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Elektra Noreste, S.A.

(A 51% owned subsidiary of Panama Distribution Group, S.A.)

Consolidated Financial Statements for the year ended September, 2017

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Elektra Noreste, S.A.

(51% Owned by Panama Distribution Group, S.A.)

Statement of financial position

Assets	September 2017	December 2016
Non-current assets		
Property, plant and equipment, net	494,594,495	473,144,961
Investment property	2,480,209	2,480,209
Other intangible assets	20,071,526	20,442,389
Trade and other receivables	9,700,000	9,700,000
Deferred tax asset	2,618,334	1,698,740
Employee benefits	-	172,499
Other assets	655,302	625,407
Total non-current assets	530,119,866	508,264,205
Current assets		
Inventories	20,209,544	22,931,180
Trade and other receivables	113,572,705	96,228,584
Prepaid income tax	-	7,653,094
Other assets	833,681	559,150
Cash and cash equivalents	3,421,297	3,620,659
Total current assets	138,037,227	130,992,667
Total assets	668,157,093	639,256,872
Regulatory deferral account debit balance	116,303	5,269,828
Deferred tax assets related to the balances of deferred regulatory accounts	-	-
Total assets and debit balances of deferred regulatory accounts	668,273,396	644,526,700

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Statement of financial position (continued)

Equity and liabilities	September 2017	December 2016
Equity		
Issued capital	106,642,962	106,642,962
Treasury stocks	(544,087)	(544,087)
Other accumulated comprehensive loss	(416,369)	(416,369)
Retained earnings	40,145,094	8,658,399
Net profit for the period	24,911,901	32,164,937
Total equity	170,739,501	146,505,842
Non-current liabilities		
Credits and loans	200,530,855	201,247,440
Other financial liabilities	15,090,242	15,509,763
Employee benefits	485,585	382,375
Other liabilities	2,668,337	2,812,791
Total non-current liabilities	218,775,019	219,952,369
Current liabilities		
Credits and loans	101,000,000	82,000,000
Other financial liabilities	165,954,536	189,427,518
Employee benefits	46,923	38,839
Income tax payable	5,660,283	-
Provisions	6,062,243	5,021,184
Total current liabilities	278,723,985	276,487,541
Total liabilities	497,499,004	496,439,910
Regulatory deferral account credit balance	-	-
Deferred tax liability related to the balance of deferred regulatory accounts	34,891	1,580,948
Total liabilities and regulatory deferral account credit balance	497,533,895	498,020,858
Total equity and liabilities	668,273,396	644,526,700

Elektra Noreste, S.A.

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Statement of profit or loss and other comprehensive income

	Nine months ended		Three months ended	
	September	September	September	September
	2017	2016	2017	2016
Continuing operations				
Rendering of services	477,126,800	408,188,520	156,023,357	148,915,132
Other income	7,219,457	7,608,252	2,403,724	2,541,680
Income from continuing operations	484,346,257	415,796,772	158,427,081	151,456,812
Costs for rendering services	419,575,761	355,395,957	137,903,957	130,652,944
Administrative expenses	15,673,231	14,598,433	5,203,313	5,520,404
Impairment of financial instruments	1,756,253	792,000	534,091	251,287
Other expenses	827,769	1,047,781	317,539	568,375
Finance income	73,928	216,000	24,476	32,748
Finance costs	10,827,544	9,260,455	3,639,582	3,189,900
Profit before tax	35,759,627	34,918,146	10,853,075	11,306,650
Income tax expense	10,847,726	10,421,815	3,250,127	6,767,461
Net profit	24,911,901	24,496,331	7,602,948	4,539,189
Other comprehensive income (loss), net of tax				
Items which will not be reclassified later to profit or loss of the year:				
Remeasurement of defined benefit obligations	-	-	-	-
Income tax relating to components which will not be reclassified	-	-	-	-
Other comprehensive income (loss), net of tax	-	-	-	-
Total comprehensive income for the year	24,911,901	24,496,331	7,602,948	4,539,189
Earnings per share:				
Basic profits from continuing operations	0.50	0.49	0.15	0.09

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Statement of changes in shareholders' equity

	Issued capital	Treasury stocks	Accumulated results	Other comprehensive Income Defined benefits plan	Total
Balance at 1 January 2016	106,642,962	(544,087)	31,295,275	(312,952)	137,081,198
Profit for the period	-	-	24,496,331	-	24,496,331
Other comprehensive income of the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	106,642,962	(544,087)	55,791,606	(312,952)	161,577,529
Accredited Income tax related to transactions with owners	-	-	(3,434,086)	-	(3,434,086)
Balance at 30 September 2016	106,642,962	(544,087)	52,357,520	(312,952)	158,143,443
Balance at 31 December 2016	106,642,962	(544,087)	40,823,336	(416,369)	146,505,842
Profit for the period	-	-	24,911,901	-	24,911,901
Total other comprehensive income	106,642,962	(544,087)	65,735,237	(416,369)	171,417,743
Income tax related to transactions with owners	-	-	(678,242)	-	(678,242)
Balance at 30 September 2017	106,642,962	(544,087)	65,056,995	-416,369	170,739,501

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Statement of cash flows

	September	
	2017	2016
Cash flows from operating activities:		
Net profit for the period	24,911,901	24,496,331
Adjustments to reconcile net income of the period to net cash used in operating activities:		
Depreciation and amortization of property, plant and equipment and intangible assets	20,388,137	18,913,742
Impairment of financial instruments	1,756,253	792,000
Provisions and defined benefits plans post-employment	1,250,058	653,155
Deferred income tax	(2,465,651)	4,332,389
Current income tax	13,313,377	6,089,426
Finance costs	10,827,544	8,994,482
Loss on disposal of fixed assets	827,769	1,047,781
Other non-cash income and expenses	220,386	203,253
	<u>71,029,774</u>	<u>65,522,559</u>
Changes in working capital		
Decreases (increase) in inventories	2,957,818	(596,005)
Decrease in trade and other receivables	(19,100,374)	16,037,880
Decrease (increase) in deferred regulatory accounts	5,153,525	(16,988,842)
Decrease (increase) in other assets	(304,426)	(558,923)
(Decrease) increase in other financial liabilities	(23,569,807)	1,827,366
Decrease in provision	(208,999)	(222,306)
(Decrease) increase in employee benefits	283,793	(175,879)
	<u>-</u>	<u>(35,564,903)</u>
Net cash generated by operating activities	<u>36,241,304</u>	<u>29,280,947</u>
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(42,816,224)	(53,506,623)
Other cash flows from investing activities	50,525	259,434
	<u>(42,765,699)</u>	<u>(53,247,189)</u>
Net cash flows used in investing activities	<u>(42,765,699)</u>	<u>(53,247,189)</u>
Cash flows from financing activities:		
Short-term debt, net	19,000,000	36,000,000
Interest paid, including capitalized interest	(11,996,725)	(9,933,344)
Other cash flows from financing activities	(678,242)	(3,434,086)
	<u>6,325,033</u>	<u>22,632,570</u>
Net cash flows generated by (used in) financing activities	<u>6,325,033</u>	<u>22,632,570</u>
Net increase (decrease) in cash and cash equivalents	<u>(199,362)</u>	<u>(1,333,672)</u>
Cash and cash equivalents at the beginning of the period	<u>3,620,659</u>	<u>2,146,109</u>
Cash and cash equivalents at the end of the period	<u>3,421,297</u>	<u>812,437</u>