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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 March, 2017

“This document has been prepared with the knowledge that its contents will be made available to the disposition of its public investors and the public in general.”

Elektra Noreste, S.A.

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

Statement of financial position

Assets	March 2017	December 2016
Non-current assets		
Property, plant and equipment, net	478,888,879	473,144,961
Investment property	2,480,209	2,480,209
Other intangible assets	19,968,275	20,442,389
Trade and other receivables	9,700,000	9,700,000
Deferred tax asset	1,357,117	1,698,740
Employee benefits	-	172,499
Other assets	612,006	625,407
Total non-current assets	<u>513,006,486</u>	<u>508,264,205</u>
Current assets		
Inventories	20,428,873	22,931,180
Trade and other receivables	118,448,301	96,228,584
Prepaid income tax	3,561,660	7,653,094
Other assets	816,947	559,150
Cash and cash equivalents	3,060,813	3,620,659
Total current assets	<u>146,316,594</u>	<u>130,992,667</u>
Total assets	<u>659,323,080</u>	<u>639,256,872</u>
Regulatory deferral account debit balance	<u>2,042,848</u>	<u>5,269,828</u>
Total assets and debit balances of deferred regulatory accounts	<u>661,365,928</u>	<u>644,526,700</u>

Elektra Noreste, S.A.

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

Statement of financial position (continued)

Equity and liabilities	March 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	8,115,261	8,658,399
Net profit for the period	<u>40,823,336</u>	<u>32,164,937</u>
Total equity	<u>154,621,103</u>	<u>146,505,842</u>
Non-current liabilities		
Credits and loans	200,357,625	201,247,440
Other financial liabilities	15,267,808	15,509,763
Employee benefits	495,027	382,375
Other liabilities	<u>2,755,641</u>	<u>2,812,791</u>
Total non-current liabilities	<u>218,876,101</u>	<u>219,952,369</u>
Current liabilities		
Credits and loans	90,000,000	82,000,000
Other financial liabilities	192,037,103	189,427,518
Employee benefits	41,534	38,839
Provisions	<u>5,177,233</u>	<u>5,021,184</u>
Total current liabilities	<u>287,255,870</u>	<u>276,487,541</u>
Total liabilities	<u>506,131,971</u>	<u>496,439,910</u>
Deferred tax liability related to the balance of deferred regulatory accounts	<u>612,854</u>	<u>1,580,948</u>
Total liabilities and regulatory deferral account credit balance	<u>506,744,825</u>	<u>498,020,858</u>
Total equity and liabilities	<u>661,365,928</u>	<u>644,526,700</u>

Elektra Noreste, S.A.

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Statement of profit or loss and other comprehensive income

	Three months ended	
	March 2017	March 2016
Continuing operations		
Rendering of services	156,653,908	131,669,562
Other income	2,401,907	2,527,575
Income from continuing operations	<u>159,055,815</u>	<u>134,197,137</u>
Costs for rendering services	138,894,418	113,786,764
Administrative expenses	4,378,967	4,619,625
Impairment of financial instruments	477,544	435,831
Other expenses	150,071	225,963
Finance income	28,083	53,904
Finance costs	3,602,675	2,965,934
Profit before tax	<u>11,580,223</u>	<u>12,216,924</u>
Income tax expense	3,464,962	3,654,354
Net profit	<u>8,115,261</u>	<u>8,562,570</u>
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	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>8,115,261</u>	<u>8,562,570</u>
Earnings per share:		
Basic profits from continuing operations	<u>0.16</u>	<u>0.17</u>

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
Balance at 1 January 2016	106,642,962	(544,087)	31,295,275	(312,952)	137,081,198
Profit for the period	-	-	8,562,570	-	8,562,570
Other comprehensive income of the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	106,642,962	(544,087)	39,857,845	(312,952)	145,643,768
Accredited Income tax related to transactions with owners	-	-	-	-	-
Balance at 31 March 2016	106,642,962	(544,087)	39,857,845	(312,952)	145,643,768
Balance at 31 December 2016	106,642,962	(544,087)	40,823,336	(416,369)	146,505,842
Profit for the period	-	-	8,115,261	-	8,115,261
Total other comprehensive income	106,642,962	(544,087)	48,938,597	(416,369)	154,621,103
Income tax related to transactions with owners	-	-	-	-	-
Balance at 31 March 2017	106,642,962	(544,087)	48,938,597	-416,369	154,621,103

Elektra Noreste, S.A.

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Statement of cash flows

	March 2017	March 2016
Cash flows from operating activities:		
Net profit for the period	8,115,261	8,562,570
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	6,598,907	6,026,405
Impairment of financial instruments	477,545	435,831
Provisions and defined benefits plans post-employment	314,076	319,718
Deferred income tax	(626,471)	(211,799)
Current income tax	4,091,434	3,866,153
Finance costs	3,435,632	2,965,934
Loss on disposal of fixed assets	150,071	225,963
Other non-cash income and expenses	62,013	210,900
	<u>22,618,468</u>	<u>22,401,675</u>
Changes in working capital		
Decreases (increase) in inventories	2,586,043	791,092
Decrease in trade and other receivables	(22,697,262)	3,976,357
Decrease (increase) in deferred regulatory accounts	3,226,980	(513,555)
Decrease (increase) in other assets	(244,396)	(330,617)
(Decrease) increase in other financial liabilities	2,227,148	1,563,503
Decrease in provision	(158,027)	(253,159)
(Decrease) increase in employee benefits	287,846	(73,569)
	<u>-</u>	<u>(25,556,773)</u>
Net cash generated by operating activities	<u>7,846,800</u>	<u>2,004,954</u>
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(12,103,918)	(15,210,249)
Other cash flows from investing activities	1,400	254,815
	<u>(12,102,518)</u>	<u>(14,955,434)</u>
Net cash flows used in investing activities	<u>(12,102,518)</u>	<u>(14,955,434)</u>
Cash flows from financing activities:		
Short-term debt, net	8,000,000	17,000,000
Interest paid, including capitalized interest	(4,304,128)	(4,069,123)
Other cash flows from financing activities	-	-
	<u>3,695,872</u>	<u>12,930,877</u>
Net cash flows generated by (used in) financing activities	<u>3,695,872</u>	<u>12,930,877</u>
Net increase (decrease) in cash and cash equivalentes	<u>(559,846)</u>	<u>(19,603)</u>
Cash and cash equivalentes at the beginning of the period	<u>3,620,659</u>	<u>2,146,109</u>
Cash and cash equivalentes at the end of the period	<u><u>3,060,813</u></u>	<u><u>2,126,506</u></u>