

2020



Executive Summary

(millions of US\$)	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	% Var.	2020	2019	% Var.
	(unaudited)			(unaudited)		
IEnova Adjusted EBITDA	275.1	231.2	19 %	776.8	684.8	13 %
Profit for the period	146.9	110.8	33 %	319.5	323.9	(1) %
Revenues	349.2	355.1	(2) %	938.8	1,052.4	(11) %

- In the third quarter of 2020, IEnova Adjusted EBITDA increased 19 percent to \$275.1 million, compared with \$231.2 million in the same period of 2019. The increase of \$43.9 million was mainly due to the start of operations of the South Texas - Tuxpan pipeline and higher operational results at Termoeléctrica de Mexicali power plant.
- In the nine months ended September 30, 2020, IEnova Adjusted EBITDA increased 13 percent to \$776.8 million, compared with \$684.8 million in the same period of 2019. The increase of \$92.0 million was mainly due to the start of operations of the South Texas - Tuxpan pipeline and higher transportation rates, partially offset by the revenue deferment at the Guaymas - El Oro pipeline, lower operational results at Termoeléctrica de Mexicali power plant and a one-time distribution rates true-up at Ecogas Chihuahua in 2019.
- In the third quarter of 2020, profit was \$146.9 million, compared with \$110.8 million in the same period of 2019. The increase of \$36.1 million was mainly due to the start of operations of the South Texas - Tuxpan pipeline, higher operational results at Termoeléctrica de Mexicali power plant and non-cash exchange rate effects.
- In the nine months ended September 30, 2020, profit was \$319.5 million, compared with \$323.9 million in the same period of 2019. The decrease of \$4.4 million was mainly due to non-cash exchange rate effects partially offset by EBITDA drivers mentioned above and lower financing cost.
- In the third quarter of 2020, revenues were \$349.2 million, compared with \$355.1 million in the same period of 2019. The decrease of \$5.9 million was mainly due to lower performance at Ventika, the revenue deferment at the Guaymas - El Oro pipeline and lower price of natural gas sold, offset by higher revenue at Termoeléctrica de Mexicali power plant due to higher price net of lower volume.
- In the nine months ended September 30, 2020, revenues were \$938.8 million, compared with \$1,052.4 million in the same period of 2019. The decrease of \$113.6 million was mainly due to lower price and volume of natural gas sold (offset in cost of revenues), the revenue deferment at the Guaymas - El Oro pipeline, lower revenue at Termoeléctrica de Mexicali power plant due to lower volume and a one-time distribution rates true-up at Ecogas Chihuahua in 2019, partially offset by higher transportation rates and the start of operations during 2019 of the solar power generation facilities.
- The Company maintains a strong level of liquidity through cash balances and availability of committed credit lines.
- The Company reorganized its prior reporting segments effective first quarter 2020. The change does not affect the accounting policies nor the preparation basis of the financial information. This change aligns how management evaluates and reviews the performance of the business. Disclosures are

uniformly conducted in accordance with the new segments for 2020. The new reportable segments are Gas, Storage and Power. For additional details see notes 1 and 11 of the Condensed Interim Consolidated Financial Statements as of September 30, 2020.

- In July 2020, the Company informed that its subsidiary Energía Costa Azul, S. de R.L. de C.V. (“ECA”) received a request for arbitration from Shell México Gas Natural, S. de R.L. de C.V. (“Shell”) derived from a storage services contract between ECA and Shell, where it claims that the 2019 update to the terms and conditions related to the storage services provided at the facility resulted in a cause of force majeure and a breach of the contract mentioned above. ECA considers that Shell’s claims are unfounded and inadmissible and will assert its rights in the corresponding arbitration process, seeking to dismiss the counterparty’s claims.
- In September 2020, the Company completed an international offering of US\$800.0 million aggregate principal amount of 4.750% unsecured Senior Notes due 2051 (“Senior Notes”). The Senior Notes received an investment grade rating from Fitch (BBB), Moody’s (Baa2) and Standard & Poor’s (BBB). IEnova used the net proceeds to refinance short-term debt.
- In September 2020, the Company informed that its subsidiary Energía Costa Azul, S. de R.L. de C.V. (“ECA”) was notified of an administrative procedure initiated by Inmuebles y Fraccionamientos Peninsulares, S.A. de C.V. and Inmobiliaria Aquino, S.A. de C.V. before the Office of Urban Management, Ecology and Environment (Dirección de Administración Urbana, Ecología y Medio Ambiente) of Ensenada’s city council, against certain municipal permits granted in favor of ECA, regarding the liquefaction project that is being developed on land adjacent to the liquefied natural gas terminal in said municipality (the “Terminal”). ECA considers that these claims are unfounded and inadmissible and will enforce their rights in the corresponding procedure, seeking to dismiss the claims of the plaintiffs.
- In 2020 IEnova’s Ordinary General Shareholders’ Meeting, approved this year’s stock repurchase program on the terms provided in Article 56, Section IV of the Securities Market Law, up to a maximum amount of \$500 million. During this year, IEnova has repurchased 77.1 million shares.

Segment Information

Revenue is presented after eliminating inter-company transactions.

Gas Segment (millions of US\$)	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
	(unaudited)		(unaudited)	
Revenues	\$ 213.1	\$ 223.6	\$ 591.6	\$ 687.3
IEnova EBITDA	107.2	106.1	313.1	331.4

Revenues

In the third quarter of 2020, Gas segment revenues were \$213.1 million, compared with \$223.6 million in the same period of 2019. The decrease of \$10.5 million was mainly due to \$4.6 million from revenue deferment at the Guaymas - El Oro pipeline and \$3.6 million from lower price of natural gas sold.

In the nine months ended September 30, 2020, Gas segment revenues were \$591.6 million, compared with \$687.3 million in the same period of 2019. The decrease of \$95.7 million was mainly due to \$72.0 million from lower price and volume of natural gas sold (offset in cost of revenues), \$32.6 million from revenue deferment at the Guaymas - El Oro pipeline and \$5.0 million of one-time distribution rates true-up at Ecogas Chihuahua in 2019, partially offset by \$13.9 million from higher transportation rates.

IEnova EBITDA

In the third quarter of 2020, Gas segment IEnova EBITDA was in line with the same period of 2019.

In the nine months ended September 30, 2020, Gas segment IEnova EBITDA was \$313.1 million, compared with \$331.4 million in the same period of 2019. The decrease of \$18.3 million was mainly due to revenue deferment at the Guaymas - El Oro pipeline and a one-time distribution rates true-up at Ecogas Chihuahua in 2019, partially offset by higher transportation rates and lower operating expenses.

Storage Segment (millions of US\$)	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
	(unaudited)		(unaudited)	
Revenues	\$ 39.9	\$ 38.9	\$ 119.3	\$ 115.8
IEnova EBITDA	47.5	48.2	142.1	140.1

Revenues

In the third quarter of 2020, and in the nine months ended September 30, 2020, Storage segment revenues were in line with the same periods of 2019.

IEnova EBITDA

In the third quarter of 2020, and in the nine months ended September 30, 2020, Storage segment IEnova EBITDA were in line with the same periods 2019.

Power Segment	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
(millions of US\$)				
	(unaudited)		(unaudited)	
Revenues	\$ 93.8	\$ 90.6	\$ 220.8	\$ 244.9
IEnova EBITDA	52.5	44.5	111.8	119.8

Revenues

In the third quarter of 2020, Power segment revenues were \$93.8 million, compared with \$90.6 million for the same period of 2019. The increase of \$3.2 million was mainly due to \$10.6 million from higher price net of lower volume at the Termoeléctrica de Mexicali power plant, offset by \$8.9 million from lower performance at Ventika.

In the nine months ended September 30, 2020, Power segment revenues were \$220.8 million, compared with \$244.9 million in the same period of 2019. The decrease of \$24.1 million was mainly due to \$25.0 million from lower volume at the Termoeléctrica de Mexicali power plant and \$6.7 million from lower performance at Ventika, partially offset by \$7.8 million from the start of operations during 2019 of the solar power generation facilities.

IEnova EBITDA

In the third quarter of 2020, Power segment IEnova EBITDA was \$52.5 million, compared with \$44.5 million for the same period of 2019. The increase of \$8.0 million was mainly due to higher operational results at Termoeléctrica de Mexicali power plant and lower operating expenses, offset by lower performance at Ventika.

In the nine months ended September 30, 2020, Power segment IEnova EBITDA was \$111.8 million, compared with \$119.8 million in the same period of 2019. The decrease of \$8.0 million was mainly due to lower operational results at Termoeléctrica de Mexicali power plant.

Joint Ventures IEnova EBITDA and Share of Profits from Joint Ventures		Three months ended September 30,		Nine months ended September 30,	
		2020	2019	2020	2019
(millions of US\$)	Joint Venture with	(unaudited)		(unaudited)	
		\$ 68.2	\$ 35.1	\$ 209.2	\$ 91.3
Joint Ventures IEnova EBITDA					
Los Ramones Norte pipeline	Brookfield	\$ 11.7	\$ 10.8	\$ 28.0	\$ 30.8
South Texas - Tuxpan pipeline	TC Energy	10.8	15.3	126.5	1.8
Energía Sierra Juárez wind generation facility	Actis	—	0.9	3.0	3.3
ECA Liquefaction	Sempra Energy	(1.6)	—	(4.2)	(0.3)
Share of Profits from Joint Ventures, net of Income Tax		\$ 20.9	\$ 27.0	\$ 153.3	\$ 35.6

Joint Ventures IEnova EBITDA

In the third quarter of 2020, Joint Ventures IEnova EBITDA was \$68.2 million, compared with \$35.1 million for the same period of 2019. In the nine months ended September 30, 2020, Joint Ventures IEnova EBITDA was \$209.2 million, compared with \$91.3 million for the same period of 2019. The increases of \$33.1 million and \$117.9 million were mainly due to the start of operations of the South Texas - Tuxpan pipeline in September 2019.

Share of Profits from Joint Ventures, net of Income Tax

In the third quarter of 2020, our Share of Profit from Joint Ventures, net of Income Tax was \$20.9 million, compared with \$27.0 million for the same period of 2019. The decrease of \$6.1 million was mainly due to the South Texas - Tuxpan pipeline foreign exchange rate effects primarily related to a peso-denominated shareholder's loan and higher financing cost, offset by its start of operations. The foreign exchange rate effects are offset in Other Gains (Losses), net.

In the nine months ended September 30, 2020, our Share of Profit from Joint Ventures, net of Income Tax was \$153.3 million compared with \$35.6 million for the same period of 2019. The increase of \$117.7 million was mainly due to the start of operations of South Texas - Tuxpan pipeline and the foreign exchange rate effects primarily related to a peso-denominated shareholder's loan, offset by higher finance cost. The foreign exchange rate effects are offset in Other Gains (Losses), net.

Consolidated Results

Depreciation and Amortization

In the third quarter of 2020, depreciation and amortization was \$40.6 million, compared with \$39.2 million for the same period of 2019. In the nine months ended September 30, 2020, depreciation and amortization was \$121.0 million, compared with \$115.6 million for the same period of 2019. The increases of \$1.4 million and \$5.4 million were mainly due to the start of operations of the solar power generation facilities.

Financing Cost, Net

In the third quarter of 2020, financing cost, net was \$20.1 million, compared with \$23.3 million in the same period of 2019. In the nine months ended September 30, 2020, financing cost, net was \$58.8 million, compared with \$73.4 million in the same period of 2019. The decreases of \$3.2 million and \$14.6 million were mainly due to higher interest income related to the shareholder's loan granted to the South Texas – Tuxpan pipeline.

Other Gains (Losses), Net

In the third quarter of 2020, other gains were \$16.8 million, compared with other losses of \$16.8 million in the same period of 2019. In the nine months ended September 30, 2020, other losses were \$116.3 million, compared with other losses of \$3.0 million in the same period of 2019. The variances of \$33.6 million and \$113.3 million were mainly related to exchange rate effects, mainly due to a peso-denominated shareholder's loan to fund the South Texas – Tuxpan pipeline, which is offset in Share of Profits from Joint Ventures.

Income Tax Expense

In the third quarter of 2020, income tax expense was \$37.0 million, compared with \$33.0 million in the same period of 2019. The increase of \$4.0 million is primarily due to higher profit before income tax, the effect of exchange rate and inflation on monetary assets and liabilities and the effect of tax incentives, partially offset by 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 functional currency, which we are required to remeasure in each reporting period based on changes in the Mexican peso exchange rate.

In the nine months ended September 30, 2020, income tax expense was \$105.3 million, compared with \$113.2 million in the same period of 2019. The decrease of \$7.9 million is primarily due to lower profit before income tax, the effect of exchange rate on monetary assets and liabilities, partially offset by the deferred income tax balance from the fluctuation in the tax basis of property, plant and equipment at our U.S. dollar functional currency, which we are required to remeasure in each reporting period based on changes in the Mexican peso exchange rate and the effect of inflation on monetary assets and liabilities.

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 financing sources.

Sources and Uses of Cash	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
(millions of US\$)				
	(unaudited)		(unaudited)	
Cash, cash equivalents and restricted cash at the beginning of the period	\$ 600.8	\$ 140.2	\$ 91.5	\$ 78.0
Net cash provided by operating activities	135.9	132.9	335.1	495.6
Net cash used in investing activities	(86.8)	(185.7)	(388.7)	(454.8)
Net cash (used in) provided by financing activities	(208.5)	14.7	430.6	18.2
Effects of exchange rate changes on cash and cash equivalents	6.8	(8.9)	(20.3)	(43.8)
Cash, cash equivalents and restricted cash at the end of the period	\$ 448.2	\$ 93.2	\$ 448.2	\$ 93.2

Operating Activities

In the third quarter of 2020, net cash provided by operating activities was \$135.9 million, compared with \$132.9 million in the same period of 2019, mainly due to changes in working capital, higher operational results and higher income tax payments.

In the nine months ended September 30, 2020 net cash provided by operating activities was \$335.1 million, compared with \$495.6 million in the same period of 2019, mainly due to changes in working capital, lower operational results offset by higher income tax payment.

Investing Activities

In the third quarter of 2020, net cash used in investing activities was \$86.8 million mainly due to capital expenditures of \$98.0 million primarily related to the liquid terminals and solar projects and the funding of \$5.0 million for the ECA liquefaction project partially offset by \$3.3 million from the equity reimbursement related to ESJ Expansion project and \$13.1 million interest received from the shareholder's loan granted to the South Texas – Tuxpan pipeline.

In the third quarter of 2019, net cash used in investing activities was \$185.7 million, mainly due to capital expenditures of \$182.2 million primarily related to the liquid terminals and solar projects and the funding of \$4.3 million in the ECA liquefaction project.

In the nine months ended September 30, 2020 net cash used in investing activities was \$388.7 million, mainly due to capital expenditures of \$401.0 million primarily related to the liquid terminals and solar projects,

the funding of \$17.0 million in ESJ Expansion project and \$13.6 million in the ECA liquefaction project, partially offset by \$43.4 million interest received from the shareholder's loan granted to the South Texas – Tuxpan pipeline.

In the nine months ended September 30, 2019, net cash used in investing activities was \$454.8 million, mainly due to capital expenditures of \$435.4 million primarily related to the solar and liquid terminal projects and the funding of \$15.8 million and \$6.6 million in the South Texas - Tuxpan pipeline and ECA liquefaction project, respectively.

Financing Activities

In the third quarter of 2020, net cash used by financing activities was \$208.5 million mainly due to \$150.7 million of share repurchases; \$772.0 million from international senior note offering, net of expenses, net proceeds were used to refinance short-term debt; \$36.0 million of interest paid and \$3.4 million from finance lease payments.

In the third quarter of 2019, net cash provided by financing activities was \$14.7 million mainly due to \$188.8 million of net proceeds from bank financing, partially offset by \$135.5 million repayment of loans from unconsolidated affiliates and \$33.6 million of interest paid.

In the nine months ended September 30, 2020 net cash provided by financing activities was \$430.6 million, mainly due to a \$649.4 million of net proceeds from credit lines including the international senior notes offering used to refinance short-term debt and \$64.0 million net proceeds of loans from unconsolidated affiliates, offset by \$161.1 million of share repurchases and \$102.6 million of interest paid. During the first quarter of 2020, and in light of the Covid-19 global situation, IEnova made draws under its committed and uncommitted credit lines of \$570 million to provide financial flexibility. At the end of the quarter to provide financial flexibility, the Company had approximately \$1.8 billion of liquidity, including cash and available committed credit lines.

In the nine months ended September 30, 2019, net cash provided by financing activities was \$18.2 million, mainly due to \$288.9 million of net proceeds from bank financing, partially offset by \$135.5 million repayment of loans to unconsolidated affiliates, \$100.7 million of interest paid, \$24.7 million of lease payments and \$9.8 million of share repurchases.

Condensed Consolidated Financial Statements

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.

Statements of Profits	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
(millions of US\$)				
	(unaudited)		(unaudited)	
Revenues	\$ 349.2	\$ 355.1	\$ 938.8	\$ 1,052.4
Cost of revenues	(91.3)	(100.2)	(211.6)	(296.4)
Operating, administrative and other expenses	(51.0)	(58.8)	(159.6)	(162.5)
IEnova EBITDA	206.9	196.1	567.6	593.5
Depreciation and amortization	(40.6)	(39.2)	(121.0)	(115.6)
Operating profit	166.3	156.9	446.6	477.9
Financing cost, net	(20.1)	(23.3)	(58.8)	(73.4)
Other gains (losses), net	16.8	(16.8)	(116.3)	(3.0)
Profit before income tax and share of profits of joint ventures	163.0	116.8	271.5	401.5
Income tax expense	(37.0)	(33.0)	(105.3)	(113.2)
Share of profits of joint ventures, net of income tax	20.9	27.0	153.3	35.6
Profit for the period	\$ 146.9	\$ 110.8	\$ 319.5	\$ 323.9

Statements of Financial Position	September 30, 2020	December 31, 2019
(thousands of US\$)	(unaudited)	(audited)
Assets		
Current assets		
Cash and cash equivalents	\$ 417,526	\$ 57,966
Trade and other receivables, net	165,670	139,407
Taxes receivable	199,019	154,947
Other current assets ⁽¹⁾	149,884	113,261
Total current assets	932,099	465,581
Non-current assets		
Due from unconsolidated affiliates	623,101	744,609
Finance lease receivables	930,562	921,270
Deferred income tax assets	137,486	89,898
Investments in joint ventures	765,078	625,802
Property, plant and equipment, net	4,906,913	4,637,962
Goodwill	1,638,091	1,638,091
Other non-current assets ⁽²⁾	409,543	429,293
Total non-current assets	9,410,774	9,086,925
Total assets	\$ 10,342,873	\$ 9,552,506
Liabilities and Stockholders' Equity		
Short-term debt	\$ 841,009	\$ 1,235,379
Due to unconsolidated affiliates	39,716	24,471
Other current liabilities ⁽³⁾	224,472	333,682
Total current liabilities	1,105,197	1,593,532
Non-current liabilities		
Long-term debt	2,832,888	1,818,331
Due to unconsolidated affiliates	309,876	233,597
Deferred income tax liabilities	644,090	565,957
Other non-current liabilities ⁽⁴⁾	424,520	383,852
Total non-current liabilities	4,211,374	3,001,737
Total liabilities	5,316,571	4,595,269
Stockholders' equity		
Common stock	955,239	955,239
Additional paid-in capital	2,339,386	2,342,883
Accumulated other comprehensive (loss)	(203,874)	(130,919)
Retained earnings	2,097,906	1,777,280
Total equity attributable to owners	5,021,638	4,944,483
Non-controlling interests	4,664	12,754
Total equity of the company	\$ 5,026,302	\$ 4,957,237
Total liabilities and equity	\$ 10,342,873	\$ 9,552,506

⁽¹⁾ Other current assets includes finance lease receivables - current, amounts due from unconsolidated affiliates, natural gas inventories, derivative financial instruments, carbon allowances - current, other current assets and restricted cash.

⁽²⁾ Other non-current assets includes derivative financial instruments, other non-current assets, right of use assets, carbon allowances - non-current, intangible assets and restricted cash.

⁽³⁾ Other current liabilities includes trade and other payables, income tax liabilities, lease liabilities - current, derivative financial instruments, other financial liabilities, provisions current, other taxes payable, carbon allowances - current and other current liabilities.

⁽⁴⁾ Other non-current liabilities includes lease liabilities - non current, carbon allowances - non current, provisions - non current, derivative financial instruments, employee benefits and other non-current liabilities.

Reconciliation of Profit for the Period to IEnova EBITDA and IEnova Adjusted EBITDA

We present "IEnova EBITDA" and "IEnova Adjusted EBITDA" in this earnings report for the convenience of investors. IEnova EBITDA and IEnova 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 IEnova 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 losses (gains), net, (4) income tax expense and (5) share of profits of joint ventures, net of income tax.

We define IEnova Adjusted EBITDA as IEnova EBITDA plus Joint Ventures (JV) IEnova EBITDA adjustment.

We define the JV IEnova 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, and (4) income tax expense.

IEnova EBITDA and IEnova Adjusted EBITDA	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
(millions of US\$)				
	(unaudited)		(unaudited)	
Gas Segment	\$ 107.2	\$ 106.1	\$ 313.1	\$ 331.4
Storage Segment	47.5	48.2	142.1	140.1
Power Segment	52.5	44.5	111.8	119.8
Corporate & Others	(0.3)	(2.7)	0.6	2.2
IEnova EBITDA	\$ 206.9	\$ 196.1	\$ 567.6	\$ 593.5
JV EBITDA adjustment	68.2	35.1	209.2	91.3
IEnova Adjusted EBITDA	\$ 275.1	\$ 231.2	\$ 776.8	\$ 684.8

IEnova EBITDA and IEnova Adjusted EBITDA reconciliation to Profit	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
(millions of US\$)				
	(unaudited)		(unaudited)	
IEnova EBITDA reconciliation				
Profit for the period	\$ 146.9	\$ 110.8	\$ 319.5	\$ 323.9
Depreciation and amortization	40.6	39.2	121.0	115.6
Financing cost, net	20.1	23.3	58.8	73.4
Other (gains) losses, net	(16.8)	16.8	116.3	3.0
Income tax expense	37.0	33.0	105.3	113.2
Share of (profits) of joint ventures, net of income tax	(20.9)	(27.0)	(153.3)	(35.6)
(1) IEnova EBITDA	206.9	196.1	567.6	593.5
JV EBITDA Adjustment reconciliation				
Profit for the period	20.9	27.0	153.3	35.6
Depreciation and amortization	8.7	2.2	25.7	6.8
Financing cost, net	20.7	8.4	66.3	25.7
Other losses (gains), net	14.3	(14.0)	(115.7)	1.8
Income tax expense	3.6	11.5	79.6	21.4
(2) JV IEnova EBITDA Adjustment	68.2	35.1	209.2	91.3
(1+2) IEnova Adjusted EBITDA	\$ 275.1	\$ 231.2	\$ 776.8	\$ 684.8

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 systems designed to generate key financial information.