Power Generation segment shows also a strong growth rate, explained recently by the addition of Fénix and Termochilca in 2H 2013, and an additional volume agreed to distribute to Kallpa.

4. Operational Performance

In Q2 2014 Cálidda made 29,225 additional connections, achieving in June a new monthly record high of 10,808 new customers, the majority of them in the Residential & Commercial segment, and therefore setting us further into our goal of providing natural gas and its benefits to most of the population of Lima and Callao.

In the Residential segment, Cálidda distributes natural gas to 15 out of the 49 districts from the Metropolitan area of Lima and Callao: Villa El Salvador, Comas, San Juan de Lurigancho, El Agustino, San Miguel, Santiago de Surco, Jesús María, Magdalena, Pueblo Libre, Cercado de Lima, Los Olivos, San Martín de Porres, San Juan de Miraflores, Santa Anita, and Villa María del Triunfo. Likewise, in the Industrial and NGV Stations segments, Cálidda is present in more than 30 districts.

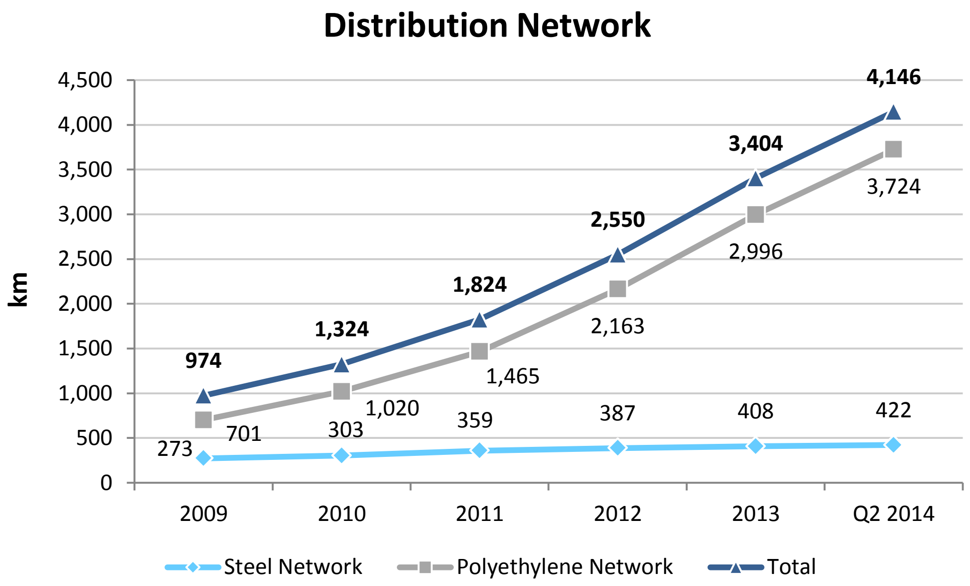
This year the plan is to enter into 5 more new districts, namely: Callao, Ate, Puente Piedra, Imperial and Cañete.

4.1. Distribution Network

In the first six months of 2014, Cálidda has built 14km of steel high pressure network and 728 km of polyethylene secondary network. Cálidda´s distribution system reaches a total of 4,146 km of underground pipelines.

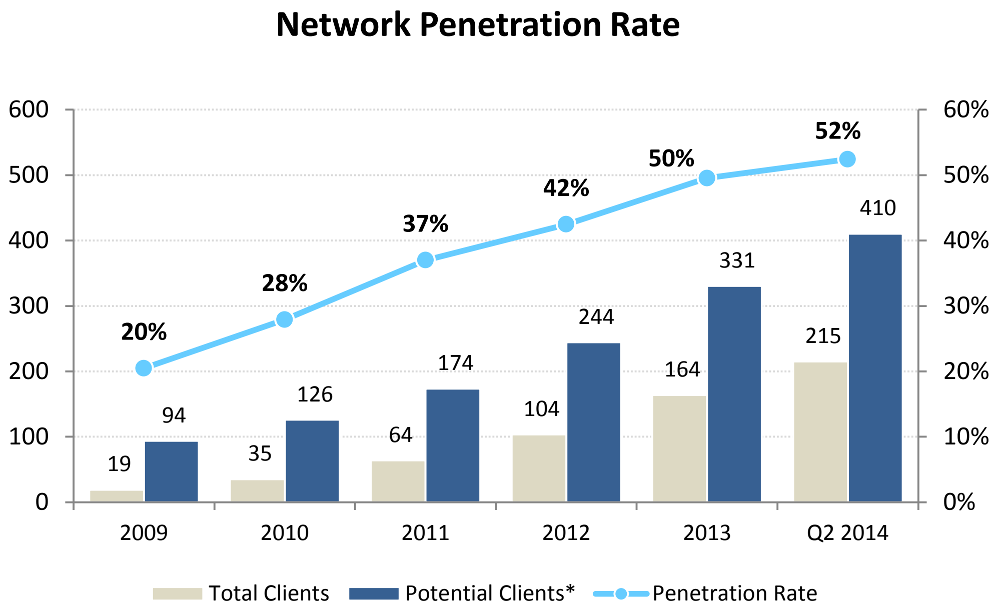
The pace of expansion in polyethylene secondary network (rings) has increased considerably, reaching 40,824 rings in Q2 2014 compared to 17,334 rings in Q1 2013 (33,295 in Q4 2013).

The next chart shows the evolution of the length of the distribution system:



4.2. Network Penetration Rate

The network penetration rate is measured as the number of connected clients over the number of potential clients that are located near Cálidda's distribution network. As of Q2 2014, Cálidda estimates that there are over 410,000 potential clients (among households and other types of clients) close enough to Cálidda´s distribution network, out of which 215,170 are currently connected. Therefore, the network penetration rate is 52%.



(*) Clients who are adjacent to Cálidda's distribution network.

As can be observed, the network penetration rate has increased over the years due to the fact that Cálidda's commercial strategy is mainly focused on districts characterized by medium and low income families, where the savings produced by the use of natural gas, against alternative fuels, are more appreciated, and, therefore, with a higher acceptance of the service provided.

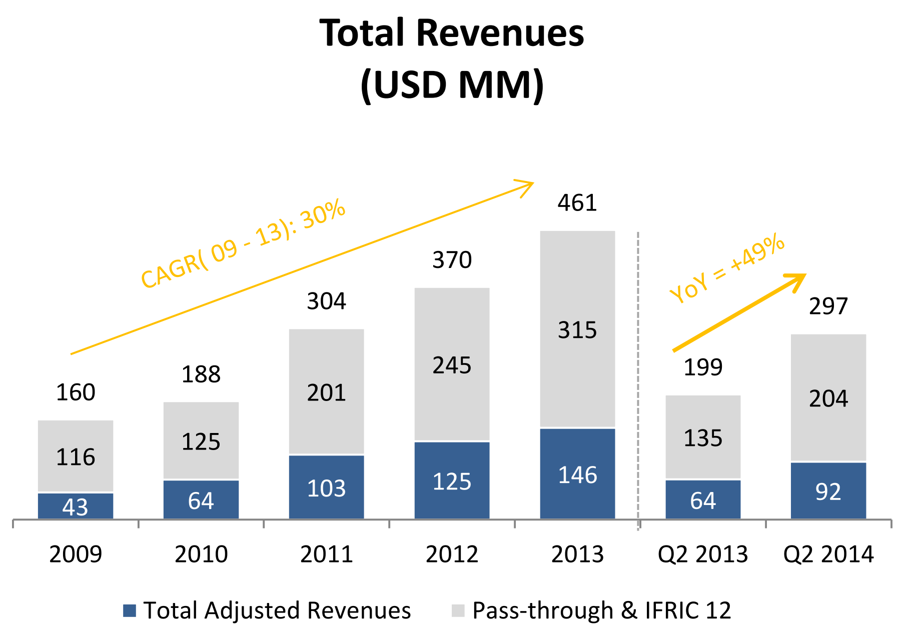
5. Financial Performance

5.1. Revenues

Cálidda's revenues are comprised of five items, namely:

i) Distribution revenues, containing sales of distribution of natural gas;
ii) Installation services, represented mainly by the construction of the network of natural gas within households (these revenues include connection fees and financial income derived from funding clients' installation);
iii) Pass-through revenues, which are derived from gas supply and gas transportation services (which also represent cost of sales, without a margin);
iv) IFRIC 12, which represents an accounting standard to book concession investments, and
v) Other revenues, comprising maintenance and other non-recurrent services

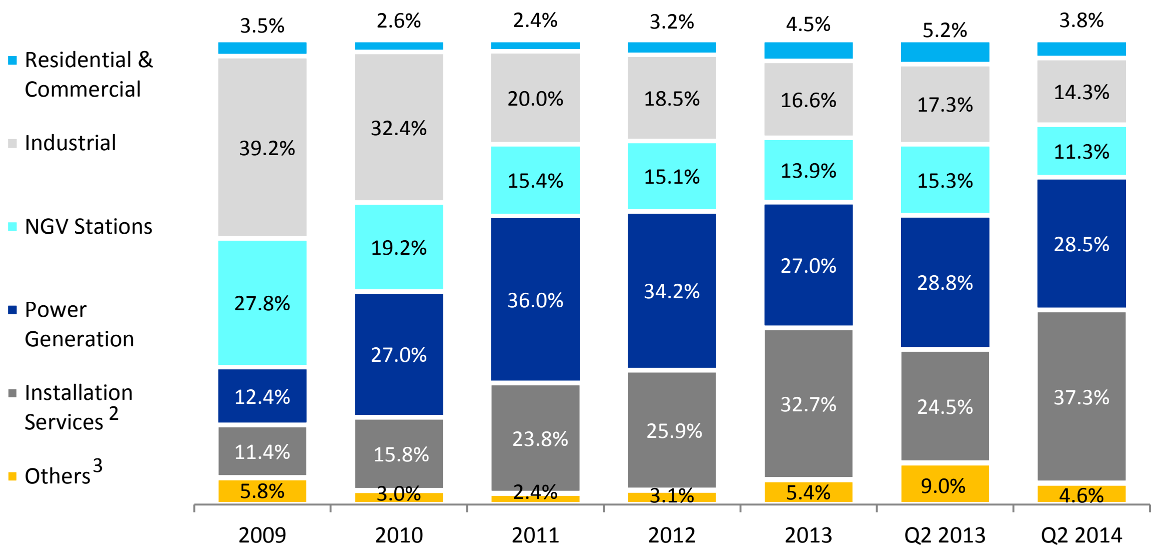
Total revenue as of Q2 2014 was USD 297 MM (including Pass-through and IFRIC 12 revenues), corresponding to a 49% growth compared to the same period of previous year, explained mainly by a much larger customer base and related installation services, and secondly by the addition of power generation customers in 2H 2013.



As of Q2 2014, Total Adjusted Revenues increased by 44% YoY from USD 64 MM to USD 92 MM, driven primarily by distribution revenues that increased by 26% YoY, from USD 43 MM to USD 54 MM, and by installation services that increased by 120% YoY, from USD 16 MM to USD 35 MM.

On the other hand, the following chart shows Cálidda's Total Adjusted Revenues by segment (excluding pass-through and IFRIC 12 revenues):

Total Adjusted Revenues[1] Composition by Segment



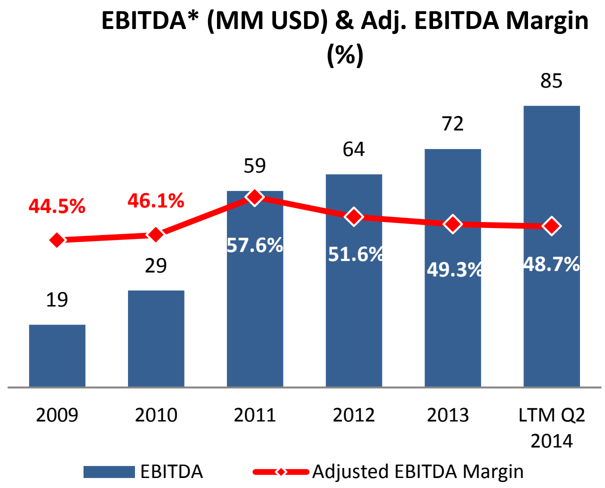
1) Total Adjusted Revenues exclude Pass-through and IFRIC 12 revenues.
2) Installation Services include revenues from connection fees and facility's financing.
3) Others: mainly derived from network relocation and other non recurrent services.

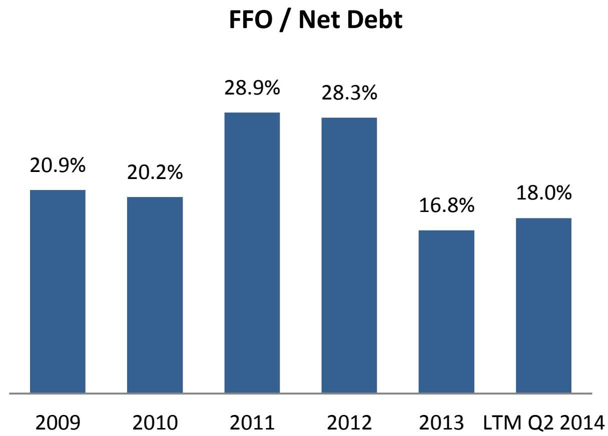
As of Q2, the Total Adjusted Revenues are represented by 58% from distribution revenues (volume related revenues) and 42% from installation and other services related revenues.

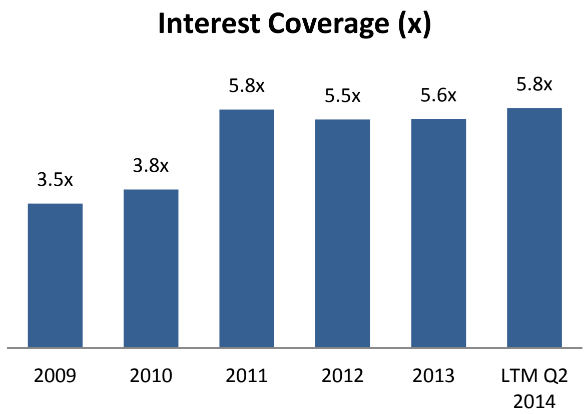
Furthermore, over 66% of our Total Adjusted Revenues are not dependable on demand (volume) volatility as firm contracts revenues account for 29% (mainly from power generation customers), and installation services revenues account for 37%.

Likewise, firm contracts' revenues account for 50% of our distribution revenues (volume related revenues) which minimizes the impact of volume volatility (particularly important considering the seasonality of the volume demand by the power generation customers).

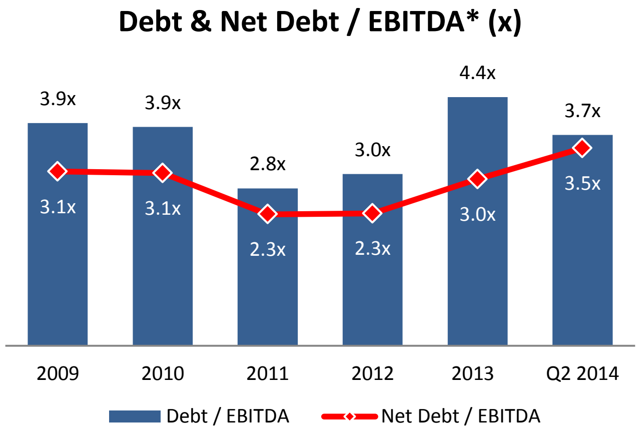
5.2. Financial Ratios







(*) Ratio does not include 2013's debt prepayment penalties (USD 7.8 MM).



(*) LTM: Last Twelve Months.

The operational profit as of Q2 amounts to USD 35 MM, an increase of 45% YoY from the USD 24 MM as of Q2 2013. Likewise, the EBITDA as of Q2 2014 amounts to USD 45 MM, which represents an increase of over 40% YoY from the USD 32 MM EBITDA as of Q3 2013.

Cálidda's Q2 2014 LTM EBITDA is higher than 2013's by 33% due to (i) higher volume invoiced mainly to 3 power generation plants (Fénix, Termochilca and Kallpa) and also volume sold in more profitable segments such as Residential & Commercial, Industrial and NGV Stations, (ii) higher revenues from households internal installations services, (iii) larger volume demand due to a larger client base.

The Adjusted EBITDA Margin was slightly reduced due to (i) higher operational costs derived from an increase in Cálidda´s contractors' tariffs for internal installations services, which were increased by 3% in August 2013, and, until May 6th, (ii) lower average distribution tariff due to quarterly adjustments that reflect a decrease in the international prices of steel and polyethylene commodities (-1.5% compared to similar period of 2013).

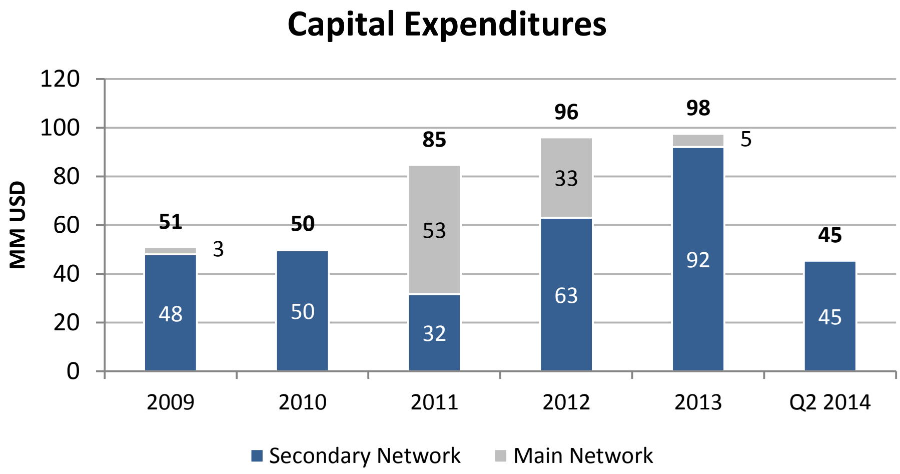
The Debt/EBITDA ratio reflects the USD 320 MM bonds issuance and the prepayment of total financial debt done in Q2 2013, including the shareholders subordinated and other senior debts.

The Net Debt/EBITDA ratio has increased when compared to last quarter due to a short term intercompany loan made to our affiliate company Transportadora de Gas Iberoamericana S.L. on June 30th (the cash loan is not considered in the ratio calculation). The loan amount is USD 50 MM and its maturity date is September 30th, 2014.

The Interest Coverage ratio of 2013 does not consider the penalties charged for the prepayment of the Multilateral Agencies debt (USD 7.8 MM paid in Q2 2013).

5.3. Capital Expenditures

As of Q2 2014 Cálidda invested USD 45 MM in the expansion of its distribution network, mainly in the construction of polyethylene network in order to connect household customers.



According to Cálidda's five-year investment plan for 2014-2018, we expect capital expenditures for the expansion of our distribution network to be in the order of USD 500 MM by the end of such period.

6. Annexes

6.1. Disclaimer

The information provided here is for informational and illustrative purposes only and is not, and does not seek to be, a source of legal or financial advice on any subject. This information does not constitute an offer of any sort and is subject to change without notice.

Cálidda and its Shareholders expressly disclaim any responsibility for actions taken or not taken based on this information. Neither Cálidda nor its Shareholders accept any responsibility for losses that might result from the execution of the proposals or recommendations herein presented. Neither Cálidda nor its Shareholders are responsible for any content that may originate with third parties. Cálidda or its Shareholders may have provided, or might provide in the future, information that is inconsistent with the information herein presented.

6.2. Definitions

Adjusted EBITDA

Our adjusted EBITDA, or Adjusted EBITDA, consists of our net profit for such period, plus (i) income tax expense, (ii) minus financial income, plus (iii) the sum of (a) financial expenses, and (b) amortization and depreciation included in each of general and administrative expenses, selling expenses and cost of sales, in each case, for such period. Our management considers that Adjusted EBITDA is a meaningful measure for understanding operating and financial performance. Adjusted EBITDA is not a presentation made in accordance with IFRS. Adjusted EBITDA has important limitations as an analytical tool, and you should not consider it in isolation, as indicative of the cash available to us to make payments under or as substitute for analysis of our results as reported under IFRS. For example, Adjusted EBITDA does not reflect (a) cash expenditures, or future requirements of capital expenditures or contractual commitments; and (b) changes in, or cash requirements for, working capital needs. In addition, because other companies may calculate adjusted EBITDA differently than we do, Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

Application of IFRIC 12

Given that IFRIC 12 refers to service concession arrangements, as holder of the BOOT Concession Agreements, Cálidda must analyze its application to the Financial Statements. Based on the fact that the services to be provided by Cálidda are set forth by the MEM, who also determines the tariff rates, and that the assets comprising the Cálidda's natural gas distribution system shall be returned to such entity upon termination of the concession, management considers that IFRIC 12 applies to the Financial Statements. Under IFRIC 12, management considers that Cálidda's assets comprising the natural gas distribution system and used for natural gas distribution should be recorded as an intangible asset.