

Elektra Noreste, S.A. and subsidiary
(51% Owned by Panama Distribution Group, S.A.)

Financial Statements
September 30, 2018

Elektra Noreste, S.A.

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

Statement of financial position

Assets	September 2018	December 2017
Non-current assets		
Property, plant and equipment, net	527,450,723	502,455,031
Investment property	3,162,609	3,162,609
Other intangible assets	19,392,108	19,875,032
Trade and other receivables	9,700,000	9,700,000
Deferred tax asset	-	2,813,876
Employee benefits	185,352	-
Other assets	765,319	679,162
Total non-current assets	<u>560,656,111</u>	<u>538,685,710</u>
Current assets		
Inventories	16,923,158	18,624,213
Trade and other receivables	115,599,829	107,693,795
Prepaid income tax	7,927,881	-
Other assets	966,435	800,384
Cash and cash equivalents	5,741,058	4,558,153
Total current assets	<u>147,158,361</u>	<u>131,676,545</u>
Total assets	<u>707,814,472</u>	<u>670,362,255</u>
Regulatory deferral account debit balance	<u>30,533,630</u>	<u>16,368,097</u>
Total assets and debit balances of deferred regulatory accounts	<u>738,348,102</u>	<u>686,730,352</u>

Elektra Noreste, S.A.

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

Statement of financial position (continued)

Equity and liabilities	September 2018	December 2017
Equity		
Issued capital	106,642,962	106,642,962
Treasury stocks	(544,087)	(544,087)
Other accumulated comprehensive loss	(586,915)	(586,915)
Retained earnings	32,233,350	25,743,192
Net profit for the period	24,510,122	32,390,063
Total equity	162,255,432	163,645,215
Non-current liabilities		
Credits and loans	180,754,236	181,424,837
Other financial liabilities	24,935,023	21,981,249
Employee benefits	427,813	626,448
Deferred tax liability	1,285,013	-
Other liabilities	2,484,076	2,621,402
Total non-current liabilities	209,886,161	206,653,936
Current liabilities		
Credits and loans	132,000,000	128,000,000
Other financial liabilities	219,091,447	174,199,120
Employee benefits	44,749	37,840
Income tax payable	82,023	4,003,087
Provisions	5,828,201	5,280,725
Total current liabilities	357,046,420	311,520,772
Total liabilities	566,932,581	518,174,708
Deferred tax liability related to the balance of deferred regulatory accounts	9,160,089	4,910,429
Total liabilities and regulatory deferral account credit balance	576,092,670	523,085,137
Total equity and liabilities	738,348,102	686,730,352

Elektra Noreste, S.A.

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

Statement of profit or loss and other comprehensive income

	Nine months ended		Three months ended	
	September 2018	September 2017	September 2018	September 2017
Continuing operations				
Rendering of services	499,227,110	477,126,800	181,477,970	156,023,357
Other income	7,756,198	7,219,457	2,483,893	2,403,724
Income from continuing operations	<u>506,983,308</u>	<u>484,346,257</u>	<u>183,961,863</u>	<u>158,427,081</u>
Costs for rendering services	440,496,990	419,575,761	162,564,439	137,903,957
Administrative expenses	17,136,480	15,673,231	5,722,619	5,203,313
Impairment of financial instruments	1,788,662	1,756,253	552,005	534,091
Other expenses	1,022,387	827,769	424,329	317,539
Finance income	208,037	73,928	152,494	24,476
Finance costs	11,814,136	10,827,544	4,150,149	3,639,582
Profit before tax	<u>34,932,690</u>	<u>35,759,627</u>	<u>10,700,816</u>	<u>10,853,075</u>
Income tax expense	10,422,568	10,847,726	3,156,862	3,250,127
Net profit	<u>24,510,122</u>	<u>24,911,901</u>	<u>7,543,954</u>	<u>7,602,948</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>	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>24,510,122</u>	<u>24,911,901</u>	<u>7,543,954</u>	<u>7,602,948</u>

Elektra Noreste, S.A.

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Statement of changes in shareholders' equity

	<u>Issued capital</u>	<u>Treasury stocks</u>	<u>Accumulated results</u>	<u>Other comprehensive income</u> <u>Defined benefits plan</u>	<u>Total</u>
Balance at 1 January 2017	106,642,962	(544,087)	40,823,336	(416,369)	146,505,842
Profit for the period	-	-	24,911,901	-	24,911,901
Other comprehensive income of the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	106,642,962	(544,087)	65,735,237	(416,369)	171,417,743
Accredited 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
Balance at 31 December 2017	106,642,962	(544,087)	58,133,255	(586,915)	163,645,215
Profit for the period	-	-	24,510,122	-	24,510,122
Adjustment on initial application of IFRS 9	-	-	(4,647,991)	-	(4,647,991)
Total other comprehensive income	106,642,962	(544,087)	77,995,386	(586,915)	183,507,346
Dividends declared	-	-	(21,000,000)	-	(21,000,000)
Income tax related to transactions with owners	-	-	(251,914)	-	(251,914)
Balance at 30 September 2018	106,642,962	(544,087)	56,743,472	(586,915)	162,255,432



Elektra Noreste, S.A.

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Statement of cash flows as of September 30

	2018	2017
Cash flows from operating activities:		
Net profit for the period	24,510,122	24,911,901
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	22,258,880	20,388,137
Impairment of financial instruments	(15,659,679)	1,756,253
Provisions and defined benefits plans post-employment	1,920,522	1,250,058
Deferred income tax	10,340,544	(2,465,651)
Current income tax	82,023	13,313,377
Finance costs	11,814,169	10,827,544
Loss on disposal of fixed assets	1,022,387	827,769
Other non-cash income and expenses	283,402	220,386
	<u>56,572,370</u>	<u>71,029,774</u>
Changes in working capital		
Decreases (increase) in inventories	1,972,133	2,957,818
Decrease in trade and other receivables	1,113,657	(19,100,374)
Decrease (increase) in deferred regulatory accounts	(14,165,533)	5,153,525
Decrease (increase) in other assets	(252,208)	(304,426)
(Decrease) increase in other financial liabilities	45,806,702	(24,580,160)
Decrease in provision	(1,373,046)	(208,999)
(Decrease) increase in employee benefits	(377,078)	283,793
	<u>(11,930,968)</u>	<u>-</u>
Net cash generated by operating activities	<u>77,366,029</u>	<u>35,230,951</u>
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(46,206,197)	(41,805,871)
Other cash flows from investing activities	88,201	50,525
	<u>(46,117,996)</u>	<u>(41,755,346)</u>
Net cash flows used in investing activities	<u>(46,117,996)</u>	<u>(41,755,346)</u>
Cash flows from financing activities:		
Short-term debt, net	4,000,000	19,000,000
Interest paid, including capitalized interest	(12,813,214)	(11,996,725)
Payment of dividends	(21,000,000)	-
Other cash flows from financing activities	(251,914)	(678,242)
	<u>(30,065,128)</u>	<u>6,325,033</u>
Net cash flows generated by (used in) financing activities	<u>(30,065,128)</u>	<u>6,325,033</u>
Net increase (decrease) in cash and cash equivalents	<u>1,182,905</u>	<u>(199,362)</u>
Cash and cash equivalents at the beginning of the period	<u>4,558,153</u>	<u>3,620,659</u>
Cash and cash equivalents at the end of the period	<u><u>5,741,058</u></u>	<u><u>3,421,297</u></u>