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From the Spanish Version

**Elektra Noreste, S.A.**

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

**Consolidated Financial Statements for the year ended June, 2017**

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**Elektra Noreste, S.A.**

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

**Statement of financial position**

<b>Assets</b>	<b>June 2017</b>	<b>December 2016</b>
<b>Non-current assets</b>		
Property, plant and equipment, net	490,269,603	473,144,961
Investment property	2,480,209	2,480,209
Other intangible assets	20,590,589	20,442,389
Trade and other receivables	9,700,000	9,700,000
Deferred tax asset	1,817,406	1,698,740
Employee benefits	-	172,499
Other assets	642,264	625,407
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Total non-current assets	525,500,071	508,264,205
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<b>Current assets</b>		
Inventories	19,875,663	22,931,180
Trade and other receivables	118,682,002	96,228,584
Prepaid income tax	-	7,653,094
Other assets	878,925	559,150
Cash and cash equivalents	2,206,112	3,620,659
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Total current assets	141,642,702	130,992,667
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<b>Total assets</b>	667,142,773	639,256,872
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Regulatory deferral account debit balance	-	5,269,828
Deferred tax assets related to the balances of deferred regulatory accounts	1,818,948	-
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<b>Total assets and debit balances of deferred regulatory accounts</b>	668,961,721	644,526,700
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**Elektra Noreste, S.A.**

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

**Statement of financial position (continued)**

<b>Equity and liabilities</b>	<b>June 2017</b>	<b>December 2016</b>
<b>Equity</b>		
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	<u>17,308,953</u>	<u>32,164,937</u>
<b>Total equity</b>	<u>163,136,553</u>	<u>146,505,842</u>
<b>Non-current liabilities</b>		
Credits and loans	201,413,702	201,247,440
Other financial liabilities	15,125,127	15,509,763
Employee benefits	400,667	382,375
Other liabilities	<u>2,785,803</u>	<u>2,812,791</u>
<b>Total non-current liabilities</b>	<u>219,725,299</u>	<u>219,952,369</u>
<b>Current liabilities</b>		
Credits and loans	94,600,000	82,000,000
Other financial liabilities	176,510,633	189,427,518
Employee benefits	44,228	38,839
Income tax payable	3,463,068	-
Provisions	<u>5,418,780</u>	<u>5,021,184</u>
<b>Total current liabilities</b>	<u>280,036,709</u>	<u>276,487,541</u>
<b>Total liabilities</b>	<u>499,762,008</u>	<u>496,439,910</u>
Regulatory deferral account credit balance	6,063,160	-
Deferred tax liability related to the balance of deferred regulatory accounts	-	1,580,948
Total liabilities and regulatory deferral account credit balance	<u>505,825,168</u>	<u>498,020,858</u>
<b>Total equity and liabilities</b>	<u>668,961,721</u>	<u>644,526,700</u>

**Elektra Noreste, S.A.**

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

**Statement of profit or loss and other comprehensive income**

	Six months ended		Three months ended	
	June 2017	June 2016	June 2017	June 2016
<b>Continuing operations</b>				
Rendering of services	321,103,443	259,273,388	164,449,535	127,603,827
Other income	4,815,733	5,066,572	2,413,826	2,538,996
<b>Income from continuing operations</b>	<b>325,919,176</b>	<b>264,339,960</b>	<b>166,863,361</b>	<b>130,142,823</b>
Costs for rendering services	281,671,804	224,743,014	142,777,386	110,953,169
Administrative expenses	10,469,918	9,078,029	6,090,951	4,458,404
Impairment of financial instruments	1,222,162	540,712	744,618	107,962
Other expenses	510,230	479,406	360,159	253,443
Finance income	49,452	183,252	21,369	129,348
Finance costs	7,187,962	6,070,555	3,585,287	3,104,621
<b>Profit before tax</b>	<b>24,906,552</b>	<b>23,611,496</b>	<b>13,326,329</b>	<b>11,394,572</b>
Income tax expense	7,597,599	7,029,615	4,132,637	3,375,261
<b>Net profit</b>	<b>17,308,953</b>	<b>16,581,881</b>	<b>9,193,692</b>	<b>8,019,311</b>
<b>Other comprehensive income (loss), net of tax</b>				
<b>Items which will not be reclassified later to profit or loss of the year:</b>				
Remeasurement of defined benefit obligations	-	-	-	-
Income tax relating to components which will not be reclassified	-	-	-	-
<b>Other comprehensive income (loss), net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>17,308,953</b>	<b>16,581,881</b>	<b>9,193,692</b>	<b>8,019,311</b>
Earnings per share:				
Basic profits from continuing operations	0.35	0.33	0.18	0.16

**Elektra Noreste, S.A.**

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**Statement of changes in shareholders' equity**

	Issued capital	Treasury stocks	Accumulated results	Other comprehensive Income Defined benefits plan	Total
<b>Balance at 1 January 2016</b>	106,642,962	(544,087)	31,295,275	(312,952)	137,081,198
Profit for the period	-	-	16,581,881	-	16,581,881
Other comprehensive income of the period, net of tax	-	-	-	-	-
<b>Total comprehensive income for the period</b>	106,642,962	(544,087)	47,877,156	(312,952)	153,663,079
Accredited Income tax related to transactions with owners	-	-	(3,434,086)	-	(3,434,086)
<b>Balance at 30 June 2016</b>	106,642,962	(544,087)	44,443,070	(312,952)	150,228,993
<b>Balance at 31 December 2016</b>	106,642,962	(544,087)	40,823,336	(416,369)	146,505,842
Profit for the period	-	-	17,308,953	-	17,308,953
Total other comprehensive income	106,642,962	(544,087)	58,132,289	(416,369)	163,814,795
Income tax related to transactions with owners	-	-	(678,242)	-	(678,242)
<b>Balance at 30 June 2017</b>	106,642,962	(544,087)	57,454,047	-416,369	163,136,553

**Elektra Noreste, S.A.**

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**Statement of cash flows**

	<b>June</b>	<b>June</b>
	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities:</b>		
Net profit for the period	17,308,953	16,581,881
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	13,359,816	12,552,209
Impairment of financial instruments	1,222,162	540,713
Provisions and defined benefits plans post-employment	606,248	650,756
Deferred income tax	(3,518,562)	3,609,645
Current income tax	11,116,161	3,419,970
Finance costs	6,972,094	6,070,555
Loss on disposal of fixed assets	510,230	479,406
Other non-cash income and expenses	157,223	144,556
	<u>47,734,325</u>	<u>44,049,691</u>
<b>Changes in working capital</b>		
Decreases (increase) in inventories	3,261,778	(2,104,349)
Decrease in trade and other receivables	(23,675,580)	18,581,887
Decrease (increase) in deferred regulatory accounts	11,332,988	(13,535,488)
Decrease (increase) in other assets	(336,631)	(611,538)
(Decrease) increase in other financial liabilities	(13,665,888)	5,680,899
Decrease in provision	(208,652)	(202,516)
(Decrease) increase in employee benefits	196,180	(152,694)
	<u>-</u>	<u>(30,644,853)</u>
<b>Net cash generated by operating activities</b>	<u>24,638,520</u>	<u>21,061,039</u>
<b>Cash flows from investing activities:</b>		
Acquisition of property, plant and equipment	(31,136,633)	(35,753,147)
Other cash flows from investing activities	22,425	454,812
	<u>(31,114,208)</u>	<u>(35,298,335)</u>
<b>Net cash flows used in investing activities</b>	<u>(31,114,208)</u>	<u>(35,298,335)</u>
<b>Cash flows from financing activities:</b>		
Short-term debt, net	12,600,000	24,000,000
Interest paid, including capitalized interest	(6,860,617)	(6,059,539)
Other cash flows from financing activities	(678,242)	(3,434,085)
	<u>5,061,141</u>	<u>14,506,376</u>
<b>Net cash flows generated by (used in) financing activities</b>	<u>5,061,141</u>	<u>14,506,376</u>
Net increase (decrease) in cash and cash equivalentes	<u>(1,414,547)</u>	<u>269,080</u>
Cash and cash equivalentes at the beginning of the period	<u>3,620,659</u>	<u>2,146,109</u>
<b>Cash and cash equivalentes at the end of the period</b>	<u>2,206,112</u>	<u>2,415,189</u>