

Free translation from the original prepared in Spanish for publication in Argentina

Generación Mediterránea S.A.

Interim Condensed Financial Statements

At September 30, 2016 and for the nine and three-month periods
ended September 30, 2016 and 2015
presented in a comparative format

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GLOSSARY OF TECHNICAL TERMS

The following are not technical definitions, but they are helpful for the reader's understanding of some terms used in the notes to the interim condensed financial statements of the Company.

Terms	Definitions
/day	Per day
AISA	Albanesi Inversora S.A.
AJSA	Alba Jet S.A.
ASA	Albanesi S.A.
AFIP	Federal Administration of Public Revenue
AFSA	Albanesi Fuegoína S.A.
AISA	Albanesi Inversora S.A.
AVRC	Alto Valle Río Colorado S.A.
AVSA	Albanesi Venezuela S.A.
BADLAR	Interest rates paid by financial institutions on their time deposits for over one million pesos.
BADCOR	Adjusted BADLAR rate
BDD	Bodega del Desierto S.A.
BCRA	Argentine Central Bank
CAMMESA	Compañía Administradora del Mercado Mayorista Eléctrico S.A.
CC	Combined cycle
IFRIC	International Financial Reporting Interpretations Committee
CNV	National Securities Commission
CTR	Central Térmica Roca S.A.
CVP	Variable Production Cost
Dam3	Cubic decameter Volume equivalent to 1,000 (one thousand) cubic meters.
DH	Historical availability
Availability	Percentage of time in which the power plant or machinery, as applicable, is in operation (generating power) or available for power generation, but not called by CAMMESA
DMC	Minimum Availability Committed
DO	Target availability
DR	Registered availability
the Group	Albanesi S.A. and its subsidiaries
Energía Plus	Plan created under ES Resolution 1281/06
ENRE	National Electricity Regulatory Authority
EPEC	Empresa Provincial de Energía de Córdoba
FACPCE	Argentine Federation of Professional Councils in Economic Sciences
FONINVEMEM	Fund for investments required to increase the electric power supply in the WEM
GE	General Electric
GFSA	Generación Frías S.A.
GI	Independencia's power plant located in San Miguel de Tucumán, province of Tucumán (merged with GMSA)
GISA	Generación Independencia S.A.
GLB	La Banda's power plant located in La Banda, province of Santiago del Estero (merged with GMSA)
GLBSA	Generación La Banda S.A.

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GLOSSARY OF TECHNICAL TERMS (Cont'd)

Terms	Definitions
GM	Modesto Maranzana's power plant located in Río IV, province of Córdoba
GMSA	Generación Mediterránea S.A.
Large Users	WEM agents classified according to their consumption into: GUMAs, GUMEs, GUPAs and GUDIs
GR	Riojana's power plant located in La Rioja, province of La Rioja (merged with GMSA)
GRISA	Generación Riojana S.A.
GROSA	Generación Rosario S.A.
GUDIs	Large Demand from Distributors, with declared or demanded supplies of over 300kW
GUMAs	Major Large Users
GUMEs	Minor Large Users
GUPAs	Particular Large Users
GW	Gigawatt Unit of power equivalent to 1,000,000,000 watts
GWh	Gigawatt hour Unit of energy equivalent to 1,000,000,000 watts hour
IASB	International Accounting Standards Board
IGJ	Superintendency of Commercial Companies
kV	Kilovolt Unit of electromotive force which is equal to 1,000 volts
kW	Kilowatt Unit of power equivalent to 1,000 watts
kWh	Kilowatt hour Unit of energy equivalent to 1,000 watts hour
LGS	General Companies Law
LVFVD	Sales liquidations with maturity date to be defined
MAT	Futures market
MAPRO	Major Scheduled Maintenance
WEM	Wholesale Electric Market
MMm ³	Million cubic meters
MW	Megawatt Unit of power equivalent to 1,000,000 watts
MWh	Megawatt hour Unit of energy equivalent to 1,000,000 watts hour
MVA	Mega-volt ampere, unit of energy equivalent to 1 volt x 1 ampere x 10 ⁶
ARG GAAP	Argentine Generally Accepted Accounting Principles
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
ON	Negotiable obligations
PWPS	Pratt & Whitney Power System Inc
Resolution 220/07	Regulatory framework for the sale of energy to CAMMESA through the "WEM Supply Contract" under Energy Secretariat Resolution No. 220/07
GR	General Resolution
RGA	Rafael G. Albanesi S.A.
RT	Technical pronouncements
TRASNOA S.A.	An electric power carriage company by means of a trunk line in the Argentine Northwestern region
SADI	Argentine Interconnection System
ES	Energy Secretariat
CGU	Cash-Generating Unit

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Generación Mediterránea S.A.

Composition of the Board of Directors and Syndics' Committee
at September 30, 2016

President

Armando R. Losón

Vice President 1st

Guillermo G. Brun

Vice President 2nd

Julián P. Sarti

Full Directors

Carlos A. Bauzas

Sebastián A. Sánchez Ramos

Oscar C. De Luise

Roberto J. Volonté

Juan Carlos Collin

Jorge Hilario Schneider

Deputy Directors

Armando Losón (h)

José Leonel Sarti

Juan G. Daly

María de los Milagros D. Grande

Ricardo M. López

Romina S. Kelleyian

Controllers

Enrique O. Rucq

Marcelo P. Lerner

Francisco A. Landó

Alternate Syndics

Juan Cruz Nocciolino

Carlos I. Vela

Augusto N. Arena

Legal information

Company Name: Generación Mediterránea S.A.

Legal domicile: Av. L.N. Alem 855, piso 14, City of Buenos Aires

Main line of business: Generation and sale of electric energy. Development of energy projects, execution of projects, provision of advisory and other services, management, administration and performance of works of any nature; investments and financial transactions of any kind, except for those under Law No. 21526

Registration with the Superintendency of Commercial Companies:

By-laws January 28, 1993
 Latest amendment: October 18, 2016 (in progress)

Registration number with the Superintendency of Commercial Companies: No. 644 of Book 112, Volume "A" of Corporations

Tax ID: No. 30-68243472-0

Expiration date of Company By-laws: January 28, 2092

Parent company: **Albanesi S.A.**
 Legal domicile: Av. L.N. Alem 855, piso 14, City of Buenos Aires

Main line of business of Parent Company: Investment and financial activities

Percentage of equity interest held by Parent Company: 95%

Percentage of voting rights of Parent Company: 95%

CAPITAL STATUS (Note 14)	
Class of shares	Subscribed, inscribed and paid-in
	\$
Ordinary, registered, non-endorsable shares of \$1 nominal value each and entitled to 1 vote per share.	125,654,080

Generación Mediterránea S.A.

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Interim Condensed Statements of Financial Position

At September 30, 2016 and December 31, 2015

Stated in pesos

	Note	09.30.16	12.31.15
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	2,993,625,828	1,206,180,895
Investments in Companies	25	129,861	129,861
Other receivables		7,890,704	-
Trade receivables		43,622,421	3,558,538
Total non-current assets		3,045,268,814	1,209,869,294
CURRENT ASSETS			
Materials and spare parts		20,668,196	7,326,530
Other receivables		1,189,951,053	122,828,721
Other financial assets at fair value through profit and loss		330,187,457	-
Income tax credit balance, net		5,965,035	1,601,673
Trade receivables		352,423,388	188,161,520
Cash and cash equivalents	13	1,332,088,174	3,094,280
Total current assets		3,231,283,303	323,012,724
Total Assets		6,276,552,117	1,532,882,018
SHAREHOLDERS' EQUITY			
Share capital	14	125,654,080	76,200,073
Additional paid-in capital		111,514,225	-
Legal reserve		4,968,948	2,439,117
Optional reserve		48,330,099	19,870,827
Special reserve		1,275,621	-
Retained earnings		(50,160,130)	33,487,164
Technical revaluation reserve		1,015,903,907	567,352,214
TOTAL SHAREHOLDERS' EQUITY		1,257,486,750	699,349,395
LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions	17	9,524,514	9,949,496
Deferred tax liabilities, net		564,718,101	336,000,075
Loans	16	3,985,187,552	170,222,514
Total non-current liabilities		4,559,430,167	516,172,085
CURRENT LIABILITIES			
Other liabilities		145,000	145,000
Tax payables		11,991,311	2,918,969
Salaries and social security charges		4,121,779	3,652,084
Derivative financial instruments		2,175,000	-
Loans	16	73,097,875	118,295,977
Trade payables		368,104,235	192,348,508
Total current liabilities		459,635,200	317,360,538
Total Liabilities		5,019,065,367	833,532,623
Total liabilities and equity		6,276,552,117	1,532,882,018

The accompanying notes form an integral part of these interim condensed financial statements.

Generación Mediterránea S.A.

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Interim Condensed Statement of Comprehensive Income

For the nine and three-month periods ended September 30, 2016 and 2015

Stated in pesos

	Note	Nine months at		Three months at	
		09.30.16	09.30.15	09.30.16	09.30.15
Sales revenue	7	1,447,638,028	678,758,298	382,715,265	227,163,183
Cost of sales	8	(1,091,728,485)	(556,620,296)	(290,560,776)	(183,050,039)
Gross income		355,909,543	122,138,002	92,154,489	44,113,144
Selling expenses	9	(3,626,192)	(1,039,061)	(978,235)	(437,639)
Administrative expenses	10	(22,619,693)	(14,935,382)	(7,025,967)	(5,396,646)
Other operating income and expenses		6,878,823	26,209	7,846,144	25,663
Operating income		336,542,481	106,189,768	91,996,431	38,304,522
Financial income	11	16,393,723	2,514,050	11,175,277	949,855
Financial expenses	11	(175,566,723)	(63,307,631)	(56,579,653)	(24,076,770)
Other financial results	11	(74,426,146)	(12,411,954)	(2,896,582)	(4,861,891)
Financial results, net		(233,599,146)	(73,205,535)	(48,300,958)	(27,988,806)
Income before tax		102,943,335	32,984,233	43,695,473	10,315,716
Income tax		(44,319,042)	(11,369,792)	(18,038,456)	(3,644,569)
Income for the period		58,624,293	21,614,441	25,657,017	6,671,147
Earnings per share					
Basic and diluted earnings per share	15	0.4666	0.2837		

The accompanying notes form an integral part of these interim condensed financial statements.

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Interim Condensed Statements of Changes in Equity
For the nine-month periods ended September 30, 2016 and 2015

Stated in pesos

	Share Capital (Note 14)	Additional paid-in capital	Legal reserve	Optional reserve	Special reserve	Technical revaluation reserve	Unappropriated retained earnings	Total equity
Balances at December 31, 2014	76,200,073	-	2,049,604	36,348,487	-	352,385,973	14,312,602	481,296,739
Setting up of reserve as per Shareholders' Meeting Minutes dated April 14, 2015	-	-	389,513	-	-	-	(389,513)	-
- Setting up of legal reserve	-	-	-	-	-	-	(21,400,749)	(21,400,749)
- Distribution of dividends	-	-	-	(14,000,000)	-	-	14,000,000	-
- Reversal of optional reserve	-	-	-	6,522,340	-	-	(6,522,340)	-
- Setting up of optional reserve	-	-	-	-	-	-	-	-
Allocation of results as per Board Meeting Minutes dated September 7, 2015	-	-	-	-	-	-	-	-
- Distribution of dividends in advance	-	-	-	-	-	-	(21,000,000)	(21,000,000)
Reversal of technical revaluation reserve	-	-	-	-	-	(9,754,595)	9,754,595	-
Comprehensive income for the nine-month period	-	-	-	-	-	-	21,614,441	21,614,441
Balances at September 30, 2015	76,200,073	-	2,439,117	28,870,827	-	342,631,378	10,369,036	460,510,431
Allocation of results as per Board Meeting Minutes dated October 21, 2015	-	-	-	(9,000,000)	-	-	9,000,000	-
- Distribution of dividends	-	-	-	-	-	-	(9,000,000)	(9,000,000)
Other comprehensive income for the supplementary three-month period	-	-	-	-	-	228,005,667	-	228,005,667
Reversal of technical revaluation reserve	-	-	-	-	-	3,284,831	-	3,284,831
Comprehensive income for the three month period	-	-	-	-	-	-	19,833,297	19,833,297
Balances at December 31, 2015	76,200,073	-	2,439,117	19,870,827	-	567,352,214	33,487,164	699,349,395
Addition as a result of the merger through absorption - Shareholders' meeting held on October 15, 2015	49,454,007	111,514,225	457,444	2,128,288	1,275,621	481,086,393	(136,702,916)	509,213,062
Reversal of optional reserve as per Shareholders' Meeting Minutes dated March 16, 2016	-	-	-	(9,700,000)	-	-	9,700,000	(9,700,000)
- Distribution of dividends	-	-	-	-	-	-	-	-
Setting up of reserve as per Shareholders' Meeting Minutes dated April 20, 2016	-	-	2,072,387	-	-	-	(2,072,387)	-
- Setting up of legal reserve	-	-	-	36,030,984	-	-	(36,030,984)	-
- Setting up of optional reserve	-	-	-	-	-	(32,534,700)	32,534,700	-
Reversal of technical revaluation reserve	-	-	-	-	-	-	58,624,293	58,624,293
Comprehensive income for the nine-month period	-	-	-	-	-	-	-	-
Balances at September 30, 2016	125,654,080	111,514,225	4,968,948	48,330,099	1,275,621	1,015,903,907	(50,160,130)	1,257,486,750

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Interim Condensed Statements of Cash Flows

For the nine-month periods ended September 30, 2016 and 2015

Stated in pesos

	Notes	09.30.16	09.30.15
Cash flow provided by operating activities:			
Comprehensive income for the period		58,624,293	21,614,441
Adjustments to arrive at net cash flows provided by operating activities:			
Income tax		44,319,042	11,369,792
Accrued interest, net	11	152,401,665	59,552,403
Depreciation of property, plant and equipment	8 and 12	86,322,497	34,207,688
Proceeds from the sale of property, plant and equipment		-	98,719
Changes in fair value of investments in companies		-	(129,579)
Result of the changes in the fair value of financial instruments		(16,168,339)	-
(Decrease) / Increase in provision for contingencies	17	(424,982)	564,774
Increase allowance for doubtful Fair value	17	2,010,873	-
Exchange differences		4,039,327	-
		73,231,997	13,653,132
Changes in operating assets and liabilities:			
(Increase) / decrease in trade receivables		(58,157,001)	127,452,387
(Increase) in other receivables (1)		(995,103,134)	(27,308,447)
(Increase) in materials and spare parts		(7,071,614)	(746,766)
Increase / (Decrease) in trade payables		64,318,053	(101,173,330)
(Decrease) in other liabilities		(58,184,938)	-
(Decrease) / Increase in salaries and social security charges		(1,159,162)	850,465
(Decrease) in trade payables		(4,173,162)	(5,015,270)
Net cash flow (used in) provided by operating activities		(655,174,585)	134,990,409
Cash flow of investment activities:			
Acquisition of property, plant and equipment	12	(617,621,841)	(12,944,890)
Collections of financial instruments		7,403,600	-
Acquisitions of bills of exchange		(92,010,175)	-
Subscription and redemption of mutual funds		(259,809,894)	-
Addition of cash as a result of the merger		(8,763,199)	-
Loans granted		(60,000,000)	-
Net cash flow (used in) investing activities		(1,030,801,509)	(12,944,890)
Cash flow of financing activities:			
Loans taken out	16	4,271,266,177	150,000,000
Payment of loans	16	(1,056,867,240)	(149,890,835)
Payment of interest	16	(182,401,257)	(47,262,939)
Payment of dividends		-	(42,400,749)
Net cash flow provided by (used in) financing activities		3,031,997,680	(89,554,523)
INCREASE IN CASH, NET		1,346,021,586	32,490,996

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Interim Condensed Statements of Cash Flows (Cont'd)

For the nine-month periods ended September 30, 2016 and 2015

Stated in pesos

INCREASE IN CASH, NET		1,346,021,586	32,490,996
Cash and cash equivalents at the beginning of the period		(32,833,887)	2,256,707
Financial results of cash and cash equivalents		18,900,475	(14,872,535)
Cash and cash equivalents at the end of the period	13	1,332,088,174	19,875,168
		1,346,021,586	32,490,996
Material transactions not entailing changes in cash			
Acquisition of property, plant and equipment not yet paid	12	(3,995,884)	(998,724)
Interest capitalized in property, plant and equipment	12	(183,276,120)	-
Addition of property, plant and equipment as a result of the merger	12	1,069,605,207	-
Addition of trade receivables as a result of the merger		120,098,598	-
Addition of other receivables as a result of the merger		108,259,299	-
Addition of materials and spare parts as a result of the merger		6,270,052	-
Addition as a result of the merger of other financial assets at fair value through profit and loss		1,210,961	-
Addition of trade payables as a result of the merger		(67,806,826)	-
Addition of other debts as a result of the merger		(58,184,938)	-
Addition of loans as a result of the merger		(490,716,207)	-
Addition of salaries and social security charges as a result of the merger		(1,628,857)	-
Addition of tax payables as a result of the merger		(193,707,527)	-

(1) Includes early payments to suppliers for the purchase of goods (see note 4.2).

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Notes to the Interim Condensed Financial Statements

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presented in a comparative format

Stated in pesos

NOTE 1: GENERAL INFORMATION

GMSA is controlled by ASA with 95% of capital and votes and is domiciled at Av. Leandro N. Alem 855, 14th floor, City of Buenos Aires. The Company's main line of business is the performance of investment and financial activities. ASA acquired the equity interest from Enron Corp. in February 2005.

ASA was established in 1994. Through its subsidiaries and related entities, the Company has invested in the energy market, in the power generation and commercialization segment, its main line of business to date.

Modesto Maranzana's power plant

GMSA is the owner of Modesto Maranzana's power plant ("the Power Plant"), located in the city of Río Cuarto, Province of Córdoba. The Power Plant originally had a combined cycle of operation with a capacity of 70 MW, in two blocks of 35 MW each, and each block with a Frame 5 Gas Turbine, a Generator and a Steam Turbine in a single axis system.

In October 2008, GMSA completed the first stage of the project to extend the Power Plant with the installation and startup of two new aero-derivative gas turbines PWPS SwiftPac 60 FT8-3. The units consist of two aero-derivative gas turbines of 30 MW each, placed in such a manner that they both transmit their power to a single Generator, which offers great operative flexibility.

Continuing with its expansion process, GMSA installed a third turbine PWPS SwiftPac 60 FT8-3 of 60 MW in 2010, which became operative in September of that year and reached an installed capacity of 250 MW at the Power Plant.

To maintain a high level of availability, GMSA signed a contract for long-term maintenance with PWPS (expiring on December 31, 2019) whereby PWPS provides technical assistance and ensures a stock of spare parts in the Company's repair shops.

The Power Plant is connected to the Argentine Grid (SADI) through EPEC's high voltage network.

GMSA has an Integrated Management System certified under ISO 9001: 2008, ISO 14001:2004 and OHSAS 18001:2007. This shows the continuous effort, commitment and dedication of the employees to maintain operation and maintenance standards, while ensuring compliance with applicable environmental, occupational safety and health regulations.

On March 28, 2016, GMSA signed an agreement with Siemens Industrial Turbomachinery AB to carry out the project to enlarge the Power Plant by 100 MW from the existent 250 MW with the installation of two Siemens SGT-800 turbines of 50MW nominal each. This enlargement agreement falls within the scope of ES Resolution 220/07. An investment of USD 88 million is expected for these works. Commercial operation is scheduled to begin in the second quarter of 2017. At the date of these interim condensed financial statements, the Company has completed payment to Siemens Industrial Turbomachinery AB of USD 21.7 million, representing 50% for the purchase of two turbines, and a deferred payment agreement has been signed for the remaining 50% in 24 installments, the first one of which must be paid in August 2017. The turbines were already received at the plant. Also, in September 2016, negotiations were completed in connection with transformers, civil works for the project, chillers and cooling tower assembly, and other ancillary works.

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 1: GENERAL INFORMATION (Cont'd)

Group's companies merger process.

GMSA (the merging and continuing company) has been involved in a merger process with the following companies: GISA, GLBSA and GRISA (the merged companies). The final merger agreement was signed on November 10, 2015, establishing January 1, 2016 as the effective merger date. The merger was approved by the CNV on March 22, 2016 and registered with the Superintendency of Companies on May 18, 2016 (See Note 26.a).

As a result of the merger, the Power Plants owned by the merged companies have been transferred to GMSA. Below is a detail of the most relevant information on each of the Power Plants.

Independencia's power plant (GI) is located in the city of San Miguel de Tucumán, province of Tucumán. GI is out of service, and during 2011 GISA performed all the necessary works to install 120MW with PWPS technology, and recondition the existing ancillary facilities. GISA obtained authorization for the commercial operation of the new turbines on November 17, 2011.

To keep a high level of power available, GISA and PWPS entered into a long-term maintenance contract (which was transferred to GMSA as a result of the merger and expires on December 31, 2019), contemplating the provision of technical assistance by PWPS and a stock of spare parts available at the Company's workshops.

GI is connected to SADI through TRANSNOA S.A. transformer substation, situated within the power plant's premises.

Riojana's power plant (GR) has three power generation units, Turbogrupos Fiat TG21, of 12MW; Turbogrupos Jhon Brown TG22, of 16MW; and Turbogrupos Fiat TG23, of 12MW, connected to SADI grid by means of the TRASNOA S.A. transformer substation.

In compliance with the environmental management system, certification under ISO 14001:2004 obtained in 2011 has been maintained.

On July 20, 2015 GRISA executed an addendum to the contract with CAMMESA under ES Resolution 220/07 to enlarge the installed capacity by 50MW.

On September 7, 2015, GRISA executed a contract with Siemens Industrial Turbomachinery AB, whereby it agreed to purchase a turbine Siemens SGT800 of 50 MW, for an amount of SEK 19.3 million. The payment of the turbine Siemens SGT800 was completed in February 2016 and it arrived at the plant in June 2016. In addition, the power transformer has been bought, as well as the gas compressor, water treatment plant, chillers and tanks, among other items. Progress is being made as scheduled with civil works and other necessary tasks. The total investment of the project amounts to USD 44.6 million. We estimate the start-up of commercial operations in December 2016.

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 1: GENERAL INFORMATION (Cont'd)

Group's companies merger process. (Cont'd)

Generación La Banda (GLB) has currently two power generation units Turbogrupos Fiat TG21 of 16 MW and Turbogrupos Fiat TG22 of 16 MW, connected to SADI grid through the TRASNOA S.A. transformer substation.

Under the framework of Resolution No. 21/16, the Company presented projects to enlarge the power generation capacity by 250MW, which were awarded through a bidding process. At June 30, 2016, GMSA entered into with CAMMESA agreements under this Resolution for the projects of Ezeiza stage I and II 150 MW and GI stages II 100 MW, take or pay clause, stated in US dollars and effective for 10 years as from the date scheduled or date of commercial authorization, and I whichever occurs first.

Enlargement at Independencia's power plant

In relation to Resolution No. 21/16 previously described, we will proceed to enlarge by 100 MW the power generation capacity in GI, through the installation of two Siemens SGT-800 turbines of 50 MW each. The estimated investment amounts to approximately USD 82.5 million. The enlargement will be completed in two stages, installing 50MW in each of them. We estimate that the commercial operation of the first stage will start in the third quarter of 2017, and the second stage in the first quarter of 2018.

On April 30, 2016, a contract was signed with Siemens Industrial Turbomachinery AB for the purchase of a SGT-800 turbine of 50 MW. At September 30, 2016, 50% of the first turbine has been paid, and the other 50% will be financed by Siemens in 24 installments. The total value of this turbine amounts to USD 21 million. In addition, the power transformers have been bought.

On August 9, 2016, a contract was signed with Siemens Industrial Turbomachinery AB for the purchase of a second SGT-800 turbine of 50 MW. In that month, a payment for 5% was made; in January 2017 another payment for 5% will be made, and in March 2017, the remaining 40% will be paid. In September, 2016 a deferred payment agreement (DPA) was signed for the deferred payment of the remaining 50%, which will be financed by Siemens. The value of the turbine amounts to USD 20.6 million. In addition, in September 2016, negotiations were completed in connection with two transformers of 75 MVA, the civil works for the project and chiller equipment.

Ezeiza's power plant

Also under Resolution No. 21/16 described above, the construction of a new plant in the province of Buenos Aires started (Ezeiza Power Plant) with 150 MW of power generation capacity, through the installation of three Siemens turbines SGT-800 of 50 MW each. The estimated investment amounts to USD 137.5 million.

The enlargement will be completed in two stages, by installing 100 MW in the first stage and the additional 50MW in the second stage. We estimate that the commercial operation of the first stage will start in the third quarter of 2017, and the second stage in the first quarter of 2018.

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 1: GENERAL INFORMATION (Cont'd)

Ezeiza's power plant (Cont'd)

On April 30, 2016, a contract has been signed with Siemens Industrial Turbomachinery AB for the purchase of two SGT-800 turbines of 50 MW each. At September 30, 2016, 50% of the first two turbines has been paid, and the other 50% will be financed by Siemens in 24 installments. The total value of these turbines amounts to USD 21 million each

On August 9, 2016, a contract was signed with Siemens Industrial Turbomachinery AB for the purchase of a third SGT-800 turbine of 50 MW. In that month, a payment for 5% was made; in January 2017 another payment for 5% will be made, and in March 2017, the remaining 40% will be paid. In September 2016, a deferred payment agreement (DPA) was signed for the deferred payment of the remaining 50%, which will be financed by Siemens. The value of the turbine amounts to USD 20.6 million. In a similar manner, purchase agreements have been signed for three transformers of 75 MVA, Alfa Laval equipment and chillers, and civil works.

To date, the contract for the first two transformers has been executed, and a plot of land in Ezeiza was purchased for a total amount of USD 4.4 million.

NOTE 2: REGULATORY ASPECTS RELATED TO THE COMPANY'S POWER GENERATION ACTIVITIES

The Company's revenue from electricity generation activity derives from sales to Large Users on the Forward Market (MAT), basic and surplus demand (ES Resolution 1281/06); from sales to CAMMESA under ES Resolution 220/07; and sales under ES Resolution 22/16. In addition, the excess electricity generated under the modalities of ES Resolutions 1281/06 and 220/07 is sold on the Spot Market, in accordance with the regulations in force in the WEM administered by CAMMESA.

a) Regulations on Energía Plus, Resolution 1281/06

The Energy Secretariat approved Resolution 1281/2006, which provides that the existing energy sold on the Spot Market will follow these priorities:

- (1) Demand lower than 300 KW.
- (2) Demand over 300 KW, with contracts; and
- (3) Demand over 300 KW, without contracts.

It also establishes certain restrictions on the sale of electric power and implements the "Energía Plus" service, which allows generating agents to offer the available additional generation. They must fulfill the following requirements: (i) they must be WEM agents whose generating units were authorized for operation after September 5, 2006 and (ii) they must have fuel supply and transportation contracts.

As established by this resolution:

- Large Users with demand over 300 KW ("GU300") will be authorized to enter into contracts for their demand of electricity in the forward market with the generating agents existing in the WEM at this moment, only for the electricity consumption in 2005 ("Basic Demand").

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 2: REGULATORY ASPECTS RELATED TO THE COMPANY'S POWER GENERATION ACTIVITIES **(Cont'd)**

a) Regulations on Energía Plus, Resolution 1281/06/ (Cont'd)

- The electricity consumed by GU300 above their Basic Demand must be supplied by new generation (Energía Plus) and for a price agreed upon by the parties. This may not exceed 50% of the actual demand.
- New Agents entering the system must contract 50% of their total demand under the Energía Plus service, under the conditions described above.

As to the Energía Plus program, at September 30, 2016 almost all the nominal power of 135MW available was under contract. The average term of most of the Energía Plus contracts entered into between the Company and its customers ranges between 1 and 2 years. Sales under this modality are paid by customers directly to the Company.

b) Supply Contract with WEM (Resolution 220/07).

In January 2007, the Energy Secretariat adopted Resolution No. 220/07 authorizing the execution of Supply Contracts between WEM and additional offers of available generation and associated energy submitted by generating, co-generating or self-generating agents which, at the date of publication of the said resolution are not WEM agents or do not have the generation facilities to be agreed under these commercially authorized offers, or are not interconnected with WEM at that date. In this regard, the execution of Supply Contracts was foreseen as another way to generate incentives for the development of additional energy projects.

These Supply Contracts are entered into between generating agents and CAMMESA, with a duration of 10 years or a shorter term that may exceptionally be established. The valuable consideration for availability of generation and energy shall be established in each contract based on the costs accepted by the Energy Secretariat. The contracts will also establish that the machines and power plants used to cover the Supply Contracts will generate energy as they are dispatched by CAMMESA.

Further, as envisaged with respect to the Supply Commitment Contracts and for the purpose of mitigating the collection risk of the generating agents, the payment obligations assumed by CAMMESA under those Supply Contracts will rank at least *pari passu* with the recognized operating costs of the thermal power generators.

The Company and CAMMESA entered into a Wholesale Electric Market (WEM) supply contract for 45 MW, for a term of 10 years counted as from October 2010. Sales under this modality are denominated in dollars and are paid by CAMMESA under a take or pay clause and the generated surplus is sold to the Spot Market, pursuant to regulations in effect in the WEM administered by CAMMESA.

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 2: REGULATORY ASPECTS RELATED TO THE COMPANY'S POWER GENERATION ACTIVITIES **(Cont'd)**

b) Supply Contract with WEM (Resolution 220/07) (Cont'd)

This contract sets a 5-component remuneration: i) a fixed charge for the average monthly availability of contracted power, for a price of USD 16.133/MW per month; ii) a fixed charge that recognizes the costs of transportation plus other costs of the generating agents; iii) a variable charge associated with the energy actually provided under the contract, the objective of which is to remunerate operation and maintenance of the power plant (Gas 7.83 USD/MWh – Fuel oil 8.32 USD/MWh); iv) a variable charge for repayment of fuel costs, all of them at reference price; and v) a discount for penalties. These penalties are applied to the hours in which 92% of the agreed upon power has not been reached and are valued on a daily basis and according to the operating condition of the machine and the market situation.

GISA and CAMMESA entered into a Wholesale Electric Market (WEM) supply contract for 100 MW, for a term of 10 years counted as from November 2011. Sales under this modality are denominated in dollars and are paid by CAMMESA under a take or pay clause and the generated surplus is sold to the Spot Market, pursuant to regulations in effect in the WEM administered by CAMMESA.

This contract sets a 5-component remuneration: i) a fixed charge for the average monthly availability of contracted power, for a price of USD 17.155/MW per month; ii) a fixed charge that recognizes the costs of transportation plus other costs of the generating agents; iii) a variable charge associated with the energy actually provided under the contract, the objective of which is to remunerate operation and maintenance of the power plant (Gas 7.52 USD/MWh – Fuel oil 7.97 USD/MWh); iv) a variable charge for repayment of fuel costs, all of them at reference price; and v) a discount for penalties. These penalties are applied to the hours in which 92% of the agreed upon power has not been reached and are valued on a daily basis and according to the operating condition of the machine and the market situation.

GRISA and CAMMESA entered into a Wholesale Electric Market supply contract for 45 MW, for a term of 10 years counted as from the commercial commissioning scheduled for the fourth quarter of 2016. Sales under this modality are denominated in dollars and are paid by CAMMESA under a take or pay clause and the generated surplus is sold to the Spot Market, pursuant to regulations in effect in the WEM administered by CAMMESA.

This contract sets a 5-component remuneration: i) a fixed charge for the average monthly availability of contracted power, for a price of USD 16.790/MW per month; ii) a fixed charge that recognizes the costs of transportation plus other costs of the generating agents; iii) a variable charge associated with the energy actually provided under the contract, the objective of which is to remunerate operation and maintenance of the power plant (Gas 11.44 USD/MWh – Fuel oil 15.34 USD/MWh); iv) a variable charge for repayment of fuel costs, all of them at reference price; and v) a discount for penalties. These penalties are applied to the hours in which 92% of the agreed upon power has not been reached and are valued on a daily basis and according to the operating condition of the machine and the Market situation.

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 2: REGULATORY ASPECTS RELATED TO THE COMPANY'S POWER GENERATION ACTIVITIES (Cont'd)

c) Sales under ES Resolution 22/16

On March 22, 2013, the Energy Secretariat published ES Resolution 95/13 that aims at adapting the system for the remuneration of the power generation plants not subject to special regimes, such as Energía Plus and WEM Supply Contracts.

ES Resolution 529/14 was published on May 20, 2014, amending and extending application of ES Resolution 95/13. The main change is the increase in the remuneration payable to the generators, implemented through a price increase, as well as the creation of a new item, called "Remuneration for Non-recurring Maintenance".

ES Resolution 529/14 establishes that from February 2014, commercial management and fuel dispatch will be centralized in the Dispatch Management Agency (CAMESA). Costs related to operation will cease to be recognized as the contractual relationships between WEM Agents and their suppliers of fuel and inputs are terminated. ES Resolution 1281/06 (Energía Plus) is excluded from these regulations.

ES Resolution 482/15 was published on July 10, 2015, amending and extending application of ES Resolution 529/14. The main change is the increase in the remuneration payable to the generators, implemented through a price increase, as well as the creation of two new items, called "Resource for FONINVEMEM investments 2015-2018" and "Incentives for energy production and operational efficiency".

ES Resolution 22/16 was published on March 30, 2016, amending ES Resolution 482/15 already mentioned. The main change is the increase in the remuneration payable to the generators, implemented through a price increase.

The new resolution will allow increasing the operating results of the Company, generating an additional cash flow that will improve their working capital position. The resolution established its retrospective application as from February 2016. There is a 70% increase in the fixed charge paid for the available power and 40% increase in the variable cost for the power generated.

The remuneration schedule updated under Resolution 22/16 basically consists of the following items:

1. Fixed cost: This item adjusts the values recognized for Power Made Available. The price set as remuneration for the Power Made Available is based on the technology detailed below:

Power Plant	Classification	Fixed cost per Resolution 22 \$/MWhrp
GLB/GR	TG Units with Power (P) < 50 MW (small)	152.30
GM	CC Units with Power (P) < 150 MW (small)	101.20

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 2: REGULATORY ASPECTS RELATED TO THE COMPANY'S POWER GENERATION ACTIVITIES **(Cont'd)**

c) Sales under ES Resolution 22/16 (Cont'd)

This price may be increased by a percentage established by Resolution 22/16. This percentage will be determined on the basis of the monthly availability or the historical availability, according to the time of year and the technology for generation. The Resolution states that this seasonal percentage can reach up to 110% of the fixed cost determined according to the same Resolution.

2. Variable cost: this cost is paid on the basis of the power generated and the fuel used. The recognized prices rose from 33.10 \$/MWh to 46.30 \$/MWh for the generation of Natural Gas, and from 57.90 \$/MWh to 81.10 \$/MWh for Gas Oil.
3. Additional remuneration is determined based on total generation and has two components: one that is charged directly at 13.70 \$/MWh, and another that is allocated to a trust for new investments, charged at 5.90 \$/MWh.
4. Remuneration for non-recurring maintenance, valued at 39.50 \$/MWh for combined cycle and 41.50 \$/MWh (formerly, 24.70 \$/MWh and 28.20 \$/MWh, respectively), determined monthly on the basis of the electricity generated. The accumulated funds can be used for performing non-recurring maintenance works.
5. New charge called "2015-2018 Resource for FONINVEMEM investments" valued at 15.80 \$/MWh, and determined monthly, based on generated power. This accumulated funds will be used for new investments in electric power generation. As a WEM agent and as part of that agreement to increase available thermal power generation, this recognition will enable the Company to participate in the new investments that will be made to diversify the electric power generation plants at a national level.
6. A new schedule of "Incentives to energy production and operating efficiency applicable to thermal power generation":
 - Additional remuneration based on production: An additional remuneration may be received based on the volume of energy produced during the year, according to the type of fuel used. This increase to be applied to variable costs will be of 15% for liquid fuel and 10% for gas/coal, when they reach an accumulated value of 25% and 50% of 92% annual generation, respectively.
 - Additional remuneration based on efficiency: An additional remuneration may be received based on the achievement of goals for fuel consumption. On a quarterly basis, actual consumption will be compared with reference consumption for each type of machine and fuel. The difference percentage will be valued at the variable cost of operation and maintenance associated with the pertinent fuel, and recognized as additional remuneration.

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 3: BASIS FOR PRESENTATION

These interim condensed financial statements for the nine and three-month periods ended September 30, 2016 and 2015 have been prepared in accordance with IAS 34 "Interim Financial Reporting". These interim condensed financial information must be read jointly with the Company's financial information at December 31, 2015.

The presentation in the interim condensed statement of financial position segregates current and non-current assets and liabilities. Current assets and liabilities are those that are expected to be recovered or settled within twelve months after the end of the reporting period. In addition, the Company reports on the cash flow from operating activities using the indirect method. The fiscal year commences on January 1 and ends December 31 of each year. Economic and financial results are presented on the basis of the fiscal year, in proportion to the elapsed period.

These interim condensed financial statements are stated in pesos. They have been prepared under the historical cost convention, modified by the measurement of financial assets and liabilities at fair value through profit or loss.

The interim condensed financial statements for the nine and three-month periods ended September 30, 2016 and 2015 have not been audited. Company's management estimates that they include all adjustments necessary to reasonably present the results for each period. The results for the nine and three-month periods ended September 30, 2016 and 2015 do not necessarily reflect a proportionate percentage of the Company's results for full years.

These interim condensed financial statements were approved for issuance by the Company's Board of Directors on November 11, 2016.

Comparative information

Balances at December 31, 2015 and for the nine and three-month period ended September 30, 2015 disclosed in these interim condensed financial statements for comparative purposes arise from financial statements at those dates. Certain reclassifications have been included in the financial statement figures presented for comparative purposes to conform them to the current period presentation.

The final merger agreement was signed on November 10, 2015 establishing a merger between GISA, GLBSA and GRISA through absorption into GMSA effective January 1, 2016. The increase in the variations is basically due to this condition. The information is not comparative.

Financial reporting in hyperinflationary economies

IAS 29, Financial Reporting in Hyperinflationary Economies, requires that the financial statements of an entity whose functional currency is that of a hyperinflationary economy should be stated in terms of the current measuring unit at the end of reporting period, irrespective of whether they are based on a historical cost or current cost approach. To this end, in general terms, non-monetary items include inflation from the acquisition date of the item or the restatement date, as applicable. To determine whether there is a hyperinflationary economy, the standard provides a series of factors to be taken into account, among others, a cumulative inflation rate over three years that is approaching, or exceeds, 100%.

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 3: BASIS FOR PRESENTATION (Cont'd)

Financial reporting in hyperinflationary economies (Cont'd)

Company Management has evaluated whether the Argentine peso meets the characteristics to qualify as a currency of a hyperinflationary economy, following the guidelines set by IAS 29. For the evaluation of this quantitative factor, the variations in the domestic wholesale price index (WPI) published by INDEC were considered, as this is the index that better reflects the conditions required by IAS 29.

At the date these condensed interim financial statements were approved, the last WPI published by INDEC corresponds to September 2016, and the cumulative inflation rate for the period of three years ended in that month, measured on the basis of that index and without computing the missing inflation data as a result of the reorganization of that agency, for the months of November and December 2015, is approximately 94%. The expectations in the different government sectors, now without the effects of the public utility rate increases that took place during the first months of 2016, after the freeze imposed over the last few years, and which have been one of the main reasons for the increase in the cumulative inflation rate over three years, follow a downward trend in the level of inflation.

Although the objective conditions necessary to qualify the Argentine economy as a hyperinflationary economy for the purposes of the preparation of the financial statements at September 30, 2016 do not exist, certain macroeconomic variables affecting Company business, such as salary costs and prices of supplies, have varied significantly year on year, and this circumstance should be considered in the evaluation and interpretation of the Company's financial position and results disclosed in these condensed interim financial statements.

NOTE 4: ACCOUNTING POLICIES

The accounting policies adopted for these interim condensed financial statements are consistent with those used in the audited financial information for the last fiscal year, which ended on December 31, 2015.

4.1 New standards, modifications and interpretations effective and not early adopted by the Company

- IFRS 16 "Leases" was issued on January 13, 2016 by the IASB and supersedes the current guidelines of the IAS 17. This standard defines a lease as a contract, or part of a contract, that conveys the right to use an asset (underlying assets) for a period of time in exchange for consideration.

Under this standard, a liability must be recognized for lease arrangements to show future lease payments and a right-of-use asset in almost all cases. This is a significant change compared with IAS 17, which required that lessee make a distinction between a financial lease (disclosed in the statement of financial position) and an operating lease (without impact on the statement of financial position). IFRS 16 contains an optional exception for some short-term leases and leases of low-value assets; however, this exception can only be applied by lessees. It is effective for fiscal years beginning on or after January 1, 2019.

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.1 New standards, modifications and interpretations effective and not early adopted by the Company

IAS 7 “Statement of cash flows”: In February 2016, IASB published an amendment whereby an entity is required to disclose information for users to understand the changes in liabilities generated by financing activities. This includes the changes in cash flows, such as the uses of funds and loan amortization; and the changes not involving cash outflows, such as acquisitions, sales and unrealized exchange differences. It applies for annual periods beginning on or after January 1, 2017.

IAS 12 “Income tax”: In February 2016, IASB published certain amendments to clarify the requirements on recognition of deferred tax assets for unrealized losses. The amendments explain how to recognize deferred tax when an asset is measured at fair value and that fair value is below the tax base of the asset. The amendments also explain other issues related to the recognition of deferred tax assets. The amendments will be effective as from January 1, 2017.

IFRS 2 Share-based payments: In June 2016, an amendment was published which clarifies the measurement basis for cash-settled share-based payments and the accounting for amendments that change a compensation from cash-settled to equity-settled. It sets forth an exception for IFRS 2 as to requiring that the compensation be treated as fully settled with equity instruments when the employer is compelled to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authorities. It is applicable for all annual periods commencing on or after January 1, 2018.

The Company is assessing the impact of these new standards and amendments.

4.2 Advances to suppliers

The Company has adopted as accounting policy to disclose advances to suppliers under other current receivables, until the assets are received. Advances to suppliers made in foreign currency are recorded under the cost model, and are not subject to revaluation or recognition of the effects of the exchange rate.

At September 30, 2016, the Company recorded a balance of advance to suppliers of \$ 918,282,212.

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 5: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires Company Management to make estimates and assessments concerning the future, apply critical judgments and establish premises that affect application of the accounting policies and the reported amounts of assets, liabilities, income and expenses.

These estimates and judgments are continually evaluated and are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual future results may differ from the estimates and assessments made at the date these interim condensed financial statements were prepared.

In preparing these interim condensed financial statements, the critical judgments delivered by Management to apply the Company's accounting policies and the sources of information used for the related estimates are the same as those delivered in the financial statements for the fiscal year ended December 31, 2015.

NOTE 6: FINANCIAL RISK MANAGEMENT

The Company's activities are disclosed under sundry financial risks: market risk (including the foreign exchange risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

These interim condensed financial statements do not include the information required for the annual financial statements regarding risk management. They should be read in conjunction with the financial statements for the fiscal year ended on December 31, 2015. No major changes have been made to risk management policies since the annual closing.

NOTE 7: SALES REVENUE

	<u>09.30.16</u>	<u>09.30.15</u>
Sale of electricity Res. 95/529/482/22	85,254,316	29,856,214
Sale of electricity in the spot market	200,423,911	126,044,700
Sale under Energía Plus	580,236,912	390,509,785
Sale of electricity Res. 220	581,722,889	130,362,429
Services provided	-	1,985,170
	<u>1,447,638,028</u>	<u>678,758,298</u>

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 8: COST OF SALES

	09.30.16	09.30.15
Cost of purchase of electric energy	(440,840,628)	(251,600,485)
Cost of gas and gas oil consumption at the plant	(398,540,291)	(199,956,143)
Fees and compensation for services	(3,593,932)	-
Salaries and social security contributions	(48,339,647)	(22,159,612)
Other employee benefits	(3,265,174)	(812,652)
Taxes, rates and contributions	(12,167,171)	(4,441,260)
Maintenance services	(80,105,718)	(32,494,628)
Depreciation of property, plant and equipment	(86,322,497)	(34,207,688)
Per diem, travel and representation expenses	(586,136)	(1,574,793)
Insurance	(12,665,200)	(8,551,221)
Communication expenses	(2,187,355)	(412,057)
Sundry	(3,114,736)	(409,757)
	(1,091,728,485)	(556,620,296)

NOTE 9: SELLING EXPENSES

	09.30.16	09.30.15
Salaries and social security contributions	(378,852)	(782,104)
Taxes, rates and contributions	(1,236,467)	(256,957)
Doubtful debt expenses	(2,010,873)	-
	(3,626,192)	(1,039,061)

NOTE 10: ADMINISTRATIVE EXPENSES

	09.30.16	09.30.15
Fees and compensation for services	(15,183,658)	(7,654,357)
Salaries and social security contributions	(1,136,555)	(3,128,416)
Other employee benefits	(152,271)	(541,768)
Taxes, rates and contributions	(942,025)	(1,289,731)
Per diem, travel and representation expenses	(2,519,681)	(1,049,862)
Insurance	(331,133)	(73,274)
Office expenses	(1,618,528)	(649,986)
Communication expenses	(5,613)	(274,705)
Sundry	(730,229)	(273,283)
	(22,619,693)	(14,935,382)

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NOTE 11: FINANCIAL RESULTS

	<u>09.30.16</u>	<u>09.30.15</u>
<u>Financial income</u>		
Commercial interest	13,604,212	2,514,050
Loan granted interest	2,789,511	-
Total financial income	<u>16,393,723</u>	<u>2,514,050</u>
<u>Financial expenses</u>		
Loan interest	(160,254,824)	(61,456,580)
Commercial interest and other	(8,540,564)	(609,873)
Bank expenses and commissions	(6,771,335)	(1,241,178)
Total financial expenses	<u>(175,566,723)</u>	<u>(63,307,631)</u>
<u>Other financial results</u>		
Exchange difference, net	(74,945,714)	(3,265,088)
Changes in the fair value of financial instruments	47,633,513	-
Other financial results	(47,113,945)	(9,146,866)
Total other financial results	<u>(74,426,146)</u>	<u>(12,411,954)</u>
Total financial results, net	<u>(233,599,146)</u>	<u>(73,205,535)</u>

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NOTE 12: PROPERTY, PLANT AND EQUIPMENT

Type of asset	Original values										Depreciation		Net book value at end of period/year	
	At beginning of period/year	Addition as a result of the merger	Increases	Transfers /Deletions	Technical revaluation	At end of period/year	Accumulated at beginning of period/year	Addition as a result of the merger	Deletions	For the period (1)	Technical revaluation	Accumulated at end of period/year	At 09.30.16	At 12.31.15
Land	6,777,099	69,989,522	2,744,951	-	-	79,511,572	-	-	-	-	-	-	79,511,572	6,777,099
Buildings	34,134,301	21,867,932	458,290	-	-	56,460,523	-	-	-	1,254,663	-	1,254,663	55,205,860	34,134,301
Facilities	67,422,515	97,110,297	315,086	-	-	164,847,898	-	-	-	7,084,269	-	7,084,269	157,763,629	67,422,515
Machinery	1,082,551,284	860,414,836	8,011,339	-	-	1,950,977,459	-	-	-	76,622,527	-	76,622,527	1,874,354,932	1,082,551,284
Works in progress - Extension of Plant	-	14,169,181	774,535,237	-	-	788,704,418	-	-	-	-	-	-	788,704,418	-
Computer and office equipment	4,114,330	1,456,252	1,272,007	-	-	6,842,589	2,237,526	555,777	-	909,425	-	3,702,728	3,139,861	1,876,804
Vehicles	1,845,997	467,496	2,473,481	-	-	4,786,974	578,576	175,847	-	451,613	-	1,206,036	3,580,939	1,267,421
Spare parts and materials	12,151,471	4,129,692	15,083,454	-	-	31,364,617	-	-	-	-	-	-	31,364,617	12,151,471
Total at 09.30.2016	1,208,996,997	1,069,608,208	804,893,845	-	-	3,083,496,050	2,816,102	731,624	-	86,322,497	-	89,870,223	2,993,625,828	-
Total at 12.31.2015	907,605,470	-	18,756,946	(861,937)	283,496,518	1,208,996,997	24,354,335	-	(207,841)	45,951,039	(67,281,431)	2,816,102	-	1,206,180,895
Total at 09.30.2015	1,417,003,318	-	13,943,614	(861,933)	-	1,430,084,999	533,752,183	-	(213,026)	34,207,688	-	567,746,845	862,338,154	-

(1) Depreciation charges for the nine-month period ended September 30, 2016 and for the fiscal year ended December 31, 2015 were allocated to the cost of sale, including \$50,053,385 and \$20,060,656, respectively, corresponding to a higher value of technical revaluation.

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 13: CASH AND CASH EQUIVALENTS

	<u>09.30.16</u>	<u>12.31.15</u>
Cash	350,018	128,425
Banks in local currency	50,612,200	290,556
Banks in foreign currency	610,849,872	204
Mutual funds	655,849,548	-
Checks to be deposited	14,426,536	2,675,095
	<u>1,332,088,174</u>	<u>3,094,280</u>

For the purposes of the cash flow statement, cash, cash equivalents and bank overdraft facilities include:

	<u>09.30.16</u>	<u>09.30.15</u>
Cash and cash equivalents	1,332,088,174	35,621,044
Bank overdrafts	-	(15,745,876)
Cash and cash equivalents (bank overdrafts included)	<u>1,332,088,174</u>	<u>19,875,168</u>

NOTE 14: CAPITAL STATUS

Subscribed capital at September 30, 2016 amounts to \$125,654,080.

At the Extraordinary Meeting of Shareholders held on October 15, 2015 which approved the merger through absorption of GMSA (the merging company), GISA, GLBSA and GRISA (the merged companies), a capital increase was resolved considering the respective swap ratio as from the effective merger date (January 1, 2016) in the amount of \$49,454,007, taking the share capital to \$125,654,080 and delegating on the Board of Directors the date of issuance of the shares, under the terms of Section 188 of the General Companies Law No. 19550. In this regard, the Board of Directors approved on January 11, 2016 the issuance of 49,457,007 ordinary registered non-endorsable shares of \$1 nominal value each and entitled to 1 vote per share, corresponding to the above-mentioned capital increase. At present, this capital increase has been duly registered (see Note 26.a).

Also, the Ordinary and Extraordinary Shareholders' Meeting held on October 18, 2016 approved the merger through absorption of GMSA (the continuing company) and GFSA (merged company) within the framework of the merger process; a GMSA capital increase was decided from \$125,654,080 to \$138,172,150 by issuing 12,518,070 new ordinary registered non-endorsable shares of GMSA, of \$1 par value each and entitled to 1 (one) voting right per share, considering the respective swap ratio, as from the effective merger date (January 1, 2017), delegating to the Board of Directors the power to decide when the new shares will be issued. Furthermore, as a result of that capital increase, it was resolved to approve the amendment to section 5 of corporate bylaws (see Note 26.b).

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 15: EARNINGS PER SHARE

Basic

The basic earnings per share are calculated by dividing the income attributable to the holders of the Company's equity instruments by the weighted average number of ordinary shares outstanding during the period.

	09.30.16	09.30.15
Comprehensive income for the period	58,624,293	21,614,441
Weighted average of outstanding ordinary shares	125,654,080	76,200,073
Basic earnings per share	0.4666	0.2837

There are no differences in the calculation of the basic earnings per share and the diluted earnings per share, as there are no preferred shares or negotiable obligations convertible into ordinary shares.

NOTE 16: LOANS

	09.30.16	12.31.15
Non-current		
International bond	2,570,896,438	-
Credit Suisse loan	595,434,533	-
Debt under BAF loan	607,076,199	-
Syndicated Loan	-	19,256,078
Negotiable obligations	198,924,971	129,593,922
CAMMESA	9,862,018	-
Other bank debts	-	20,385,195
Finance lease debts	2,993,393	987,319
	3,985,187,552	170,222,514
Current		
International bond	31,194,104	-
Credit Suisse loan	5,179,149	-
Debt under BAF loan	3,646,793	-
Syndicated Loan	-	38,344,293
Negotiable obligations	24,373,149	10,706,567
CAMMESA	6,749,322	-
Other bank debts	-	32,076,830
Bank overdrafts	-	35,928,167
Finance lease debts	1,955,358	1,240,120
	73,097,875	118,295,977

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 16: LOANS (Cont'd)

At September 30, 2016, total debt is \$ 4,058 million. The following table shows our total debt at that date.

	Original principal	Balance as of September 30, 2016	Interest rate	Currency	Date of issuance	Maturity date
		(Pesos)	(%)			
Loan agreement						
BAF	USD 40,000,000	610,722,992	10%	USD	02/11/2016	02/15/2017
Credit Suisse (*)	USD 40,000,000	600,613,682	Libor + 9.625%	USD	06/01/2016	06/03/2021
Subtotal		1,211,336,674				
Debt securities						
International bond	USD 173,000,000	2,602,090,542	9.625%	USD	07/27/2016	07/27/2023
Class IV NO	\$ 25,439,600	24,373,149	BADLAR + 6.5%	ARS	07/07/2015	07/17/2017
Class V NO	\$200,000,000	198,924,971	BADLAR + 4%	ARS	06/30/2016	06/30/2018
Subtotal		2,825,388,662				
Other liabilities						
CAMMESA		16,611,340				
Finance lease		4,948,751				
Subtotal		21,560,091				
Total		4,058,285,427				

(*) Paid after closing date (see Note 29.b)

a) International issuance of negotiable obligations

On July 7, 2016, GMSA, GFSA and CTR got authorization from the CNV, under Resolution No. 18110, for the co-issuance in the domestic and international markets of guaranteed and unsubordinated ordinary Negotiable Obligations, not convertible into shares. Negotiable Obligations were issued on July 27, 2016 for USD 250 million, falling due within 7 years. All of the Negotiable Obligations are unconditionally guaranteed by ASA.

The Negotiable Obligations are rated B+ (Fitch ratings) / B3 (Moody's).

This issuance allows for the financing of the investments related to the Company's expansion plans, as a result of the ES having awarded the Wholesale Demand Contracts through Resolution 115/2016 dated June 14, 2016, and also the Group's projects under development, which in the aggregate represent works for installing 460 nominal MW. In addition, it allows for improving the Group's financial profile with the early repayment of existing loans, obtaining a term for financing in accordance with the projects under financing and also a considerable decrease in related costs, which implies greater financial efficiency and release of guarantees.

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 16: LOANS (Cont'd)

a) International issuance of negotiable obligations (Cont'd)

International Negotiable Obligation:

Principal: Nominal value: USD 250,000,000; nominal value assigned to GMSA: USD 173,000,000.

Interest: Accrues interest at a fixed rate of 9.625%

Payment term and method: Interest on the International Negotiable Obligation shall be paid semi-annually in arrears, on the following dates: January 27 and July 27 of each year, commencing on January 27, 2017 and ending on the due date.

Principal on the Negotiable Obligations shall be amortized in a lump sum payment at maturity, that is, on July 27, 2023.

In the period, hedge contracts were executed for the following interest payment in January 2017.

The balance of the International Bond at September 30, 2016 amounts to \$ 2,602,090,542.

As a result of the issue of International Bonds, the Company has undertaken standard commitments for this type of issue, whose specific conditions are detailed in the pertinent public prospectus.

With the proceeds from the issue of the International Bond, a prepayment of the following financial loans has been made, with the settlement of the pertinent guarantees:

- Loans from Banco de la Provincia de Córdoba
- Loan from Banco Hipotecario
- Loan from ICBC (GISA)
- Loan from Nuevo Banco de la Rioja
- Loan from Banco Ciudad
- Loan from Banco Chubut
- Loan from Banco Supervielle
- Loan from Banco Macro
- Syndicated Loan

b) Loan from Credit Suisse Internacional

On June 1, 2016, GMSA entered into a loan agreement with Credit Suisse Internacional, which disbursed a line of credit for a total amount of USD 60,000,000, divided into two disbursements made on June 2, 2016 and June 23, 2016. The loan will be applied to finance investments for 50 MW and 100 MW enlargements at GR and GM, respectively.

Principal: nominal value: USD 60,000,000.

Interest: LIBO rate + 9.625%.

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 16: LOANS (Cont'd)

b) Loan from Credit Suisse Internacional (Cont'd)

Repayment: Interest will be paid quarterly as from the following date: September 02, 2016 Principal will be settled in 17 (seventeen) quarterly installments as from June 2017, the last installment becoming due on June 3, 2021.

On September 30, the Company has early repaid USD 20 million of this loan. Upon compliance with the minimum period of permanence required by BCRA regulations in force, the Company made an early repayment of the loan balance, applying the remaining USD 40 million that were deposited in an escrow account in favor of Credit Suisse. At the date of publication of the interim condensed financial statements the debt has been fully settled and the formalities for the pertinent release of the guarantees were documented.

At September 30, 2016 the Company was complying with covenants.

c) Loan from BAF Latam Trade Finance Funds B.V.

On February 11, 2016, GMSA, on its own and as the continuing company of GISA and GRISA as a result of the merger through absorption duly informed on November 10, 2015 entered into a loan agreement with BAF Latam Trade Finance Funds B.V. which granted a credit line for a total amount of USD 40,000,000 to be used for (i) financing of the project for the installation of a new turbine of 50 MW in its power plant in La Rioja USD 19,867,305 including the cancellation of the price balance owed to Siemens Industrial Turbomachinery AB for the import of a gas turbine SGT800; (ii) the prepayment of the balance of USD 20,132,695 of the loan agreement entered into on May 4, 2011, between GISA (debtor), UBS Securities LLC (moneylender) and UBS AG Stamford Branch (administrative agent).

The most relevant provisions are the following:

Principal: nominal value: USD 40,000,000

Interest: annual fixed rate of 10%.

Repayment: interest will be paid on a quarterly basis, as from the following date: May 15, 2016. Principal will be fully repaid by the due date: February 15, 2019.

The balance of the loan at September 30, 2016 amounts to \$ 610,722,992. The remaining loan principal balance at the date of issuance of the interim condensed financial statements is USD 40,000,000.

At the date of these interim condensed financial statements, the Company is in compliance with its covenants.

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 16: LOANS (Cont'd)

d) Negotiable obligations

With the purpose of improving the financial profile of the company, on October 17, 2012 GMSA, through Resolution 16942, was granted authorization from the CNV for: (i) incorporation of GMSA to the public offering system; and (ii) creation of a global program to issue simple (non-convertible) negotiable obligations for a total nominal value outstanding of up to USD 100,000,000 (one hundred million US dollars) or its equivalent in other currencies, in one or more classes or series.

At September 30, 2016 there are Class IV and Class V (GMSA) negotiable obligations outstanding, issued by the Company for the amounts and under the following conditions:

Class IV Negotiable Obligations (GMSA):

Principal: Nominal value: \$ 130,000,000

Interest: (i) from the date of issuance and liquidation until nine (9) months have elapsed from the date of issuance and liquidation, inclusive, the loan will accrue interest at a fixed rate of 28%; (ii) from the beginning of the tenth (10) month, counted as from the date of issuance and liquidation, until the date on which the principal is fully settled (not inclusive), interest will accrue at an annual floating rate equal to the sum of: (a) private banks BADLAR rate plus (b) 6.50%.

Repayment terms and conditions: interest on Class IV Negotiable Obligations will be paid on a quarterly basis, in arrears, on the following dates: October 15, 2015; January 15, 2016; April 15, 2016; July 15, 2016; October 17, 2016; January 16, 2017; April 17, 2017 and July 17, 2017.

Principal on Class IV Negotiable Obligations shall be amortized in 3 quarterly installments, the first two equivalent to 33% of nominal value of the negotiable obligations and the last installment to 34% of nominal value, payable on January 16, 2017, April 17, 2017 and July 17, 2017, respectively.

The funds obtained through the issuance of Class IV Negotiable Obligations were allocated to the partial pre-payment of principal on Class III Negotiable Obligations for an amount of \$ 87,824,000. The remaining amount was allocated to investments and working capital. This enabled improving the Company's financial profile.

On June 30, 2016, Class V Negotiable Obligations were issued, a portion in cash and the remainder through a voluntary swap of Class IV (GMSA) and Class III (GISA) Negotiable Obligations, improving the Company's working capital and indebtedness profile (term and rate). The amount repaid of Class IV Negotiable Obligations totaled \$75,141,860, with an outstanding principal balance of \$54,858,140.

Subsequently, the Company repurchased a portion of the issue in the secondary market, there being a balance of \$ 25,439,600 held by third parties at the date of these interim condensed financial statements. The balance due for this Negotiable Obligation at September 30, 2016 amounts to \$ 24,373,149.

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 16: LOANS (Cont'd)

d) Negotiable obligations (Cont'd)

Class V Negotiable Obligations:

Principal: Nominal value: \$200,000,000

Interest: Private Banks BADLAR rate plus 4%

Term and repayment: interest on Class V Negotiable Obligations will be paid on a quarterly basis, past due, in the following dates: September 30, 2016, December 30, 2016, March 30, 2017, June 30, 2017, September 30, 2017, December 30, 2017, March 30, 2018 and June 30, 2018.

Principal on Class V Negotiable Obligations shall be amortized in 3 quarterly installments, the first two equivalent to 30% of nominal value of the negotiable obligations and the last installment to 40% of nominal value, payable on December 30, 2017, March 30, 2018 and June 30, 2018, respectively.

The amount was paid in in cash and in kind, through the swap of GMSA Class IV Negotiable Obligations of \$75,141,860 and GISA Class III Negotiable Obligations for \$55,446,986. The proceeds from the issuance of Class V negotiable obligations were applied to the repurchase of the remaining balance of Class III negotiable obligations, investments and working capital. The swaps and subsequent repurchase of GISA Class III Negotiable Obligations improved the Company's financial profile.

The balance of the NO at September 30, 2016 amounts to \$198,924,971.

e) Loan from CAMMESA (GRISA)

At September 30, 2016 the Company holds financial debts with CAMMESA for \$ 16,611,340, guaranteed by the assignment of 100% of the present and future credit rights for the sale of energy in the Spot market of the WEM, upon implementation of a trust agreement in accordance with Law No. 24441.

This debt was incurred to finance the program for repairing the gas turbines, and for the control systems of turbines and generators, improving the protection system, adapting the natural gas feeding system and other ancillary works.

This loan has a repayment period set in 48 monthly and consecutive installments, to which interest must be added applying the rate equivalent to the average return obtained by the Dispatch Management Agency (CAMMESA) on financial placements in the WEM. At the closing date of these interim condensed financial statements, 15 installments, equivalent to \$ 8,436,648, had been paid.

The balance of the loan at September 30, 2016 amounts to \$18,560,626.

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 16: LOANS (Cont'd)

The due dates of Company loans and their exposure to interest rates are as follow:

	<u>09.30.16</u>	<u>12.31.15</u>
Fixed rate		
Less than 1 year	34,840,897	56,427,339
Between 2 and 3 years	593,750,446	-
More than 3 years	2,584,222,191	-
	<u>3,212,813,534</u>	<u>56,427,339</u>
Floating rate		
Less than 1 year	38,256,978	61,868,638
Between 1 and 2 years	199,619,435	158,749,014
Between 2 and 3 years	3,112,698	9,999,912
After 3 years	604,482,782	1,473,588
	<u>845,471,893</u>	<u>232,091,152</u>
	<u>4,058,285,427</u>	<u>288,518,491</u>

Company loans are denominated in the following currencies:

	<u>09.30.16</u>	<u>12.31.15</u>
Argentine pesos	244,460,324	288,518,491
US Dollars	3,813,825,103	-
	<u>4,058,285,427</u>	<u>288,518,491</u>

Changes in Company's loans were as follows:

	<u>09.30.16</u>	<u>09.30.15</u>
Loans at beginning	288,518,491	238,233,944
Addition as a result of the merger	490,716,207	-
Loans received	4,275,262,061	150,998,724
Loans paid	(1,056,867,240)	(149,890,835)
Accrued interest	225,299,011	49,009,391
Interest paid	(182,401,257)	(47,262,939)
Exchange difference	48,813,061	-
Bank overdrafts	(61,236,231)	7,159,992
Capitalized expenses/present values	30,181,324	2,088,176
Loans at closing	<u>4,058,285,427</u>	<u>250,336,453</u>

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 17: ALLOWANCES AND PROVISIONS

	For bad debts sales	For Contingencies
Balance at December 31, 2015	744,909	9,949,496
Increases (1)	2,010,873	-
Decreases	-	(424,982)
Balance at September 30, 2016	2,755,782	9,524,514

Provisions cover contingencies arising in the ordinary course of business and other sundry risks that could create obligations for the Company. In estimating the amounts and probabilities of occurrence, the opinion of the Company's legal advisors has been considered.

(1) The increase in allowances and provisions of accounts receivable are disclosed in selling expenses.

NOTE 18: TRANSACTIONS AND BALANCES WITH RELATED PARTIES

	Income / (Loss)	
	\$	
	09.30.16	09.30.15
a) Sales of energy		
<u>Other related parties:</u>		
Solalban Energía S.A.	61,116,871	9,226,726
GISA (1)	-	329,054
RGA	33,216,783	11,165,008
	94,333,654	20,720,788
b) Purchase of gas and energy		
<u>Other related parties:</u>		
Solalban Energía S.A.	(126,875)	(524,515)
GISA (1)	-	(1,098,634)
RGA (*)	(395,113,467)	(84,391,981)
	(395,240,342)	(86,015,130)

(*) Correspond to gas purchases, which are partly assigned to CAMMESA within the framework of the Natural Gas Dispatch Procedure for power generation.

(1) Company merged through absorption effective January 1, 2016.

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 18: TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

c) Administrative services

	Income / (Loss)	
	\$	
	09.30.16	09.30.15
<u>Other related parties:</u>		
RGA	(23,468,268)	(2,200,378)
GRISA (1)	-	1,985,170
	(23,468,268)	(215,208)

d) Rental

Other related parties:

RGA	-	(90,000)
	-	(90,000)

e) Other purchases and services received

Other related parties:

Solalban Energia S.A.	-	(769,178)
RGA	-	-
BDD	(6,578)	(4,909)
AJSA	(9,984,451)	(1,154,000)
	(9,991,029)	(1,928,087)

f) Expenses reimbursement

Other related parties:

RGA	1,301	(18,503)
GROSA	6,233,410	927,830
GISA (1)	-	2,690,035
CTR	13,938,485	1,977,937
GFSA	5,507,676	263,002
GLBSA (1)	-	270,669
GRISA (1)	-	278,918
	25,680,872	6,389,888

g) Financial expenses recovery

Other related parties:

RGA	(3,515,702)	-
	(3,515,702)	-

(1) Companies merged through absorption effective January 1, 2016.

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 18: TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

	Income / (Loss)	
	\$	
	09.30.16	09.30.15
<i>h) Purchase of spare parts</i>		
Other related parties:		
GROSA	(43,559)	-
GFSA	(10,572,050)	-
	(10,615,609)	-

i) Loan granted interest

Other related parties:		
AISA	2,789,511	-
	2,789,511	-

i) Remuneration of key managerial staff

The senior management includes directors (executive and non-executive). Their fees at September 30, 2016 and 2015 amounted to \$10,505,578 and \$2,733,682, respectively.

	09.30.16	09.30.15
Salaries	(10,505,785)	(2,733,682)
	(10,505,785)	(2,733,682)

k) Balances at the date of the interim condensed statements of financial position

	09.30.16	12.31.15
Current trade receivables with other related parties		
GRISA (1)	-	2,402,056
GROSA	2,773,281	2,773,281
CTR	1,815,000	1,500,000
GFSA	1,210,000	1,000,000
AESA	53,650	-
Solalban Energia S.A,	146,166	-
	5,998,097	7,675,337
Other current receivables with other related parties		
GFSA	7,087,622	-
ASA	50,794,102	48,094,040
GRISA (1)	-	57,750,000
CTR	23,797,334	-
GROSA	7,201,979	-
	88,881,037	105,844,040
Current trade payables with other related parties		
RGA	55,764,363	60,412,349
AJSA	-	1,214,771
Solalban Energia S.A.	-	215,538
GFSA	12,791,616	-
	68,555,979	61,842,658

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 18: TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

k) Balances at the date of the interim condensed statements of financial position (Cont'd)

Other current debts with other related parties

	09.30.16	12.31.15
Minority interest	145,000	145,000
	145,000	145,000

l) Loans granted

	09.30.16	09.30.15
Albanesi Inversora S.A.		
Loans at beginning	-	-
Loans granted	60,000,000	-
Loans charged	-	-
Accrued interest	2,789,511	-
Loans at closing	62,789,511	-

The loans are governed by the following terms and conditions:

Entity	Amount	Interest rate	Conditions
At 09.30.2016			
AISA	60,000,000	BADLAR + 3%	Expiration: 1 year, automatically renewable up to 5 years
TOTAL	60,000,000		

Receivables from related parties arise mainly from transactions of services provided and fall due in the month following the transaction date. No provisions have been recorded for these receivables from related parties in any of the periods covered by these interim condensed financial statements. Trade payables with related parties arise mainly from transactions involving purchases of gas and fall due in the month following the transaction date. Transactions with related parties are conducted in conditions similar to those carried out with independent parties.

NOTE 19: RESTRICTED ASSETS AND OTHER COMMITMENTS

19.1 Syndicated loan

To secure due and timely compliance with all of the payment obligations assumed and/or to be assumed by GMSA under the Syndicated ASA posted a suretyship on the Company's obligations thereunder and an assignment in guarantee was agreed in favor of the administrative agent under the syndicated loan, of the rights to collect sums of money under certain Energia Plus sale transactions (conducted or to be conducted); 21 contracts of the Company were pledged as collateral for that assignment of rights.

At the date of these interim condensed financial statements, the Power Plant released the contracts assigned as collateral, corresponding to Vidriería Argentina S.A., Pilkington S.A., Arcor SAIC, Vicentin S.A., Holcim S.A., Chevron S.R.L., Axion Energy S.A., Coca Cola Femsa de Buenos Aires S.A. (City of Buenos Aires Plant), Coca Cola Femsa de Buenos Aires S.A. (Monte Grande Plant) and Rayen Cura SAIC.

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 19: RESTRICTED ASSETS AND OTHER COMMITMENTS (Cont'd)

19.1 Syndicated loan (Cont'd)

With the issuance of the bond the syndicated loan was repaid and, as a result, the surety granted by ASA and the contracts assigned in guarantee were released, namely: Cerámica Lourdes, Acindar Industria Argentina de Areco S.A., SAF Argentina S.A., Danone Argentina S.A., Troy Resources Argentina LTD, Owen Illinois Argentina S.A., Casino de Rosario S.A., Buquebus (Planta San Vicente), Geminelli S.A., Noble Argentina S.A. y Oppfilm S.A..

19.2 Other commitments

Certain contractual obligations in connection with the supply of electricity to great customers of the Forward Market at September 30, 2016 and the periods to fulfill those obligations are detailed below. These commitments arise from supply contracts (energy and power) entered into between the Company and large customers of the Forward Market under ES regulations set forth by Resolution No. 1281/06 (Energía Plus). They are contracts denominated in United States dollars, entered into with private customers.

	<u>Total</u>	<u>Up to 1 year</u>	<u>From 1 to 3 years</u>
<i>Sale commitments⁽¹⁾</i>			
Electric energy and power - Plus	615,298,882	508,141,480	107,157,402

(1) Commitments are denominated in pesos and have been valued considering estimated market prices, based on the particular conditions of each contract. They reflect the valuation of the contracts with private customers in force at September 30, 2016, under ES Resolution 1281/06.

19.3 Loan BAF Latam Trade Finance Funds B.V.

On February 11, 2015, BAF Latam Trade Finance Funds B.V. became a subordinated beneficiary of the guarantee package provided to UBS AG Stamford Branch under the Contract of Assignment of Fiduciary Rights and Trust for Guarantee Purposes originally executed on May 4, 2011 as collateral for due and proper compliance with all of the payment obligations assumed under the UBS AG Loan. After repayment of the UBS AG Loan in full during February 2016, BAF Latam Trade Finance Funds B.V. became the only beneficiary of all the assets and rights assigned as collateral under that contract, with Banco de Servicios y Transacciones S.A. acting as trustee and Generación Mediterránea, as trustor.

The rights assigned under the contract are detailed below:

- All Company rights under the project documents.
- All Company rights pertaining to the Company to collect and receive all payments in cash or in kind, for any item, due to the Company by the debtors under present and future Electricity Sales Transactions carried out on the Energía Plus market.
- All Company rights to collect and receive all payments in cash or in kind, for any item, due by the Company to any insurance company, at this date or at a future date.
- Fiduciary ownership of the Real Estate Property existing at this date and any real estate property incorporated thereafter.
- Fiduciary ownership of the Company assets.
- The right to make any claims and file any actions arising from the breach of the obligation to pay.
- Any collection right related to the rights assigned in these paragraphs.

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 19: RESTRICTED ASSETS AND OTHER COMMITMENTS (Cont'd)

19.3 Loan BAF Latam Trade Finance Funds B.V. (Cont'd)

- Each and every right available and/or that may become available to ASA in relation to the Company arising from an irrevocable capital contribution.
- All the funds existing in the Company's account that have been received by the Company in relation to the assigned rights.

NOTE 20: WORKING CAPITAL

The Company reports at September 30, 2016 a surplus in working capital of \$2,771,648,103 (calculated as current assets less current liabilities), which means an improvement of \$2,765,995,917, compared to the surplus in working capital at the end of the year ended December 31, 2015 (\$5,652,186 at 12/31/2015).

EBITDA at September 30, 2016 amounted to \$422,864,978, as expected; this shows the accomplishment of the objectives and efficiency of the operations conducted by the Company.

NOTE 21: STORAGE OF DOCUMENTATION

On August 14, 2014, the CNV adopted General Resolution No. 629 introducing amendments to its regulations on storage and preservation of corporate books, accounting records and business documents. It is informed that the Company has sent for storage its work papers and non-sensitive information for the not yet statute-barred fiscal years to the following supplier:

Entity responsible for warehousing of information - Domicile
Iron Mountain Argentina S.A. – Av. Amancio Alcorta 2482, C.A.B.A.
Iron Mountain Argentina S.A. – San Miguel de Tucumán 601, Spegazzini, Ezeiza.

A detail of the documentation sent for preservation is available at the registered office of that entity, as well as the documentation referred to by article 5, clause a.3), Section I of Chapter V of Title II of the REGULATIONS (N.T. 2013 and their amendments).

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 22: LONG-TERM MAINTENANCE CONTRACT

GMSA signed with the company PWPS a global service agreement (Long Term Service Agreement), for the GM and GI power plants. As established in the contract, PWPS must provide on-site technical assistance on a permanent basis, a remote monitoring system to follow up on the efficient performance of the turbines, 24-hour assistance from the engineering department in USA, original spare parts in a timely manner and repairs for planned and unplanned maintenance. In turn, GMSA entered into an equipment lease agreement whereby PWPS must make available to GMSA under EXW conditions replacement equipment (Gas Generator/Power Turbine) for 72 hours, in case of unplanned placing of equipment out of service. PWPS thus guarantees availability of not less than ninety five percent (95%) to the Power Plants for a contractual year. In addition, the Power Plants have their own repair shop with tools and stocks of spare parts to perform on-site repairs without having to send the equipment to the shop in the USA. The gas turbine equipment can be sent by plane, thus reducing the transportation time.

GMSA signed with Siemens SA and Siemens Industrial Turbomachinery AB a global service and spare part agreement for the GR power plant. As set forth in the agreements, Siemens must provide on-site technical assistance on a permanent basis, a remote monitoring system to follow up on the efficient performance of the turbines, 24-hour assistance from the engineering department, original spare parts in a timely manner and repairs for planned and corrective maintenance. In addition, the agreement specifies that Siemens will make available to GMSA replacement equipment (engine gas generator), if necessary. Siemens thus guarantees an average availability of not less than ninety six percent (96%) on average to the Power Plant for each biannual measurement period. Besides, the Power Plant has its own repair shop with tools and a stock of spare parts to perform on-site repairs. Compliance with the power sale agreement with CAMMESA under Resolution 220/07 is thus guaranteed.

Compliance with the energy sale agreements is thus guaranteed.

NOTE 23: SEGMENT REPORTING

The information on operating segments is presented in accordance with information for interim periods furnished to the chief operating decision maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company's Board of Directors.

Management has determined the operating segment based on reports reviewed by the Board of Directors, and which are used for strategic decision making.

The Board of Directors considers that the business consists of two segments: the sale of electric power and the provision of services.

The Company did not provide engineering services to third parties during the current period.

The information used by the Board of Directors for decision-making is based primarily on operating indicators of the business. Considering that the adjustments between the prior accounting standards and IFRS refer to non-operating items, such information is not substantially affected by the application of the new standards.

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 23: SEGMENT REPORTING (Cont'd)

Below is a description of the results per business segment for the three-month periods ended September 30, 2016 and 2015, stated in pesos:

At 09.30.16	Energy	Services	Total
Sales revenue	1,447,638,028	-	1,447,638,028
Cost of sales	(1,091,728,485)	-	(1,091,728,485)
Gross income	355,909,543	-	355,909,543
Selling expenses	(3,626,192)	-	(3,626,192)
Administrative expenses	(22,619,693)	-	(22,619,693)
Other operating income	6,878,823	-	6,878,823
Operating income	336,542,481	-	336,542,481
Financial income	16,393,723	-	16,393,723
Financial expenses	(175,566,723)	-	(175,566,723)
Other financial results	(74,426,146)	-	(74,426,146)
Financial results, net	(233,599,146)	-	(233,599,146)
Income before tax	102,943,335	-	102,943,335
Income tax	(44,319,042)	-	(44,319,042)
Income for the period	58,624,293	-	58,624,293
At 09.30.15	Energy	Services	Total
Sales revenue	676,773,128	1,985,170	678,758,298
Cost of sales	(555,032,160)	(1,588,136)	(556,620,296)
Gross income	121,740,968	397,034	122,138,002
Selling expenses	(1,033,792)	(5,269)	(1,039,061)
Administrative expenses	(14,935,382)	-	(14,935,382)
Other operating income	26,209	-	26,209
Operating income	105,798,003	391,765	106,189,768
Financial income	2,514,050	-	2,514,050
Financial expenses	(63,307,631)	-	(63,307,631)
Other financial results	(12,411,954)	-	(12,411,954)
Financial results, net	(73,205,535)	-	(73,205,535)
Income before tax	32,592,468	391,765	32,984,233
Income tax	(11,232,674)	(137,118)	(11,369,792)
Income for the period	21,359,794	254,647	21,614,441

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 24: PRESENTATION TO CAMMESA

On June 19, 2015, the Company submitted to CAMMESA a request for recognition of the remuneration for maintenance and investments, as set forth by Resolution 529/14. Since the effective date of that Resolution, in February 2014 and until June 2015, the Company has generated a total of 540,614MWh, equivalent to the amount of \$14,268,553.

On August 26, 2015, the Company made a new presentation to CAMMESA updating the amount in the request mentioned in the preceding paragraph under Resolution 529/14.

On September 7, 2015, the Company provided, at the request of CAMMESA, further information and an update of the amounts to be invested, including a brief description of the work to be performed to accomplish the objectives in each case and a work schedule.

On January 27, 2016, the Energy Secretariat partially accepted the request sent by the Company, as mentioned in the preceding paragraphs, and authorized financing for up to USD 6,888,920, plus VAT. This financing will be repaid applying the accumulated receivables in favor of the Company and the receivables to which the Company is entitled by application of the Remuneration for Non-Recurring Maintenance.

On June 10, 2016 the Company submitted to CAMMESA a request for recognition of the remuneration for maintenance and investments, as set forth by Resolution 529/14 of GR and GLB. Since the effective date of that Resolution, in February 2014 and until April 2016 inclusive, GLB has generated a total of 60,166MWh, equivalent to the amount of \$ 2,935,346 and GR generated a total of 51,564MWh, equivalent to the amount of \$3,068,853.

The Company reports an accumulated balance for non-recurring maintenance of \$37,316,847 at September 30, 2016.

On August 9, 2016, the Company entered into a new mutuum agreement with CAMMESA whereby the financing of the execution of several maintenance works in the MMARCC01 and MMARCC02 units was formalized for an amount of up to USD 6,888,920 plus VAT. The most important tasks to be performed include the Overhaul, the replacement of DB20 Brown Boveri switches due to obsolescence, the replacement of the CC excitation system (EX2000 through EX2100e DFE), and the reengineering of the fire protection network.

On June 10, 2016, a note about non-recurring maintenance was filed with CAMMESA by both GLB and GR, for a total amount of USD 953,000 plus VAT. The technical team from CAMMESA completed the visits to the power plant and issued a report on GLB and GR which is under economic assessment.

NOTE 25: INVESTMENTS IN COMPANIES

To increase the thermal power generation capacity, the Argentine Government created in 2004 the FONINVEMEM, a fund administered by CAMMESA to make investments in thermal power generation. To finance the FONINVEMEM, the Energy Secretariat invited all WEM agents that held LVFVD due by the WEM, to express their decision to invest (or not) in the FONINVEMEM 65% of their receivables generated between January 2004 and December 2006.

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 25: INVESTMENTS IN COMPANIES (Cont'd)

The Company holds an equity interest of 0.0282% equivalent to 141 shares in Termoeléctrica José de San Martín S.A. and Termoeléctrica Manuel Belgrano S.A., which engage in equipment purchases, construction, operation and maintenance of the respective power plants. The fair value of the unlisted ordinary shares in Termoeléctrica José de San Martín S.A. and Termoeléctrica Manuel Belgrano S.A. has been estimated using a model of discounted cash flows based on dividends at September 30, 2016.

NOTE 26: MERGER

a) GMSA – GISA – GLBSA – GRISA MERGER THROUGH ABSORPTION

On August 31, 2015, GMSA entered into a preliminary merger agreement (the "Preliminary Merger Agreement") whereby it started the merger through absorption process with the related companies GISA, GLBSA and GRISA (the "Corporate Reorganization").

The Corporate Reorganization allows to enhance and optimize the performance of the economic activities and the operating, administrative and technical structures of the Participating Companies to achieve synergies and operating efficiency through only one operating unit. Considering that the participating companies are electric power generating agents in the WEM and that their main line of business is the generation and sale of electric power, the Merger will be beneficial for the following reasons: a) the type of business activity of the Participating Companies, which enables integration and complementation for greater operating efficiencies; b) a simplification of the participating companies' corporate structure by consolidating the companies' activities in only one entity; c) the synergy of the union of the different Group companies will make the exercise of control, management and administration of the energy business more effective; d) the obtainment of a larger scale, permitting increasing the financial ability to develop new projects; e) a better allocation of existing resources; f) benefiting from a centralized administration, unifying the political and strategic decision-making processes in relation to the business, thus eliminating multiple costs (legal, accounting, administrative, financial and other costs); and g) the creation of more career opportunities for the employees of the participating companies. Furthermore, the above-mentioned benefits will be obtained without incurring tax costs, as the Corporate Reorganization will be tax free under the terms of Section 77 and following provisions of the Income Tax Law No. 26839.

As a result of the merger and as approved in the Preliminary Merger Agreement and Final Merger Agreement, as from the effective date of merger (January 1, 2016): (a) the equities of all merged companies (GISA, GLBSA and GRISA) were fully transferred to GMSA, thus acquiring the ownership of all rights and obligations of GISA, GLBSA and GRISA, subject to the registration of the final merger agreement in the Public Registry under the Superintendency of Commercial Companies (IGJ); (b) GISA, GLBSA and GRISA were dissolved without liquidation, being absorbed by GMSA; (c) GMSA capital stock increased from \$ 76,200,073 to \$ 125,654,080, amending the bylaws of the continuing company.

On March 18, 2016, the CNV through Resolution No. 18003 approved the described merger through absorption within the terms of Section 82 of the General Companies Law No. 19550 and ordered that the file be sent to the IGJ for its registration, which was performed on May 18, 2016.

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 26: MERGER (Cont'd)

b) GMSA – GFSA MERGER THROUGH ABSORPTION

On August 31, 2016, GMSA entered into a preliminary merger agreement (the “GMSA-GFSA Preliminary Merger Agreement”) whereby it started a process for the merger through absorption of GFSA (the “GMSA-GFSA Corporate Reorganization”).

The GMSA-GFSA Corporate Reorganization will allow to enhance and optimize the performance of the economic activities and the operating, administrative and technical structures of the participating companies to achieve synergies and operating efficiency through only one operating unit. Considering that the participating companies are electric power generating agents in the WEM and that their main line of business is the generation and sale of electric power, the Merger will be beneficial for the following reasons: a) the type of business activity of the participating companies, which enables integration and complementation for greater operating efficiencies; b) a simplification of the participating companies' corporate structure by consolidating the companies' activities in only one entity; c) the synergy of the union of the different Group companies will make the exercise of control, management and administration of the energy business more effective; d) the obtainment of a larger scale, permitting to increase the financial ability to develop new projects; e) a better allocation of existing resources; f) benefiting from a centralized administration, unifying the political and strategic decision-making processes in relation to the business, thus eliminating multiple costs (legal, accounting, administrative, financial and other costs); and g) the creation of more career opportunities for the employees of the participating companies. Furthermore, the above-mentioned benefits will be obtained without incurring tax costs, as the GMSA-GFSA Corporate Reorganization will be tax free under the terms of Section 77 and following provisions of the Income Tax Law No. 26839.

As a result of the merger and as approved in the GMSA-GFSA Preliminary Merger Agreement, as from the effective date of merger (January 1, 2017): (a) all of GFSA's equity will be transferred to GMSA, thus acquiring the ownership of all rights and obligations of GFSA, subject to the registration of the final merger agreement with the Public Registry under the Superintendency of Commercial Companies (IGJ); (b) GFSA will be dissolved without liquidation, therefore being absorbed by GMSA; (c) GMSA capital stock will be increased from \$125,654,080 to \$138,172,150, with the consequent amendments to the bylaws of the continuing company.

NOTE 27: EXECUTION OF CONTRACTS TO PURCHASE MACHINERY

On June 14, 2016 a Deferred Payment Agreement was signed with Siemens Industrial Turbomachinery AB whereby, after compliance with the conditions precedent set forth in the agreement, the Company will be granted a commercial loan to finance 50% of the contract amount, equivalent to SEK 177,000,000 (approximately USD 21.6 million).

The commercial loan to be granted shall be repaid in 24 equal and consecutive monthly installments of 4.17% of each installment total amount, with the first one falling due in August 2017. Payments shall be made in SEK (Swedish crowns).

On September 13, 2016, four Deferred Payment Agreements were executed with Siemens Industrial Turbomachinery AB for the turbines to be installed in Ezeiza and GI whereby, once fulfilled the preceding conditions fixed in the agreements, the Company will be granted a commercial financing of 50% of the amount of the agreement signed for the enlargement of GI and the work of Ezeiza, equivalent to SEK 438,960,000 (approximately USD 52 million).

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 27: EXECUTION OF CONTRACTS TO PURCHASE MACHINERY (Cont'd)

The commercial financing to be granted will be repaid in 24 monthly installments, with the first installment of two agreements being payable in September 2017 and the rest in April 2018. Payments shall be made in SEK (Swedish Crown).

Future contractual obligations related to the contract with Siemens Industrial Turbomachinery AB are shown below by calendar year:

Commitment (1)		SEK	Total	2017	2018	2019	2020
Siemens Industrial Turbomachinery AB for the acquisition of two turbines Siemens SGT 800	GM	177,000,000	21,689,920	4,518,733	10,844,960	6,326,227	-
Siemens Industrial Turbomachinery AB for the acquisition of three turbines Siemens SGT 800	Ezeiza	263,730,000	21,000,000	3,500,000	10,500,000	7,000,000	-
			10,290,000	-	3,858,750	5,145,000	1,286,250
Siemens Industrial Turbomachinery AB for the acquisition of two turbines Siemens SGT 800	GI	175,230,000	10,500,000	1,750,000	5,250,000	3,500,000	-
			10,290,000	-	3,858,750	5,145,000	1,286,250

(1) The commitment is expressed in dollars, on the basis of the time of payment according to the particular conditions of the contract.

NOTE 28: PURCHASE OFFER - SALE OF SPARE PARTS WITH GENERACIÓN FRÍAS S.A.

In the current period, GMSA signed an agreement with GFSA confirming the purchase of spare parts and components acquired from the supplier PWPS for \$12.8 million, necessary to perform the tasks required by GMSA.

This investment ratifies Albanesi Group policy to continue investing in the energy market by increasing the generation capacity, and thereby improving the Company's operating results.

NOTE 29: SUBSEQUENT EVENTS

a) GMSA – GFSA merger through absorption

On October 18, 2016, GMSA held an Ordinary and Extraordinary Meeting of Shareholders and GFSA an Extraordinary Meeting of Shareholders, in both cases by virtue of the merger of GFSA into GMSA, at which the shareholders approved the corporate reorganization referred to above, as well as the respective documentation.

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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 29: SUBSEQUENT EVENTS (Cont'd)

a) GMSA – GFSA merger through absorption (Cont'd)

In particular, at GFSA Shareholders' Meeting the following was also approved: (i) The early dissolution without liquidation of GFSA as a result of the merger, and its deregistration as a corporation in due course; (ii) the transfer to GMSA so that the latter may assume the obligations arising under the Class II and Class III Negotiable Obligations issued by GFSA under the Program for the Issuance of Ordinary Negotiable Obligations (Not Convertible into Shares) for an amount of up to USD 50,000,000 (or its equivalent in other currencies), and that GFSA requests from the pertinent agencies the transfer to GMSA of the negotiable obligations for public offering, listing and trading.

At the Meeting held by GMSA the following was also approved: (i) within the framework of the merger process, a GMSA capital increase from \$125,654,080 to \$138,172,150 by issuing 12,518,070 new ordinary registered non-endorsable shares of GMSA, of \$1 par value each and entitled to 1 (one) voting right per share, considering the respective swap ratio, as from the effective merger date (January 1, 2017), delegating to the Board of Directors the power to decide when the new shares will be issued. Furthermore, as a result of that capital increase, it was resolved to approve the amendment to section 5 of corporate bylaws; (ii) the appointment of Messrs. Juan Carlos Collin and Jorge Hilario Schneider as regular Board members, in addition to the current members of that body.

The publications for 3 (three) days, in compliance with Section 83 of the General Companies Law were completed on October 21, 2016, and the period for opposition of creditors commenced.

b) Settlement of the Credit Suisse loan

On October 21, 2016, the Company settled the second tranche of the loan with Credit Suisse for an amount of USD 40 million, upon compliance with the minimum period of permanence, as required by BCRA regulations in force. The documents corresponding to the release of guarantees were signed on October 28, 2016.

NOTE 30: FINANCIAL STATEMENTS TRASLATION INTO ENGLISH LANGUAGE

These financial statements are the English translation of those originally prepared by the Company in Spanish and presented in accordance with accounting principles generally accepted in Argentina. The effects of the differences between the accounting principles generally accepted in Argentina and the accounting principles generally accepted in the countries in which the financial statements are to be used have not been quantified. Accordingly, the accompanying financial statements are not intended to present the financial position, statements of comprehensive income, changes in equity or cash flows in accordance with accounting principles generally accepted in the countries of users of the financial statements, other than Argentina.

Summary Activity at September 30, 2016 and 2015

1. Brief comment on the activities carried out by the issuer, including references to relevant events subsequent to the fiscal closing date.

Pursuant to the provisions of General Resolution N° 368/01 and subsequent modifications of the National Securities Commission (CNV), we present below an analysis of the results of the operations of GMSA and its equity and financial position, which should be read alongside the corresponding interim condensed financial statements.

A definitive merger agreement was entered into on November 10, 2015 establishing a merger between GISA, GLBSA and GRISA through absorption into GMSA (the continuing Company) effective January 1, 2016. The increase in variations is mainly attributed to this situation. The information is not comparative.

	Nine-month period ended September 30,			
	2016	2015	Var.	Var. %
	GWh			
Sales per type of market				
Sales CAMMESA 220	321	289	32	11%
Sale of Energía Plus	546	591	(45)	(8%)
Sales Spot Market	240	269	(29)	(11%)
Sale of electricity Res. 95/529/482/22	292	435	(143)	(33%)
	1,399	1,584	(185)	(12%)

The sales to each market are presented below (in millions of pesos):

	Nine-month period ended September 30,			
	2016	2015	Var.	Var. %
	(in millions of pesos)			
Sales per type of market				
Sales CAMMESA 220	581.7	130.4	451.4	346%
Sale of Energía Plus	580.2	390.5	189.7	49%
Sales Spot Market	200.4	126.0	74.4	59%
Sale of electricity Res. 95/529/482/22	85.3	29.9	55.4	186%
Services provided	-	2.0	(2.0)	(100%)
	1,447.6	678.8	768.9	113%

Summary Activity at September 30, 2016 and 2015

Results for the Nine-month period ended September 30 2016 and 2015 (in millions of pesos)

	2016	2015	Var.	Var. %
Sale of energy	1,447.6	676.8	770.9	114%
Other sales	-	2.0	(2.0)	(100%)
Net sales	1,447.6	678.8	768.9	113%
Cost of purchase of electric energy	(440.8)	(251.6)	(189.2)	75%
Cost of gas and gasoil consumption	(398.5)	(200.0)	(198.5)	99%
Salaries and social security contributions	(51.6)	(23.0)	(28.5)	124%
Maintenance services	(80.1)	(32.5)	(47.6)	147%
Depreciation of property, plant and equipment	(86.3)	(34.2)	(52.1)	152%
Insurance	(12.7)	(8.6)	(4.1)	48%
Taxes, rates and contributions	(12.2)	(4.4)	(7.7)	174%
Other	(9.5)	(2.4)	(7.1)	296%
Cost of sales	(1,091.7)	(556.6)	(535.1)	96%
Gross income	355.9	122.1	233.9	191%
Salaries and social security contributions	(0.4)	(0.8)	0.4	(52%)
Taxes, rates and contributions	(1.2)	(0.3)	(0.9)	342%
Doubtful debt expenses	(2.0)	-	(2.0)	100%
Selling expenses	(3.6)	(1.0)	(2.6)	249%
Salaries and social security contributions	(1.3)	(3.7)	2.4	(65%)
Fees and compensation for services	(15.2)	(7.7)	(7.5)	98%
Per diem, travel and representation expenses	(2.5)	(1.0)	(1.5)	140%
Sundry	(3.6)	(2.6)	(1.0)	38%
Administrative expenses	(22.6)	(14.9)	(7.7)	51%
Other operating income	6.9	-	6.9	100%
Operating income	336.5	106.2	230.3	217%
Commercial interest	16.4	2.5	13.9	552%
Loan interest	(160.3)	(61.5)	(98.7)	161%
Tax interest	(8.5)	(0.6)	(7.9)	1300%
Bank expenses and commissions	(6.8)	(1.2)	(5.6)	454%
Exchange difference, net	(74.9)	(3.3)	(71.7)	2195%
Other financial results	0.5	(9.1)	9.7	(106%)
Financial and holding result, net:	(233.6)	(73.2)	(160.4)	219%
Income before tax	102.9	33.0	70.0	212%
Income tax	(44.3)	(11.4)	(32.9)	290%
Income for the period	58.6	21.6	37.0	172%

Summary Activity at September 30, 2016 and 2015

Sales:

Net sales for the period ended September 30, 2016, reached \$ 1,447.6 million, an increase of \$768.9 million or 113% from the \$ 678.8 million for the same period in 2015.

During the first nine months of 2016, energy sales reached 1,399 MWh, having decrease 12% from the 1,584 MWh sold in 2015.

The main sources of income of the Company and their behavior during the nine-month period ended September 30, 2016, compared with the previous year are described below:

- (i) \$580.2 million from sales under "Energía plus", up 49% from \$ 390.5 million in fiscal year 2015. This variation is attributed to the effect on prices of the higher exchange rate and the incorporation of GISA's Plus agreements.
- (ii) \$581.7 million from sales of electricity on the spot market to CAMMESA under the framework of Resolution 220/07, representing a 346% increase from the \$130.4 million in previous period 2015. The variation is explained by a price increase due to the exchange rate growth, an increment in the sales volume and the impact of the merger of GISA by GMSA.
- (iii) \$200.4 million from sales under "Spot market", up 59% from \$126.0 million in fiscal year 2015. This variation is attributed to the management of surplus volumes of electricity generation carried out by CAMMESA and the impact of the merger of GISA, GRISA and GLBSA.
- (iv) \$85.3 million from sales under Res.95/529/482/22, up 186% from \$29.9 million in previous period 2015. This variation is explained by an increase in the price paid for electricity by enforcement of Res. 22/16 with a favorable impact in the sales volume and the impact of the merger of GRISA and GLBSA.

Cost of sales

Cost of sales for the nine-month period ended September 30, 2016, reached \$ 1,091.7 million, an increase of \$535.1 million or 96% from the \$ 556.6 million for the same period in 2015.

The main costs of sales of the Company and their behavior during for this period, compared with the previous year are described below:

- (i) \$440.8 million for purchases of electricity, reflecting an increase from the cost of \$251.6 million in fiscal year 2015, due to the variation in the exchange rate and the merger.
- (ii) \$398.5 million incurred in purchases of gas and gasoil consumed by the plant, reflecting an increase of 99% from the \$200.0 million for fiscal year 2015. This variation was attributed to greater dispatches by CAMMESA, price effect due to the variation in the exchange rate and the merger.

Summary Activity at September 30, 2016 and 2015

- (iii) \$80.1 million in maintenance services. This caption increased 147% from the \$32.5 million for the same period in 2015. This variation was attributed to the variation in the exchange rate and the merger of the Companies.
- (iv) a depreciation charge of \$86.3 million in property, plant and equipment, which represents a 152% increase compared to the \$34.2 million in fiscal year 2015. This variation stems mainly from the amortization of fixed assets added during the year and the effect of the amortization corresponding to the Technical Revaluation made on 31 December 2015; and the impact of the merger of GISA, GRISA and GLBSA.
- (v) \$51.6 million in salaries and social security contributions, reflecting a 124% increase from \$23.0 million in fiscal year 2015, which is mainly attributed to wage increases granted and the impact of the merger of GISA, GRISA and GLBSA.
- (vi) \$12.7 million paid for insurance, up 48% from the \$8.6 million for fiscal year 2015 as a result of the variation in the exchange rate.
- (vii) \$12.2 million in taxes, rates and contributions, up 174% from the \$ 4.4 million in the same period of fiscal year 2015. This variation obeyed to the absorptions of the companies into GMSA.

Gross income

The operating result for the nine-month period ended September 30, 2016 was a profit of \$355.9 million, up 191% compared to the profit of \$122.1 million for the same period in 2015. This is attributed to a greater availability of the units and the exchange rate variation and the merger of GISA, GRISA and GLBSA.

Selling expenses

Selling expenses for the nine-month period ended September 30, 2016 amounted to \$3.6 million, compared to the \$1.0 million in fiscal year 2015. This is attributed to a greater in the allowance for doubtful.

Administrative expenses

Total selling expenses for the nine-month period ended September 30, 2016, reached \$22.6 million, an increase of \$7.7 million or 51% from the \$14.9 million for the same period in 2015.

The main components of the Company's administrative expenses are as follows:

- (i) \$15.2 million in Service Fees and retributions, which grew 98%, from \$7.7 million in fiscal year 2015. This is attributed to an increase in the costs of services and to the consolidation of services in GMSA.
- (ii) \$3.6 million in sundry expenses, up 38% from \$2.6 million in fiscal year 2015. The main variations were seen in the captions office expenses and taxes and rates.
- (iii) \$1.3 million in salaries and social security contributions, reflecting a 65% decrease from \$3.7 million in fiscal year 2015, which is mainly attributed to wage increases granted and increase of staff recruited in the merged plants.

Summary Activity at September 30, 2016 and 2015

Operating income

The operating result for the nine-month period ended September 30, 2016 was a gain of \$336.5 million, a 217% increase compared with the gain of \$106.2 million in fiscal year 2015.

Financial results

The financial results for the nine-month period ended September 30, 2016 was a loss of \$233.6 million, compared with a loss of \$ 73.2 million in fiscal year 2015, showing an 219% increase.

The most salient aspects of this variation are described below:

- (i) A loss of \$160.3 million due to interest paid on loans, up 161% from the loss of \$61.5 million in fiscal year 2015 due to an increase in the financial debt as a result of the merger.
- (ii) A loss of \$ 74.9 million as a result of the net exchange difference. This caption was 2195% higher than the prior year loss of \$ 3.3 million.

Income before tax

The net result reported by the Company for the nine-month period ended September 30, 2016 is an income before tax of \$102.9 million, compared with an income of \$33.0 million for the same period in 2015, reflecting a 212% increase.

The result under the income tax was as of \$44.3 million for the six-month period ended June 30, 2016, which compares with \$11.4 million in the previous period.

Net income:

The net result for the nine-month period ended September 30, 2016, was a gain of \$58.6 million, which compared with \$21.6 million for the same period in 2015 reflects an increase of 172%.

Summary Activity at September 30, 2016 and 2015

2. Equity structure presented comparatively with the previous fiscal year:
(in millions of pesos)

	09.30.16	09.30.15	09.30.14	09.30.13	09.30.12
Non-Current Assets	3,045.3	866.0	900.7	374.6	385.1
Current Assets	3,231.3	200.6	251.2	193.0	171.5
Total Assets	6,276.6	1,066.6	1,151.9	567.5	556.6
Shareholders' Equity	1,257.5	460.5	475.5	112.5	104.2
Total Shareholder's Equity	1,257.5	460.5	475.5	112.5	104.2
Non-Current Liabilities	4,559.4	385.6	342.7	185.0	25.8
Current Liabilities	459.7	220.5	333.7	270.0	426.7
Total Liabilities	5,019.1	606.1	676.4	455.0	452.5
Total Liabilities and Shareholders' Equity	6,276.6	1,066.6	1,151.9	567.5	556.6

3. Breakdown of results presented comparatively with the previous period:
(in millions of pesos)

	09.30.16	09.30.15	09.30.14	09.30.13	09.30.12
Operating income	336.5	106.2	95.0	73.3	87.3
Financial and holding results	(233.6)	(73.2)	(90.3)	(63.6)	(69.2)
Net result	102.9	33.0	4.7	9.7	18.1
Income tax	(44.3)	(11.4)	(2.8)	(4.1)	(7.4)
Net income	58.6	21.6	2.0	5.6	10.7
Other comprehensive income	-	-	358.9	-	-
Total comprehensive income	58.6	21.6	360.9	5.6	10.7

Summary Activity at September 30, 2016 and 2015

4. Cash flow structure presented comparatively with the previous period:
(in millions of pesos)

	09.30.16	09.30.15	09.30.14	09.30.13	09.30.12
Funds (applied) generated by operating activities (1)	(655.2)	135.0	85.1	46.2	111.2
Funds applied to investment activities	(1,030.8)	(12.9)	(2.8)	(10.2)	(8.9)
Funds generated by (applied to) financing activities	3,032.0	(89.6)	(66.0)	(21.4)	(96.5)
Increase/(Decrease) in cash and cash equivalents	1,346.0	32.5	16.2	14.6	5.8

(1) Includes early payments to suppliers for the purchase of goods for \$ 918,282,212 (see note 4.2 to the interim condensed financial statements at September 30, 2016.).

5. Ratios presented comparatively with the previous period:

	09.30.16	09.30.15	09.30.14	09.30.13	09.30.12
Liquidity (1)	7.03	0.91	0.75	0.71	0.40
Credit standing (2)	0.25	0.76	0.70	0.25	0.23
Locked-up capital (3)	0.49	0.81	0.78	0.66	0.69
Indebtedness ratio (4) (*)	8.15	1.25	1.75	2.12	1.86
Interest coverage ratio (5)	2.53	2.75	1.68	1.50	1.57

(1) Current assets / Current liabilities

(2) Equity / Total liabilities

(3) Non-current assets / Total Assets

(4) Financial debt / annualized EBITDA

(5) Annualized EBITDA / Interest accrued

(*) According to the guidelines for calculating the debt ratio included in the International Bond prospectus, at September 30, 2016 this ratio records a value of 5.56.

6. Brief comment regarding the Outlook for Fiscal year 2016:

Commercial and operating sector

The Company expects that the various generating units will continue to operate normally in line with dispatches defined by CAMMESA. The primary objective is to keep a high level available at the Power Plants to maintain Company's profitability. To that end, an exhaustive preventative maintenance plan is being carried out for the generating units, to ensure high availability of the Power Plants' turbine generators.

The Company is undertaking investment projects to increase power generation capacity by 400 MW.

Under contracts pursuant to Energy Secretariat Resolution 220/07, progress is being made in two projects for an additional total power generation capacity of 150 MW, as detailed below:

Summary Activity at September 30, 2016 and 2015

A Siemens SGT-800 turbine with a 50-MW nominal capacity was installed at GR. It is expected to become commercially operative in December of 2016, under a contract pursuant to Energy Secretariat Resolution 220/07.

Furthermore, the installation of two Siemens SGT-800 turbines with a nominal capacity of 50 MW is expected at GM. It is expected to become commercially operative in the second quarter of 2017, under a contract pursuant to Energy Secretariat Resolution 220/07.

Under the framework of Resolution No. 21/16, the Company presented projects to enlarge the power generation capacity by 250MW, which were awarded through a bidding process.

The projects are set within the framework of agreements entered into with CAMMESA under the above-mentioned ES Resolution 21/16.

Generation capacity will be increased by 100 MW at GI, with the installation of two Siemens SGT-800 turbines of 50 MW each. The first stage (50 MW) is expected to become commercially operative during the third quarter of 2017, and the second stage (50 MW), in the first quarter of 2018.

In addition, the construction of a new plant in the province of Buenos Aires started (Ezeiza Thermal Power Plant) with a generation capacity of 150 MW, by installing three 50-MW Siemens SGT-800 turbines. The first stage (100MW) is expected to become commercially operative during the third quarter of 2017, and the second stage (50 MW), in the first quarter of 2018.

Financial position

The Company's objective in the current year is to improve the financing structure and ensure progress in the investment works described above, according to the budgeted schedules.

The loans obtained from BAF Latam Trade Finance Funds B.V. for USD 40 million, Credit Suisse International for USD 60 million, and the issuance of Class V Negotiable Obligations for \$200 million are worth mentioning. This indebtedness has made it possible to refinance financial liabilities, by reducing cost and extending maturities, and to apply funds to the investment projects.

On July 27, 2016, GMSA, CTR and GFSA co-issued an international bond for USD 250 million, falling due within 7 years. The international bond is guaranteed by ASA. GMSA was entitled to receive USD 173 million of the total amount issued, and applied those funds to the prepayment of financial debt and to investment project financing.

These actions have enabled the Company to improve its working capital and the profile of the financial debt, extending maturity terms and reducing the Company's financial cost, while assuring investment project financing.

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ADDITIONAL INFORMATION REQUIRED BY SECTION 12, CHAPTER III, TITLE IV, OF THE NATIONAL SECURITIES COMMISSION REGULATIONS, FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016

General matters referred to the activity of GMSA

1. Significant and specific legal regimes implying contingent decline or renewal of benefits comprised in these legal provisions.

There are none.

2. Significant changes in the company activities or similar circumstances that took place during the fiscal years corresponding to the financial statements, that affect their comparability with those presented in previous years, or that could affect comparability with those to be presented in future years.

There are none.

3. Breakdown of receivables and liabilities balances according to their age and due date

	Trade receivables	Financial assets at fair value through profit or loss	Other receivables	Trade payables	Loans	Salaries and social security charges	Tax payables and deferred tax liability	Other liabilities
	\$							
To be due								
First quarter	207,014,947	330,187,457	1,125,060,453	300,235,085	58,612,719	2,193,343	11,991,311	145,000
Second quarter	145,408,441	-	534,737	67,869,150	13,203,679	1,928,436	-	-
Third quarter	-	-	534,737	-	500,359	-	-	-
Fourth quarter	-	-	18,992,060	-	781,118	-	-	-
More than one year	43,622,421	-	7,890,704	-	3,985,187,552	-	564,718,101	-
Subtotal	396,045,809	330,187,457	1,153,012,690	368,104,235	4,058,285,427	4,121,779	576,709,412	145,000
Past due	-	-	-	-	-	-	-	-
Without stated term	-	-	50,794,102	-	-	-	-	-
Total at 9.30.16	396,045,809	330,187,457	1,203,806,792	368,104,235	4,058,285,427	4,121,779	576,709,412	145,000
Non-interest bearing	396,045,809	-	1,203,806,792	368,104,235	-	4,121,779	575,860,874	145,000
At fixed rate	-	-	-	-	(1) 3,212,813,534	-	848,538	-
At floating rate	-	330,187,457	-	-	(1) 845,471,893	-	-	-
Total at 9.30.16	396,045,809	330,187,457	1,203,806,792	368,104,235	4,058,285,427	4,121,779	576,709,412	145,000

(1) See note 16 to the interim condensed financial statements at September 30, 2016.

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4. Breakdown of receivables and liabilities according to the financial impact of maintaining the balances.

Captions	Class and foreign currency amount	Current exchange rate at closing (1)	Recorded Amount 09.30.16	Recorded Amount 12.31.15
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents			\$	
Cash	USD 3,904	15.210	59,385	30,975
Banks	USD 40,161,070	15.210	610,849,872	204
Trade receivables				
Trade payables - Energía Plus	USD 5,995,150	15.210	91,186,231	75,295,980
Trade payables - Resolution 220/07	USD 2,928,275	15.210	44,539,066	12,424,255
Trade payables - Lease of tanks	USD 641,404	15.210	9,755,748	-
Other receivables				
Pre-paid insurance	USD 140,628	15.210	2,138,947	-
Total current assets			758,529,249	87,751,414
Total Assets			758,529,249	87,751,414
LIABILITIES				
CURRENT LIABILITIES				
Trade payables				
Related parties	USD 3,654,283	15.260	55,764,363	22,931,520
Suppliers	USD 3,592,462	15.310	55,000,598	10,515,626
Loans				
Foreign loan	USD 2,639,969	15.310	40,417,933	-
Total current liabilities			151,182,894	33,447,146
NON-CURRENT LIABILITIES				
Loans				
Foreign loan	USD 246,466,830	15.310	3,773,407,170	-
Total non-current liabilities			3,773,407,170	-
Total Liabilities			3,924,590,064	33,447,146

(1) Banco Nación exchange rates prevailing at year end. An average exchange rate is applied to intercompany balances.

5. General Companies Law

Percentage of participation in intercompany:

There are no participations in intercompany.

Accounts payable and receivable with intercompany

See Note 18 to the interim condensed financial statements at September 30, 2016.

6. Trade receivables or loans against directors, syndics, members of the surveillance committee or their relatives in the second degree inclusive.

There are none.

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7. Frequency and scope of the physical inventory of materials and spare parts.

The Company keeps a permanent record of its inventories, verifying it on a yearly basis.

There are no impaired, damaged, out of service or idle assets.

Current values

8. Source of the data used in calculating the current values for the valuation of inventories, property, plant and equipment, and other significant assets.

See Note 4 to the financial statements at December 31, 2015.

Property, plant and equipment

9. Release of the Reserve for technical revaluation when part of it had been previously reduced to absorb losses.

There are none.

10. Value of unused Property, plant and equipment due to obsolescence.

There are none.

Equity interest in other companies

11. Interests in other companies in excess of what is authorized by Sect. 31 of Law No. 19550.

There are none.

Recoverable values

12. Criteria followed to determine significant recoverable values of the items Property, plant and equipment and Material and spare parts, applied as the limit to their accounting valuation.

See Note 4 to the financial statements at December 31, 2015.

Insurance

13. Insured items:

Kind of risk	Insured amount 2016	Insured amount 2015
Operational all risks - Material damage	USD 287,000,000	USD 180,000,000
Operational all risks - Loss of profit	USD 97,657,555	USD 34,638,250
Construction all risk – Plant enlargement - Material damage	USD 106,508,729	
Construction all risk – Plant enlargement - alop	USD 30,345,518	
RC - Siemens STG-800	USD 5,000,000	
Civil liability	USD 9,000,000	USD 10,000,000
Civil Liability (primary)	USD 4,000,000	
Civil liability of Directors and Executives	USD 15,000,000	
Siemens Transport STG-800	USD 103,650,000	
Automobile	\$ 4,945,515	\$ 440,000
Automobile	USD 36,873	
Transport insurance, Argentine and international market	USD 10,000,000	USD 4,100,000
Directors' bond	\$ 500,000	\$ 70,000
Customs bond	\$ 349,220,845	\$ 9,591,529
Environmental bond	\$ 12,957,091	\$ 6,983,092
Bond business habilitation projects	\$ 471,240,000	
Technical equipment insurance	\$ 550,277	
Technical equipment insurance	USD \$ 184,137	
Personal accidents	\$ 250,000	
Life insurance - mandatory life insurance	\$ 33,330	\$ 20,000
Life - group life insurance (LCT, employment contract law)	Disability 1 salary per year Death 1/2 salary per year	Disability 1 salary per year Death 1/2 salary per year
Life - Additional group life insurance	24 salaries	24 salaries

Insurance is bought at market values, which widely cover accounting values.

Operational all risk:

The all-risk insurance covers for all the risks of loss or physical damage caused to property owned by or under the charge of the insured while situated in the place(s) described in the policy, provided that such damage occurs accidentally, suddenly or unexpectedly, and makes it necessary to repair and/or replace such property as a direct consequence of any of the risks covered by the policy. This policy includes coverage of loss of profits, with the aim of covering the losses caused by the interruption of the activities as a result of the accident, both as regards the profit that is no longer obtained and the expenses the Company continues to bear despite its inactivity, such that the insured may be in the same financial situation as if the accident had not occurred.

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Construction all risk and Alop:

Construction all risk covers all damages that either accidentally or unexpectedly occur in the civil works during its execution, including those caused by natural phenomena, except exclusions.

As for the coverage for the delay in the start-up (Alop) the expected margin of the business for the sale of energy and power is insured, discounting variable costs during the period of repair or replacement of the event occurred.

Civil liability:

These policies cover underlying civil liability of the insured, as a result of injuries and/or death of third parties and/or damages to property of third parties, caused and /or derived from the development of the insured activity and product liability, subject to the terms, conditions, limitations and exclusions contained in the policy.

They are structured as follows:

An individual policy for each of the Group companies was taken out, with a compensation limit of USD 1,000,000 - per event and two reinstatements during the effective term of the policy.

In addition, an insurance policy common to all companies has been taken out with a compensation limit of USD 9,000,000- per event and during the effective term of the policy in excess of USD 1,000,000 - (individual policies), with two reinstatements exclusively for operations liability and without reinstatement for product liability.

Civil liability of Directors and Executives (D&O)

This policy covers all actions or decision making of directors and/or executives as such, outside the professional service or company where they work; for example, dismissal of employees, hirings, financial decisions, advertising and marketing, merger or acquisitions, shareholders' statements, accounting records, which may be performed with negligence or fault, error or imprudence and cause an economic damage to an employee, shareholder or third party. It does not cover malicious intent.

It covers the company in case of stock-exchange claims or from holders of bonds or securities.

It covers the personal equity of the present, past or future directors and/or executives, and to the company for capital market issues.

Transport insurance:

The Company has an insurance policy that covers transportation of all generators of Albanesi Group under the modality of sworn statement to be presented monthly in arrears. It covers losses or damages of goods of the insured as a result of its mobilization during transportation, which may be international, national or urban, either by land, air or sea.

Mandatory life insurance:

Mandatory life insurance is a coverage that the employer has mandatorily to take out on behalf of its employees. It covers the risk of death of worker on an employment relationship, for any cause, without limitations of any kind, 24 hours a day, in or outside the country. The insured amount is \$ 33,330, as established by the National Insurance Superintendency.

Life insurance (LCT, employment contract Law):

This insurance covers underlying obligations from the Employment Contract Law, in case the company has to pay compensation in case of a total and permanent disability or death of the employee, whichever the case.

Group Life insurance:

The Company has taken out a group life insurance policy, on behalf of all Group employees. It grants compensation in case of death, double severance pay in case of accidental death, partial losses due to accident, advances for terminal diseases, organ transplant and birth of child after death.

Automobile insurance:

This insurance covers the damage to own vehicles as well as extra-contractual civil liability of the owner, user or driver of the automobile involved in an accident where third parties are injured or die.

Customs Guarantees:

- Temporary imports: this guarantee avoids the payment of pertinent duties for the entry of goods into the country, provided that they are exported in a term determined, at which time the guarantee is released.
- Temporary export: the amount of pertinent duties are guaranteed for the export of those exported goods which will be re-imported.

Directors' bond:

It is the guarantee required by the General Companies Law (Law 19550, section 256, paragraph 2) from directors of corporations and members of the administrative bodies of other companies (LLC, joint stock company). This guarantee covers the Company in case of non-compliance with obligations by Directors or Managing partners while performing their duties.

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Environmental bond:

The environmental bond for damage with group incidence covers the environmental bond established by the General Law on Environment 25675, section 22 in agreement with the provisions of enforcement authorities.

Financial bond:

It guarantees that the money received by the customer on account of advance, will be applied to the effective compliance with the contract agreed upon.

Positive and negative contingencies

14. Elements considered to calculate provisions whose balances, considered individually or in the aggregate, exceed 2% of the equity.

Allowances and provisions were recognized in the cases in which, considering a present obligation in charge of the Company, whether legal or constructive, arising from a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate could be made of its amount.

The amount recorded as allowances and provisions was the best estimate of the resource outflow necessary to settle the present obligation, at the end of the reporting period, considering the pertinent risks and uncertainties. When a provision is measured using the estimated cash outflow for settling the present obligation, the amount recorded represents the present value of that cash flow.

The following have been set up:

- a. Allowances deducted from assets:

The allowance for bad debts has been set up based on a historical analysis of accounts receivable to assess the recoverability of the credit portfolio.

- b. Provisions carried under liabilities:

These provisions have been set up to cover potential contingent situations that could give rise to future payment obligations. In estimating the amounts and probabilities of occurrence, the opinion of the Company's legal advisors has been considered.

15. Contingent situations not accounted for at the date of the financial statements.

There are none.

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Irrevocable contributions on account of the future subscription of shares

16. Status of the procedure for its capitalization.

There are none.

17. Unpaid cumulative dividends on preferred shares.

There are none.

18. Conditions, circumstances or terms for the cease of restrictions on the distribution of unappropriated earnings.

See Note 14 of the financial statements at December 31, 2015. There are no changes as to the information timely provided.



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REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

To the President and Directors of
Generación Mediterránea S.A.
Legal address: Leandro N. Alem 855 - 14th Floor
Autonomous City of Buenos Aires
Tax Code No. 30-68243472-0

Introduction

We have reviewed the accompanying interim condensed financial statements of Generación Mediterránea S.A. (hereinafter, "the Company") which comprise the statement of financial position at September 30, 2016, the statement of comprehensive income for the nine and three-month period ended September 30, 2016, the statements of changes in equity and of cash flows for the nine-month period then ended, and the selected explanatory notes.

The balances and other information corresponding to the fiscal year 2015 and its interim periods are an integral part of the financial statements mentioned above; therefore, they must be considered in connection with these financial statements.

Board's responsibility

The Board of Directors of the Company is responsible for the preparation and presentation of the financial statements in accordance with International Financial Reporting Standards, adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and included by the National Securities Commission (CNV) in its regulations, as approved by the International Accounting Standards Board (IASB), and is therefore responsible for the preparation and presentation of the interim condensed financial statements mentioned in the first paragraph, in accordance with International Accounting Standard 34 "Interim Financial Information" (IAS 34).

Scope of our review

Our review was limited to the application of the procedures established by International Standards on Review Engagements (ISRE) 2410 "Review of the interim financial information performed by the independent auditor of the entity", adopted as a review standard in Argentina through Technical Pronouncement No. 33 of the FACPCE, as approved by the International Auditing and Assurance Standards Board (IAASB). A review of interim financial information consists of making inquiries of the Company's personnel responsible for preparing the information included in the interim condensed financial statements and performing analytical and other review procedures. This review is substantially less in scope than an audit examination conducted in accordance with international standards on auditing and consequently it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the financial position, the comprehensive income and the cash flows of the Company.

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Conclusion

On the basis of our review, nothing has come to our attention that causes us to believe that the interim condensed financial statements mentioned in the first paragraph of this report have not been prepared, in all material respects, in accordance with International Accounting Standard 34.

Report on compliance with regulations in force

In accordance with current regulations, we report that:

- a) the interim condensed financial statements of the Company are transcribed into the "Inventory and Balance Sheet" book and as regards those matters that are within our competence, they comply with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission;
- b) the interim condensed financial statements of the Company stem from accounting records kept in all formal respects in conformity with legal regulations;
- c) we have read the summary activity and the additional information to the notes to the interim condensed financial statements required by Section 12, Chapter III, Title IV, of the National Securities Commission regulations, on which we have no observations to make insofar as concerns matters within our field of competence;
- d) at 30 September, 2016 the debt accrued by Generación Mediterránea S.A. in favor of the Argentine Integrated Social Security System according to the Company's accounting records amounted to \$ 1,431,425 none of which was claimable at that date.

Autonomous City of Buenos Aires, November 11, 2016

PRICE WATERHOUSE & CO. S.R.L.

Dr. Raúl Leonardo Viglione
(Partner)

Report of the Syndics' Committee

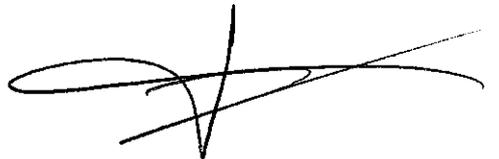
To the Shareholders of
Generación Mediterránea S.A.

1. Pursuant to the provisions of section 294 of the Law 19550 and National Securities Commission regulations, we have reviewed the accompanying interim condensed financial statements of Generación Mediterránea S.A. (hereinafter, "the Company") which comprise the statement of financial position at September 30, 2016, the statement of comprehensive income for the nine-month period ended September 30, 2016, the statements of changes in equity and of cash flows for the nine-month period then ended, and the selected explanatory notes. The balances and other information corresponding to the fiscal year 2015 are an integral part of the financial statements mentioned above; therefore, they must be considered in connection with these financial statements.

2. The Board of Directors of the Company is responsible for the preparation and presentation of the financial statements in accordance with International Financial Reporting Standards, adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and included by the National Securities Commission (CNV) in its regulations, as approved by the International Accounting Standards Board (IASB), and is therefore responsible for the preparation and presentation of the interim condensed financial statements mentioned in paragraph 1, in accordance with International Accounting Standard 34 "Interim Financial Information" (IAS 34). Our responsibility is to express a conclusion based on the review performed with the scope detailed in paragraph 3.

3. Our review was carried out in accordance with standards applicable to syndics. Those standards require that the procedures established in Technical Pronouncement No. 33 of the Argentina Federation of Professional Councils in Economic Sciences for limited reviews of interim financial statements be performed, and include verifying the consistency of the documents reviewed with the information on corporate decisions disclosed in minutes and the conformity of those decisions to the law and by-laws insofar as concerns formal and documentary aspects. To fulfill our professional duties, we have reviewed the work done by the external auditors, Price Waterhouse & Co. S.R.L., who issued their unqualified review report on the interim condensed financial statements on November 11, 2016. A review of interim financial information consists of making inquiries of the Company's personnel responsible for preparing the information included in the interim condensed financial statements and performing analytical and other review procedures. This review is substantially less in scope than an audit examination conducted in accordance with international standards on auditing and consequently it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the financial position, the comprehensive income and the cash flows of the Company. We have not assessed the administrative, financing, marketing or operating business criteria as these matters fall within the exclusive competence of the Board of Directors and Shareholders' meeting.

4. As indicated in Note 3, the interim condensed financial statements mentioned in paragraph 1 have been prepared in accordance with International Accounting Standard 34.

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5. Based on our review, we are not aware of any significant modification to be introduced to the interim condensed financial statements mentioned in paragraph 1, for their presentation in accordance with the pertinent regulations of Law No. 19550, the National Securities Commission and standards mentioned in paragraph 2.

6. The provisions of Section 294 of the Law No. 19550 have been duly fulfilled.

Autonomous City of Buenos Aires, November 11, 2016

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Marcelo P. Lerner
Full Syndic
For the Syndics' Committee