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Central Térmica Roca S.A.

Financial Statements

at December 31, 2017
presented in a comparative format

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FINANCIAL STATEMENTS
at December 31, 2017
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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 financial statements of the Company.

Terms	Definitions
/day	Per day
AFIP	Federal Administration of Public Revenue
AISA	Albanesi Inversora S.A.
AJSA	Alba Jet S.A.
ASA	Albanesi 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. / the Company
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 and other related parties
Energía Plus	Plan created under ES Resolution No. 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 MEM
GE	General Electric
GF	Central Térmica Frías (Frías Power Plant) located in Frías, Santiago del Estero
GFSA	Generación Frías S.A. (absorbed by GMSA)
GI	Central Térmica Independencia (Independencia Power Plant) located in San Miguel de Tucumán, Tucumán
GISA	Generación Independencia S.A. (absorbed by GMSA)
GLB	Central Térmica La Banda (La Banda Power Plant) located in La Banda, Santiago del Estero
GLBSA	Generación La Banda S.A. (absorbed by GMSA)

GLOSSARY OF TECHNICAL TERMS (Cont'd)

Terms	Definitions
GM	Central Térmica Modesto Maranzana (MM Power Plant) located in Río Cuarto, Córdoba
GMSA	Generación Mediterránea S.A.
Large Users	MEM agents classified according to their consumption unto: GUMAs, GUMEs, GUPAs and GUDIs
GR	Central Térmica Riojana (Riojana Power Plant) located in La Rioja
GRISA	Generación Riojana S.A. (absorbed by GMSA)
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 (one thousand) 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
MEM	Wholesale Electric Market
MMm3	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 106
NCPA	Argentine Generally Accepted Accounting Principles
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
ON	Negotiable Obligations
PWPS	Pratt & Whitney Power System Inc
Resolution No. 220/07	Regulatory framework for the sale of energy to CAMMESA through the "MEM Supply Contracts" under Energy Secretariat Resolution No. 220/07
GR	General Resolution
RGA	Rafael G. Albanesi S.A.
RT	Technical Pronouncement
SADI	Argentine Interconnection System
SE	Energy Secretariat
TRASNOA S.A.	Empresa de Transporte de Energía Eléctrica por Distribución Troncal del Noroeste Argentino S.A.
CGU	Cash Generating Unit
USD	US dollars

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Central Térmica Roca S.A.

Composition of the Board of Directors and Syndics' Committee
At December 31, 2017

President
Armando R. Losón

Full Directors
Carlos A. Bauzas
Guillermo G. Brun
Julián P. Sarti
Roberto F. Picone

Full Syndics
Enrique O. Rucq
Marcelo P. Lerner
Francisco A. Landó

Alternate Syndics
Juan Cruz Nocciolino
Carlos I. Vela
Johanna M. Cárdenas

CENTRAL TERMICA
ROCA S.A.

Central Térmica Roca S.A.

Annual Report for Fiscal Year 2017

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Central Térmica Roca S.A.

Annual Report for Fiscal Year 2017

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Annual Report for Fiscal Year 2017

To the Shareholders of CTR,

In compliance with current legal and regulatory provisions, the Board of Directors submits for your consideration this Annual Report, the Summary of Activity, the Financial Statements, Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, and Notes to the Financial Statements for the year ended December 31, 2017.

1. ACTIVITY OF THE COMPANY

CTR was set up on July 8, 2011 and its main business is the generation and sale of electricity.

AISA and Tefu S.A. hold 75% and 25%, respectively of the capital stock of CTR.

In 2011, Grupo Albanesi through CTR acquired a plant (the "Plant") located in the vicinity of the city of Gral. Roca, Province of Río Negro, on Provincial Route No. 6, km 11.1, which was inoperative since 2009.

At the date of these financial statements, Grupo Albanesi had a total installed capacity of 1,410 MW, representing 6.2% of the total installed steam power capacity in Argentina, which will be expanded with additional 435 MW considering all the new projects awarded and currently under way.

Built in 1995, the Plant has an open cycle station with EGT (European Gas Turbines) technology and a nominal power of 130 MW. The first stage for repair and reconditioning of the Plant was concluded in 2012, and it was authorized to operate by the end of June 2012.At the end of June 2013 the second stage was completed, which consisted in the reconditioning and refurbishment of the installations and infrastructure for the conversion to dual fuel, thus allowing the use of alternative fuel, diesel, to feed the turbo generator.

The Company is carrying out the project for closure of the Plant cycle, which implies expanding current capacity to 60 MW through the installation of a steam turbine and a heater, among other equipment. In addition to increase power, it is an important contribution in environmental and energy efficiency terms, since the additional electricity to be generated will not imply additional fuel consumption.

In October 2015, a new Wholesale Electric Market supply contract for 45 MW was signed with CAMMESA, under SE Resolution 220/07.

This project will require an investment of approximately USD 102 million (VAT included). At the date of signing these financial statements, the total hired amount is 98.2%, USD 75 million of which have already been invested.

Its start-up is estimated for the first half of 2018.

2. MACROECONOMIC CONTEXT

International context

World growth in 2017 has now been estimated at 3.7%; i.e. 0.1 percentage points above the forecast. Global growth in general, but specifically in Europe and Asia, was unexpectedly high; actual data exceeded forecasts by 0.1 percentage points, both in advanced economies and in emerging and developing markets.

The upturn observed in 2017 is expected to take place again in 2018 y 2019, and global growth has been revised upwards, reaching 3.9% in both years (0.2 percentage points above forecasts).

As regards projections for the coming two years, the upward revisions of global forecasts are mostly attributable to advanced economies, which are expected to grow 2% in 2018 and 2019.These forecasts reflect expectations that the global financial conditions will be favorable and that a strong level of confidence will help maintain the recent acceleration of demand and, especially, the level of investments, with a significant impact on the growth of the economies with a high volume of exports. In addition, the tax reform and the corresponding tax incentives in the United States are expected to build up temporary momentum in the growth of that country, and its commercial partners, mainly Canada and Mexico, will benefit from the favorable effects on demand during this period. The expected global macroeconomic effect accounts for approximately half of the cumulative upward revision of world growth expected for 2018 and 2019, with an uncertainty margin close to this baseline projection.

Regional context

The Latin American region is expected to end 2017 with a 1.3% increase in activity explained mainly by the 1.1% low increase in Brazil and the 2.0% growth in Mexico. The economy of the Latin American region is expected to grow 1.9% in 2018 and 2.6% in 2019.

Recovery is expected to strengthen in Latin America, with a expected growth of 1.9% in 2018 (as projected in autumn) and 2.6% in 2019 (0.2 percentage points higher).This change is attributable to a better outlook in Mexico, which will benefit from a stronger demand in the USA, the strengthening of the recovery in Brazil, and the favorable effects of higher prices of raw material and the easing of financial conditions in some raw material exporting countries. These upward revisions far offset the new downward revisions regarding the Venezuelan economy.

Argentina

The cumulative economic activity for Argentina up to November 2017 – measured by the EMAE (Monthly Economic Activity Estimator) – showed a 2.9% increase with regard to the cumulative economic activity for the same period of 2016.

According to the Level of Activity Progress Report prepared by the National Statistics and Census Institute (INDEC), the cumulative GDP for the first three quarters of 2017 displayed an increase of 4.2% compared with the same period of 2016.

The macroeconomic evolution for the third quarter of 2017 resulted in a 7.4% variation in global supply vis-à-vis the same period of the previous year, according to temporary estimates and measured at 2004 prices, as a result of a 4.2% increase in the GDP and an 18.7% increase in real imports of goods and services.
The global demand showed a 13.9% increase in gross fixed capital formation, a 4.2% increase in private consumption, and 1.8% growth in public consumption. Real exports of goods and services recorded a 2.1% variation.

In seasonally adjusted terms with respect to the second quarter of 2017, private consumption decreased 2.2%, while public consumption grew by 0.5%, gross fixed capital formation by 2.5%, exports by 2.4% and imports by 4.6%.

The industrial activity measured by the Monthly Industrial Estimator (EMI) increased by 1.8% in 2017 compared with 2016.

According to the Wholesale Domestic Price Index (IPIM), prices showed a cumulative increase of 18.8% in 2017 (Indec).

As regards foreign trade, a trade deficit of USD 8.4 billion was posted during the twelve months of 2017.Total exports reached USD 58.4 billion, while imports reached USD 66.8 billion. Exports grew 0.9% with regard to 2016 (up USD 549 million).Exports of primary products decreased 5.6%, exports of Manufactures of Agricultural and Livestock origin (MOA) decreased 3.6%, while exports of Fuel and Power grew by 18.8%, and those of Industrial Manufactures (MOI) by 11.2%.The value of imports in 2017 was 19.7% higher than that for the previous year. They increased by USD 10.9 billion. Imports of fuel and lubricants increased by 15.8%, imports of Intermediate goods grew 15.2%, imports of Parts and accessories for capital assets increased 14.3%; imports of Passenger Motorcar vehicles also grew 40.9%; imports of Consumer goods rose 20.9%; and imports of Capital Assets grew 23.0%.(Indec).

As regards the monetary variables, the monetary base grew from $ 787,895 million at the end of 2016 to $ 982,660 million at the end of 2017, reflecting a 24.7% increase during the year. At year end, international reserves reached $55.58 billion, up 46.7% from the previous year. The value of the United States dollar on the single free exchange market climbed from $ 15.89/USD to $ 17.79/USD, reflecting a 12% devaluation of the local currency (BCRA).

Accordingly, the monetary base recorded a monthly growth of 8.4% in December, with increases both in the money in circulation and in bank reserves, driven by the mentioned seasonal factors. The demand for money supply was covered with an expansion generated by purchases of dollars, transfers to the National Treasury and a reduction in the balance of LEBAC and Central Bank swaps.

Considering the year 2017 as a whole, the growth in the monetary base was fueled by the expansion associated with the accumulation of international reserves and transfers to the National Treasury, partially offset by the contraction caused by the sterilization through the placement of LEBAC and swaps. As a result, the increase in non-monetary liabilities during the year was met by a strengthening of Central Bank assets through the increase in foreign currency liquid assets.

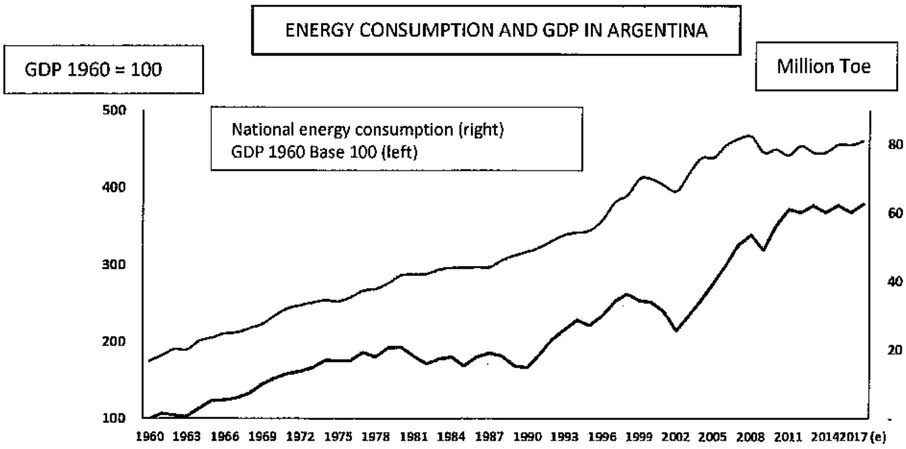
As regards public finances, according to the Treasury Department (the Ministry of Economy and the AFIP), National Government revenues (including tax, social security and land tax receipts) grew an annual 23.87%, reaching $1,998 billion in 2017.Primary spending grew at a rate of 21.82%, reaching $2,402 billion. Tax collections amounted to $2,579 billion, reflecting a 24.59% increase from 2016.

Structure of the Energy Sector

The evolution of energy demand and consumption in Argentina is positively related to the evolution of the Gross Domestic Product, which implies that the greater the economic growth, the greater the consolidated demand for all energy products. In the last 58 years energy consumption has shown a historical annual average cumulative growth of 2.8%[1], with a cumulative annual median of 1.3%[2] since 2002, despite the fact that economic growth reached a median of 3.9% p.a. during this last period, exceeding the 2.5% cumulative annual growth recorded since 1959.The last two years of reduced growth of primary energy consumption are affected by the strong rate rebuilding process, resulting in a reduction in figures, a probably temporary effect.

[1] From 1959 to the official data of 2016 and estimated figure for 2017.

[2] Official data on energy consumption from the Ministry of Energy and Mining until 2016, using 2017 estimates published by G&G Energy Consultants.



The growth in energy consumption during several years of the first decade of the 21st century resulted from high economic growth, which was driven mainly by the Residential and Commercial sectors, and to a lesser extent by the growth in Industrial sector consumption, as shown by the levels of gas, gasoline and, in particular, electricity consumption. The economic stagnation of the Argentine economy since 2011 has reduced energy consumption growth rates, which had shown favorable increases between 2003 and 2011.

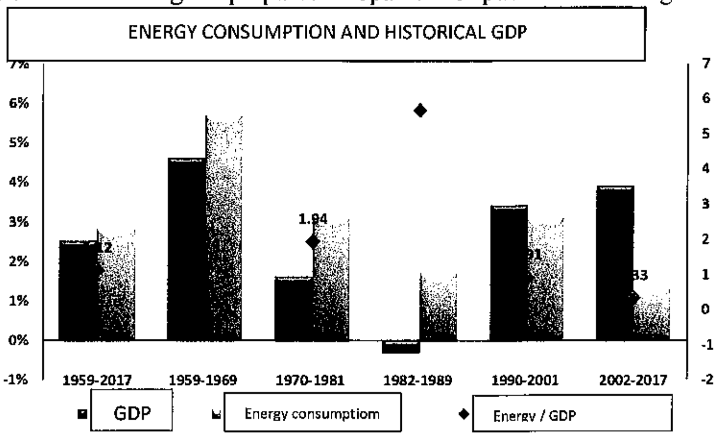
In the last two political-economic cycles, the elasticity of energy consumption in relation to GDP[3] has been lower than in previous decades, and therefore energy demand restrictions due to insufficient supply and the need to import energy to supplement domestic supply had an impact on the economy. This situation needs to be addressed to provide certainty to consumers as to future supply. If industrial development expands, there will be greater energy supply needs to be able to meet an increasing demand.

HISTORICAL-ECONOMIC-PERIOD	ANNUAL GDP	ELECTRICITY CONSUMPTION	ENERGY/GDP ELASTICITY
1959-2017	2.5%	2.8%	1.12
1959-1969	4.6%	5.7%	1.24
1970-1981	1.6%	3.1%	1.94
1982-1989	-0.3%	1.7%	5.67
1990-2001	3.4%	3.1%	0.91
2002-2017	3.9%	1.3%	0.33

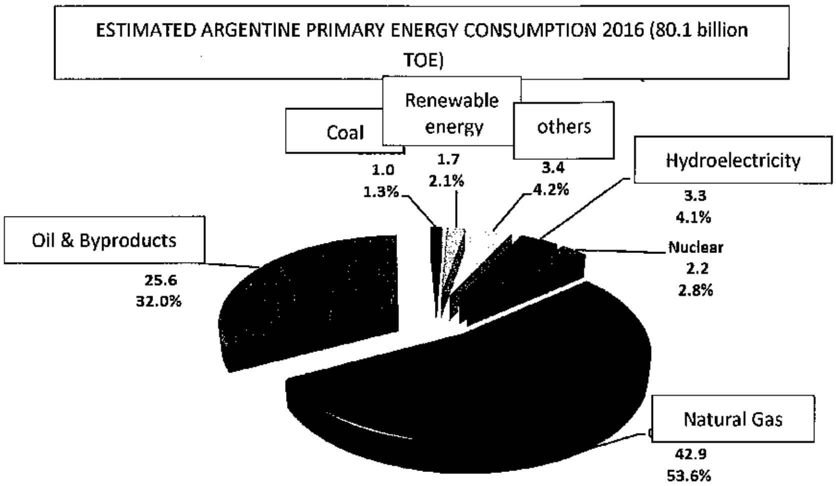
The restrictions on the supply of certain energy products such as natural gas in the last cycle of economic growth through to 2011 and the relatively moderate growth in energy demand in broad terms[4] are mainly due to problems in the supply of these energy products, and to a relevant growth in demand from the Residential-Commercial segment in a context of a modest industrial recovery with limited investments in productive expansion by major energy consumers.

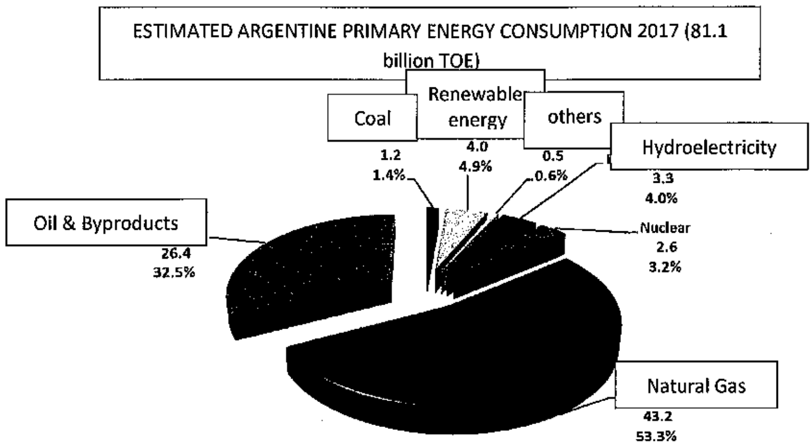
[3] Data for the period 1982-1989 show apparently high elasticity because the instability and volatility of the GDP, which showed a negative average, have an impact on and distort the calculation.

[4] From the analysis of a specific sector such as electricity, it may be observed that the demand growth rate for this energy product is higher than the GDP growth rate.



Argentine primary energy consumption is highly dependent on hydrocarbons, which accounted for 86.8% in 2016 and an estimated 87.2% in 2017[5].

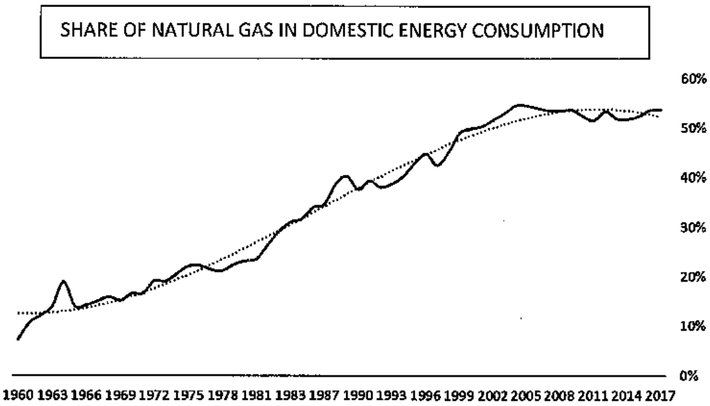




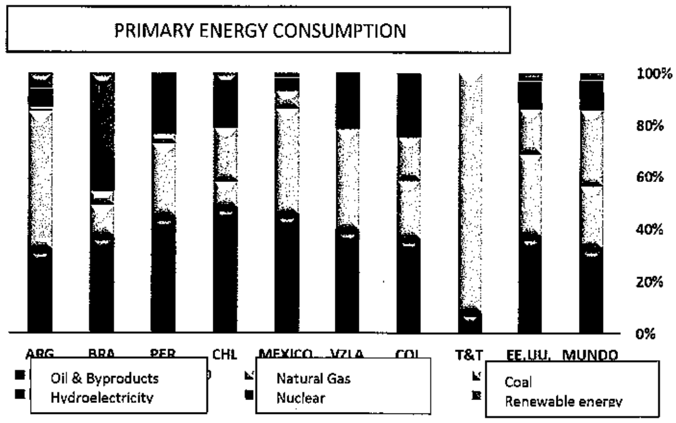
This percentage has dropped slightly in the last five years as a result of the obligation imposed on fuel supplying refineries to incorporate increasing ratios of biodiesel and bioethanol in their diesel and gasoline production. Few countries show this structure of heavy reliance on oil and natural gas byproducts, and typically only those with significant oil and gas reserves. The particularly high reliance on natural gas – an estimated 53.3% in 2017 – fluctuates

[5] Latest official data for 2016 and estimate for 2017 by G&G Energy Consultants, expressed in million Tons of Oil Equivalent (TOE) for Primary Energy Consumption.

annually based on imports of natural gas and liquefied natural gas (LNG) to meet the demand. Despite these imports, the potential natural gas demand remains partly unmet in the industrial segment in the winter, generating restrictions on consumption, without replacing it with other types of fuel, and on the steam power generation segment[6].The main difficulty faced to modify the current energy consumption structure in the short term is the nature, characteristics and cost of the investments required; nevertheless, the current administration has set ambitious targets to increase the use of renewable energies in the power supply.



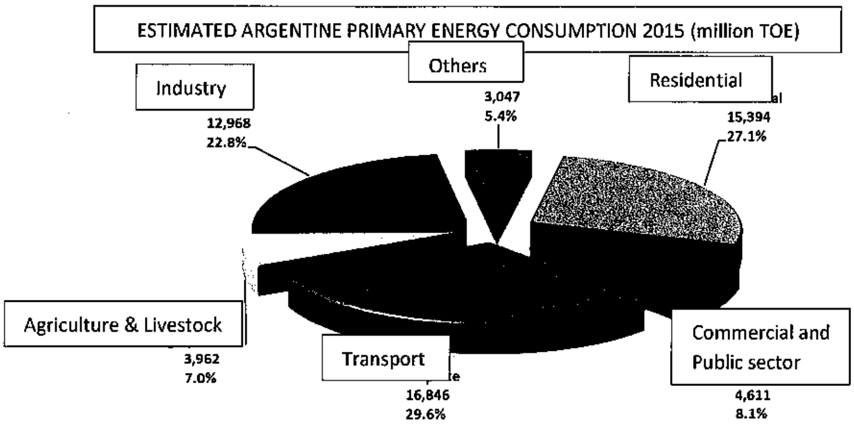
The countries within the region do not have a structure so biased towards hydrocarbons, although they do show a bias in the global average and in the USA.



Argentine energy consumers, and its economy taken as a whole, must get adapted to a heavy reliance on the availability and supply of natural gas and oil byproducts, and on steam power generation for many years to come, as will be seen later.

Final energy consumption in Argentina –net of losses and transformation– is evenly distributed between the transport, industrial and residential/commercial segments. This distribution is similar in other developing countries that have a vast territory and medium sized population.

[6] In the absence of restrictions on gas demand, the share of this product in the primary matrix would be even higher.

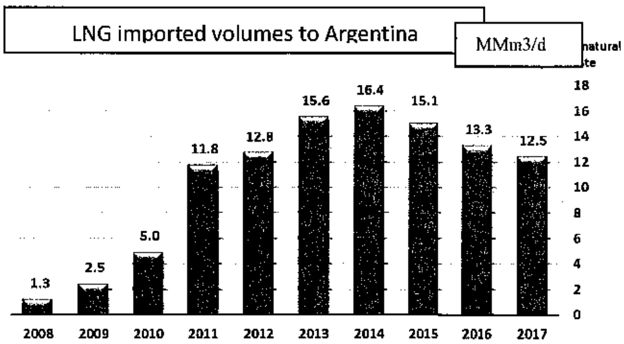


The characteristics of the Argentine energy supply and demand are summarized below:

- An atypical breakdown featuring Oil and Gas as the predominant energy sources, typical only of large hydrocarbon exporters such as countries in the Middle East, Russia, African LNG exporters, or Venezuela.
- In addition, 53.3% of consumption relies on natural gas, with gas penetrating consumption, despite significant restrictions to discourage potential demand for this energy source, which lead to substitution with alternate fuel sources for electric power generation, and direct restrictions on industrial demand in certain branches of industry, which is surpassed by few countries with significant excess natural gas production.
- Stagnant local energy supply – which in recent years also affected the domestic energy demand, mitigating the relative scarcity; this is attributed to insufficient investments in recent years in the highly oil-and-gas-dependent energy sector in order to effectively increase the domestic productive supply to meet a demand that rises during periods of economic growth.
- Demand for natural gas and electricity driven in some specific segments by unreasonably low tariffs for the residential/commercial sector, encouraging unreasonable growth in residential energy consumption.

Liquefied Natural Gas and Gas imported from Bolivia

To supplement local gas production, Argentina has been importing gas from Bolivia increasingly, in addition to the ever-increasing imports of LNG from various suppliers in the first years, as its plants work at full capacity during winter seasons. Imports of LNG by YPF-ENARSA's regasification terminals in Bahía Blanca using a pier belonging to the company MEGA, and at a dedicated pier in the district of Escobar, have grown sharply since 2008.The mild winter of 2017 reduced the need to import gas, as the demand for gas and electricity decreased.



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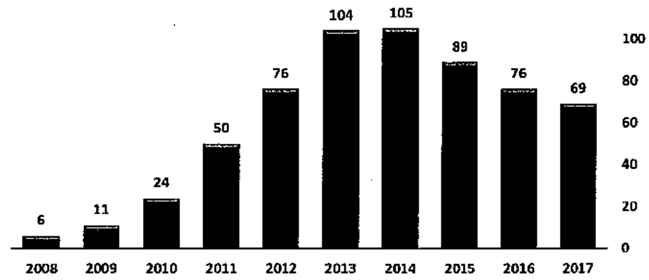
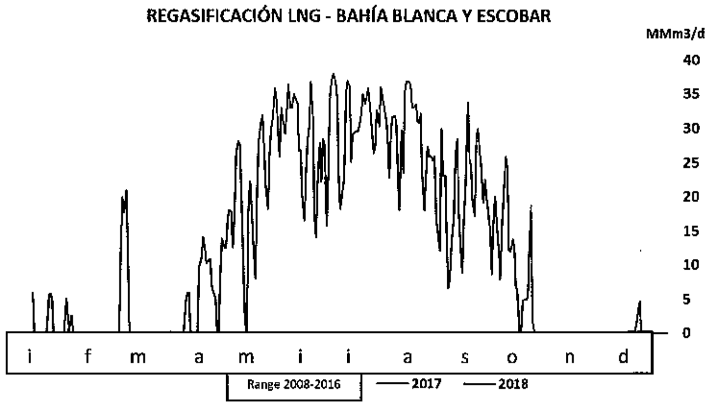
LNG shipments imported by ENARSA to Bahia Blanca and Escobar

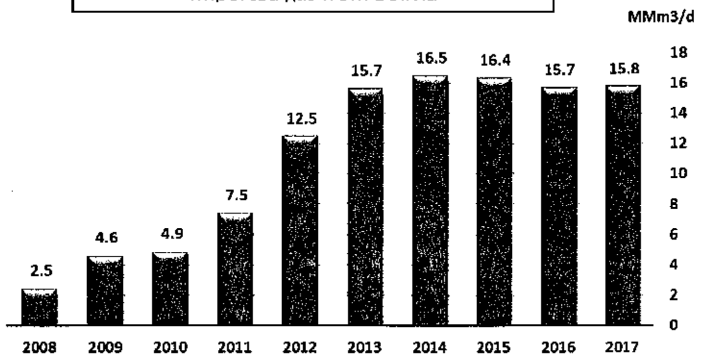


LNG regasification – Bahía Blanca and Escobar

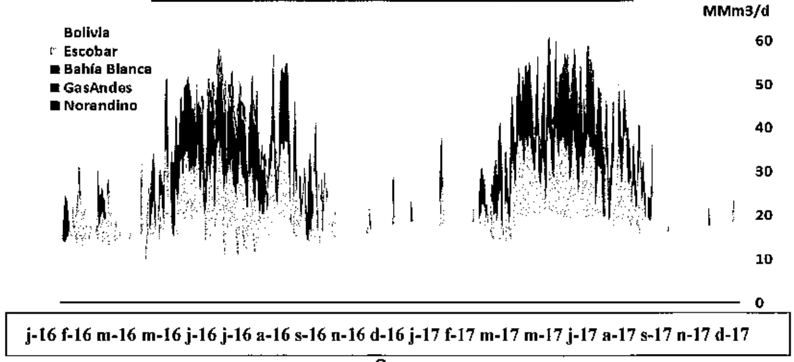


Similarly, imports of gas from Bolivia have increased, thus normalizing YPFB's contractual performance after certain breaches in some months of 2016, specifically in winter months when it incurred a 4 MMm3/d default in respect of Deliver-or-Pay volumes agreed.

Imported gas from Bolivia



Imported gas 2016 – 2017 - 2018



The YPFB-ENARSA agreement contemplates additional increases in the coming years. Bolivia's contractual performance will be conditional on the scope of its contract with Petrobras, which will expire in 2019, and new contracts with other Brazilian companies. Meeting both the growing domestic demand in Bolivia and the exports to Brazil and Argentina will not be possible without new gas discoveries and developments.

Imports far exceed exports of natural gas, even though as from late 2017 some exports were made to Chile subject to the commitment to reimport the same volumes in the year of export, with increasing injections of regasified LNG following the moderate optimization of the regasification capacity of the two terminals Bahía Blanca and Escobar.

Specific Condition of the Argentine Electricity Sector

With the purpose of meeting electricity demand, electricity supply in Argentina has evolved unevenly over the years, with periods of increased supply in response to the prevailing policies.

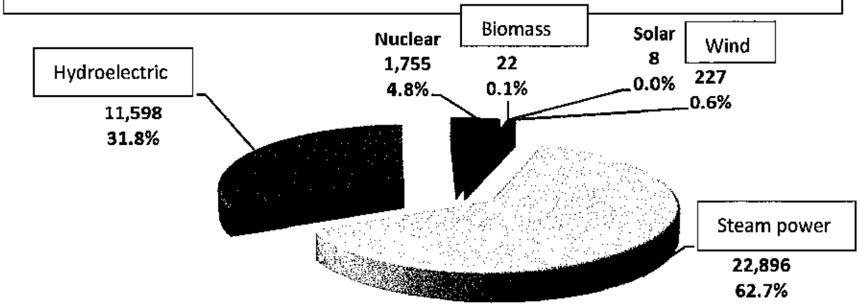
Although CAMMESA has preliminarily estimated a nominal power of 36,505 MW installed in late 2017 – a 7.5% increase equivalent to nominal available power of 2,535 MW[7], representing effective available power because most of the equipment is new, available operating power in the 2017/2018 summer season is close to 28,500 MW plus a rotating reserve of approximately 1,800 MW, according to estimates by G&G Energy Consultants. The difference between nominal and effective power in late 2017 was due to generation restrictions in certain units caused by insufficient supply of fuel, difficulties in reaching the nominal yield, and recurrent maintenance tasks o technical limitations in some generation units.

During 2017 755 MW were incorporated in the form of gas turbines at new or existing power plants. Considerable capacity of 1,209 MW was incorporated at the closure of combined cycles.

In addition, small emergency power units were incorporated, comprising mainly diesel engines, with a generation capacity of 608 MW. These power units were located in different regions to meet peak demand in small cities considering the sub-transmission and transformation restrictions faced by various locations or regions.

Furthermore, renewable power units started to be incorporated, totaling 52 MW (solar, wind and biomass) which are expected to record significant growth between 2018 and 2020.No nuclear power generation capacity was incorporated, and the revamping of turbine-generators at the Yacyretá hydroelectric power plant increased availability by 350 MW.

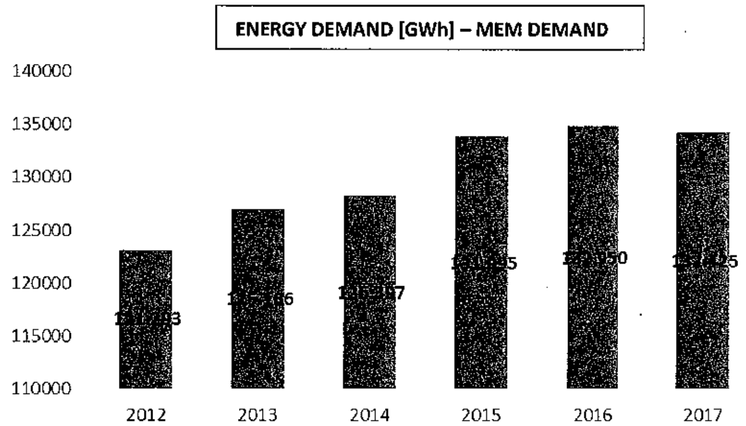
GROSS NOMINAL ELECTRIC POWER GENERATION FLEET IN ARGENTINA 2017 (MW)



[7] 1,154 MW were incorporated in 2016.

The financial restrictions of the Government have had an impact on the rate of incorporation of hydroelectric and nuclear power plants in the past, as a result of the large investments required and the long terms of execution. The recurrent fiscal crises of the Argentine Government have resulted in delays and/or suspension of these large projects.

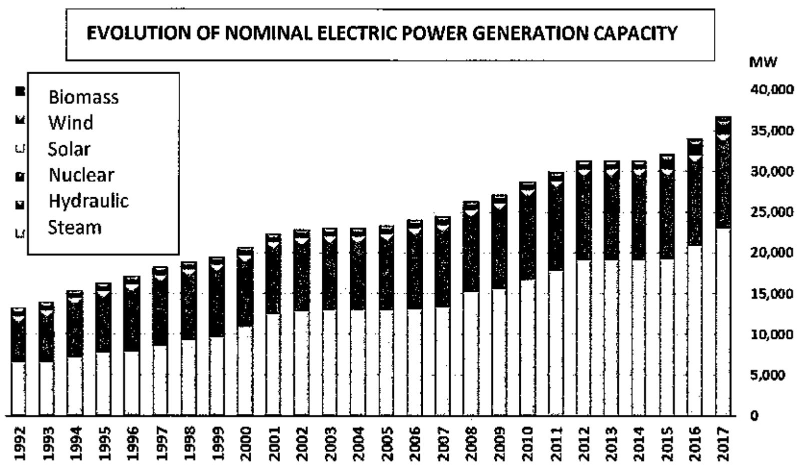
Gross electricity demand recorded a slight decrease of 0.39% in 2017 (including consumption by the company at electric power generation plants and losses in transmission and distribution systems) compared with 2016.



The greatest increase in maximum gross demand was recorded in January 2017, when the maximum demand was 1.46% higher compared with the same month of the previous year.

Nominal Electricity Generation Capacity

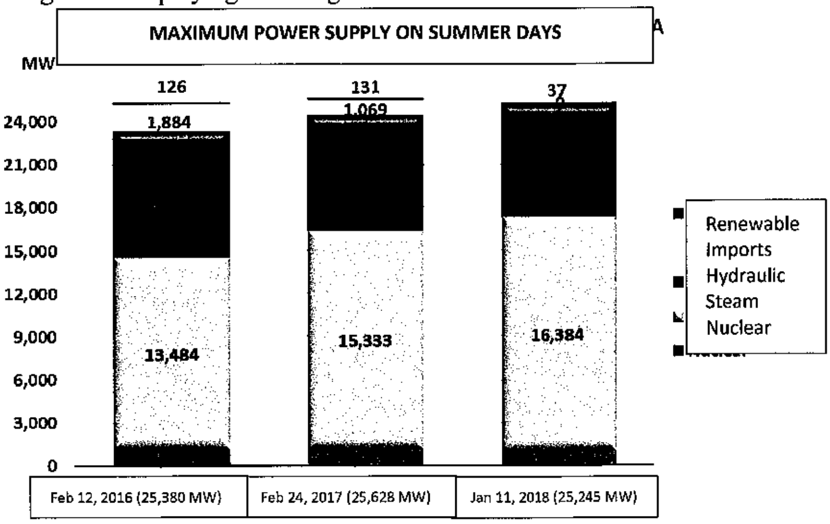
The Nominal Installed Capacity is generated predominantly using steam power, although this segment still features a high level of unavailability. An important number of steam power generating units show high unavailability on a recurrent basis, being unable to generate electricity in particular during the winter season, when fuel restrictions cause a reduction in available effective power.



NOMINAL ELECTRICITY GENERATION CAPACITY (MW) – DECEMBER 2017												
REGION	STEAM TURBINE	GT	CC	DI	STEAM POWER	NUCLEAR	HYDROELECTRIC	SOLAR	WIND	BIOGAS	TOTAL	%
CUYO	120	90	374	40	624	0	1.129	8			1.761	4.8%
COMAHUE	0	631	1.282	92	2.005	0	4.769				6.773	18.6%
NORTH-WESTERN	261	676	1.472	372	2.780	0	218		58		3.057	8.4%
CENTRAL	200	671	534	101	1.505	648	918			4	3.075	8.4%
GREATER BA-LITORAL-BA	3.870	3.559	6.587	895	14.911	1.107	945		0	18	16.982	46.5%
NORTH-EASTERN	0	33	0	303	336	0	3.100				3.436	9.4%
PATAGONIA	0	347	188	0	535	0	519		168		1.222	3.3%
MOBILE				200	200						200	0.5%
TOTAL	4.451	6.006	10.436	2.003	22.896	1.755	11.598	8	227		36.505	100.0%

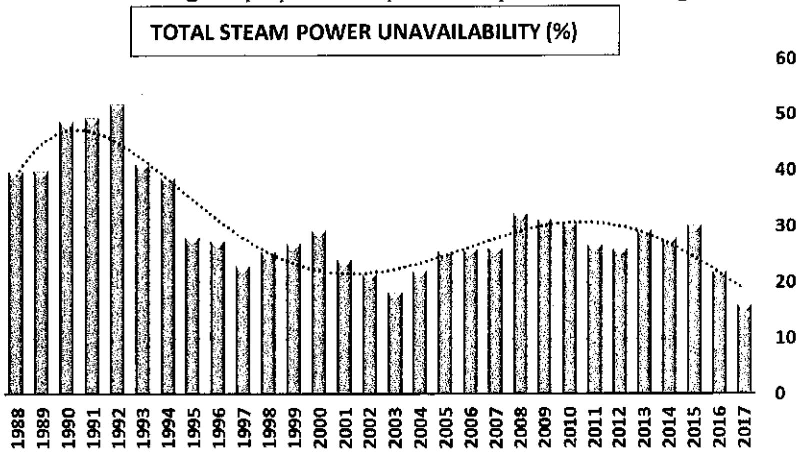
In February 2017, the demand for power and daily energy on a Business Day exceeded the historical record[8].On February 24, 2017 moderate forced restrictions on demand were set, with imports of power below those for 2016 and a significantly higher rotating reserve compared with 2016.The local electricity generation fleet supplied 24,559 MW of the 25,628 MW consumed, plus a rotating reserve of 1,614 MW.

In early 2018, maximum demand exceeded the levels recorded in 2017. However, there is greater excess generation capacity, with steam power generation playing a leading role.



Investments in maintenance improved the availability of the steam power generation fleet in December 2016 and January 2017 alone, with local generation availability close to approximately 25,000 MW.

[8] On December 30, 2017, power and daily energy demand on a Saturday exceeded the historical record. On February 26, 2017, the daily energy demand on a Sunday exceeded the historical record. In both cases, demand is significantly lower than on a Business Day.



The increase in effective available power improved significantly in the last two years after increases in remuneration to electricity generators, which speeded up the repair of units that were recurrently unavailable, in addition to the incorporations indicated earlier.

The companies making up Grupo Albanesi continued to invest in various power plants, with the incorporation of 300 MW in 2017, 320 MW in early 2018 and 435 MW in generation projects under construction.

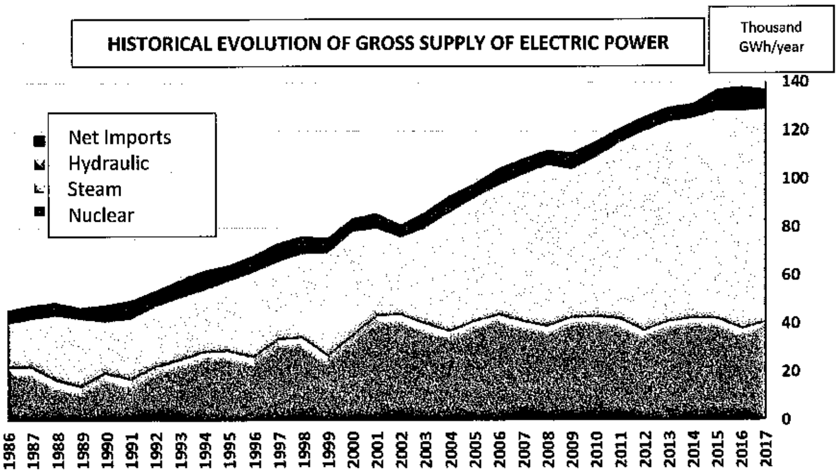
The new generation capacity incorporated in 2017 corresponds to the international public bidding called under SEE Resolution No. 21/2016 of the Ministry of Energy and Mining, in which Grupo Albanesi was the awardee of bids for 420 MW.

- In September 2017, the **Ezeiza Power Plant** owned by Generación Mediterránea S.A. obtained authorization to operate two SGT800 Siemens turbines of 50 MW each, and a third 50 MW turbine was authorized to operate on February 3, 2018.
- In August 2017, the **Independencia Power Plant** owned by Generación Mediterránea S.A.obtained authorization to operate a SGT800 Siemens turbine incorporating 50 MW of additional capacity and a second turbine with the same capacity on February 1, 2018.
- In May 2017, the **Riojana Power Plant** owned by Generación Mediterránea S.A. obtained authorization to operate a new SGT800 Siemens turbine of 50 MW, adding to the existing 40 MW.
- In July 2017, the **Modesto Maranzana Power Plant** owned by Generación Mediterránea S.A. incorporated 100 MW of nominal capacity, adding to the existing 250 MW.
- Work at the **Roca Power Plant** for closure of the combined cycle with the incorporation of a 60 MW steam turbine to the existing 130 MW gas turbine is being completed.

In addition, various companies making up Grupo Albanesi were awarded spot contracts with CAMMESA for expanding their capacity in the coming years. Within the framework of the international public bidding for closure of combined cycle and cogeneration projects called under SEE Resolution No. 287-E/2017 of the Ministry of Energy and Mining, Grupo Albanesi was awarded three projects to install 375 MW of new capacity (350 MW of contracted power).

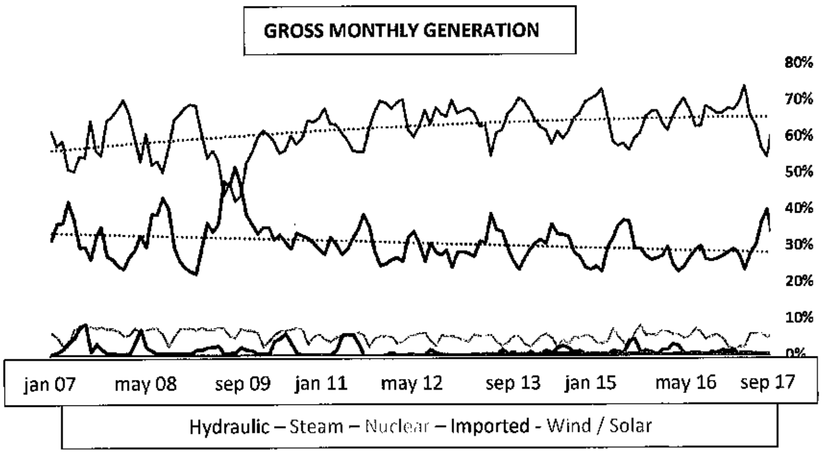
- A cogeneration project with 100 MW contracted power in the province of Santa Fe.
- A cycle closure project with 113 MW contracted power at the Modesto Maranzana Power Plant in the Province of Córdoba.
- A cycle closure project with 138 MW contracted power at the Ezeiza Power Plant in the Province of Buenos Aires.

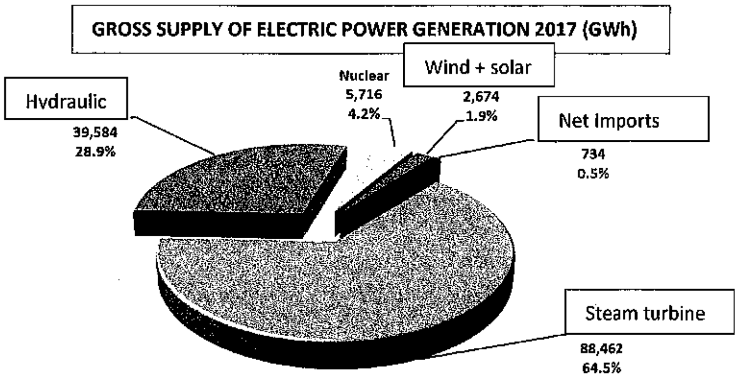
Gross Electricity Demand – including losses in the transmission and distribution system, and the company's own consumption at generating units – has shown a significant growth in steam electric power supply in recent decades, accompanied by a mild increase in the hydroelectric power supply due to the incorporation of the last stage of the Yacyretá power plant following the gradual increase of its generating quota as from 2006.



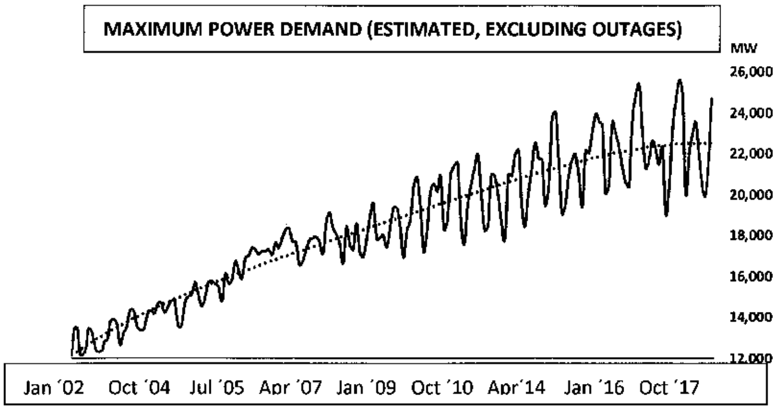
Hydroelectric power supply varies significantly from one month to another throughout the year. It also varies from one year to another due to the higher or lower incidence of rainfalls in the Northeastern region, or of rainfall and snow in Comahue, Cuyo and Northwestern region, to a lesser extent.

The excellent participation of the hydroelectric sector from the winter season of 2009 until early 2010, which reached 50%, is to be considered as a very favorable situation for Argentina, as it minimizes import of fuels for steam power generation. Severe droughts have been recorded since then, which increased the cost of energy supply. Good hydroelectric generation levels were recorded in 2017.

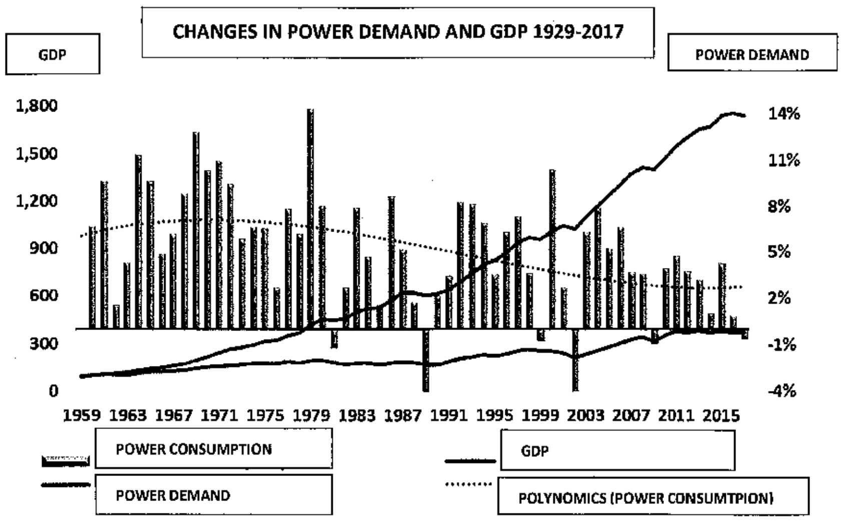


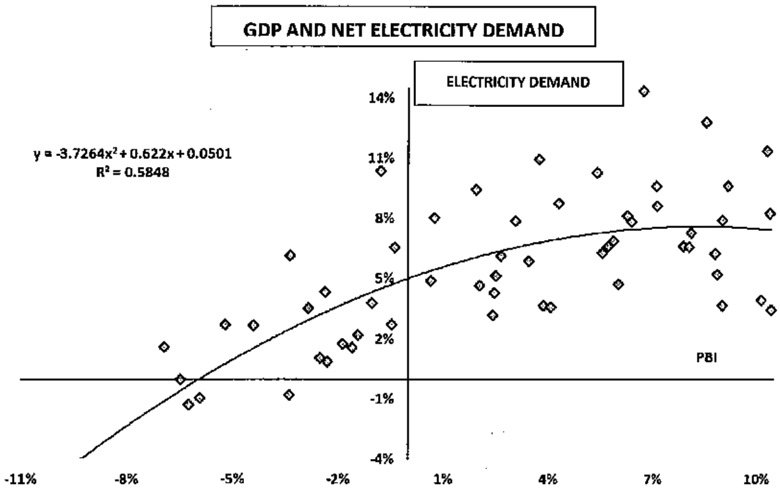


A slowdown in electricity demand growth rates was observed in 2016 and 2017.This long-term trend reflects moderation in electricity demand in periods of economic downturn, such as 2016, or of tariff adjustments as in 2017, despite the 2.8% growth in the GDP.



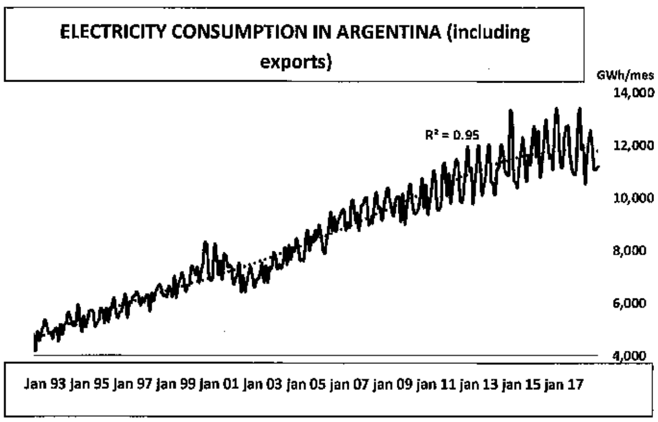
The correlation between the changes in GDP and the electricity demand shows a significant variation; however, it may be concluded that in the event of an important decrease in GDP, electricity demand falls slightly. It should also be considered that in a context of low economic growth, electricity demand increases at rates higher than GDP.



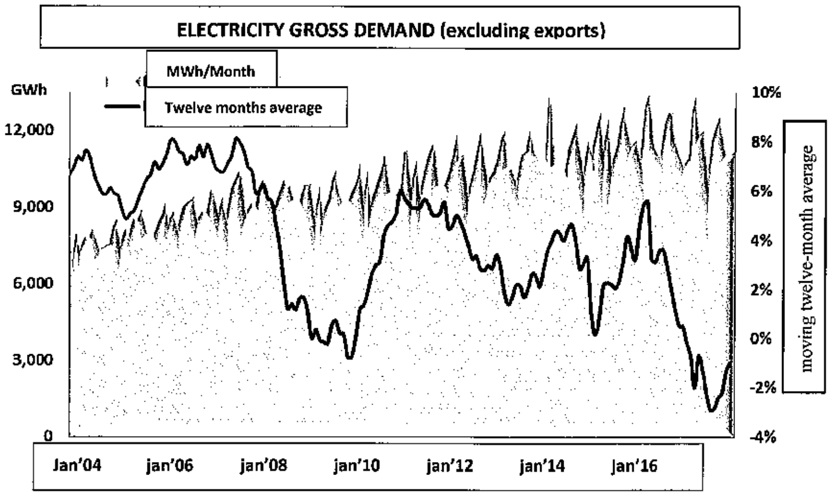


CAMMESA divides Argentina in regions with similar characteristics from the demand point of view, as well as on the basis of the socio-economic characteristics and the integration of each electricity subsystem. Demand is concentrated in the Buenos Aires-Litoral region, which accounts for 62,5% of the total electricity demand of the country. Growth rates in other regions, such as the Northwest, Comahue and Patagonia, are higher than the rest; however, the changes in the current structure will not be significant in the future.

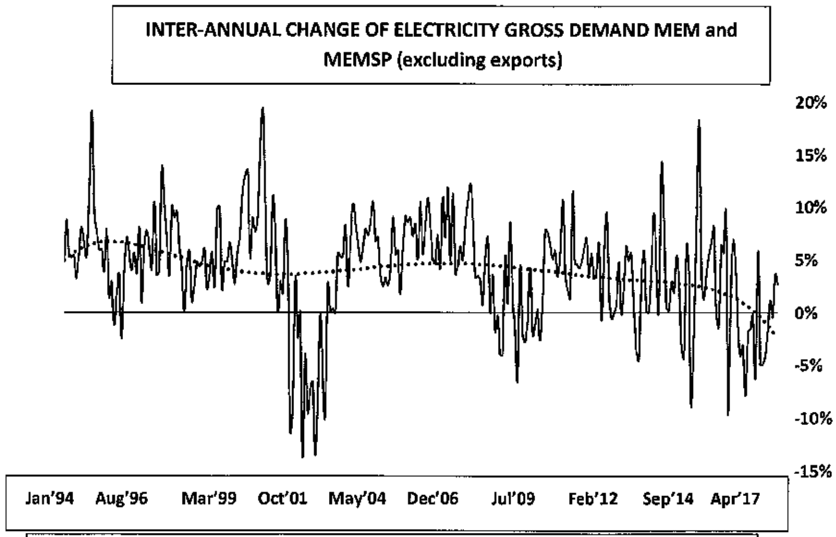
Electricity demand over the year grew after the restrictions to industrial electricity consumption for winter 2017 were lifted, and the international bank and economic crisis of the end of 2008 and beginning of 2009 ended, reflecting a large increase of the industrial activity and massive consumption in the economy. However, electricity demand reversed the growing trend since the middle of 2011, and from 2016 to the end of 2017 it showed a decrease in demand reflected by the moving twelve-month average.

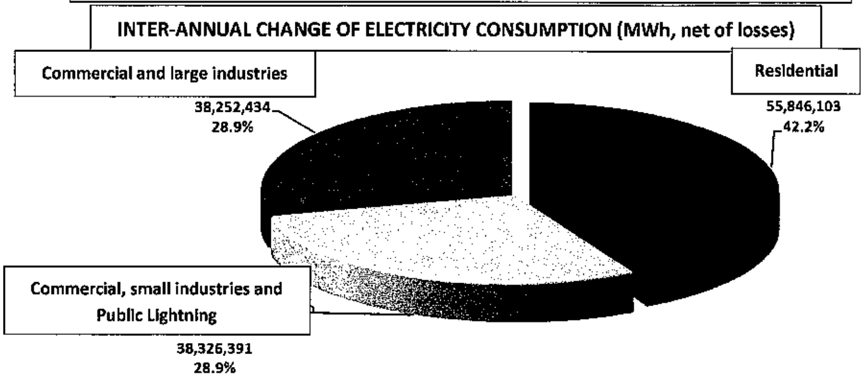


The end of 2015, with the beginning of the economic recession, brought a change in the trend towards a decreasing demand for electricity with which 2017 ends, with a 0,0% stability in 2016 compared with 2015, and a -0,9% reduction in 2017.



A direct inter-annual analysis, as opposed to the moving twelve-month average, which is useful to see the changes in the inertial trend, shows a growth rate from 5 to 10% in 2010 and beginning of 2011, with an abrupt slowdown including negative values in 2012 and beginning of 2013, with growth being stimulated after the 2012 winter. December 2013 and January 2014 showed spectacular residential and commercial demand due to the heat wave which affected the central area of Argentina during those periods, which in December 2014 was reverted with a sharp fall in demand when temperatures became normal. The economic activity has fallen since the end of 2015, mainly in the industrial sector that is very important to the total electricity consumption. In 2017 the industrial activity recovered; however, annual demand showed a -0,9% reduction.

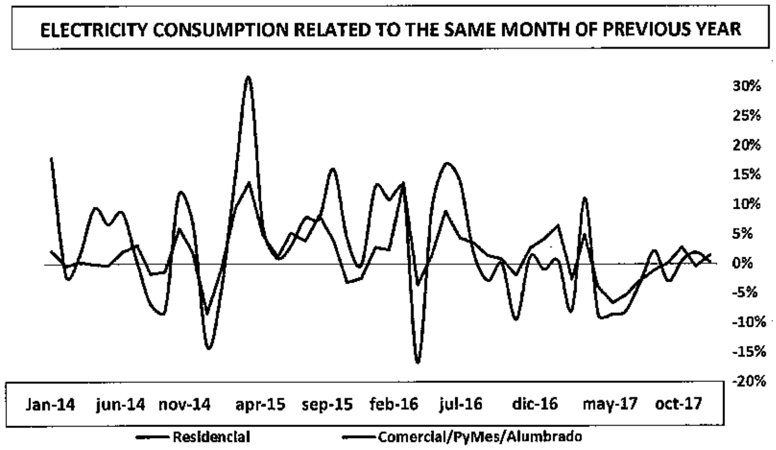


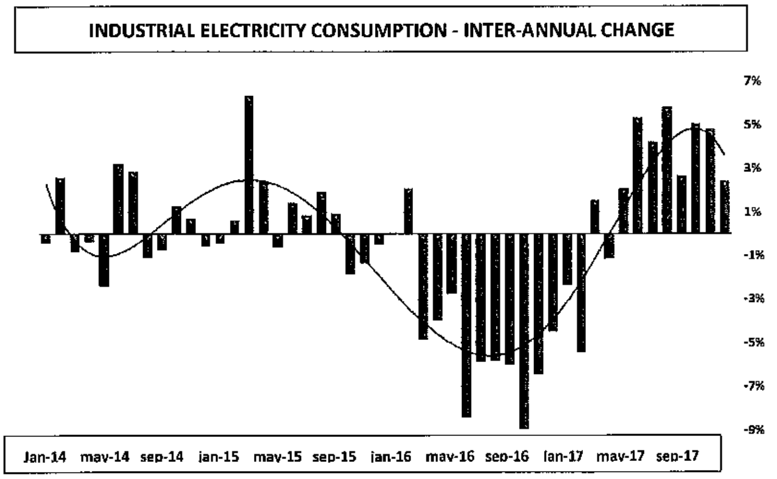


The residential electricity demand segment grew equally 3,0% in 2016 compared with 2015, a figure higher than 2,1% recorded in the recessionary 2014 compared to 2013 (a -2,5% reduction in GDP), but lower than 7,7% recorded in 2015 (growth of 2,5%). In 2017, this segment decreased -2,1%.

The commercial electricity demand segment – which in the new classification of CAMMESA we understand that it includes Public Lightning and small industries - grew 3,2% in 2016 compared with 2015, higher than 0,2% in 2014, and lower than 3,8% in 2015.In 2017, this segment decreased -0,6%.

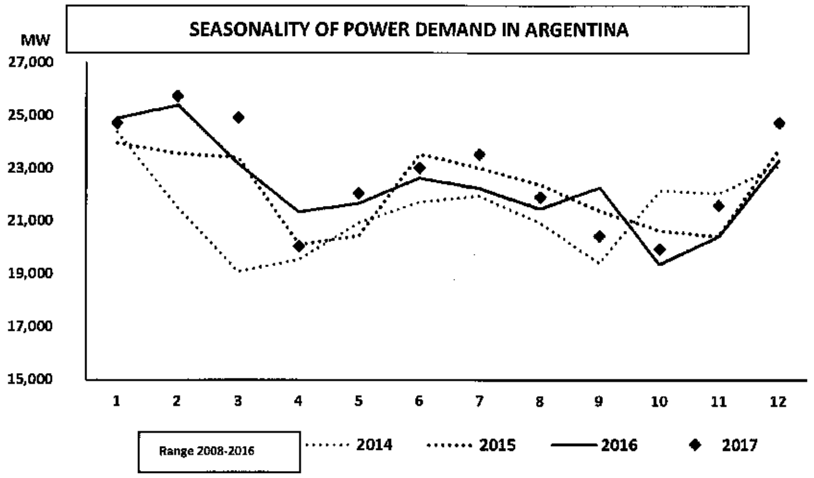
The tariff adjustments to electricity started in February 2016, followed by adjustments to natural gas in April 2016, may affect partly the demand of residential and commercial consumers.
The industrial activity stopped falling at the beginning of 2017, and it seems to be reverting the negative trend of the last two years.





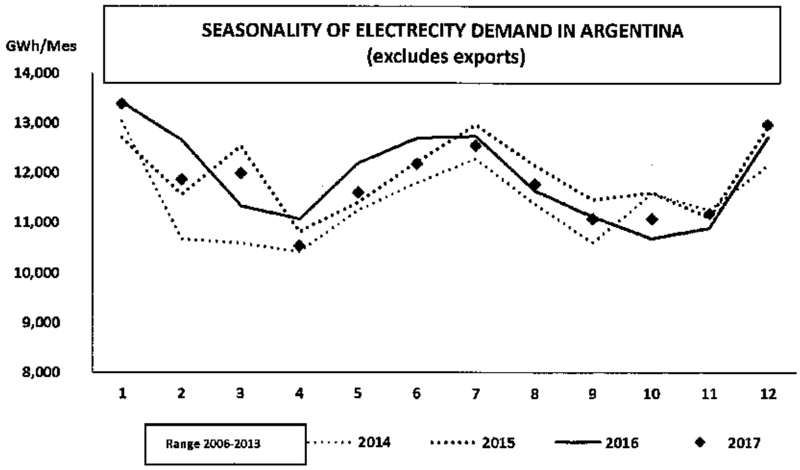
The increase in electricity demand exerts pressure on the supply of fuels to the steam power park. The demand for power affects the park of generation available to meet the maximum power demand during winter night hours or summer afternoon hours.

Nor even the 2015, 2016 and 2017 winters marked new maximum records of power due to warm temperatures that affected the demand in 2015, to the economic recession in 2016 and an unusually warm winter in 2017.In the summer of 2017 a new record was set with high temperatures in Buenos Aires, with the maximum power consumption being recorded with 25,628 MW and 526 GWh on February 24, 2017.



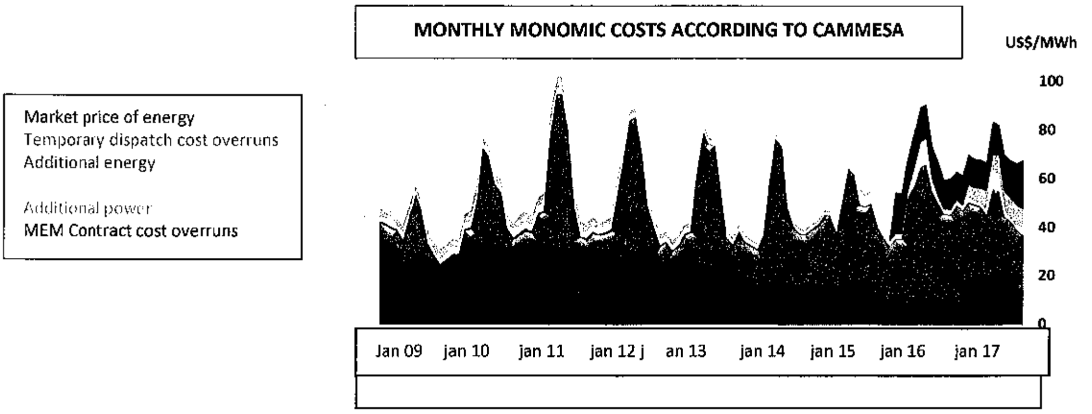
RECENT CHANGES IN ELECTRICITY CONSUMPTION RECORDS						
DAY	PREVIOUS RECORDS		CURRENT RECORDS		VARIATION	MW
	POWER (MW)					
Saturday	25-feb-17	22.390	30-dec-17	22.543	0.7%	153
Sunday	27-dec-15	21.973	28-feb-17	22.346	1.7%	373
Business day	12-feb-16	25.380	24-feb-17	25.628	1.0%	248
DAY	ENERGY (GWh/d)				VARIATION	GWh
Saturday	18-jan-14	477,9	*30-dec-17*	*478,4*	*0.1%*	*0.5*
Sunday	27-dec-15	432,9	*24-feb-17*	*437,6*	*1.1%*	*4.7*
Business day	24-feb-17	526,3	*11-jan-18*	*527,4*	*0.2%*	*1.1*

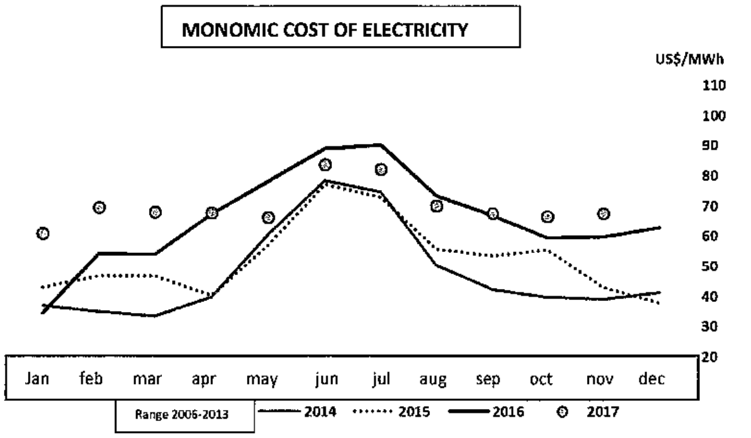
As with natural gas, the strong seasonality of electricity demand in Argentina both of energy and power, influence on the investment needs assessed to meet the maximum peaks of winter demand, generating important surpluses in other times of the year which impact on lower costs and competitiveness in those periods. The demand for electric power is at its high in the afternoon and night during summer, and only at night during winter. In this last case is due to the heavy use of electric heaters because of the difference in cost and the ease of use in relation to natural gas.



The generation monomic cost of CAMMESA is almost transferred in full as effective price only to the industrial segment of the electricity market as from 2018, and partially to residential and commercial consumers despite the increases agreed for the seasonal price of energy as from February 2016, which continued in 2017 and which expects even higher prices in 2018.

CAMMESA amended its costs fixed for fuels in 2016, computing now the real cost of gas imported from Bolivia as LNG and the price of local gas increased in 2016.The fact that CAMMESA modified its methodology, whereby it considered all imported gas at the same price as local gas, contributed in 2016 to maintain the costs of steam electric power generation, since the imported prices of fuels which affected the Temporary Dispatch Surcharge were reduced.





It is likely that in line with the recent increase in the international prices of oil and fuels, the imported cost of fuels have an impact on the rise in the final prices the government transfers to electricity consumers through tariff adjustments during 2018, which are expected for February.

Combined cycles are the leaders of steam power offer, with limited supplement of steam turbine units (with preferred consumption of Fuel Oil and Carbon between 2014 and 2017), and gas turbine units. It is considered that this increasing steam power dispatch structure and the consumption of fossil fuels will be maintained in the next years, and that a change to a structure of renewable sources supply and generation will require several years to allow materializing the projects, as well as significant enlargements in terms of electricity transmission capacity, and substantial investments. The new hydroelectric and nuclear projects will require years to materialize, as well as significant investments measured in billions of dollars to no longer depend on such fuels.

3. HIGHLIGHTS FOR FISCAL YEAR 2017

3.1. Electricity

An average availability of 98% was maintained in 2017, significantly higher than 91.4% of the availability recorded in 2016.

3.2 Maintenance

The objective of the maintenance tasks carried out during the year was to maintain the availability of the generating unit.

The maintenance plan comprised the generating unit and ancillary and building equipment.

The minor predictive and preventive maintenance tasks scheduled were carried out during the year at the GU 01, as recommended in the Manufacturer's manual and the good practices of the profession.

Maintenance is adjusted, considering closure of the combined cycle, enlargement of working areas, the purchase of a new set of tools, and economic improvement in the maintenance agreement signed with General Electric for the 2017 period.

3.3 Environmental management

Corporate Environmental Management System

Roca Power Plant has an Environmental Management System certified under ISO standard 14001:2015, with an implementation framework that across the company integrates the environmental management of the rest of the operative plants of Grupo Albanesi (Generación Rosario S.A. and Generación Mediterránea S.A. Power Plants:"Modesto Maranzana", La Rioja, Independencia, La Banda and Frías).

This shared methodology allows working in a unified and coordinated manner at all work sites, applying the same criteria for determining the environmental aspects of the activity, its significance assessments and the operating controls adopted. Supported by standardized documentation and implemented within a work framework based on joint and cooperative performance between the parties, sustained growth has been achieved over time, subject to regular performance reviews and ongoing improvement processes.

The main benefits of the above may be noted in aspects such as:

- Environmental awareness and the involvement of the personnel in the fulfillment of the objectives set.
- The absence of environmental incidents, both at the operating plant and at the works done to continue with the process.
- Optimum order and cleaning conditions at the premises.
- Efficient treatment of corrective actions as well as of those derived from addressing risks and opportunities.
- Attention given in due time and manner to comply with legal requirements.
- Improved management of environmental issues with special attention to its life cycles and the interests related to environmental sustainability.
- The development of new projects to expand the capacity of electricity generation under strict follow-up of environmental requirements in terms of legal, documentary and field matters.
- Efforts expended, with satisfactory results, to the care and aesthetic of natural spaces, mainly included the development of an important afforestation project in the interior of the facilities.

In the October-November 2017 period a new satisfactory external audit of maintenance control over the Environmental Management System was performed by IRAM as certified entity.

3.4 Human Resources

Human Capital management

Under the motto "Work together and better" and guided by our corporate values, **Attract, Motivate and Retain** are the three pillars on which the human capital management of the group is based. With the purpose of transforming the company in a market reference, we are undergoing a change process where our ambition is to convert every person in a value adding agent who contributes to the results of the business and to client satisfaction at each stage of the value chain.

In that sense, three characteristics have been defined for each of the policies to be implemented:

- **Homogenization**, as a way to identify best practices and capitalize knowledge and the individual experience of our staff and transform it into group strength.
- **Formalization**, as a tool to consolidate our processes and allow for a work framework focused on the efficiency of each position.
- **Streamlining**, as a way to avoid waste at each stage of the processes and maximize results and client satisfaction.

Below we describe the main actions by activity.

Employment opportunities

We have launched **"MOBI"**, our mobility and internal searches program aimed at covering vacant positions, where internal opportunities prevail over the market, and which will be used as a powerful engine of motivation and professional development. This tool allows maximizing results since we search in the market for the latest link of the chain with the consequent benefit of learning curves and shorter integrations.

Compensation and benefits

To ensure internal equity and external competitiveness, the market practice is monitored twice a year through general market surveys with specific cut-off for the sector. Further, the Group participates as guest in surveys sponsored by companies leading the energy and oil sector.

Two increases were granted in the year in line with the labor market practice.

The Performance Management Program to assess the staff in terms of expected behaviors and potential to support development in terms of capabilities is maintained.

Training and development

Emphasis was put on the development of capabilities to ensure progress in the content of work positions, both in technical matters as well as in management capabilities. In addition, the policy of scholarships for specialization purposes (postgraduate and MBA courses) aimed at developing the general vision of the business was continued.

Internal communication, climate

The use of the communication tools available was strengthened to inform the staff of the company's activities.

In addition, to adjust the Human Resources programs, an internal climate survey was conducted which allow designing actions focused on the development of the organization.

Work relations

On June 8, 2017, GMSA, CTR and AESA and the Federación Argentina de Trabajadores de Luz y Fuerza signed a conventional Memorandum of Understanding, whereby they recognized that the work relations among them would be governed by a collective bargaining agreement.

The collective bargaining agreement will be in force for 3 years as from January 1, 2018 and is applicable for the power plants CTMM, CTI, CTRi, CTLB, CTF, CTR and Timbues.

In that line, an agreement was signed with the union that represents the professionals of Agua y Energía APUAYE.

Corporate social responsibility

In the context of strengthening relations with the community where the group operates, we ratify our decision as to the development and promotion of education. Among other programs, we highlight our actions in the city of Rio Cuarto in the Province of Córdoba, in the community of 25 de mayo in the Province of La Pampa, in the cities of La Banda and Frías in the Province of Santiago del Estero.

3.5 Systems and Communications

In 2017, the area of Systems and Communications continued providing maintenance, development, implementation, innovation and solutions related to applications, technology, telecommunications, information security and processes, ensuring an adequate service level and meeting the needs of the Company's business.

This area has policies and procedures in line with international standards which are constantly supervised to ensure compliance with the objectives of the sector, internal controls, as well as quality and ongoing improvement.

To achieve synergy between the Systems and Communications area and the Management Systems area, responsible for the support and maintenance of SAP, INFOR and other management systems, in December 2017 both areas were merged into the Systems and Information Technology Management.

The projects and objectives accomplished during 2017 are summarized below:

- Azure is added as an external data center as a contingency site.
- HANA Cluster is implemented for production SAP.
- Beginning of the AD implementation at corporate level with only one active directory.
- Beginning of corporate departmental printing, allowing for the printing at any facility from any area of the company.
- Progress in terms of document digitalization across the organization. Including advanced filters and search engines.
- Addition of a legal portal to follow up the contracts of Grupo Albanesi.
- The head office data center is fed with electricity from a generator.
- A switchboard has been installed at the Ezeiza plant.

The new Systems and Information Technology Management will continue in 2018 with the investment processes aimed at improving productivity and the efficiency of existing processes, as well as adding innovative technologies, thus allowing to continue with the process to improve the actions focused on ensuring security, confidentiality, completeness and availability of the information.

Some of the projects for 2018 include:

- Refurbishment of the DC at the new power plant in Timbúes and the follow-up of the project of the power plant at Arroyo Seco, with state-of-the-art infrastructure, communications and hardware technology.
- Completing the AD implementation at corporate level with only one active directory.
- Finishing the contingency site.
- Completing the implementation of the corporate departmental printing.
- Completing the implementation of the Success Factors to improve employee management.
- Assessment of alternatives to improve the maintenance and purchases management process at company plants, currently supported by the INFOR software, with its pertinent implementation project.
- Development of the new gas commercial system.

- Assessment and improvement of management processes for demand, support and project portfolio of the Systems and Information Technology Management.
- Commencement of a process for adjusting the setup of the cameras and monitoring system through CCTV.
- Assessment and improvement of the Information Security policies and processes.

3.6 Financial condition

In 2017 the Company prioritized the capital market to improve its financial profile and continue with its investments for closure of the plant cycle.

On July 24, 2017, Class IV Negotiable Obligations for $291,119,753 was issued at a Private Banks BADLAR rate plus 5% for a term of 48 months.

$161,119,753 out of the amount issued was paid up in kind through the swap of Class III Negotiable Obligations. The outstanding balance for $130,000,000 was fully paid up in cash.

On August 4, 2017 a loan was obtained from Banco Ciudad for USD 9,200,000, payable in 11 quarterly installments, with a grace period of 6-month.It accrues interest at a 6% fixed rate.

On October 11, 2017, Class 1 Negotiable Obligations were issued (GMSA and CTR co- issuance) for a total fair value of USD 30,000,000, allocating USD 10,000,000 out of that total to CTR. They accrue interest at a rate of 6,68% and fall due at 36 months as from the disbursement of funds.

Foreign exchange hedging was done during the year for the payment of interest on the International Bonds made on January 27, 2018.

The bank and financial debt of the Company at December 31, 2017 was broken down as follows:

	$		
Financial debt	**Current**	**Non-Current**	**Total**
International bond	43,991,534	1,270,261,403	1,314,252,937
Negotiable obligations	82,317,162	689,326,339	771,643,501
Other bank debts	64,050,147	109,181,418	173,231,565
Finance lease debts	3,390,322	12,624,965	16,015,287
	193,749,165	**2,081,394,125**	**2,275,143,290**

Brief description of the activities of the issuing company, including references to relevant circumstances subsequent to year end:

In accordance with the provisions of CNV General Resolution No. 368/01, and subsequent amendments, we present below an analysis of the results of operations of CTR and its net worth and financial position, which must be read together with the financial statements attached.

Fiscal year ended December 31:

	2017	2016	Variation	Variation %
	MWh			
Sales by type of market				
Sales to CAMMESA Res. No. 220	120,746	296,253	(175,507)	(59%)
Sale of electricity Res. No. 19/17 plus Spot	977	682	295	43%
	121,723	**296,935**	**(175,212)**	**(59%)**

The sales for each market (in millions of pesos) are shown below:

Fiscal year ended December 31:

	2017	2016	Variation	Variation %
	(in millions of pesos)			
Sales by type of market				
Sales to CAMMESA Res. No. 220	371.6	574.7	(203.1)	(35%)
Sale of electricity Res. No. 19/17 plus Spot	9.5	0.1	9.4	9400%
	381.1	**574.8**	**(193.7)**	**(34%)**

Free translation from the original prepared in Spanish for publication in Argentina
Income/loss for the year ended December 31, 2017 and 2016 (in millions of pesos):

Fiscal year ended December 31:

	2017	2016	Variation	Variation %
Sales of energy	381.1	574.8	(193.7)	(34%)
Net sales	**381.1**	**574.8**	**(193.7)**	**(34%)**
Purchase of electric energy	(8.9)	(2.3)	(6.6)	287%
Gas and diesel consumption at the plant	(18.4)	(263.7)	245.3	(93%)
Salaries, social security charges and employee benefits	(22.6)	(14.5)	(8.1)	56%
Maintenance services	(10.3)	(8.2)	(2.1)	26%
Depreciation of property, plant and equipment	(39.7)	(32.3)	(7.4)	23%
Security guard and porter	(2.8)	(1.9)	(0.9)	47%
Insurance	(4.4)	(4.3)	(0.1)	2%
Taxes, rates and contributions	(2.7)	(2.2)	(0.5)	23%
Others	(2.2)	(1.2)	(1.0)	83%
Cost of sales	**(112.0)**	**(330.6)**	**218.6**	**(66%)**
Gross income/(loss)	**269.1**	**244.2**	**24.9**	**10%**
Advertising	(0.1)	(0.1)	-	0%
Taxes, rates and contributions	(5.8)	(16.9)	11.1	(66%)
Selling expenses	**(5.9)**	**(17.0)**	**11.1**	**(65%)**
Salaries, social security charges and employee benefits	-	(2.0)	2.0	(100%)
Fees and compensation for services	(13.0)	(6.8)	(6.2)	91%
Directors' fees	(3.3)	-	(3.3)	100%
Leases	(1.8)	(0.4)	(1.4)	350%
Donations	(1.1)	-	(1.1)	100%
Sundry	(1.1)	(1.3)	0.2	(15%)
Administrative expenses	**(20.3)**	**(10.5)**	**(9.8)**	**93%**
Other operating income	0.2	-	0.2	100%
Operating income/ (loss)	**243.1**	**216.7**	**26.4**	**12%**
Commercial interest	(14.2)	12.5	(26.7)	(214%)
Loan interest	(85.5)	(96.1)	10.6	(11%)
Bank expenses and commissions	(0.6)	(2.3)	1.7	(74%)
Exchange differences, net	(88.7)	(62.7)	(26.0)	41%
Other financial results	33.2	44.7	(11.5)	(26%)
Financial and holding results, net	**(155.8)**	**(103.9)**	**(51.9)**	**50%**
Income/(loss) before taxes	**87.3**	**112.7**	**(25.4)**	**(23%)**
Income tax	(17.8)	(42.0)	24.2	(58%)
Net income/loss for the year	**69.5**	**70.7**	**(1.2)**	**(2%)**

	Fiscal year ended December 31: 2017	2016	Variation	Variation %
Other Comprehensive Income for the year				
Change in the income tax rate -				
Revaluation of property, plant and equipment	52.90	-	52.9	100%
Revaluation of property, plant and equipment	149.10	139.6	9.5	7%
Impact on income tax	(37.3)	(48.9)	11.6	(24%)
Other comprehensive income for the year	**164.7**	**90.7**	**74.0**	**82%**
Total comprehensive income for the year	**234.2**	**161.5**	**72.7**	**45%**

Sales:

Net sales for the year ended December 31, 2017 amounted to $ 381.1 million, compared with $ 574.8 million for fiscal year 2016, showing a decrease of $ 193.7 million or 34%.
During the fiscal year ended December 31, 2017, the dispatch of electricity was 121,723 MWh, accounting for a 59% decrease, compared with 296,935 MWh for 2016.
The main sources of income of the Company and their performance during the fiscal year ended December 31, 2017 compared with the year 2016 are described below:

(i) $ 371.6 million from energy sales on the forward market to CAMMESA under the framework of Resolution 220/07, representing a 35% decrease compared with the $ 574.7 million in 2016.Such variation is mainly due to the net effect between a decrease in the dispatch of energy, an increase in the exchange rate and a decrease in the period of diesel consumption, as well as changes to the business information disclosed as per Resolution 19/2017.

Cost of sales:

The total cost of sales for the year ended December 31, 2017 reached $ 112.0 million, compared with $ 330.6 million for fiscal year 2016, reflecting a decrease of $ 218.6 million or 66%.
The main cost of sales of the Company and their performance during the fiscal year ended December 31, 2017 compared with the year 2016 are described below:

(ii) $ 18.4 million for the cost of gas and diesel consumption at the plant, reflecting a 93% drop from the $ 263.7 million for fiscal year 2016.Such variation is mainly due to less energy dispatched, a variation in the exchange rate, a decrease in the period of diesel consumption, as well as changes to the business information disclosed as per Resolution 19/2017.

(iii) $ 22.6 million for salaries, social security charges and employee benefits, which accounted for a 56% increase compared with the $ 14.5 million amount recorded in fiscal year 2016; a variation due to salary rises net of capitalized remuneration, whose tasks were affected to the closure of the cycle.

(iv) Depreciation of property, plant and equipment for $ 39.7 million, which accounted for 23% increase with regard to the depreciation of $ 32.3 million in fiscal year 2016.This change is mainly due to a depreciation of property, plant and equipment added in the last year and the effect of depreciation charges relating to the technical revaluation made in December 2016.This item did not imply cash outflows.

(v) $ 2.8 million in surveillance and porter's lodge, which accounted for a 47% increase compared with the $ 1.9 million for fiscal year 2016. Such change is due to an increase in the costs of the service.

Gross income/(loss):

Gross income/(loss) for the year ended December 31, 2017 reached $ 269.1 million, compared with $ 244.2 million for the fiscal year 2016, reflecting an increase of $ 24.9 million or 10%.Such variation is mainly due to the net effect between the decrease in the dispatch of energy and the increase in the exchange rate.

Selling expenses:

The total cost of sales for the year ended December 31, 2017 reached $ 5.9 million, compared with $ 17 million for the fiscal year 2016, reflecting a decrease of $ 11.1 million or 65%.

The main component of the Company's selling expenses is listed below:

(i) $ 5.8 million in taxes, rates and contributions, accounting for a 66 % decrease from the $ 11.1 million of fiscal year 2016.The decrease is in line with the variation in sales for this year compared with the previous year.

Administrative expenses:

Total administrative expenses for the fiscal year ended December 31, 2017 amounted to $ 20.3 million, showing a 93% increase from $ 10.5 million in fiscal year 2016.

The main components of the Company's administrative expenses are listed below:

(i) $ 13 million of fees and compensation for services, which accounted for an increase of 91% from the $ 6.8 million for the year 2016. Such variation is due to the billing of administrative services rendered by RGA.

(ii) $ 3.3 million for directors' fees, which accounted for an increase of 100% compared with the year 2016.The distribution of directors' fees was provided for in fiscal year 2017, while they were not distributed in fiscal year 2016.

(iii) $ 1.8 million for rental costs, accounting for an increase of 350% compared with $0.4 million for the fiscal year 2016, mainly due to the increase in the rental costs of the administrative offices.

Operating income/(loss):

Operating results for the year ended December 31, 2017 reached $ 243.1 million, compared with $ 216.7 million for the fiscal year 2016, reflecting an increase of $ 26.4 million or 12%.

Financial and holding results, net

Financial and holding result, net for the year ended December 31, 2017 was a loss of $ 155.8 million, compared with a loss of $ 130.9 million in fiscal year 2016, reflecting a 50% increase under this heading. The change is mainly due to the effect of the variation in the exchange rate, changes in the fair value of financial instruments and in interest on loans.

The most noticeable aspects of the variation are:

(i) $ 85.5 million loss for interest on loans, accounting for a decrease of 11% compared with $ 96.1 million loss for the fiscal year 2016, due to the improvement in the rates of new financial instruments taken as Negotiable Obligations Class III, IV, co- issuance of Negotiable Obligations I between GMSA and CTR, and International bond.

(ii) A loss of $ 0.6 million due to bank expenses and fees, which represented a 74% decrease compared with the loss of $ 2.3 million under this heading in fiscal year 2016.

(iii) $ 14.2 million loss for commercial interest, accounting for a 214 % decrease from the $ 12.5 million income for the fiscal year 2016.

Net profit/(loss):

The Company reported earnings before tax for $ 87.3 million for the fiscal year ended December 31, 2017, which accounted for a 23% decrease compared with the earnings for $ 112.7 million in fiscal year 2016. The change is mainly due to the variation in the exchange rate, changes in the fair value of financial instruments and in interest on loans.

The income tax charge represented a loss of $ 17.8 million for the fiscal year ended December 31, 2017, compared with the loss of $ 42 million for the fiscal year 2016.Thus obtaining income before income tax for $ 69.5 million compared with $ 70.7 million of income for the year 2016.

2. Comparative equity structure:

(in millions of pesos)

	12.31.17	12.31.16	12.31.15	12.31.14	12.31.13
Non-Current Assets	2,719.6	1,357.9	792.9	467.1	267.3
Current Assets	709.6	1,010.6	343.8	145.7	138.4
Total Assets	**3,429.1**	**2,368.5**	**1,136.7**	**612.8**	**405.6**
Equity	665.6	431.4	269.9	162.2	50.7
Total Equity	**665.6**	**431.4**	**269.9**	**162.2**	**50.7**
Non-current Liabilities	2,279.3	1,656.2	578.2	272.3	235.0
Current Liabilities	484.2	281.0	288.6	178.3	119.9
Total Liabilities	**2,763.5**	**1,937.1**	**866.8**	**450.6**	**354.9**
Total Liabilities + Equity	**3,429.1**	**2,368.5**	**1,136.7**	**612.8**	**405.6**

3. Comparative income statement:
(in millions of pesos)

	12.31.17	12.31.16	12.31.15	12.31.14	12.31.13
Ordinary operating income/(loss)	243.1	216.7	114.7	97.2	73.0
Financial and holding results	(155.8)	(103.9)	(156.6)	(141.5)	(109.0)
Ordinary net income/(loss)	**87.3**	**112.7**	**(42.0)**	**(44.3)**	**(35.9)**
Income tax	(17.8)	(42.0)	14.4	15.7	13.6
Net Income/(loss)	**69.5**	**70.7**	**(27.6)**	**(28.6)**	**(22.4)**
Other comprehensive income	164.7	90.7	135.3	140.2	-
Total comprehensive income	**234.2**	**161.5**	**107.7**	**111.6**	**(22.4)**

4. Comparative cash flow structure:

(in millions of pesos)

	12.31.17	12.31.16	12.31.15	12.31.14	12.31.13
Funds provided by (used in) operating activities	41.5	(54.5)	116.0	97.8	90.3
Funds (used in) investment activities	(655.9)	(152.1)	(298.7)	(23.3)	(26.1)
Funds provided by (used in) financing activities	262.8	642.1	198.9	(84.9)	(55.8)
(Decrease) / Increase in cash and cash equivalents	**(351.6)**	**435.6**	**16.3**	**(10.4)**	**8.5**

5. Comparative rates:

	12.31.17	12.31.16	12.31.15	12.31.14	12.31.13
Liquidity (1)	1.47	3.60	1.19	0.82	1.15
Solvency (2)	0.24	0.22	0.31	0.36	0.14
Tied-up capital (3)	0.79	0.57	0.70	0.76	0.66
Indebtedness ratio (4) (*)	8.05	0.20	4.81	2.71	3.56
Interest coverage ratio (5)	3.31	2.26	2.25	2.16	1.57
Profitability (6)	0.13	0.20	(0.13)	(3.72)	(0.43)

(1) Current assets / Current liabilities
(2) Equity / Total Liabilities
(3) Non-current assets / Total assets
(4) Financial debt / annual EBITDA (**)
(5) Annual EBITDA (**) / annual financial interest accrued (**)
(6) Net Income/(loss) for the yea (without ORI) / Total average Shareholders' Equity

(*) According to the guidelines for calculating the debt ratio included in the International Bond prospectus, at December 31, 2017 this ratio records a value of 5.43.
(**) Figure not covered by the audit report

4. OWNERSHIP STRUCTURE

Share Capital

At December 31, 2017, the Company's capital was made up of 73,070,470 ordinary, book-entry, non-endorsable shares of $ 1 par value each, and entitled to 1 vote per share, and there have been no variations in the capital amount or in the equity interests during 2017.

The ownership structure during fiscal year ended December 31, 2017 was made up as follows:

AISA (parent company)	75 %
TEFU S.A.	25 %

Albanesi Inversora S.A. and Albanesi S.A. decided through Shareholder's Meetings held on October 18, 2017 to start a merger through absorption process, with Albanesi S.A. being the merging and continuing company, and Albanesi Inversora S.A. being the merged company, which was dissolved without being liquidated. In view of the above merger, on January 11, 2018, the outstanding securities of Central Térmica Roca S.A., owned by Albanesi Inversora S.A. were settled, and new securities were issued in favor of Albanesi S.A.

Organization of decision-making

As indicated in the various sections of Annex IV to Heading IV of the Rules of the National Securities Commission attached to this Annual Report, relating to the degree of compliance with the Code of Corporate Governance, the policies and strategies of the Company are defined by the Board of Directors to be executed by each sector under the supervision of the corresponding Management and ultimately of the Board of Directors.

Any decisions relating to the administration of the activities of the Company which are considered major and/or relevant in terms of their magnitude and/or of the amount involved are taken directly by the Board of Directors at a meeting summoned specifically to this end. When required in specific cases, the Shareholders' Meeting holding an extraordinary meeting will be responsible for their resolution. During 2017, all decisions taken by these two bodies were carried unanimously.

Directors' fees

The decisions made by the Company relating to the fees of the members of the Board of Directors are in compliance with the limits and guidelines envisaged in Article 261 of Law No. 19550, and Articles 1 to 7 of Chapter III, Heading II, of the Rules of the National Securities Commission.

5. OUTLOOK FOR THE FISCAL YEAR 2018

5.1 <u>Outlook for the Electricity Generation Market</u>

The need to continue offering a high availability of the existing electric power generating units led the Government to issue invitations for tenders for new emergency steam power generation under the framework of Resolution 21/2016.A successful bidding process was carried out, in which Grupo Albanesi was the main awardee, having been adjudicated 420 MW of a total granted under contracts that was close to 3,300 MW.

In 2017 the need was to obtain more efficient generation to start decreasing the costs of electricity generation. Through ES Resolution No. 287/2017, the SEE made new calls for the implementation of efficient steam power generation projects focused on closure of combined cycles and co-generation power stations.

The bids for renewable energies awarded will contribute a nominal power of 3,000 MW in the coming years. Also, there is investor interest in the incorporation of new large scale projects in a potential bidding process to be carried out by the Government following the reception of Expressions of Interest from potential investors under the recent Resolution 420/2016.

In this regard, the income obtained by power generating companies will require significant adjustment in order to cover their costs and investments, and to supply fuels in the case of steam power generators. One example is the decision to dollarize and increase existing electricity generators' remuneration through Resolution 19/2017, and the Agreement to increase the availability of Steam Power Generation signed in 2014 between generators and the Energy Secretary to allow for an increase in the generation supply for the 2015 winter after settling receivables in favor of generators, which will be invested in such increase in supply.

The peso devaluation and the inflationary process were overshadowed in their impact by the dollarization of the compensation to generators and the 600% increase in the Seasonal Price of Energy instructed by the Government following 12 years of virtually no price adjustments. The Government is likely to continue applying this adjustment of the Seasonal Price of Energy, in addition to the adjustments to the margins earned for electricity transmission and distribution services, in order to give the system greater financial equilibrium in terms of income and expenditures.

The new Ministry of Energy and Mining was very active throughout the year 2016 and 2017, with the aim of restoring the regulatory rules that legally govern the Electricity Sector. The same is expected for 2018 to regularize the market, allowing steam power generators to acquire their fuels and being able to sign contracts with private consumers, whether industries, businesses or electricity distributors.

To guarantee availability at generating units, the effective entry of committed units will be required if the economy resumes a path of growth in the coming years. To this end, the regulatory readjustment process partially implemented since February 2016 will need to be consolidated for the significant investor interest shown in 2016 and 2017 to materialize. However, it is likely that there will be capacity surpluses in 2018 and 2019, if demand continues falling due to the tariff adjustments.

This will require a continued readjustment of income to cover the cost of major and small scale maintenance at the different power plants, and the effective payment of the items committed by contract to secure the entry of the new generating units awarded through bidding processes to avoid forced restrictions on demand. The prolonged heat wave at the end of December 2013 and January 2014 in various cities of Argentina revealed the tense social situation that could result from the insufficient electric power supply not only in terms of distribution but in terms of wholesale generation. The current Government declared an Electricity Emergency which ended on December 31, 2017, even when there are pending actions to readjust the sector.

In view of this, the outlook is favorable for modern steam power generators located in regions with a high growth in demand, since their units will receive increasing dispatch requirements. The drop in international prices of fuel has narrowed the gap between the cost for generators and the income they will receive from the different consumers once the Government implements tariff adjustments. Consequently, it is likely that the current fuel supply by CAMMESA – received in part from ENARSA- will be modified to encourage generators to seek their own sources of fuel supply and to execute spot contracts with industrial consumers and, eventually, with distributors.

The outlook for the Energy Sector is a gradual improvement. Fuel imports will be driven by the demand for electricity and will also depend on the hydroelectric power supply, but are expected to grow given the complicated and slower-than-expected expansion of the local oil and gas supply. Restrictions on international funding for Argentina in the past delayed the entry of new investments in electric power generating units, pushing up the value of the existing fleet and of projects currently underway. The absence of a greater hydroelectric or nuclear power[9] supply over the next 6 to 8 years provides a favorable outlook for steam power plants in terms of energy dispatches in a context of growing demand for electricity once economic growth has been resumed in 2017, following the impact in 2016 of incipient tariff adjustments and the drop in GDP.

The introduction of renewable energy plants poses a challenge to the system since they work uninterruptedly. The support to be provided by steam power units to these units seems essential.

The withdrawal of implicit subsidies from electricity consumers implemented gradually by the new Government will face the challenge of a potential reversal of the international context of low international prices of oil and fuel in 2016 and 2017, which has already caused a drop in the prices of imported gas and LNG. The recovery of the industrial activity will probably reactivate the interest of industrial consumers in purchasing electricity at the lowest possible cost, increasing the value of generating units capable of offering competitive prices once the electricity spot market has been normalized.

[9] The Embalse nuclear power station will be more than two years out of operation since the beginning of 2016 after the Néstor Kirchner nuclear power station (Atucha II) becomes partially operative; therefore, there was no net addition of relevant power.

One indication of a favorable change in policy –at least in part- relating to the Electricity Subsector is the guarantee that CAMMESA will hire new power and related energy through Resolution 220/2007, which the new Government has undertaken to respect, and the improved income for electricity generators established by Resolution 95/2013, with further tariff increases committed in 2014, 2015 and 2016, and the important SEE Resolution 19/2017.

After years of deterioration of the different Energy Sector variables, the present scenario is auspicious despite the existing difficulties and the fact that the new Government is still to issue policies that introduce partial improvements to maintain the efficiency and financial health of the generating sector.

The policies announced in part by the new National Government seek to encourage private investment to maintain a suitable level of supply in order to meet the expected future demand, which will grow progressively in a country that shows strong growth momentum in electricity demand.

5.2 Company outlook for the year 2018

Electricity

The Company expects that the generating unit will continue to operate normally in line with dispatches defined by CAMMESA. The main objective is to maintain a high level of availability of the Power Plant, which ensures the profitability of the Company. For this purpose, a thorough preventive maintenance plan of the generating units is made which guarantees the high availability of the turbo generators of the Power Plant.

The project for closure of the combined cycle at the Plant is still under way, which will add an additional 60 MW power to the current turbine of 130 MW that today operates with gas and diesel. In addition to increase power, it is an important contribution in environmental terms, since it will not imply additional fuel consumption. The works will require an investment of around 82 million dollars.

Financial condition

For the next year, the Company expects to continue optimizing its financing structure and to keep a level of indebtedness in line with the Company's operational and investment needs related to the closure of the plant cycle.

The actions mentioned ensure compliance by the Company with its obligations, as well as the correct and efficient operation of the Plant.

6. DISTRIBUTION OF PROFITS

In compliance with the prevailing legal provisions, the Board of Directors of the Company states that income for the year amounted to $ 69,530,173, thus recording accumulated profits for $ 89,169,144 at December 31, 2017.

The General Shareholders' Meeting will ultimately discuss and decide the allocation of the accumulated profits detailed above, considering the existing restrictions due to the obligations assumed by the Company.

7. ACKNOWLEDGEMENT

The Board of Directors wishes to thank all the employees of the Company for the work carried out during the year under review, which has been essential to the achievement of its technical and economic results. Additionally, it wishes to expressly acknowledge the contribution of its clients and suppliers, and the banking entities and other collaborators that have worked toward a better conduct of the business throughout the year.

City of Buenos Aires, March 12, 2018

THE BOARD OF DIRECTORS

Central Térmica Roca S.A.

REPLIES - EXHIBIT IV - Annual report for the fiscal year ended 12.31.17

Report on the degree of compliance with the Code of Corporate Governance

	Compliance		Noncompliance (1)	Report (2) or Explain (3)
	Total(1)	Partial(1)		
PRINCIPLE I. MAKE CLEAR THE RELATIONSHIP BETWEEN THE ISSUER, THE ECONOMIC GROUP THAT THE ISSUER HEADS AND/OR FORMS PART OF AND ITS RELATED PARTIES.				
Recommendation I.1: Ensuring the disclosure by the Governing Body of the policies applicable to the relationship between the Issuer and the Economic Group that the Issuer heads and/or forms part of and its related parties.	X			The acts and contracts the Company may perform and execute with a related party for a significant amount are approved by the Board of Directors. Further, if there are acts or contracts with a related party for significant amounts, they are reported as a Major Event to the National Securities Commission ("CNV") and to the Stock Exchanges and Mercados Argentinos S.A. ("BYMA"). All transactions between related parties are reported in the financial statements.
Recommendation I.2: Ensuring the existence of mechanisms that prevent conflicts of interest.		X		Conflicts of interests are resolved by a decision of the Board of Directors by majority vote, as set forth in the bylaws, and the Director that might be involved in the conflict abstains from voting. The Policies and Procedures Manual of Human Resources and the Code of Ethics and Conduct were approved by Minutes of the Board of Directors' Meeting dated April 25, 2016, and they are currently working on their implementation.
Recommendation I.3: Preventing the improper use of proprietary information.		X		The Company has a Code of Ethics and Conduct approved by Minutes of the Board of Directors' Meeting dated April 25, 2016, in which the use and/or disclosure of relevant and/or confidential information is forbidden. The Company is currently working on the implementation of a procedure to prevent the use of proprietary information and the treatment of its disclosure.

PRINCIPLE II. PROVIDE THE BASIS FOR A SOLID ADMINISTRATION AND SUPERVISION OF THE ISSUER				
Recommendation II. 1: Ensuring that the Governing Body assumes the administration and supervision of the Issuer and its strategic goals.				
II.1.1				
II.1.1.1	X			The Board of Directors approves the Company's general strategies and policies, entrusting the directors and managerial staff, where applicable, with the executive business management.
II.1.1.2	X			The Board of Directors approves the investment and financing policies.
II.1.1.3		X		In 2016 the Company continued working with the advice from an external consulting firm on the adaptation of the internal structures, as well as on the development, wording and formalization of the Code of Corporate Governance. The Policies and Procedures Manual of Human Resources and the Code of Ethics and Conduct as well as the Corporate Governance Code were approved by Minutes of the Board of Directors' Meeting dated April 25, 2016, and they are currently working on their implementation.
II.1.1.4		X		Although the Company does not have a written policy in place, the Board of Directors approves the issues relating to the selection and remuneration of the senior managers. A special procedure has been implemented since 2014, headed by the Human Resources Division with the final approval from the Board of Directors, in relation to the assessment of senior managers and the whole staff. In addition, in the framework of the formalization of internal procedures, the Company approved by Minutes of the Board of Directors' Meeting dated April 25, 2016 a Policies and Procedures Manual of Human Resources, which is currently under implementation.
II.1.1.5	X			The Board of Directors approves the policies on the assignment of responsibilities to senior managers.
II.1.1.6		X		The Board of Directors approves the supervision of the succession plans for senior managers. In addition, in the framework of the formalization of internal

				procedures, the Company approved by Minutes of the Board of Directors' Meeting dated April 25, 2016 a Policies and Procedures Manual of Human Resources, which is currently under implementation.
II.1.1.7		X		The aspects referred to the social corporate responsibility were addressed in the Policies and Procedures Manual of Human Resources approved by Minutes of the Board of Directors' Meeting dated April 25, 2016, which are currently under implementation. It should be noted that as set out by current regulations, the Annual Report on the Financial Statements includes the measures taken in relation to corporate social responsibility.
II.1.1.8		X		Although the Company does not have a written policy on comprehensive risk management, which is to be implemented in due course, the matters relating to this instance are submitted to the consideration of the Board of Directors.
II.1.1.9		X		Bearing in mind the professional qualities of the persons who have been or are members of the Board of Directors, the Company does not have a continuous training program for the directors and managerial executives. However, as part of the Company's usual management, the Board of Directors adopts actions for general and/or particular training and update according to the specific needs that may arise in the exercise of their functions and responsibilities under their charge. However, the Company through Minutes of the Board of Directors' Meeting dated April 25. 2016 approved the Policies and Procedures Manual of Human Resources, which is currently under implementation.
II.1.2				There are no further policies implemented.
II.1.3		X		Although the Company does not have a specific policy, the Company has several mechanisms to provide information to its Directors and Managers well in advance, to keep them informed at the time of decision-making. These mechanisms basically include the drafting of the following reports in charge of the respective management divisions: i) report on operations, maintenance, the environment and safety of the plant, which is an integral part of the integrated management system adopted by the Company, and which details all the relevant events linked to the plant's

				activity; ii) monthly economic, financial and accounting reports, as well as reports on human resources, legal issues and information technology and systems. In addition, the Company worked on the establishment of regular procedures involving informative meetings on all these aspects to facilitate the Governing Body decision-making process. The Company will also continue evaluating the possibility of implementing the drafting of a formal policy establishing the procedures related to this issue.
II.1.4	X			For the different issues submitted to the consideration of the Board of Directors that in view of their magnitude require a specific analysis, presentations are made evaluating the different problems to be considered so that the level of risk to be assumed is acceptable to the Company. In addition, the Company worked on the establishment of regular procedures involving informative meetings on all the aspects mentioned above to facilitate the Governing Body decision-making process. The Company will also continue evaluating the possibility of implementing the drafting of a formal policy establishing the procedures related to this issue.
Recommendation II.2: Ensuring an effective corporate Management Control.				
II.2.1	X			The Board of Directors receives the monthly economic and financial report which shows the development of the budget and the business plan, and verifies compliance therewith based on information received.
II.2.2	X			Control by the Board of Directors is performed on a monthly basis. The relevant management division prepares the Operations, Maintenance, Environmental and Safety Report. It also prepares the Monthly Economic and Financial Report contemplating all the management aspects of the Issuer. There is a process in place for the assessment of senior managers and all employees; this assessment process is headed by the Human Rights Department and approved by the Board of Directors. The Company through Minutes of the Board of Directors' Meeting dated April 25, 2016 approved the Policies and Procedures Manual of Human Resources, which addresses the performance

				evaluation. This manual is currently under implementation.
Recommendation II.3: Communicating the Governing Body's performance appraisal process and its impact.				
II.3.1	X			All members of the Board are fully in compliance with the provisions of articles 7 and 8 of the Company Bylaws, regarding the Board membership and performance. There are no Operation Regulations of the Board of Directors, but the Company is working on some guidelines to be incorporated to the Code of Corporate Governance which is to be approved during 2018.
II.3.2	X			The Board of Directors prepares and issues the Annual Report jointly with the annual financial statements. These documents include sufficient information to assess the results obtained by the Board of Directors in the administration of the Company, considering the objectives originally proposed, and said information is considered by the Meeting of Shareholders when they deal with and resolve the issues contemplated in Section 234, sub-sections 1 and 2, of the General Companies Law, also taking into account all the information provided by the documents prepared for such purpose, as well as the additional reports that must be provided in compliance with applicable regulations on public offering and quotation of securities. The latest Meeting of Shareholders that dealt with this issue was held on Wednesday, April 19, 2017.
Recommendation II.4: The number of external and independent members in the Governing Body of the Issuer should be significant.				
II.4.1			X	On the basis of its ownership structure and as the Company does not make public offering of its shares, the Company does not consider it necessary to have independent Directors.
II.4.2			X	In conformity with the amendment to the Joint Venture Agreement and Shareholders Agreement of Central Térmica Roca S.A., entered into on September 29, 2011, the Board of Directors must be composed of

				five (5) regular directors, four (4) of which to be appointed by the majority shareholder and one (1) by the minority shareholder. The appointment of alternate directors, if any, will be made in the same proportion.
Recommendation II.5: Requiring the existence of regulations and procedures intended to select and propose members of the Governing Body and senior management of the Issuer.				
II.5.1			X	Based on its current structure, the Company does not deem necessary to have an Appointments Committee.
II.5.1.1			X	Not applicable
II.5.1.2			X	Not applicable
II.5.1.3			X	Not applicable
II.5.1.4			X	Not applicable
II.5.1.5			X	Not applicable
II.5.2			X	Not applicable
II.5.2.1.			X	Not applicable
II.5.2.2			X	Not applicable
II.5.2.3			X	Not applicable
II.5.2.4			X	Not applicable
II.5.2.5			X	Not applicable
II.5.2.6			X	Not applicable
II.5.2.7			X	Not applicable
II.5.3			X	Not applicable
Recommendation II.6: **Evaluating the convenience that the members of the Governing Body and/or syndics and/or members of the surveillance committee perform functions at several Issuers.**			X	The Company does not set limits on the participation of the governing body and/or surveillance committee members in bodies of other issuers.
Recommendation II.7: Ensuring training and career development for the members of the Governing Body and the senior management of the Issuer.				
II.7.1		X		Bearing in mind the professional qualities of the persons who have been or are members of the Board of Directors, the Company does not have a continuous training program for the directors and managerial executives. However, as part of the Company's usual management, the

				Board of Directors adopts actions for general and/or particular training and update according to the specific needs that may arise in the exercise of their functions and responsibilities under their charge. The Company through Minutes of the Board of Directors' Meeting dated April 25, 2016 approved the Policies and Procedures Manual of Human Resources, which addresses the staff training plan for the Group, which is currently in the process of approval.
II.7.2	X			The Issuer recommends and encourages the ongoing training of its members through financing and the enrollment in training courses at universities and/or specific entities. The Company, through the Minutes of the Board of Directors' Meeting dated April 25, 2016 approved the Policies and Procedures Manual of Human Capital, in which the policies and procedures for education and professional training of staff and executives are defined; its implementation is currently in progress.
PRINCIPLE III. ENDORSE AN EFFECTIVE POLICY TO IDENTIFY, MEASURE, MANAGE AND COMMUNICATE CORPORATE RISK				
Recommendation III: The Governing Body must have a comprehensive corporate risk management policy and monitor its correct implementation.				
III.1	X			The Issuer has an ENVIRONMENTAL MANAGEMENT SYSTEM in conformity with ISO 14001:2015 Standard, covering all necessary issues for comprehensive management of the environmental risks. The Environmental Management System establishes procedures and controls compliance through periodic audits to verify that management tasks are being performed. The Issuer has programs relating to security, predictive and preventive maintenance to ensure proper management of the issues mentioned above.
III.2		X		In view of its functioning and control over this matter, the Company does not consider it necessary to have a Risk Management Committee. The main risk factors of the activity are related to maintenance, hygiene, safety and the environment; the Environmental

				Management System establishes the necessary measures to prevent and, as the case may be, mitigate those risks. Performance results are evaluated by the Board of Directors, with the participation of the Plant Management.
III.3	X			The Company has an area in particular that is dedicated to the administration of the Environmental Management System. In addition, the Issuer has specific areas for maintenance, environment and safety reporting to the Plant Management.
III.4		X		The documentation for the Environmental Management System (planning, procedures, records) is defined by the area that administers the Environmental Management System. Its approval is the responsibility of the Management. The Environmental Management System is audited on an annual basis by entities authorized to re-validate its certification. At that moment, compliance with the procedures and the records supporting follow-up of the previously scheduled activities are controlled. The Electricity Regulatory Authority (ENRE) performs environmental audits periodically, verifying compliance with the Environmental Planning (EP) presented as required by regulations in effect for all power plants in the Wholesale Electric Market (WEM).
III.5	X			This control is specifically mentioned in the Annual Report, with a detail of the different issues relating to the performance of control of the Company's comprehensive risk management. Likewise, the financial statements provide a detail of the points referred to the control of financial risks managed by the Company.
PRINCIPLE IV. SAFEGUARD THE INTEGRITY OF FINANCIAL INFORMATION WITH INDEPENDENT AUDITS				
Recommendation IV: Guaranteeing independence and transparency in the functions entrusted to the Audit Committee and the External Auditor.				
IV.1			X	Not applicable because the Company does not have an Audit Committee.
IV.2	X			The Company has a specific area for

				Internal Audit, which is responsible for the evaluation and control of the Company's internal processes and reports to the Chairman of the Board.
IV.3			X	Not applicable
IV.4		X		The Company does not have a rotation policy for the members of the Surveillance Committee. Price Waterhouse & Co. SRL served as independent external auditor of the Company during the last few fiscal years. The Company will adjust the rotation of the External Auditor in due course, as established by current regulations.
PRINCIPLE V. OBSERVE THE RIGHTS OF SHAREHOLDERS				
Recommendation V.1: Ensuring that the shareholders have access to the Issuer information.				
V.1.1			X	Considering that the Company does not make public offering of its shares, it is not necessary to promote periodical informative meetings with its shareholders; the Company's shareholders form part of the Board of Directors.
V.1.2		X		Through its Market Relationship Office, the Company answers consultations and keeps direct contact with investors. The Company, in the website of Grupo Albanesi (www.albanesi.com.ar), provides specific information for investors. In the website, the Company provides detailed information of the Issuer, as required by the CNV for each issuance of securities. The Company has developed a section within the website to include not only corporate information (by-laws, economic group, composition of the governing body, financial statements, annual report, among others) but also information important for users in general.
Recommendation V.2: Promoting active participation of all the shareholders.				
V.2.1	X			The Company's Governing Body is in compliance with the regulations on the calls for Shareholders' Meetings. It should be noted that in the fiscal year 2016 all Shareholders' Meetings were unanimous, with shareholders representing 100% of capital in attendance, so it was not

				necessary to call for meetings under the terms of section 237 of Law 19550.
V.2.2			X	Although the Company does not have Regulations on the Internal Functioning of Shareholders' Meetings, the information to be considered by them is provided well in advance, inasmuch as the shareholders are also members of the Board of Directors. During 2015, the Company worked on the analysis of the convenience of a formal policy that establishes the procedures related to the provision of information to the Board of Directors, which will have a direct impact on shareholders because they form part of the governing body. It is the Company's intention to perform the works necessary to approve these documents during 2018.
V.2.3	X			Minority shareholders have no restrictions on proposing matters to be dealt with at Shareholders' Meetings.
V.2.4			X	According to the Company's structure and considering that 100% of the shareholders are members of the Board of Directors, it is not deemed necessary to have a policy that encourages the participation of the shareholders in particular.
V.2.5			X	In the year ended 12.31.17 new authorities were appointed; the directors appointed were familiarized with the tasks the Company was carrying out in relation to the formalization of the Code of Corporate Governance.
Recommendation V.3: Ensuring the principle of equality between share and vote.	X			The Company does not have different classes of shares. All of the shares that form part of capital are entitled to 1 vote per share.
Recommendation V.4: Establishing mechanisms to protect all shareholders from takeovers.	X			The Company does not make public offering of its shares. In addition, the the Joint Venture Agreement and Shareholders Agreement of Central Térmica Roca S.A., entered into on August 31, 2011, establishes the procedure to be followed for transfers of shares among shareholders.
Recommendation V.5: Encouraging the share dispersion of the Issuer.				Not applicable The Issuer's share dispersion is 0% (it has no share dispersion) because its shares are not publicly offered to investors and therefore are not listed for trading on the market. The Issuer does not expect to increase its share dispersion in the future for it has not planned to publicly offer its capital stock to investors. During the last three years, the Issuer's share dispersion remained at 0%, for the reason stated above.

Recommendation V.6: Ensuring that there is a transparent dividend policy.				
V.6.1		X		The Issuer does not have a specific policy for dividend distributions established by the bylaws and approved by the Shareholders' Meeting. It is established in article 12 of Bylaws that dividends must be paid in proportion to the shares paid up within the year in which dividends are approved. Evidence is left that the policy of Grupo Albanesi which permitted a significant growth in the last few years is the reinvestment of profits in the development of new projects. Within the process of formalization of the Corporate Governance policies, the Company is evaluating the possibility of establishing a special content on this point which regulates in due course the procedure for the distribution of dividends.
V.6.2			X	The Company does not have specific procedures for the formulation of a proposal for allocation of retained earnings. Retained earnings are considered by the General Meeting of Shareholders held to deal with the annual financial statements, according to the parameters established by article 12 of Bylaws and Law No. 19550 and other related provisions, as regards the percentages of liquid profits for the year to be allocated to each account, and the treatment of losses, if any.
PRINCIPLE VI. MAINTAINING A DIRECT AND RESPONSIBLE RELATIONSHIP WITH THE COMMUNITY				
Recommendation VI: Disclosing to the community the matters related to the Issuer and provide a direct communications channel with the company.				
VI.1		X		The information concerning the Company merely consists of a general overview of the Company's business activities. In the website, the Company provides detailed information of the Issuer, as required by the CNV for each issuance of securities. The Company has developed a section within the website to include not only corporate information (by-laws, economic

				group, composition of the governing body, financial statements, annual report, among others) but also information important for users in general.
VI.2			X	The Company is developing internal processes to issue in the future the respective Social Responsibility and Environmental Balance Sheet pursuant to the recommended parameters.
PRINCIPLE VII. JUST AND RESPONSIBLE REMUNERATION				
Recommendation VII: **Establishing clear remuneration policies for the members of the Governing Body and senior managers, with an emphasis on the limitations imposed under collective bargaining agreements or envisaged in the by-laws, on the existence or non-existence of profits.**				
VII.1			X	Based on its usual operations, the Company does not deem necessary to form a Remunerations Committee.
VII.1.1			X	Not applicable
VII.1.2			X	Not applicable
VII.1.3			X	Not applicable
VII.1.4			X	Not applicable
VII.1.5			X	Not applicable
VII.2			X	Not applicable
VII.2.1			X	Not applicable
VII.2.2			X	Not applicable
VII.2.3			X	Not applicable
VII.2.4			X	Not applicable
VII.2.5			X	Not applicable
VII.2.6			X	Not applicable
VII.2.7			X	Not applicable
VII.3			X	Not applicable
VII.4		X		With the aid of Human Resources, the Board of Directors defines, according to objective criteria, the fixed and variable remuneration of all employees, considering as one of the main elements the levels of remuneration established in

				other companies of similar importance in the industry, as well as the criteria for promotion and penalties at an internal level. Within the process of formalization of the Corporate Governance policies, the Company is analyzing the best way to articulate the internal procedures to regulate, when appropriate, the other points considered in this recommendation.

PRINCIPLE VIII. ENCOURAGE BUSINESS ETHICS				
Recommendation VIII: Ensuring ethical conduct at the Issuer.				
VIII.1		X		The issuer has a Corporate Code of Conduct, which was approved by Minutes of the Board of Directors' Meeting dated April 25, 2016, which is currently under implementation. Among the main guidelines is performing daily activities with ethics and responsibly and the behaviors to be adopted in each case.
VIII.2		X		In accordance with the Code of Conduct mentioned in point VIII.1, in the event of Code infringement, the direct responsible party or responsible party at Human Resources should become involved. However, the Company is currently working on the implementation of the reception and evaluation of reports.
VIII.3		X		The Issuer is currently working on the implementation of the reception and evaluation of reports.
PRINCIPLE IX: EXTEND THE SCOPE OF THE CODE				
Recommendation IX: Encouraging the incorporation of good governance practices in the by-laws.			X	The Company does not consider it necessary to include provisions related to good corporate governance practices in the wording of the Company Bylaws.

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Legal information

Business name:	Central Térmica Roca S.A.
Legal address:	Av. Leandro N. Alem 855, 14th floor, City of Buenos Aires.
Main business activity:	Generation and sale of electric energy
Tax ID:	33-71194489-9

Date of registration with the Public Registry of Commerce:

By-Laws:	July 26, 2011
Latest amendment:	May 15, 2014
Registration number with the Superintendency of Commercial Companies:	No. 14,827 of Book 55, Volume of Companies by shares
Expiration date of the Company:	July 26, 2110
Name of Parent Company:	Albanesi Inversora S.A.
Legal domicile of Parent Company:	Av. Leandro N. Alem 855, 14th floor, City of Buenos Aires.
Main line of business of Parent Company:	Investment on the entity's own behalf, or on behalf of or in association with third parties.
Percentage of participation of Parent Company in equity:	75%
Percentage of voting rights of Parent Company:	75%

CAPITAL STATUS (Note 15)			
Shares			
Number	**Type**	**Number of votes per share**	**Subscribed, paid-in and registered**
			$
73,070,470	Ordinary of $ 1 par value	1	73,070,470

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Central Térmica Roca S.A.

Statements of Financial Position

at December 31, 2017

presented in a comparative format

Stated in pesos

	Note	12.31.2017	12.31.2016
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	**8**	2,691,237,110	1,336,640,496
Other receivables	**10**	28,328,813	21,285,910
Total non-current assets		**2,719,565,923**	**1,357,926,406**
CURRENT ASSETS			
Inventories	**11**	20,322,775	-
Other receivables	**10**	242,319,904	284,888,015
Other financial assets at fair value through profit or loss	**12**	29,676,880	95,521,062
Trade receivables	**13**	320,005,184	213,724,994
Cash and cash equivalents	**14**	97,226,348	416,482,628
Total current assets		**709,551,091**	**1,010,616,699**
Total Assets		**3,429,117,014**	**2,368,543,105**
EQUITY			
Share Capital	**15**	73,070,470	73,070,470
Legal reserve		765,407	62,505
Optional reserve		13,881,672	526,539
Technical revaluation reserve		488,724,397	343,697,130
Unappropriated retained earnings		89,169,144	14,058,035
TOTAL EQUITY		**665,611,090**	**431,414,679**
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax liabilities, net	**17**	197,867,774	195,678,139
Loans	**18**	2,081,394,125	1,460,493,628
Total non-current liabilities		**2,279,261,899**	**1,656,171,767**
CURRENT LIABILITIES			
Other debts	**19**	3,390,197	800
Tax payables	**20**	6,651,866	11,645,971
Salaries and social security liabilities	**21**	1,951,921	1,242,290
Loans	**18**	193,749,165	82,092,252
Trade payables	**22**	278,500,876	185,975,346
Total current liabilities		**484,244,025**	**280,956,659**
Total Liabilities		**2,763,505,924**	**1,937,128,426**
Total Liabilities and Equity		**3,429,117,014**	**2,368,543,105**

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

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Central Térmica Roca S.A.

Statement of Income

For the fiscal years ended December 31, 2017 and 2016

Stated in pesos

	Note	12.31.2017	12.31.2016
Sales revenue	23	381,096,797	574,759,073
Cost of sales	24	(111,971,698)	(330,586,150)
Gross income		**269,125,099**	**244,172,923**
Selling expenses	25	(5,907,611)	(16,975,348)
Administrative expenses	26	(20,262,823)	(10,518,933)
Other operating income and expenses		160,185	-
Operating income		**243,114,850**	**216,678,642**
Financial income	27	1,678,172	12,501,752
Financial expenses	27	(101,961,051)	(98,491,746)
Other financial results	27	(55,498,933)	(17,950,358)
Financial results, net		**(155,781,812)**	**(103,940,352)**
Income before taxes		**87,333,038**	**112,738,290**
Income tax	17	(17,802,865)	(42,022,026)
Income for the year		**69,530,173**	**70,716,264**
Change in income tax rate – Revaluation of property, plant and equipment		52,876,482	-
Revaluation of property, plant and equipment		149,053,008	139,614,861
Effect on income tax		(37,263,252)	(48,865,202)
Other comprehensive income for the year		**164,666,238**	**90,749,659**
Total comprehensive income for the year		**234,196,411**	**161,465,923**
Earnings per share			
Basic and diluted earnings per share	28	0.9515	0.9678

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

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Central Térmica Roca S.A.

Statements of Changes in Equity

For the fiscal years ended December 31, 2017 and 2016

Stated in pesos

	Share capital (Note 15)	Legal reserve	Optional reserve	Technical revaluation reserve	Unappropriated earnings	Total equity
Balances at December 31, 2015	**73,070,470**	**62,505**	**526,539**	**265,425,008**	**(69,135,766)**	**269,948,756**
Other comprehensive income for the year	-	-	-	90,749,659	-	90,749,659
Reversal of technical revaluation reserve	-	-	-	(12,477,537)	12,477,537	-
Comprehensive income for the year	-	-	-	-	70,716,264	70,716,264
Balances at December 31, 2016	**73,070,470**	**62,505**	**526,539**	**343,697,130**	**14,058,035**	**431,414,679**
Minutes of Shareholders' Meeting dated April 30, 2017						
- Setting up of legal reserve	-	702,902	-	-	(702,902)	-
- Setting up of optional reserve	-	-	13,355,133	-	(13,355,133)	-
Other comprehensive income for the year	-	-	-	164,666,238	-	164,666,238
Reversal of technical revaluation reserve	-	-	-	(19,638,971)	19,638,971	-
Comprehensive income for the year	-	-	-	-	69,530,173	69,530,173
Balances at December 31, 2017	**73,070,470**	**765,407**	**13,881,672**	**488,724,397**	**89,169,144**	**665,611,090**

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

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

Central Térmica Roca S.A.

Statements of Cash Flows

For the fiscal years ended December 31, 2017 and 2016

Stated in pesos

	Notes	12.31.2017	12.31.2016
Cash flow provided by operating activities:			
Comprehensive income for the year		69,530,173	70,716,264
Adjustments to arrive at net cash flows provided by operating activities:			
Income tax	17	17,802,865	42,022,026
Accrued interest, net	27	99,694,605	83,660,126
Depreciation of property, plant and equipment	8 and 24	39,665,610	32,263,686
Provision for directors' fees		3,259,757	-
Exchange differences and other financial results	27	94,661,812	76,569,669
(Loss) from changes in the fair value of financial instruments		(39,162,879)	(17,321,173)
Changes in operating assets and liabilities:			
(Increase) in trade receivables		(83,852,319)	(111,034,833)
(Increase) in other receivables (1)		(129,381,172)	(262,671,443)
(Increase) in inventories		(5,300,340)	-
(Decrease) / Increase in trade payables		(6,106,785)	34,144,657
Increase / (Decrease) in other liabilities		129,640	(9,399,200)
Increase in salaries and social security charges		709,631	53,789
(Decrease)/Increase in tax payables		(20,193,189)	6,634,179
Net cash flow generated by (applied to) operating activities		**41,457,409**	**(54,362,253)**
Cash flow of investment activities:			
Acquisition of property, plant and equipment	8	(701,637,557)	(292,439,835)
Collection of financial instruments		1,336,291	-
Acquisition of government securities		(15,579,000)	-
Subscription of mutual funds, net		67,056,027	140,346,350
Loans granted		(7,105,255)	-
Net cash flows (used in) investment activities		**(655,929,494)**	**(152,093,485)**
Cash flow of financing activities:			
Borrowings	18	505,840,958	1,261,999,654
Payment of loans	18	(30,127,966)	(473,915,452)
Payment of interest	18	(212,888,712)	(145,963,399)
Net cash flow provided by financing activities		**262,824,280**	**642,120,803**
(DECREASE) / INCREASE IN CASH, NET		**(351,647,805)**	**435,665,065**
Cash and cash equivalents at the beginning of year		416,482,628	20,864,369
Financial results of cash and cash equivalents		32,391,525	(40,046,806)
Cash and cash equivalents at the end of year	14	97,226,348	416,482,628
		(351,647,805)	**435,665,065**
Material transactions not showing changes in cash			
Acquisition of property, plant and equipment not yet paid	8	(49,264,632)	(8,567,912)
Transfers of property, plant and equipment to inventories	8	15,022,435	-
Advance to suppliers applied to the purchase of property, plant and equipment	8	(177,840,447)	-
Increase due to technical revaluation	8	(149,053,008)	(139,614,861)
Interest and exchange difference capitalized in property, plant and equipment	8	(331,489,015)	(142,716,310)
Issue of Negotiable Obligations paid up in kind	18	159,318,269	-

(1) Includes advances to suppliers for the purchase of property, plant and equipment for $ 89,758,228 and $ 177,840,447 at December 31, 2017 and 2016, respectively.

NOTE 1: GENERAL INFORMATION

CTR was set up on July 8, 2011 and its main business is the generation and sale of electric energy.

The interest in the capital stock of CTR is held in a 75% by AISA and 25% by Tefu S.A.

In 2011 Grupo Albanesi, through CTR acquired a power plant (the "Plant") located in the outskirts of the city of General Roca, province of Río Negro, on Provincial Road No. 6, km 11.1, which was unavailable since 2009.

Grupo Albanesi had at the date these financial statements were signed a total installed capacity of 1,410 MW, representing 6.2% of the total installed thermoelectric capacity in Argentina, it being expanded with additional 435 MW with all the new projects awarded and currently under way.

The Plant, built in 1995, is equipped with an open cycle generation unit with EGT technology (European Gas Turbines) and has a nominal power of 130 MW. In fiscal year 2012 the first stage of repair and reconditioning was completed, and the Plant was authorized for commercial operation by the end of June 2012. In late June 2013 the second stage was completed, which consisted in the conditioning and modification of facilities and infrastructure for the purposes of the conversion to dual fuel, permitting feed of the turbo generator with alternative fuel (diesel).

The Company is developing a project to close the Power Plant cycle, which means expanding the current capacity by 60 MW with the installation of a steam turbine, a boiler and other equipment. Not only will this project increase power but will also be significant in environmental and energy efficiency terms, as the extra power to be generated will not require additional fuel.

A new MEM Supply Contract for 55 MW was signed with CAMMESA in October 2015 under Energy Secretariat Resolution 220/07.

This project will require an investment of approximately 102 million dollars (with VAT). At the date these financial statements were signed, the total hired was 98.2%, USD 75 million of which have already been invested.

Its placing into operation is scheduled for the first half of 2018.

Maintenance contract

CTR signed a global Long Term Service Agreement for the power plant with the companies GE International INC and GE Energy Parts International, LLC. As set forth in the agreement, GE 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. GE thus guarantees average availability of not less than ninety five percent (95%) to the Power Plant per contractual year. In addition, the Power Plant has its own repair workshop with tools and spare parts in stock to make on-site repairs. Compliance with the power sale agreement with CAMMESA under Resolution 220/07 is thus guaranteed.

Environmental management

The certification for an Environmental Management System under the ISO 14001:2015 standard, developed and implemented across the entire corporation, is maintained in effect. Its documentation has been updated in compliance with the new requirements of the organization about environmental management, as a result of the changes introduced by the revised version of the Standard and on-field facts in connection with the development of the project related to the extension of existing processes and the installation of new generation sites.

Central Térmica Roca S.A.

Notes to the financial statements (Cont'd)

NOTE 1: GENERAL INFORMATION (Cont'd)

Environmental management (Cont'd)

The staff has been trained according to the training needs identified for a correct performance of duties, and the controls and preventative follow-ups undertaken have been performed according to planning.

In July 2017, the Environmental Management System was migrated to the new 2015 version and placed in production, upon completion of the respective in-house training and distance learning.

During the period from October to November 2017, a new external audit on maintenance control of the Management System was conducted by the IRAM as certification agency, with a positive outcome.

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

The generated energy enters the Argentine Interconnection System (SADI) and is remunerated by Compañía Administradora del Mercado Mayorista Eléctrico S.A. (CAMMESA) under an electric power and associated energy Supply Contract entered into with CAMMESA, as set forth by SE Resolution No. 220/2007. The sale of energy in excess of the amount agreed in the Supply Contract is paid as set forth by ES Resolution No. 19/2017.

MEM Supply Contracts (ES Resolution 220/07)

In January 2007, the Energy Secretariat issued Resolution No. 220 authorizing Supply Contracts between CAMMESA and the generating agents in the MEM for availability of new electric power and associated energy. 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 less, as it may be exceptionally established. The valuable consideration for availability of power 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, priority was given to the payment obligations assumed by CAMMESA under those Supply Contracts.

The Company and CAMMESA entered into a MEM supply contract for 116.7 MW, for a term of 10 years counted as from June 2012. Sales under this modality are denominated in US dollars and paid by CAMMESA.

This contract sets a remuneration comprised of 5 components: i) a fixed charge for the average monthly availability of contracted power, for a price of USD 12,540/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 costs of the power plant (Gas 10,28 USD/MWh – Diesel 14,18 USD/MWh); and iv) a variable charge for repayment of fuel costs. 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.

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

MEM Supply Contracts (Resolution No. 220/07) (Cont'd)

The energy generated in excess of the energy undertaken under the MEM Supply Contracts is sold to the Spot Market, pursuant to regulations in effect in the MEM, and paid as established by SE Resolution 19/2017.

On October 14, 2015, the Company and CAMMESA entered into a new MEM supply contract for 55 MW, for a term of 10 years counted as from the date of commercial operation of the turbine at issue. This contract establishes a fixed rate remuneration of 31,916 USD/MW-month and a variable rate associated with the energy actually provided of 5.38 USD/MWh.

The contract will be supported by the conversion of the current gas turbine generator into a combined cycle (Note 1). To this end, the equipment must be installed, so that the exhaust fume recovery of the present gas turbine generates an amount of steam such that when expanded through a steam turbine, additional power of up to 60-MW may be generated.

Sales under SE Resolution 19/17

MinEyM ES Resolution 19-E/17 was published on January 27, 2017, replacing Energy Secretariat Resolution 22/16. The new resolution adapts the remuneration criteria to reasonable, foreseeable and efficient economic conditions through medium term commitments.

The Generating Agents under the framework of contracts governed by Resolutions 1281/2006, 220/2007, 21/2016, and any other type of MEM contract that has a differential system established or authorized by the competent authority of the MEM, are excluded from this system.

The main changes include the proviso that remuneration will be based on Available Power and Generated Energy valued in USD, thus simplifying the calculation.

The new resolution is effective from February 1, 2017. The power made available is the excess over the power committed under Resolution No. 220/07.

The remuneration system, updated by Res. SE 19 - E/17, basically comprises the following items:

1. Remuneration per power: this is proportional to the available monthly power at a price in USD/MW-month that varies according to different conditions.

    a) MINIMUM price of power per technology and scale.

    b) BASE price according to the Offered Guaranteed Power. Valued as from May 2017 until October 2017 at 6,000 USD/MW-month and as from November 2017 onwards, 7,000 USD/MW-month.

    c) ADDITIONAL price with maximum in accordance with additional availability Offered and allocated. Valued as from May 2017 until October 2017 at 1,000 USD/MW-month and as from November 2017 onwards, 2,000 USD/MW-month.

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

Sales under SE Resolution 19/17 (Cont'd)

2. Remuneration per Energy: It is comprised by:

   a) Energy generated: It is the remuneration received for the energy effectively generated, valued according to the type of fuel at 5USD/MWh for Natural Gas and 8 USD/MWh for diesel or fuel oil.

   b) Energy operated: The generators will receive an additional remuneration of 2 USD/MWh, irrespective of the type of fuel, for the Energy Operated, represented by the integration of hourly powers in the period.

   c) Additional remuneration incentive for efficiency:

      I. Additional remuneration variable cots efficient thermal power generation: The generating agent may receive an additional remuneration if the fuel consumption objectives are accomplished.
      II. Additional remuneration for thermal power generators of little use: An additional remuneration is established according to the frequency of starts based on the energy generated.
      III. This price will be valued at 2.6 USD/MWh. It will be multiplied by the energy generated during the pertinent month, by the Use Factor (which is defined as the use factor of the nominal power recorded over the last twelve-month period. It will have a value of 0.5 for thermal units with Use Factor < 30% and 1.0 for those with Use Factor < 15%. For the rest of the cases it will be 0.
      IV. This price will be valued at 2.6 USD/MWh. It will be multiplied by the energy generated during the pertinent month, by the Start Factor (which is determined based on the starts recorded over the last twelve-month period. It will have a value of 0 for <= 74, 0.1 between 75 and 149 and 0.2 for more than 150 starts).

NOTE 3: BASIS FOR PRESENTATION

These financial statements have been prepared in accordance with FACPCE Technical Pronouncements No. 26 and No. 29 and amendments, which adopt the IFRS issued by the IASB and IFRIC Interpretations. All IFRS effective at the date of preparation of these financial statements have been applied.

The presentation in the balance sheet segregates current and non-current assets and liabilities. Current assets and liabilities are those which are expected to be recovered or settled within the twelve months after the end of the reporting period. In addition, the Company reports on the cash flows 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.

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

The preparation of these financial statements in accordance with IFRS requires making estimates and assessments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of issue of these financial statements, as well as the income and expenses recorded in the fiscal year. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 7.

These financial statements were approved for issuance by the Company's Board of Directors on March 12, 2018.

NOTE 3: BASIS FOR PRESENTATION (Cont'd)

Comparative information

Balances at December 31, 2016 disclosed for comparative purposes arise from financial statements at that date. Certain reclassifications have been included in the financial statement figures presented for comparative purposes to conform them to the current year presentation.

Financial reporting in hyperinflationary economies

IAS 29 "Financial Reporting in hyperinflationary economies" requires that the financial statements of an entity that reports in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current at the closing of the reporting period, irrespective of whether they are based on the historical cost or current cost methods. 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%.

Considering the inconsistencies in the inflation data published, the inflation downward trend, and the fact that the rest of the indicators do not give rise to a definite conclusion, Management understands that there is no sufficient evidence to conclude that Argentina is a hyperinflationary economy at December 31, 2016. Therefore, no restatement criteria have been applied to the financial information established in IAS 29 in the current year.

However, over the last years, some macroeconomic variables affecting the Company's business, like salaries and input prices, have changed significantly. This situation must be considered when assessing and interpreting the Company's financial situation and results disclosed in these financial statements.

NOTE 4: CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted for these financial statements are consistent with the accounting policies used in the preparation of the audited financial statements corresponding to the last fiscal year, which ended on December 31, 2016.

4.1) New accounting standards, modifications and interpretations issued by the IASB not yet effective and not early adopted by the Company

IFRS 9 "Financial instruments": the amendment was issued in July 2014. It includes in a single document all phases of the IASB project to replace IAS 39 "Financial instruments: recognition and measurement". These phases comprise classification and measurement, impairment and hedge accounting. This version adds a new model for expected loss impairment and some minor changes to the classification and measurement of financial assets. The new version replaces all earlier versions of IFRS 9 and is effective for annual periods beginning on or after January 1, 2018. The Company estimates that this amendment will not have a significant impact on the amount of the provision.

IFRS 15 "Revenue from Contracts with Customers": it was issued in May 2014 and its effective date was subsequently amended in September 2015 for annual reporting periods beginning on or after 1 January 2018. It addresses revenue recognition principles and establishes the information requirements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer The basic principle implies revenue recognition that represents the transfer of goods or services undertaken with customers in exchange for an amount that reflects the consideration to which the entity expects to be entitled. The Company, having analyzed the application of this standard, estimates that it will not have a significant impact.

NOTE 4: CHANGES IN ACCOUNTING POLICIES (Cont'd)

4.1) New accounting standards, modifications and interpretations issued by the IASB not yet effective and not early adopted by the Company (Cont'd)

IFRS 17 - Insurance contracts: In May 2017, the IASB issued IFRS 17 which replaces IFRS 4, introduced as a provisional standard in 2004 to account for insurance contracts using the national accounting standards, and resulting in multiple application approaches. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and is effective for annual reporting periods beginning on or after January 1, 2021. Earlier application is permitted if both IFRS 15 and IFRS 9 have also been applied. The Company is analyzing the impact of the application of IFRS 17; however, it estimates that the application thereof will not have an impact on the results of operations or the financial position of the Company.

IFRIC 23 - Uncertainty over income tax treatments: In June 2017, the IASB issued IFRIC 23 which clarifies application of IAS 12 regarding the existence of uncertain tax positions when determining income tax. According to this interpretation, an entity is to reflect the impact of the uncertain tax position using the method that provides better predictions of the resolution of the uncertainty, whether the most likely amount or the expected value method. Also, an entity is to assume that a taxation authority will examine the uncertain positions and will have full knowledge of all relevant information when doing so. IFRIC 23 is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted. The Company is analyzing the impact of the application of IFRIC 23; however, it estimates that the application thereof will not have a significant impact on the results of operations or the financial position of the Company.

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

NOTE 5: ACCOUNTING POLICIES

5.1) Revenue recognition

a) Sale of energy

Revenue is calculated at fair value of the consideration received or to be collected, considering the estimated amount of discounts, thus determining net amounts.

The criteria for revenue recognition from the main activity of the Company is to recognize revenue from the electricity generation activity through the accrual method, comprising the energy and power actually consumed by customers or delivered to the SPOT market.

Ordinary revenue was recognized when each and all of the following conditions were satisfied:

a. the entity has transferred to the buyer the significant risks and rewards;
b. the amount of revenue was measured reliably;
c. it is probable that the economic benefits associated with the transaction will flow to the entity;
d. the costs incurred or to be incurred in respect of the transaction were measured reliably.

b) Interest revenue

Interest revenue is recognized applying the effective interest rate method. Interest is recorded on a temporary basis, with reference to the outstanding principal and the applicable effective rate.

Revenue is recognized when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.

NOTE 5: ACCOUNTING POLICIES (Cont'd)

5.2) Effects of the foreign exchange rate fluctuations

a) Functional and presentation currency

These financial statements are presented in pesos (legal currency in Argentina for all the companies domiciled in this country), which is also the Company's functional currency.

b) Transactions and balances

Transactions in foreign currency are translated into the functional and presentation currency using the exchange rates prevailing at the date of the transaction or of revaluation, when the items are restated. Gains and losses generated by foreign exchange differences resulting from each transaction and by the translation of monetary items stated in foreign currency at year end are recognized in the statement of income, except for the amounts that are capitalized.

The exchange rates used are: buying exchange rate for monetary assets, selling exchange rate for monetary liabilities, and average rate for balances with related parties, in all cases prevailing at year end as published by Banco Naci6n, and one-off exchange rate for transactions in foreign currency.

5.3) Property, plant and equipment

In general terms, property, plant and equipment, excluding land, buildings, facilities, machinery and turbines, generator and accessories, are recorded at cost, net of accumulated depreciation and/or accumulated impairment losses, if any.

Depreciation of property, plant and equipment begins when it is available for use Repair and maintenance expenses of property, plant and equipment are recognized in the income statement during the financial year in which they are incurred. Works in progress are valued based on the degree of progress.

Works in progress are stated at cost less impairment losses, if any. Depreciation of these assets begins when it is available for use.

Buildings, facilities and machinery are measured at their fair value less accumulated depreciation and impairment losses, if any, recognized at the date of revaluation. Land is measured at fair value and is not depreciated.

Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value. In addition, at each reporting date, the Company compares the accounting measurement of land, buildings, facilities, machinery and turbines, generator and accessories with their recoverable value calculated as described in the following section.

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

At the time of sale of the revalued assets, any revaluation surplus related to this asset is transferred to retained earnings. However, some of the surplus may be transferred to retained earnings as the asset is used by the company. In such a case, the amount of the surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

NOTE 5: ACCOUNTING POLICIES (Cont'd)

5.3) Property, plant and equipment (Cont'd)

According to IAS 23 "Borrowing costs", financial costs must be capitalized in the cost of an asset when it is in the process of production, construction, assembly or finishing, and those processes are not interrupted due to their long-term nature; the term for production, construction, assembly or finishing does not exceed the period technically required; the activities needed for the asset to be ready for its intended use or sale are not substantially complete; and the asset is not in condition to be used in the production of other assets or placed into service, according to the purpose of its production, construction, assembly or finishing. Financial costs capitalized in the carrying amount of property, plant and equipment during the fiscal year ended on December 31, 2017 and 2016 totaled $ 331,489,015 and $ 142,716,310, respectively. The average interest rate used was 25% for 2017 and 26% for 2016.

Subsequently to initial recognition, costs are included in the carrying amount of that asset or recognized as a separate asset, as applicable, only when it is probable that the future economic benefits associated to those assets will flow to the Company and their cost can be determined reliably. In the case of replacements, the carrying amounts of the replaced part is derecognized from accounting. Other repair and maintenance costs are recognized as an expense in the fiscal year in which they are incurred.

If these captions had been measured using the cost model, the carrying amounts would have been the following:

	12.31.2017
Cost	1,979,929,992
Accumulated depreciation	(105,745,180)
Residual value	**1,874,184,812**

Based on the technical evaluation of property, plant and equipment performed by the experts, reclassifications have been made on the class of items for more adequate disclosure.

5.4) Impairment of non-financial assets

For assets subject to depreciation, an impairment test is performed whenever facts or circumstances suggest that the carrying amount may not be recoverable. An impairment loss is recognized for the amount in which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of the fair value less costs to sell or value in use. The value in use is the total amount of the net discounted cash flows expected to be derived from the use of the assets and from their eventual disposal. To this purpose, the assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset are considered, among other elements. To assess impairment losses, assets are grouped at the lowest level for which cash flows can be identified separately (cash-generating units).

The possible reversal of impairment losses of non-financial assets is reviewed at every date that financial information is presented.

The Company has not recorded impairment losses in any of the reporting fiscal years.

At December 31, 2017, the Company considered that the carrying amount of lands, buildings, installations and machinery does not exceed their recoverable value.

NOTE 5: ACCOUNTING POLICIES (Cont'd)

5.5) Financial assets

5.5.1 Classification

The Company classifies its financial assets in the following categories: assets subsequently measured at fair value and assets measured at amortized cost. This classification depends on whether the financial asset is an investment in a debt or equity instrument. To be measured at amortized cost, the two conditions described below must be met. The remaining financial assets are measured at fair value. IFRS 9 Financial instruments requires that all the investments in equity instruments are measured at fair value.

a) *Financial assets at amortized cost*

Financial assets are measured at amortized cost if both the following conditions are met:

- The objective of the Company's business model is to maintain the assets to obtain contractual cash flows;
- contractual conditions of the financial asset give rise on specified dates to cash flows that are only payments of the principal and interest on the outstanding principal amount.

b) *Financial assets at fair value*

If any of the above conditions is not met, the financial assets are measured at fair value through profit or loss.

All the investments in equity instruments are measured at fair value. For investments not held for trading, the Company may irrevocably opt on initial recognition to present the changes in the fair value in other comprehensive income. The Company's decision was to recognize the changes in fair value in income.

5.5.2 Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date, when the Company undertakes to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from investments have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets are initially recognized at fair value plus transaction costs directly attributable to their acquisition, for all financial assets not carried at fair value through profit or loss.

NOTE 5: ACCOUNTING POLICIES (Cont'd)

5.5) Financial assets (Cont'd)

5.5.3 Impairment of financial assets

Financial assets at amortized cost

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets may have suffered impairment losses. A financial asset or a group of financial assets is impaired, and an impairment loss is incurred if, and only if, there is objective evidence of the impairment of value as a result of one or more events that have occurred after the initial recognition of the asset, and such an event (or events) causing the loss has (have) an impact on the estimated future cash flows from the financial asset or group of financial assets, which may be reliably estimated.

The Company uses the following criteria for determining whether there is objective evidence of an impairment loss:

- Significant financial difficulties of the debtor;
- Noncompliance with contractual covenants, such as arrears in the payment of principal or interest;
- Likelihood that the debtor might file for insolvency proceedings or other type of reorganization proceeding.

The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future credit losses expected and that have not yet occurred), discounted at the original effective interest rate of financial assets. The carrying amount of the asset is written down and the amount of the impairment loss is recognized in the statement of comprehensive income. If the financial asset bears a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate under the contract. As a useful measure, the Company may calculate the value of impairment based on the fair value of the financial asset using an observable market price.

If in future fiscal years the amount of the impairment loss declines and that decline may be objectively associated with an event subsequent to the recognition of impairment (such as the improvement in a debtor's credit rating), the reversal of the impairment loss previously recorded is recognized in the statement of comprehensive income.

5.5.4 Offsetting of financial instruments

Financial assets and liabilities are offset, and presented net on the statement of financial position, when there is a legally enforceable right to offset the recognized amounts, and an intention to settle the net amount, or to simultaneously realize the asset and settle the liability.

5.6) 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.

5.7) Inventories

Materials and spare parts are valued at the lower of acquisition cost or net realizable value.

NOTE 5: ACCOUNTING POLICIES (Cont'd)

5.7) Inventories (Cont'd)

Materials and spare parts are valued at the lower of acquisition cost or net realizable value.

Since materials and spare parts are not for sale, their value is calculated based on the purchase price, import duties (if any) and other taxes (non-refundable taxes by the tax authorities), transportation, storage and other costs directly attributable to the purchase of those assets.

Cost is determined applying the weighted average cost method.

The Company classified materials and spare parts into current and non-current depending on their final allocation and the term during which they are expected to be used, whether for maintenance or improvement of present assets. The non-current portion of materials and spare parts is disclosed under Property, plant and equipment.

The value of inventories as a whole does not exceed their recoverable value at the end of each fiscal year.

5.8) Trade and other receivables

Trade receivables are amounts due by customers for sales of energy made by the Company in the ordinary course of business. If collection is expected within one year or less, receivables are classified under current assets. Otherwise, they are classified as non-current assets.

Trade and other receivables are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest rate method and, where appropriate, adjusted at the time value of money.

The Company sets up bad debt allowances when there is objective evidence that it will not be able to collect all amounts due according to the original terms of the receivables, based on an individual analysis of historical performance of accounts receivable to assess the recoverability of the credit portfolio.

5.9) Cash and cash equivalents

Cash and cash equivalents include cash on hand, sight deposits in banks and other short-term highly liquid investments originally falling due within three months or less and subject to low material risk of changes in value. Bank overdrafts, if any, are disclosed under cash and cash equivalents in the cash flow statement since they are part of the Company's cash management.

5.10) Trade and other payables

Trade payables are payment obligations for goods or services purchased from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if payments fall due within one year or less. Otherwise, they are classified as non-current liabilities.

Trade and other payables are initially recognized at fair value and subsequently valued at amortized cost applying the effective interest rate method.

NOTE 5: ACCOUNTING POLICIES (Cont'd)

5.11) Loans

Loans are initially recognized at fair value, less direct transaction costs incurred. Subsequently, they are measured at amortized cost and any difference between the funds obtained (net of direct transaction costs) and the amount payable at maturity is recognized under profit or loss during the term of the loan using the effective interest method. The Company analyzes loan renegotiation terms to determine if as a result of the quantitative and qualitative changes to their conditions, they should be considered as amended or settled.

5.12) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, if any, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other borrowing costs are recognized as expenses in the period in which they are incurred.

5.13) Income tax and minimum notional income tax

a) Current and deferred income taxes

The income tax charge for the year comprises deferred tax. Income tax is recognized in income.

Deferred tax is recognized according to the liability method, for the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. However, deferred tax liabilities are not recognized if they come from the initial recognition of goodwill or an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit.

Deferred tax assets are recognized only to the extent that taxable profits are likely to be obtained in the future to be able to offset the temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset recognized amounts and if deferred tax assets and liabilities derive from income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Current and deferred tax assets and liabilities have not been discounted and are stated at nominal value.

b) Minimum notional income tax

The Company determines the minimum notional income tax by applying the current 1% rate on computable assets at year end. This tax is supplementary to income tax; the Company tax liability is to coincide in each fiscal year with the higher of the two taxes. If in a given fiscal year, however, minimum notional income tax exceeds income tax, the surplus will be computable as a payment on account of income tax accrued during the next ten fiscal years.

The Company has recognized the tax on minimum notional income accrued in the year and paid in prior years as a credit, considering that it will be offset against future years' taxable profits.

Minimum notional income tax assets and liabilities have not been discounted and are stated at nominal value.

NOTE 5: ACCOUNTING POLICIES (Cont'd)

5.14) Balances with related parties

Debts and receivables with related parties have been valued based on the terms agreed upon between the parties.

5.15) Leases

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to income on a straight-line basis over the period of the lease.

The Company leases some items of property, plant and equipment. Leases where the Company retains a significant portion of the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Lease liabilities, net of financial costs, are disclosed under current and non-current loans based on their maturity dates. The interest element of the finance cost is charged to income over the lease period so as to produce a constant periodic rate of interest on the outstanding debt in each period. The asset acquired through a finance lease is depreciated over the useful life of the asset and the lease period, whichever is shorter.

5.16) Derivative financial instruments

Derivatives are initially recognized at fair value on the date when the contract of the derivative is executed. Subsequent to initial recognition, they are again measured at fair value.

The method for recognizing the resulting loss or profit depends on whether the derivative has been designated as a hedging instrument and, if so, on the nature of the item it is covering. The Company has executed financial derivatives contracts in foreign currency, for the purpose of hedging the next payments falling due in connection with the principal installments and interest of its loans in US dollars. However, the Company has not applied hedge accounting; therefore, the changes in its value are recognized under profit or loss in the caption "Changes of fair value of financial instruments", under the line Other financial results.

Fair values of derivative financial instruments that are traded in active markets are recorded according to quoted market prices. Fair values of derivative financial instruments that are not traded in active markets are determined by using valuation techniques. The Company applies critical judgment to select the most appropriate methods and to determine assumptions that are based mainly on the market conditions existing at the end of each year.

In the year ended December 31, 2017, the Company executed ROFEX forward purchase contracts of US dollars against Argentine pesos through SBS bank, for a nominal value of USD 2.4 million, at an average exchange rate of 18.735 pesos per dollar, expiring in January 2018. At December 31, 2017, the economic impact of these transactions shows net profits in the amount of $ 1,214,162, which is shown under Other financial results from the Statement of comprehensive income.

5.17) Equity accounts

Movements in this item have been accounted for in accordance with the pertinent decisions of shareholders' meetings and legal or regulatory provisions.

NOTE 5: ACCOUNTING POLICIES (Cont'd)

5.17) Equity accounts (Cont'd)

a) Share Capital

Share capital represents the capital issued, composed of the contributions that were committed and/or made by the shareholders and represented by shares that comprise outstanding shares at nominal value. Ordinary shares are classified under equity.

b) Legal reserve

As established by Law 19550 on Commercial Companies, 5% of the profit reported in the statement of comprehensive income for the year, net of prior year adjustments, transfers of other comprehensive income to unappropriated retained earnings and prior year accumulated losses, is to be allocated to the legal reserve, until it reaches 20% of the corporate capital.

c) Optional reserve

Corresponds to the allocation decided by the Company's Shareholders' Meeting whereby a specific amount is applied to meet the needs for funds required by the projects and situations relating to the Company policy.

d) Unappropriated retained earnings

Unappropriated earnings comprise accumulated profits or losses without a specific appropriation; positive earnings can be distributable by the decision of the Shareholders' Meeting, as long as they are not subject to legal restrictions. These earnings comprise prior year earnings that were not distributed and prior year adjustments derived from application of the accounting standards.

e) Distribution of dividends

The distribution of dividends among the shareholders of the Company is recognized as a liability in the financial statements for the fiscal year in which dividends are approved by the meeting of shareholders.

NOTE 6: FINANCIAL RISK MANAGEMENT

6.1) Financial risk factors

Financial risk management is encompassed within the global policies of the Company, which are focused on the uncertainty of the financial markets and are aimed at minimizing the potential adverse effects on its financial yield. Financial risks are the risks associated with financial instruments to which the Company is exposed during or at the end of each fiscal year. Financial risks comprise market risk (including the foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk.

Financial risk management is controlled by the Finance Division of the Company, which identifies, assesses and covers the financial risks. The financial risk management policies and systems are reviewed regularly to reflect the changes in the market conditions and in the Company's business activities.

This section includes a description of the main financial risks and uncertainties that could have a material adverse effect on the Company's strategy, performance, results of operations and financial condition.

NOTE 6: FINANCIAL RISK MANAGEMENT

6.1) Financial risk factors (Cont'd)

a) Market risks

Foreign exchange risk

Sales made by the company are denominated in US dollars, but due to the fact that they are performed under Resolution 220/07, they are converted into pesos at the exchange rate per BCRA Communication A 3500 (Wholesale) corresponding to the business day preceding the due date. The financial debt for working capital and the investment in the project for cycle closing is denominated in pesos, while the debt under the foreign loan and part of the operating expenses are denominated in and/or calculated through reference to dollars.

At December 31, 2017 the largest debt in foreign currency is the principal of the international bond issued in prior fiscal year, mentioned in Note 18 b), and amounting to USD 70,000,000. Foreign exchange hedge contracts were entered into in connection with the payment of interest in July and December 2017, which minimizes the exposure to foreign exchange risk.

The following table shows the Company's exposure to the foreign exchange risk associated with the financial assets and liabilities denominated in a currency other than the functional currency of the Company.

Captions	Type and amount of foreign currency		Closing exchange rate (1)	Book value 12.31.2017	Book value 12.31.2016
				$	
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents			18.549	779,080	662,827
Banks	USD	42,001			
Trade receivables					
Trade receivables - Res. 220/07 - Res. 19/17	USD	17,251,883	18.549	320,005,184	76,857,977
Total Current Assets				**320,784,264**	**77,520,804**
Total Assets				**320,784,264**	**77,520,804**
LIABILITIES					
CURRENT LIABILITIES					
Trade payables					
Related parties	USD	1,627,876	18.599	30,276,867	35,570,561
Suppliers	USD	253,980	18.649	4,736,474	6,180,257
Financial debts					
Banco Ciudad loan	USD	3,434,508	18.649	64,050,147	-
Negotiable obligations	USD	85,323	18.649	1,591,183	-
International Bond loan	USD	2,358,922	18.649	43,991,534	39,763,414
Total Current Liabilities				**144,646,205**	**81,514,232**
NON-CURRENT LIABILITIES					
Financial debts					
Banco Ciudad loan	USD	5,854,545	18.649	109,181,418	-
Negotiable obligations	USD	10,000,000	18.649	186,490,000	-
International Bond loan	USD	68,114,183	18.649	1,270,261,403	1,074,440,538
Total non-current liabilities				**1,565,932,821**	**1,074,440,538**
Total Liabilities				**1,710,579,026**	**1,155,954,770**

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

NOTE 6: FINANCIAL RISK MANAGEMENT (Cont'd)

6.1) Financial risk factors (Cont'd)

a) Market risks (Cont'd)

Foreign exchange risk (Cont'd)

The Company considers that, if all variables remain constant, a devaluation of 1% of US dollar compared to the Argentine peso would increase loss for the year in the following way:

	Argentine pesos	
Currency	**12.31.2017**	**12.31.2016**
US dollars	(13,897,948)	(10,784,340)
Variation in income for the year	**(13,897,948)**	**(10,784,340)**

Price risk

The price for the Company's sales revenues under Resolution 220/07 is expressly stipulated in US dollars in the contract in force signed with CAMMESA, the duration of which is 10 years.

If Resolution No. 220/07 was repealed or substantially amended in such a way that the Company is obliged to sell the power generated in the Spot Market, the income/loss of CTR might depend on the price of electricity in the Spot Market. Likewise, the Company's results could also be badly affected if the National Government or CAMMESA limited the price receivable under Resolution 220/07. If these situations occur, there might be an adverse impact on the Company business, financial condition and results of operations.

Interest rate risk

The Company analyzes its exposure to the interest rate risk in a dynamic manner to reduce exposure to the risk and it has an efficient financing structure according to the working capital needs.

Interest rate risk arises from the Company's debt at floating rate. Indebtedness at floating rate exposes the Company to interest rate risk on their cash flows. At December 31, 2017 the interest rate of most of its loans in force was a fixed rate in US dollars of 9.625% while others had fixed rates in US dollars of 6.68% and 6% and floating rates equal to Badlar plus margin.

The Company analyzes its exposure to interest rate risk in a dynamic manner. Hypothetical situations are simulated considering the positions relating to refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the Company estimates the impact on profit or loss of a definite variation in interest rates. Simulation is only made in relation to obligations representing the main positions that accrue interest.

Central Térmica Roca S.A.

Notes to the financial statements (Cont'd)

NOTE 6: FINANCIAL RISK MANAGEMENT (Cont'd)

6.1) Financial risk factors (Cont'd)

a) Market risks (Cont'd)

Interest rate risk (Cont'd)

The following table shows the Company's loans broken down by interest rate:

	12.31.2017	12.31.2016
Fixed rate	1,675,565,685	1,114,203,952
Floating rate	599,577,605	428,381,928
	2,275,143,290	**1,542,585,880**

Based on simulations run with all the other variables kept constant, an increase of 1% in the variable interest rates would increase the loss for the year as follows:

	12.31.2017	12.31.2016
Floating rate	5,995,776	4,283,819
Decrease in income for the year	**5,995,776**	**4,283,819**

b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, and from the exposure to credit with CAMMESA, including the outstanding balances of accounts receivable and arranged transactions.

The electricity generators with sales to the spot market and with contracts under Resolution 220/07 collect through CAMMESA the payments for making available the power and energy supplied to the system. Although CAMMESA relies on refundable contributions from the Treasury to make payments, in the last fiscal year it has reduced the average payment term.

c) Liquidity risk

The Company Management supervises the updated projections of the liquidity requirements to ensure the correct administration of the working capital and permit the normal development of the Company's operating activities. In this important stage of development, the majority shareholder has made capital contributions to assist the Company.

These projections take into consideration compliance with covenants and legal and external regulatory requirements.

The cash surpluses and the balances above the required balance for the administration of the working capital are accumulated in bank accounts or short-term placements until they are applied to the payment of the service of debt.

NOTE 6: FINANCIAL RISK MANAGEMENT (Cont'd)

6.1) Financial risk factors (Cont'd)

c) Liquidity risk (Cont'd)

The Company now has short-term loans and credit facilities available to meet its commitments.

The following table shows an analysis of the Company's financial liabilities classified according to the due dates, considering the remaining period from the respective balance sheet date to their contractual due date. The amounts shown in the table are the non-discounted contractual cash flows.

At December 31, 2017	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	More than 2 years	Total
Trade and other payables	64,742,071	213,758,805	-	-	278,500,876
Loans	165,948,715	315,792,719	418,880,039	2,640,365,824	3,540,987,297
Total	**230,690,786**	**529,551,524**	**418,880,039**	**2,640,365,824**	**3,819,488,173**

At December 31, 2016	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	More than 2 years	Total
Trade and other payables	160,690,374	25,284,972	-	-	185,975,346
Loans	89,432,873	197,897,636	483,289,880	1,685,416,688	2,456,037,077
Total	**250,123,247**	**223,182,608**	**483,289,880**	**1,685,416,688**	**2,642,012,423**

6.2) Management of capital risk

The objectives of the Company when it administers capital are to secure the correct operation of the Company, to encourage its growth, to meet the financial commitments taken on and produce yields to its shareholders, keeping an optimum capital structure.

Consistently with the industry, the Company monitors its capital based on the Consolidated Debt to Adjusted EBITDA ratio. This ratio is calculated dividing the net loans by Adjusted EBITDA. Net borrowings correspond to total borrowings (including current and non-current borrowings) less cash and cash equivalents. Adjusted EBITDA represents earnings before net financial results, income tax, minimum notional income tax, depreciation and amortization.

The Company started business operations by the end of June 2012. At December 31, 2017 the Debt/EBITDA ratio amounts to 7.70 while the ratio at the end of the prior fiscal year was 4.52.

Central Térmica Roca S.A.

Notes to the financial statements (Cont'd)

NOTE 6: FINANCIAL RISK MANAGEMENT (Cont'd)

6.2) Management of capital risk (Cont'd)

The increase in the debt/EBITDA ratio at December 31, 2017 arises from the debt incurred to continue with the investment for cycle closing of the Power Plant mentioned in note 1. The investment will enable the increase in the available power of 60 MW, remunerated under a contract in accordance with Resolution 220/07.

Consolidated Debt to Adjusted EBITDA ratios were as follows:

	12.31.2017	12.31.2016
Total loans	2,275,143,290	1,542,585,880
Less: Cash and cash equivalents	(97,226,348)	(416,482,628)
Net debt	2,177,916,942	1,126,103,252
EBITDA	282,780,460	248,942,328
Net debt/ EBITDA	**7.70**	**4.52**

NOTE 7: CRITICAL ESTIMATES AND JUDGMENTS

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.

The preparation of the financial statements require that the Company makes estimates and carries out evaluations relating to the future. Actual future results may differ from those estimates and assessments made at the date these financial statements were prepared. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are detailed below

a) Impairment of assets

Long-lived assets are tested for impairment at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs).

The Company in itself is a cash generating unit, which is composed of its electric power generation plant. Consequently, the Company represents the lowest level of separation of assets that generate independent cash flows.

Assets that are subject to amortization are tested for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable.

In evaluating whether there is any indication that the cash generating unit could be affected, internal and external sources of information are analyzed. Specific events and circumstances are considered, which in general include the discount rate used in the projections of cash flows of each of the CGU and the business condition in terms of market and economic factors, such as the cost of raw materials, the regulatory framework of the energy industry, projected capital expenditure and the evolution of energy demand.

An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Any impairment loss will be distributed (to reduce the carrying amount of the assets of the CGU) as follows:

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NOTE 7: CRITICAL ESTIMATES AND JUDGMENTS (Cont'd)

a) Impairment of financial assets (Cont'd)

a) First, to reduce the carrying amount of goodwill allocated to the cash generating unit, and
b) To the other assets of the unit (or group of units), prorated on the basis of the carrying amount of each asset in the unit (or group of units), taking into account not to reduce the carrying amount of the asset below the higher of its fair value less costs to sell and value in use or zero.

Judgment is required from Management at the time of estimating the future cash flows. Actual cash flows and values may vary significantly from the foreseen future cash flows and the related values obtained through discount techniques.

b) Current and deferred income tax / Minimum notional income tax

The Company recognizes income taxes applying the deferred tax method. Consequently, the deferred tax assets and liabilities are recognized according to the future tax consequences attributable to the differences between the carrying amount of existing assets and liabilities and the respective tax bases. Deferred tax assets and liabilities are valued at the approved tax rates that should theoretically be applied on the taxable income in the years in which the temporary differences are expected to be settled. A high degree of judgment is required to determine the provision for income tax since Management regularly assesses the positions on the tax returns regarding situations where the applicable tax regulation is subject to interpretation and, if necessary, sets out provisions based on the amounts payable to the tax authorities. When the final outcome of these matters is different from the initially recognized amounts, such differences will have an impact on income tax and deferred taxes in the fiscal year in which they are determined.

c) Provisions

Provisions have been set up to cover contingencies arising in the ordinary course of business and other sundry risks that could create obligations for the Company. In estimating the amounts, the likelihood of occurrence is considered, taking into account the opinion of the Company's legal advisors.

At the date of these financial statements, the Management of the Company understands that there are no elements which may determine the existence of other contingencies that could materialize and have a negative impact on these financial statements.

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Notes to the financial statements (Cont'd)

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	Original values					Depreciation					Net amount at end of year	
Type of asset	At beginning of year	Increases (3)	Transfers/ withdrawals	Technical revaluation (2)	At end of year	Accumulated at beginning of year	Deletions	For the year (1)	Technical revaluation	Accumulated at end of year	At 12.31.2017	At 12.31.2016
Land	7,176,600	-	-	1,246,100	8,422,700	-	-	-	-	-	8,422,700	7,176,600
Buildings	20,064,700	-	-	4,554,400	24,619,100	-	-	441,562	(441,562)	-	24,619,100	20,064,700
Facilities	12,580,700	-	-	126,963,300	139,544,000	-	-	310,157	(310,157)	-	139,544,000	12,580,700
Machinery	696,590,900	-	-	(22,774,200)	673,816,700	-	-	38,311,689	(38,311,689)	-	673,816,700	696,590,900
Works in progress - Extension of Plant	574,771,918	1,259,572,883	-	-	1,834,344,801	-	-	-	-	-	1,834,344,801	574,771,918
Computer and office equipment	707,005	658,767	-	-	1,365,772	262,018	-	265,312	-	527,330	838,442	444,987
Vehicles	1,549,032	-	(69,000)	-	1,480,032	412,544	(60,950)	336,890	-	688,484	791,548	1,136,488
Spare parts and materials	23,874,203	-	(15,014,384)	-	8,859,819	-	-	-	-	-	8,859,819	23,874,203
Total at 12.31.2017	**1,337,315,058**	**1,260,231,650**	**(15,083,384)**	**109,989,600**	**2,692,452,924**	**674,562**	**(60,950)**	**39,665,610**	**(39,063,408)**	**1,215,814**	**2,691,237,110**	**-**
Total at 12.31.2016	**786,015,143**	**443,724,057**	**-**	**107,575,858**	**1,337,315,058**	**449,879**	**-**	**32,263,686**	**(32,039,003)**	**674,562**	**-**	**1,336,640,496**

(1) Depreciation charges for the fiscal years ended December 31, 2017 and 2016 were allocated to cost of sales, including $ 26,185,295 and $ 19,196,206, respectively, for higher value from the technical revaluation.

(2) At December 31, 2017 and 2016, it corresponds to the revaluation of $ 149,053,008 and $ 139,614,861 offset by the accumulated depreciation at the time of the revaluation of $ 39,063,408 and $ 32,039,003, respectively.

(3) Financial costs capitalized during the fiscal year ended on December 31, 2017 and 2016 totaled $ 331,489,015 and $ 75,559,917, respectively. The average interest rate used was 25% for 2017 and 26% for 2016.

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Notes to the financial statements (Cont'd)

NOTE 9: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES

The categories of financial instruments were determined based on IFRS 9.

At December 31, 2017	Financial assets/ liabilities at amortized cost	At fair value through profit and loss	Non-financial assets/ liabilities	Total
Assets				
Trade and other receivables and investments	336,891,739	5,047,234	248,714,928	590,653,901
Other financial assets at fair value through profit or loss	-	29,676,880	-	29,676,880
Cash and cash equivalents	20,648,432	76,577,916	-	97,226,348
Non-financial assets	-	-	2,711,559,885	2,711,559,885
Total	**357,540,171**	**111,302,030**	**2,960,274,813**	**3,429,117,014**
Liabilities				
Trade and other payables	281,891,073	-	-	281,891,073
Loans (finance leases excluded)	2,259,128,003	-	-	2,259,128,003
Financial leases	16,015,287	-	-	16,015,287
Non-financial liabilities	-	-	206,471,561	206,471,561
Total	**2,557,034,363**	**-**	**206,471,561**	**2,763,505,924**

At December 31, 2016	Financial assets/ liabilities at amortized cost	Financial assets/ liabilities at fair value through profit and loss	Non-financial assets/ liabilities	Total
Assets				
Trade and other receivables	231,867,625	-	288,031,294	519,898,919
Other financial assets at fair value through profit or loss	-	95,521,062	-	95,521,062
Cash and cash equivalents	6,537,349	409,945,279	-	416,482,628
Non-financial assets	-	-	1,336,640,496	1,336,640,496
Total	**238,404,974**	**505,466,341**	**1,624,671,790**	**2,368,543,105**
Liabilities				
Trade and other payables	185,976,146	-	-	185,976,146
Loans (finance leases excluded)	1,540,281,148	-	-	1,540,281,148
Financial leases	2,304,732	-	-	2,304,732
Non-financial liabilities	-	-	208,566,400	208,566,400
Total	**1,728,562,026**	**-**	**208,566,400**	**1,937,128,426**

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Notes to the financial statements (Cont'd)

NOTE 9: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES (Cont'd)

Below are presented the revenues, expenses, profits and losses arising from each financial instrument category.

At December 31, 2017	Financial assets at amortized cost	Financial assets at fair value through profit and loss	Financial liabilities at amortized cost	Non-financial instruments	Total
Interest earned	1,678,172	-	-	-	1,678,172
Interest paid	-	-	(101,372,777)	-	(101,372,777)
Exchange differences, net	21,706,239	-	(110,373,267)	-	(88,667,028)
Other financial costs	-	39,162,879	(6,583,058)	-	32,579,821
Total	**23,384,411**	**39,162,879**	**(218,329,102)**	**-**	**(155,781,812)**

At December 31, 2016	Financial assets at amortized cost	Financial assets at fair value through profit and loss	Financial liabilities at amortized cost	Non-financial instruments	Total
Interest earned	12,501,752	-	-	-	12,501,752
Interest paid	-	-	(96,130,957)	(30,921)	(96,161,878)
Exchange differences, net	21,813,904	-	(84,529,384)	-	(62,715,480)
Other financial costs	(5,516,702)	58,619,311	(10,667,354)	-	42,435,255
Total	**28,798,954**	**58,619,311**	**(191,327,695)**	**(30,921)**	**(103,940,351)**

Determination of fair value

The Company classifies fair value measurements of financial instruments using a three-level hierarchy, which gives priority to the inputs used in making such measurements: Fair value hierarchies:

- Level 1: Inputs such as (unadjusted) quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e. deriving from prices).
- Level 3: Inputs on the assets or liabilities not based on observable market inputs (i.e. unobservable inputs).

These charts show financial assets and liabilities measured at fair value at December 31, 2017 and 2016 and their allocation to the different hierarchy levels:

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Notes to the financial statements (Cont'd)

NOTE 9: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES (Cont'd)

Determination of fair value (Cont'd)

At December 31, 2017	Level 1	Level 3	Total
Assets			
Other financial assets at fair value through profit or loss			
Mutual funds	12,756,880	-	12,756,880
Government securities	16,920,000	-	16,920,000
Cash and cash equivalents			
Mutual funds	76,577,916	-	76,577,916
Property, plant and equipment	-	846,402,500	846,402,500
Total	**106,254,796**	**846,402,500**	**952,657,296**

At December 31, 2016	Level 1	Level 3	Total
Assets			
Other financial assets at fair value through profit or loss			
Mutual funds	95,521,062	-	95,521,062
Cash and cash equivalents			
Mutual funds	409,945,279	-	409,945,279
Property, plant and equipment	-	735,436,643	735,436,643
Total	**505,466,341**	**735,436,643**	**1,240,902,984**

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of these financial statements. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on the Company's specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. No financial instruments should be included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. These instruments are included in Level 3. This is the case of the revaluation of certain categories of property, plant and equipment.

Specific valuation techniques used to determine the fair value of property, plant and equipment include:

a) For the determination of the fair value of property and land, market quotations have been used requested from expert external appraisers.

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Notes to the financial statements (Cont'd)

NOTE 9: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES (Cont'd)

Determination of fair value (Cont'd)

b) For determining the fair value of Buildings, Facilities and Machinery, an external appraiser has been hired who has used the replacement cost method, determining the components that form part of the power plants and obtaining values from new suppliers in the industry, adding the cost of freight, insurance, assembly and other general expenses. Depreciation was computed according to the consumed useful life of assets; for the case of buildings, the depreciation factor was 85% and 87% at December 31, 2017 and 2016 respectively, for facilities it was 65% and 89% at December 31, 2017 and 2016 respectively, and for machinery it was 65% and 70% at December 31, 2017 and 2016 respectively.

This valuation method is classified according to IFRS 13 as level 3 fair value hierarchy.

The fair value determination of property, plant and equipment is significantly affected by the dollar exchange rate. This situation, valuation processes and results are discussed and approved by the Board of the Companies at least once a year.

NOTE 10: OTHER RECEIVABLES

	Note	12.31.2017	12.31.2016
Non-Current			
Minimum notional income tax credit		28,328,813	19,195,808
Loans to Directors	29	-	2,090,102
		28,328,813	**21,285,910**
Current			
Value added tax		126,523,924	33,075,806
Social security withholdings		925,236	-
Sundry tax credits		-	3,222,476
Sub-total tax credits		127,449,160	36,298,282
Balance with related parties	29	6,733,872	5,204,672
Loans to Directors	29	10,152,683	-
Insurance to be accrued		100,620	4,274,354
Advances to suppliers		91,640,340	232,537,204
Security deposits and derivative financial instruments		5,047,234	6,319,962
Sundry		1,195,995	253,541
		242,319,904	**284,888,015**

The carrying amount of other current receivables approximates their fair value since they fall due in the short term.

Other long-term receivables are measured at amortized cost, which does not differ significantly from their fair value.

NOTE 11: INVENTORIES

	12.31.2017	12.31.2016
Inputs and materials	20,322,775	-
	20,322,775	-

Central Térmica Roca S.A.

Notes to the financial statements (Cont'd)

NOTE 12: OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	12.31.2017	12.31.2016
Current		
Mutual funds	12,756,880	95,521,062
Government securities	16,920,000	-
	29,676,880	**95,521,062**

NOTE 13: TRADE RECEIVABLES

	12.31.2017	12.31.2016
Current		
Trade receivables	151,305,702	136,867,017
Energy sold to be billed	168,699,482	76,857,977
	320,005,184	**213,724,994**

The carrying amount of current trade receivables approximates their fair value since they fall due in the short term.

NOTE 14: CASH AND CASH EQUIVALENTS

	12.31.2017	12.31.2016
Cash	86,256	36,227
Banks in local currency	19,783,096	5,838,295
Banks in foreign currency	779,080	662,827
Mutual funds	76,577,916	409,945,279
	97,226,348	**416,482,628**

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

	12.31.2017	12.31.2016
Cash and cash equivalents	97,226,348	416,482,628
Cash and cash equivalents (bank overdrafts included)	**97,226,348**	**416,482,628**

NOTE 15: CAPITAL STATUS

Subscribed and registered capital at December 31, 2017 amounts to $ 73,070,470.

NOTE 16: DISTRIBUTION OF PROFITS

Dividends

As established by Law No. 25063 enacted in December 1998, dividends that are distributed or that the Company receives from its subsidiaries, in cash or in kind, in excess of the profits determined in accordance with the general provisions of the Income Tax Law, accumulated at the end of the fiscal year immediately preceding the payment or distribution date, shall be subject to a 35% income tax withholding, as a sole and final payment.

Central Térmica Roca S.A.

Notes to the financial statements (Cont'd)

NOTE 16: DISTRIBUTION OF PROFITS (Cont'd)

Dividends (Cont'd)

As established by Section 70 of the LGS and the Company Bylaws, at least 5% of the realized and liquid profits shown by the income statement for the year is to be allocated to the Legal Reserve, until it reaches 20% of capital.

Due to the issue of the International Negotiable Obligation, the Company must comply with ratios on the combined Financial Statements in order to distribute dividends.

NOTE 17: INCOME TAX - DEFERRED TAX

The analysis of deferred tax assets and liabilities is as follows:

	12.31.2017	12.31.2016
Deferred tax assets:		
Deferred tax assets to be recovered in more than 12 months	96,354,534	77,499,314
	96,354,534	77,499,314
Deferred tax liabilities:		
Deferred tax liabilities payable in more than 12 months	(294,222,308)	(273,177,453)
	(294,222,308)	(273,177,453)
Deferred tax liabilities (net)	**(197,867,774)**	**(195,678,139)**

The gross transactions recorded in the deferred tax account are as follows:

	12.31.2017	12.31.2016
Balances at beginning of year	(195,678,139)	(104,790,911)
Charge to income statement	(17,802,865)	(42,022,026)
Charge to technical revaluation reserve	15,613,230	(48,865,202)
Balance at end date	**(197,867,774)**	**(195,678,139)**

The income tax charge calculated under the deferred tax method corresponds to the following breakdown:

	Other receivables	Mutual funds	Property, plant and equipment	Loans	Tax losses
Balances at December 31, 2016	**435,877**	**(9,293,004)**	**(195,787,463)**	**(68,096,986)**	**77,063,437**
Charge to income statement	586,010	9,725,868	(47,820,410)	1,436,457	18,269,210
Charge to technical revaluation reserve	-	-	15,613,230	-	-
Balances at December 31, 2017	**1,021,887**	**432,864**	**(227,994,643)**	**(66,660,529)**	**95,332,647**

Central Térmica Roca S.A.

Notes to the financial statements (Cont'd)

NOTE 17: INCOME TAX - DEFERRED TAX (Cont'd)

The accumulated tax losses recorded by the Company that are pending use at December 31, 2017 and may be offset against the taxable income for the year ended on that date are as follows:

Year	$	Year of expiration
Tax losses for the year 2013	29,399,470	2018
Tax losses for the year 2014	37,224,170	2019
Tax losses for the year 2015	48,635,021	2020
Tax losses for the year 2016	79,550,052	2021
Tax losses for the year 2017	173,197,149	2022
Total accumulated tax losses at December 31, 2017	**368,005,862**	

Tax reform in Argentina

On December 29, 2017, the National Executive Branch enacted Law 27430 on Income Tax. This law introduced several changes to the income tax treatment, among others:

Income tax rate: The income tax rate for Argentine companies will be reduced gradually from 35% to 30% for fiscal years beginning on or after January 1, 2018 until December 31, 2019 and to 25% for fiscal years beginning on or after January 1, 2020.

Tax on dividends: A tax is levied on dividends or profits distributed, among others, by Argentine companies or permanent establishments to: individuals, undivided estates or foreign beneficiaries, according to the following rates: (i) dividends deriving from profits generated during fiscal years beginning on or after January 1, 2018 until December 31, 2019 will be subject to tax at a rate of 7%, and; (ii) dividends deriving from profits obtained during fiscal years beginning on or after January 1, 2020 will be subject to tax at a rate of 13%.

Index-adjustments to deductions: Acquisitions or investments made in the fiscal years beginning on or after January 1, 2018 will be index-adjusted based on the Domestic Wholesale Price Index ("IPIM", for its acronym in Spanish) published by the National Institute of Statistics and Census ("INDEC", for its acronym in Spanish). This will increase the depreciation that may be deducted and its computable cost in the event of a sale.

Below is a reconciliation between income tax charged to results and the amount resulting from application of the current tax rate in force in Argentina on the accounting profit, for the fiscal years ended December 31, 2017 and 2016:

	12.31.2017	12.31.2016
Income/Loss before income tax	87,333,038	112,738,290
Current tax rate	35%	35%
Income/loss at the tax rate	(30,566,563)	(39,458,403)
Other permanent differences	(841,595)	(660,664)
Change in income tax rate (a)	22,485,681	-
Variation in tax losses	(8,880,388)	(1,902,959)
Total income tax charge accounted for	**(17,802,865)**	**(42,022,026)**
Deferred tax for the year	(17,802,865)	(42,022,026)
Total income tax charge accounted for - (Loss)	**(17,802,865)**	**(42,022,026)**

Central Térmica Roca S.A.

Notes to the financial statements (Cont'd)

NOTE 17: INCOME TAX - DEFERRED TAX (Cont'd)

(a) Corresponds to the effect of the application of the changes in income tax rates on deferred tax assets and liabilities, in line with the tax reform detailed above, based on the expected year of realization. The effect of change in income tax rate was recognized in the income for the year, except in the case of an adjustment to deferred tax liabilities arising from the application of the revaluation model for certain assets within Property, plant and equipment because this is related to items previously recognized in Other comprehensive income. This effect amounts to $ 52,876,482 and it is disclosed in the Statement of Comprehensive Income.

NOTE 18: LOANS

Non-Current	12.31.2017	12.31.2016
International Bond	1,270,261,403	1,074,440,538
Negotiable obligations	689,326,339	384,535,397
Other bank debts	109,181,418	-
Finance lease debts	12,624,965	1,517,693
	2,081,394,125	**1,460,493,628**
Current		
International Bond	43,991,534	39,763,414
Negotiable obligations	82,317,162	41,541,799
Other bank debts	64,050,147	-
Finance lease debts	3,390,322	787,039
	193,749,165	**82,092,252**

At December 31, 2017, the total financial debt amounts to $ 2.275 billion. Total financial debt at that date is disclosed in the table below:

	Principal	Balances at December 31, 2017	Interest rate	Currency	Date of issuance	Maturity date
		(Pesos)	(%)			
Debt securities						
International Bond	USD 70,000,000	1,314,252,937	9.63%	USD	July 27, 2016	July 27, 2023
Class II Negotiable Obligations	$ 270,000,000	274,827,345	BADLAR + 2%	ARS	November 17, 2015	November 17, 2020
Class III Negotiable Obligations	$ 8,960,000	7,956,373	BADLAR + 5.76%	ARS	June 10, 2016	June 10, 2018
Class IV Negotiable Obligations	$ 291,119,753	300,778,600	BADLAR + 5%	ARS	July 24, 2017	July 24, 2021
Class I Negotiable Obligations GMSA-CTR	USD 10,000,000	188,081,183	6.68%	USD	October 11, 2017	October 11, 2020
Subtotal		**2,085,896,438**				
Other debts						
Banco Ciudad loan	USD 9,200,000	173,231,565	6%	USD	August 4, 2017	August 4, 2020
Finance lease		16,015,287				
Subtotal		**189,246,852**				
Total financial debt		**2,275,143,290**				

NOTE 18: LOANS (Cont'd)

a) *Negotiable Obligations*

To improve the Company's financial profile, on August 8, 2014 CTR obtained, under Resolution 17413 of the CNV, authorization for: (i) the incorporation of CTR into 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 USD 50,000,000 (fifty million US dollars) or its equivalent in other currencies, in one or more classes or series.

In line with the preceding paragraph, on September 26, 2017, GMSA and CTR obtained under RESFC-2017-18947-APN-DIR#CNV Resolution authorization from the CNV for the creation of a program for the co-issuance in the local market of simple negotiable obligations, not convertible into shares, for a total outstanding nominal value of up to USD 100 million (one hundred million United States dollars) or its equivalent in other currencies.

At December 31, 2017 there are Class II, Class III and Class IV negotiable obligations outstanding, issued by the Company, and the Class I Negotiable Obligation co-issued by the Company and GMSA, for the amounts and under the following conditions:

Class II Negotiable Obligations:

On November 17, 2015 the Company issued Class II negotiable obligations. Class II ON were considered a productive investment within the scope of subsection k) of section 35.8.1 of the General Rules of the Insurance Activity (SSN Resolution 21523/1992), pursuant to communication No. 4841 of the National Insurance Superintendency dated November 6, 2015.

Principal: nominal value: $ 270,000,000 (pesos two hundred and seventy million).

Interest on Class II Negotiable Obligations will be paid quarterly, in arrears. The next payment date is August 17, 2017, while the last payment date will be November 17, 2020.

Interest: Private Banks BADLAR rate plus 2%

Payment term and method:
Amortization: Principal on negotiable obligations will be amortized in ten (10) consecutive installments payable on a quarterly basis, equivalent to 10% of the nominal value of the negotiable obligations, on the following dates: August 17, 2018, November 17, 2018, February 17, 2019, May 17, 2019, August 17, 2019, November 17, 2019, February 17, 2020, May 17, 2020, August 17, 2020 and November 17, 2020. At the date of issue of these financial statements, principal amount due under Class II Negotiable Obligations was $ 270,000,000.

The remaining balance of principal corresponding to the negotiable obligation at December 31, 2017 amounts to $ 270,000,000.

Class III Negotiable Obligations:

On June 10, 2016, the Company issued Class III Negotiable Obligations in the amount and under the conditions described below:

Principal: nominal value: $ 170,262,333 (pesos one hundred and seventy million, two hundred and sixty two thousand three hundred and thirty three).

Interest: Private Banks BADLAR rate plus 5.76% Under the issuance terms, a minimum rate of 36% has been set for the first quarter, and 35% for the second quarter.

Interest on Class III Negotiable Obligations will be paid quarterly in arrears, on the following dates: (i) September 10, 2017; (ii) December 10, 2017, (iii) March 10, 2018 and (iv) June 10, 2018.

NOTE 18: LOANS (Cont'd)

a) ***Negotiable obligations (Cont'd)***

Payment term and method: Principal on Class III negotiable obligations will be amortized in three installments, equivalent to 30%, 30% and 40%, respectively, of the nominal value of Class III Negotiable Obligations, on the following dates: (i) December 10, 2017; (ii) March 10, 2018, and; (iii) June 10, 2018.

Maturity date of Class III Negotiable Obligations: June 10, 2018. The negotiable obligations were paid up in cash and in kind, in the latter case through a swap of Class I negotiable obligations for $41,743,233. The proceeds from the issuance of Class III negotiable obligations were applied to the repurchase of the outstanding balance of Class I negotiable obligations for $ 11,856,767, to investments and working capital. The swap and subsequent repurchase of Class I Negotiable Obligations improved the Company's financial profile.

Class IV Negotiable Obligations were issued on July 24, 2017, and were partially paid up in kind through the delivery of Class III Negotiable Obligations. The amount swapped of Class III Negotiable Obligations was $159 million.

The remaining balance of principal corresponding to this negotiable obligation at December 31, 2017 amounts to $ 8,960,000.

Class IV Negotiable Obligations:

On July 24, 2017, the Company issued Class IV Negotiable Obligations in the amount and under the conditions described below:

Principal: nominal value: $ 291,119,753 (pesos two hundred ninety one million one hundred nineteen thousand seven hundred and fifty three).

Interest: Private Banks BADLAR rate plus 5%

Interest on Class IV Negotiable Obligations will be paid quarterly in arrears, starting October 24, 2017 and until maturity.

Payment term and method: The principal of Class IV Negotiable Obligations will be fully settled within 48 months from the date of issuance.

The negotiable obligations were paid up in cash and in kind, in the latter case through a swap of Class III negotiable obligations for $ 161,119,753. The remaining balance was fully paid in cash.

The proceeds from the issuance of Class IV negotiable obligations were applied to investment in fixed assets, debt refinancing and working capital. The swap of Class III Negotiable Obligations improved the Company's financial profile.

The remaining balance of principal corresponding to the negotiable obligation at December 31, 2017 amounts to $ 291,119,753.

GEMSA-CTR co-issuance of Class I Negotiable Obligation

On October 11, 2017, the Company and GMSA issued Class I Negotiable Obligation in the amount and under the conditions described below:

Principal: nominal value: USD 30,000,000 (Dollars: thirty million); value assigned to CTR: USD 10,000,000 (Dollars: ten million)

Interest: 6.68% annual nominal, paid quarterly as from January 11, 2018 to maturity.

NOTE 18: LOANS (Cont'd)

a) *Negotiable obligations (Cont'd)*

GEMSA-CTR co-issuance of Class I Negotiable Obligation (Cont'd)

Payment term and method:
Amortization: The principal of the Negotiable Obligations will be amortized in one statement for 100% of the nominal value, on the date on which 36 months are completed from the date of issuance.

The proceeds from the issuance of the Class I Negotiable Obligations will be destined mainly to investments in property, plant and equipment on the various expansion projects at GMSA and CTR and, to a lesser extent, to working capital and refinancing liabilities.

The remaining balance of principal corresponding to the negotiable obligation at December 31, 2017 amounts to USD 10,000,000.

b) *International Bond Issuance*

On July 7, 2016, under CNV Resolution No. 18110, GMSA, GFSA and CTR obtained authorization for the co-issuance in the domestic and international markets of simple guaranteed unsubordinated negotiable obligations, not convertible for shares. On July 27, 2016, Negotiable Obligations were issued for USD 250 million, maturing in 7 years. The Negotiable Obligations are unconditionally and fully guaranteed by ASA.

They have been rated as B+ (Fitch ratings)/B3 (Moody's).

This issuance allowed financing investments under the Company's expansion plans, as a result of the award by the ES of 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. It has also improved 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 financing costs, which implies greater financial efficiency and release of guarantees.

On November 8, 2017 GMSA and CTR, through RESFC Resolution – 2017-19033-APN – DIR #CNV de la CNV, obtained authorization for reopening the international Bond. On December 5, 2017, Negotiable Obligations were issued for USD 86,000,000, reaching a nominal value of USD 336,000,000. These Negotiable Obligations are issued under the same conditions as the original issuance.

International Bond:

Principal: Total nominal value: USD 336,000,000 (Dollars: three hundred and thirty-six million); nominal value assigned to CTR: USD 70,000,000 (Dollars: seventy million).

Interest: Fixed rate 9.625%

Amortization term and method: Interest on the International Bond shall be paid every nine-month period 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 International Bond shall be amortized in a lump sum payment at maturity, that is, on July 27, 2023.

As a result of the International Bond Issuance, Fix SCR S.A. has upgraded CTR's rating from BBB- to BBB.

The remaining balance of principal corresponding to the negotiable obligation at December 31, 2017 amounts to USD 70,000,000.

NOTE 18: LOANS (Cont'd)

b) *International Issuance of Negotiable Obligations (Cont'd)*

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 prospect. At the date of these financial statements, the Company is in compliance with all commitments undertaken under its indebtedness contracts.

c) *Banco Chubut loan*

On April 7, 2017, the Company obtained a loan from Banco Chubut S.A. for a total of $25,000,000, repayable in 24 consecutive monthly installments, and accruing interest at a 17% rate. At December 31, 2017 the loan was fully repaid.

d) *Banco Ciudad loan*

On August 4, 2017, the Company obtained a loan from Banco Ciudad de Buenos Aires for USD 9,200,000 in 36 installments, with a grace period of 6 months. Amortization will be made in quarterly principal installments and interest will accrue at a 6% fixed rate, payable quarterly, with the contracts entered into between Rafael G. Albanesi, Vidriería Argentina, San Miguel, Danone, OPP Film, Bopp and Chevron being assigned as collateral. At December 31, 2017, principal due amounts to $ 171,570,800, equivalent to USD 9,200,000.

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

	12.31.2017	12.31.2016
Fixed rate		
Less than 1 year	110,317,806	39,763,414
Between 1 and 2 years	54,326,166	-
Between 2 and 3 years	225,263,576	-
More than 3 years	1,285,658,137	1,074,440,538
	1,675,565,685	**1,114,203,952**
Floating rate		
Less than 1 year	83,431,359	42,328,838
Between 1 and 2 years	109,533,160	169,268,011
Between 2 and 3 years	109,654,722	108,599,364
More than 3 years	296,958,364	108,185,715
	599,577,605	**428,381,928**
	2,275,143,290	**1,542,585,880**

The fair value of the Company International Bonds at December 31, 2017 and December 31, 2016 amounts to approximately $ 1.518 and $ 1.152 billion, respectively. This value was calculated based on the estimated market price of the Company international bonds at the end of each fiscal year. The applicable fair value hierarchy would be Level 1.

Regarding the other loans, those at floating rate are measured at fair value. Loans at fixed rate do not differ significantly from their fair value, as they were issued at a near date.

Fair values are based on the present value of the contractual cash flows, using a discount rate derived from observable market prices of other similar debt instruments plus the corresponding credit risk.

Central Térmica Roca S.A.

Notes to the financial statements (Cont'd)

NOTE 18: LOANS (Cont'd)

Company loans are denominated in the following currencies:

	12.31.2017	12.31.2016
Argentine pesos	599,577,605	428,381,928
US dollars	1,675,565,685	1,114,203,952
	2,275,143,290	**1,542,585,880**

Changes in loans during the fiscal year ended December 31, 2017 and 2016 were as follow:

	12.31.2017	12.31.2016
Loans at beginning of the period	1,542,585,880	674,152,941
Loans received	665,159,227	1,261,999,654
Loans paid	(184,265,299)	(473,915,452)
Accrued interest	259,227,761	164,921,176
Interest paid	(218,069,648)	(145,963,399)
Exchange difference	214,838,183	104,173,296
Bank overdrafts	-	(3,544,497)
Capitalized expenses/present values	(4,332,814)	(39,237,839)
Loans at year end	**2,275,143,290**	**1,542,585,880**

NOTE 19: OTHER DEBTS

Current	Note	12.31.2017	12.31.2016
Balances with related parties	29	130,440	800
Provision for directors' fees	29	3,259,757	-
		3,390,197	**800**

NOTE 20: TAX PAYABLES

Current	12.31.2017	12.31.2016
Income tax withholdings to be deposited	106,396	-
Provision for turnover tax, net	409,985	-
Turnover tax withholdings to be deposited	263,666	882,173
Minimum notional income tax provision, net	5,805,956	9,690,920
Sundry	65,863	1,072,878
	6,651,866	**11,645,971**

NOTE 21: SALARIES AND SOCIAL SECURITY CHARGES

Current	12.31.2017	12.31.2016
Social security charges payable	1,084,101	401,354
Provision for vacation pay	867,820	840,936
	1,951,921	**1,242,290**

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Notes to the financial statements (Cont'd)

NOTE 22: TRADE PAYABLES

Current	Note	12.31.2017	12.31.2016
Suppliers in local currency		59,069,512	85,027,291
Suppliers in foreign currency		4,736,474	6,180,257
Balances with related companies, in local currency	29	936,085	12,314,962
Balances with related companies, in foreign currency	29	30,276,867	35,570,561
Suppliers - purchases not yet billed		183,481,938	46,882,275
		278,500,876	**185,975,346**

NOTE 23: SALES REVENUE

	12.31.2017	12.31.2016
Sale of electricity Res. No. 220	371,583,772	574,676,382
Sale of electricity Res. No. 19/17 plus Spot	9,513,025	82,691
	381,096,797	**574,759,073**

NOTE 24: COST OF SALES

	12.31.2017	12.31.2016
Purchase of electric energy	(8,912,113)	(2,339,152)
Gas and diesel consumption at the plant	(18,394,655)	(263,713,584)
Salaries and social security charges	(20,543,408)	(12,925,708)
Other employee benefits	(2,087,297)	(1,548,910)
Fees for professional services	(363,087)	(360,840)
Maintenance services	(10,341,222)	(8,186,965)
Depreciation of property, plant and equipment	(39,665,610)	(32,263,686)
Security guard and porter	(2,773,580)	(1,883,477)
Per diem, travel and representation expenses	(165,894)	(149,568)
Leases	-	(26,490)
Insurance	(4,442,388)	(4,254,202)
Communication expenses	(483,352)	(196,738)
Snacks and cleaning	(647,856)	(274,285)
Taxes, rates and contributions	(2,733,068)	(2,168,136)
Sundry	(418,168)	(294,409)
	(111,971,698)	**(330,586,150)**

NOTE 25: SELLING EXPENSES

	12.31.2017	12.31.2016
Advertising	(80,000)	(67,000)
Taxes, rates and contributions	(5,827,611)	(16,908,348)
	(5,907,611)	**(16,975,348)**

Central Térmica Roca S.A.

Notes to the financial statements (Cont'd)

NOTE 26: ADMINISTRATIVE EXPENSES

	12.31.2017	12.31.2016
Salaries and social security charges	-	(1,416,803)
Other employee benefits	-	(575,364)
Fees and compensation for services	(13,042,759)	(6,776,076)
Directors' fees	(3,259,757)	-
Taxes, duties and contributions	(257,554)	(139,221)
Leases	(1,764,000)	(438,000)
Per diem, travel and representation expenses	(20,642)	-
Communication expenses	(258)	(266,285)
Insurance	(6,920)	-
Office expenses	(703,132)	(907,184)
Donations	(1,100,000)	-
Sundry	(107,801)	-
	(20,262,823)	**(10,518,933)**

NOTE 27: FINANCIAL RESULTS

	12.31.2017	12.31.2016
Financial income		
Commercial interest	720,846	12,501,752
Interest on loans granted	957,326	-
Total financial income	**1,678,172**	**12,501,752**
Financial expenses		
Interest on loans	(86,467,258)	(96,130,957)
Commercial and other interest	(14,905,519)	(30,921)
Bank expenses and commissions	(588,274)	(2,329,868)
Total financial expenses	**(101,961,051)**	**(98,491,746)**
Other financial results		
Exchange differences, net	(88,667,028)	(62,715,480)
Changes in the fair value of financial instruments	39,162,879	58,619,311
Other financial results	(5,994,784)	(13,854,189)
Total other financial results	**(55,498,933)**	**(17,950,358)**
Total financial results, net	**(155,781,812)**	**(103,940,352)**

NOTE 28: 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 fiscal year.

	12.31.2017	12.31.2016
Income for the year	69,530,173	70,716,264
Weighted average of outstanding ordinary shares	73,070,470	73,070,470
Basic earnings per share	**0.9515**	**0.9678**

There are no differences between the calculation of the basic earnings per share and the diluted earnings per share.

Central Térmica Roca S.A.

Notes to the financial statements (Cont'd)

NOTE 29: TRANSACTIONS AND BALANCES WITH RELATED PARTIES

	Income / (Loss) $ 12.31.2017	Income / (Loss) $ 12.31.2016
a) Purchase of gas and energy		
Other related parties:		
RGA (*)	(979,675,165)	(477,110,736)
	(979,675,165)	**(477,110,736)**

(*) Corresponds to the purchase of gas, part of which are assigned to CAMMESA, in the framework of the Procedure for the Dispatch of Natural Gas for electricity generation.

	12.31.2017	12.31.2016
b) Administrative services		
Other related parties:		
RGA	(9,025,566)	(24,288,553)
	(9,025,566)	**(24,288,553)**
c) Leases		
Other related parties:		
RGA	(1,764,000)	(438,000)
	(1,764,000)	**(438,000)**
d) Other purchases and services received		
Other related parties:		
RGA - Suretyships received	(1,305,000)	-
BDD - Purchase of wines	(165,446)	(20,381)
AJSA - Flights made	(14,367,174)	(11,566,526)
ASA - Suretyships received	(895,200)	(373,000)
	(16,732,820)	**(11,959,907)**
e) Expense reimbursement		
Other related parties:		
GMSA	(7,308,485)	(11,095,382)
	(7,308,485)	**(11,095,382)**
f) Financial cost recovery		
Other related parties:		
RGA	(11,142,119)	(3,828,766)
	(11,142,119)	**(3,828,766)**
g) Purchase of spare parts		
Other related parties:		
GROSA	-	(1,521,776)
	-	**(1,521,776)**
h) Work management services		
Other related parties:		
RGA	(22,503,000)	-
	(22,503,000)	**-**

NOTE 29: TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

Central Térmica Roca S.A.

Notes to the financial statements (Cont'd)

	Income / (Loss)	
	$	
	12.31.2017	12.31.2016
i) Interest generated due to loans granted		
Other related parties:		
Directors	957,326	-
	957,326	**-**
j) Fees		
Other related parties:		
Directors	(3,259,757)	-
	(3,259,757)	**-**

j) Remuneration of key managerial staff.

The senior management includes directors (executive and non-executive). Their remunerations at December 31, 2017 and 2016 amounted to $ 4,024,420 and $ 3,514,121, respectively.

	12.31.2017	12.31.2016
Salaries	(4,024,420)	(3,514,121)
	(4,024,420)	**(3,514,121)**

l) Balances at the date of the statements of financial position

	12.31.2017	12.31.2016
Other non-current receivables from related parties		
Directors	-	2,090,102
	-	**2,090,102**
Other current receivables from related parties		
AISA	6,733,872	5,204,672
Directors	10,152,683	-
	16,886,555	**5,204,672**
Current trade payables with related parties		
RGA	30,276,867	29,900,168
GMSA	936,085	9,876,229
AJSA	-	7,736,126
ASA	-	373,000
	31,212,952	**47,885,523**
Other current debts with related parties		
BDD	130,440	-
RGA	-	800
Directors' fees	3,259,757	-
	3,390,197	**800**

Central Térmica Roca S.A.

Notes to the financial statements (Cont'd)

NOTE 28: TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

m) Loans granted to related parties

	12.31.2017	12.31.2016
Loans to Directors		
Balances at beginning of year	2,090,102	-
Loans granted	7,105,255	2,090,102
Accrued interest	957,326	-
Balance at end date	**10,152,683**	**2,090,102**

Entity	Amount	Interest rate	Terms and conditions
12.31.2017			
Directors	9,195,357	Badlar + 3%	Falling due in: 1 year
Total in pesos	**9,195,357**		

NOTE 30: WORKING CAPITAL

At December 31, 2017, the Company has a surplus working capital of $ 225,307,066 (calculated as current assets less current liabilities). At December 31, 2016, the surplus in working capital amounted to $729,660,040.

It should be noted that EBITDA at December 31, 2017 amounted to $ 282,780,460, 14% above the value that the Company reached in December 2016, which shows compliance with the objectives and efficiency of the transactions carried out by the Company.

NOTE 31: SEGMENT REPORTING

The information on exploitation segments is presented in accordance with the internal information furnished to the chief operating decision maker (CODM). The Board of Directors of the Company has been identified as the highest authority in decision-making, responsible for allocating resources and assessing the performance of the operating segments.

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

The Board of Directors considers the business as having a single segment, the generation and sale of electricity.

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.

NOTE 32: PENALTY IMPOSED BY CAMMESA

In January 2014, the Company received a penalty from CAMMESA (Compañía Administradora del Mercado Mayorista Eléctrico S.A.) for approximately $ 10 million, for not having available power under the commitment assumed by the Company.

On February 27, 2014, the Company submitted to CAMMESA a note making reference to the application of penalties as stipulated in the Offer for the Commitment to Power Availability and Supply in the MEM, pursuant to Energy Secretariat Resolution 220/2007, as a result of the malfunction on January 13, 2014 of a transformer in one of the phases of the ROCATG1 machine generation system.

NOTE 32: PENALTY IMPOSED BY CAMMESA (Cont'd)

The Company has requested a forgiveness of those penalties, inasmuch as the incident that caused the malfunction was clearly due to a totally unexpected act of God (Section 514 of the Civil Code), the effects of which could not be avoided in spite of the efforts made to solve it.

The general norm (Section 513 of the Civil Code) is applicable in these circumstances, which releases from liability for noncompliance with obligations, when such noncompliance is caused by an act of God or force majeure event, the malfunction of the transformer in this case.

In relation to the presentation made by the Company, CAMMESA sent on May 26, 2014 to the Undersecretariat of Energy a note requesting that the service outage associated with the event described above be considered as a force majeure event or an act of God, so as not to impose the penalties stipulated in the respective Offer for the Commitment to Power Availability and Supply in the MEM, accepted by Energy Secretariat Note No. 316/2012.

The legal counsel for the Company have reported that there are sufficient legal arguments to consider that the request for a forgiveness of the penalties filed by the Company to CAMMESA will be sustained. At the date of issuance of the financial statements, no answer was received.

NOTE 33: STORAGE OF DOCUMENTATION

On August 14, 2014, the CNV issued General Resolution No. 629 that introduces amendments to its regulations involving storage and preservation of corporate books, accounting records and business documents. The Company keeps and preserves its corporate books, accounting records and relevant business documents at its principal place of business located at Av. L.N. Alem 855, Floor 14, City of Buenos Aires.

Furthermore, it is informed that the Company sent its working papers and non-sensitive information for fiscal years not yet statute-barred to its storage services supplier:

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

A detail of the documents stored and the documents referred to in article 5 a.3) of Section I, Chapter V, Title II of the RULES 2013, as amended).

NOTE 34: OPERATIONAL ALL-RISK COVERAGE - LOSS OF PROFIT

The Company has taken out all-risk insurance coverage for all the risks of loss or physical damage, whether it is accidental or unforeseeable, including machinery failures and loss of profit as a result, up to 12 months, directly and totally attributable to any cause. The aim of this policy is to cover 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.

This insurance covers all physical assets of any type and description, which are not expressly excluded from the text of the policy, belonging to the insured or in his/her care, custody or control, or for which the insured has assumed a responsibility for insuring against any damage, or for which the insured may acquire an insurable interest.

NOTE 34: OPERATIONAL ALL-RISK COVERAGE - LOSS OF PROFIT (Cont'd)

Contractors' all risk insurance

Works for installation or enlargement of the capacity developed by the Company are insured by a Contractors' all risk and assembly insurance, which covers all accidental or unforeseeable damages occurred during the execution of a civil work, including damages caused by acts of God.

The policy includes delay in start-up (DSU) or advance loss of profit (ALOP) insurance of up to 12 months, providing coverage for the expected commercial profit margin for sales of energy and power, discounting the variable costs during the period of repair or replacement of the damaged equipment.

Once all pieces of equipment are in operation, the new assets will be covered by all-risk insurance to be taken out by Grupo Albanesi for all power plants in operation.

NOTE 35: ALBANESI INVERSORA S.A. AND ALBANESI S.A. MERGER

On October 18, 2017, ASA and AISA (the parent company of CTR) held their pertinent Extraordinary Shareholders' Meetings, at which the shareholders of both companies approved the corporate reorganization process by which ASA absorbed AISA ("ASA – AISA merger"), as well as the respective documentation. In addition, at the AISA meeting in particular, the early dissolution without liquidation of AISA as a result of the merger was also approved, and its de-registration as a corporation in due course. Further, the Shareholders' Meeting of ASA, within the framework of the merger process, among other issues, approved a capital increase from $ 62,455,160 to $ 64,451,745 by issuing 1,996,585 new ordinary registered non-endorsable shares of ASA, of $ 1 par value each and entitled to 1 (one) voting right per share, as from the effective merger date (January 1, 2018), 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, the amendment to Section 4 of corporate bylaws was approved.

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 main line of business of the participating companies is the investment activity and that the companies controlled by them are electric power generating agents in the MEM, their main line of business being 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 Corporate Reorganization will be tax free under the terms of Section 77 and following provisions of the Income Tax Law No. 26839.

Central Térmica Roca S.A.

Notes to the financial statements (Cont'd)

NOTE 36: AGREEMENT OF THE ARGENTINE FEDERATION OF ENERGY WORKERS WITH GMSA, CTR AND AESA

On June 8, 2017, GMSA, CTR and AESA subscribed a convention memorandum of agreement with the Argentine Federation of Energy Workers (Federación Argentina de Trabajadores de Luz y Fuerza) where they acknowledge that labor relationships between them will be ruled by a company-specific bargaining agreement.

This company bargaining agreement will have an effective period of 3 years as from January 1, 2018 and it is applicable for the following power plants: CTMM, CTI, CTRi, CTLB, CTF, CTR and CT Timbues.

NOTE 37: SUBSEQUENT EVENTS

a) *ASA-AISA merger through absorption*

On January 16, 2018, through Resolution RESFC- 2018–19281-APN-DIR#CNV dated January 11, 2018 the CNV approved the described merger through absorption within the terms of Section 82 of the General Companies Law No. 19550 and the capital increase with the amendment of the bylaws as decided within the framework of the merger. Both procedures were registered with the Superintendency of Commercial Companies on February 23, 2018 under No. 3452 of Book 88, Volume: - , Companies by Shares. On the same date, the dissolution without liquidation of AISA was registered with the IGJ, and its de-registration as a corporation under No. 3453 of Book 88,Volume: -, Companies by Shares.

b) *Borrowings*

In January 2018, two loan agreements were signed with the aim of allocating funds received to investments.

Entity	Principal	Rate	Falling due
Banco Provincia de Buenos Aires	USD 10,600,000	4%	Jan-19
ICBC Bank	USD 7,000,000	4%	Mar-18

c) *Loan from Cargill Limited*

On February 15, 2018, GMSA and CTR agreed on a loan for USD 25,000,000, which was taken by GMSA, secured in its entirety by a surety posted by ASA. The term of this loan of 36 months; the principal amortization has a grace period of 12 months, at the end of which it will be amortized on a half-yearly basis, and it accrues interest at 6-month Libor rate plus a 4,25% spread.

NOTE 38: 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.

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

Summary of Activity at December 31, 2017 and 2016

1. Brief description of the activities of the issuing company, including references to relevant circumstances subsequent to year end.

In accordance with the provisions of CNV General Resolution No. 368/01, and subsequent amendments, we present below an analysis of the results of operations of CTR and its net worth and financial position, which must be read together with the financial statements attached.

Fiscal year ended December 31:

	2017	2016	Variation	Variation%
Sales by type of market	MWh			
Sales to CAMMESA Res. No. 220	120,746	296,253	(175,507)	(59%)
Sale of electricity Res. No. 19/17 plus Spot	977	682	295	43%
	121,723	**296,935**	**(175,212)**	**(59%)**

The sales for each market (in millions of pesos) are shown below:

Fiscal year ended December 31:

	2017	2016	Variation	Variation %
Sales by type of market	(in millions of pesos)			
Sales to CAMMESA Res. No. 220	371.6	574.7	(203.1)	(35%)
Sale of electricity Res. No. 19/17 plus Spot	9.5	0.1	9.4	9400%
	381.1	**574.8**	**(193.7)**	**(34%)**

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

Summary of Activity at December 31, 2017 and 2016

Income/loss for the year ended December 31, 2017 and 2016 (in millions of pesos):

	Fiscal year ended December 31:			
	2017	**2016**	**Variation**	**Variation %**
Sales of energy	381.1	574.8	(193.7)	(34%)
Net sales	**381.1**	**574.8**	**(193.7)**	**(34%)**
Purchase of electric energy	(8.9)	(2.3)	(6.6)	287%
Gas and diesel consumption at the plant	(18.4)	(263.7)	245.3	(93%)
Salaries, social security charges and employee benefits	(22.6)	(14.5)	(8.1)	56%
Maintenance services	(10.3)	(8.2)	(2.1)	26%
Depreciation of property, plant and equipment	(39.7)	(32.3)	(7.4)	23%
Security guard and porter	(2.8)	(1.9)	(0.9)	47%
Insurance	(4.4)	(4.3)	(0.1)	2%
Taxes, rates and contributions	(2.7)	(2.2)	(0.5)	23%
Others	(2.2)	(1.2)	(1.0)	83%
Cost of sales	**(112.0)**	**(330.6)**	**218.6**	**(66%)**
Gross income	**269.1**	**244.2**	**24.9**	**10%**
Advertising	(0.1)	(0.1)	-	0%
Taxes, rates and contributions	(5.8)	(16.9)	11.1	(66%)
Selling expenses	**(5.9)**	**(17.0)**	**11.1**	**(65%)**
Salaries, social security charges and employee benefits	-	(2.0)	2.0	(100%)
Fees and compensation for services	(13.0)	(6.8)	(6.2)	91%
Directors' fees	(3.3)	-	(3.3)	100%
Leases	(1.8)	(0.4)	(1.4)	350%
Donations	(1.1)	-	(1.1)	100%
Sundry	(1.1)	(1.3)	0.2	(15%)
Administrative expenses	**(20.3)**	**(10.5)**	**(9.8)**	**93%**
Other operating income	0.2	-	0.2	100%
Operating income	**243.1**	**216.7**	**26.4**	**12%**
Commercial interest	(14.2)	12.5	(26.7)	(214%)
Loan interest	(85.5)	(96.1)	10.6	(11%)
Bank expenses and commissions	(0.6)	(2.3)	1.7	(74%)
Exchange differences, net	(88.7)	(62.7)	(26.0)	41%
Other financial results	33.2	44.7	(11.5)	(26%)
Financial and holding results, net	**(155.8)**	**(103.9)**	**(51.9)**	**50%**
Income before taxes	**87.3**	**112.7**	**(25.4)**	**(23%)**
Income tax	(17.8)	(42.0)	24.2	(58%)
Net income/loss for the year	**69.5**	**70.7**	**(1.2)**	**(2%)**

Summary of Activity at December 31, 2017 and 2016

	Fiscal year ended December 31:			
	2017	**2016**	**Variation**	**Variation %**
Other Comprehensive Income for the year				
Change in the income tax rate -				
Revaluation of property, plant and equipment	52.90	-	52.9	100%
Revaluation of property, plant and equipment	149.10	139.6	9.5	7%
Impact on income tax	(37.3)	(48.9)	11.6	(24%)
Other comprehensive income for the year	**164.7**	**90.7**	**74.0**	**82%**
Total comprehensive income for the year	**234.2**	**161.5**	**72.7**	**45%**

Sales:

Net sales for the year ended December 31, 2017 amounted to $ 381.1 million, compared with $ 574.8 million for fiscal year 2016, showing a decrease of $ 193.7 million or 34%.

During the fiscal year ended December 31, 2017, the dispatch of electricity was 121,723 MWh, accounting for a 59% decrease, compared with 296,935 MWh for 2016.

The main sources of income of the Company and their performance during the fiscal year ended December 31, 2017 compared with the year 2016 are described below:

(i) $ 371.6 million from energy sales on the forward market to CAMMESA under the framework of Resolution 220/07, representing a 35% decrease compared with the $ 574.7 million in 2016.Such variation is mainly due to the net effect between a decrease in the dispatch of energy, an increase in the exchange rate and a decrease in the period of diesel consumption, as well as changes to the business information disclosed as per Resolution 19/2017.

Cost of sales:

The total cost of sales for the year ended December 31, 2017 reached $ 112.0 million, compared with $ 330.6 million for fiscal year 2016, reflecting a decrease of $ 218.6 million or 66%.

The main cost of sales of the Company and their performance during the fiscal year ended December 31, 2017 compared with the year 2016 are described below:

(ii) $ 18.4 million for the cost of gas and diesel consumption at the plant, reflecting a 93% drop from the $ 263.7 million for fiscal year 2016.Such variation is mainly due to less energy dispatched, a variation in the exchange rate, a decrease in the period of diesel consumption, as well as changes to the business information disclosed as per Resolution 19/2017.

(iii) $ 22.6 million for salaries, social security charges and employee benefits, which accounted for a 56% increase compared with the $ 14.5 million amount recorded in fiscal year 2016; a variation due to salary rises net of capitalized remuneration, whose tasks were affected to the closure of the cycle.

(iv) Depreciation of property, plant and equipment for $ 39.7 million, which accounted for 23% increase with regard to the depreciation of $ 32.3 million in fiscal year 2016.This change is mainly due to a depreciation of property, plant and equipment added in the last year and the effect of depreciation charges relating to the technical revaluation made in December 2016.This item did not imply cash outflows.

(v) $ 2.8 million in surveillance and porter's lodge, which accounted for a 47% increase compared with the $ 1.9 million for fiscal year 2016. Such change is due to an increase in the costs of the service.

Summary of Activity at December 31, 2017 and 2016

Gross income:

Gross income for the year ended December 31, 2017 reached $ 269.1 million, compared with $ 244.2 million for the fiscal year 2016, reflecting an increase of $ 24.9 million or 10%.Such variation is mainly due to the net effect between the decrease in the dispatch of energy and the increase in the exchange rate.

Selling expenses:

The total cost of sales for the year ended December 31, 2017 reached $ 5.9 million, compared with $ 17 million for the fiscal year 2016, reflecting a decrease of $ 11.1 million or 65%.

The main component of the Company's selling expenses is listed below:

(i) $ 5.8 million in taxes, rates and contributions, accounting for a 66 % decrease from the $ 11.1 million of fiscal year 2016.The decrease is in line with the variation in sales for this year compared with the previous year.

Administrative expenses:

Total administrative expenses for the fiscal year ended December 31, 2017 amounted to $ 20.3 million, showing a 93% increase from $ 10.5 million in fiscal year 2016.

The main components of the Company's administrative expenses are listed below:

(i) $ 13 million of fees and compensation for services, which accounted for an increase of 91% from the $ 6.8 million for the year 2016. Such variation is due to the billing of administrative services rendered by RGA.

(ii) $ 3.3 million for directors' fees, which accounted for an increase of 100% compared with the year 2016.The distribution of directors' fees was provided for in fiscal year 2017, while they were not distributed in fiscal year 2016.

(iii) $ 1.8 million for rental costs, accounting for an increase of 350% compared with $0.4 million for the fiscal year 2016, mainly due to the increase in the rental costs of the administrative offices.

Operating income:

Operating results for the year ended December 31, 2017 reached $ 243.1 million, compared with $ 216.7 million for the fiscal year 2016, reflecting an increase of $ 26.4 million or 12%.

Financial and holding results, net

Financial and holding result, net for the year ended December 31, 2017 was a loss of $ 155.8 million, compared with a loss of $ 130.9 million in fiscal year 2016, reflecting a 50% increase under this heading. The change is mainly due to the effect of the variation in the exchange rate, changes in the fair value of financial instruments and in interest on loans.

Summary of Activity at December 31, 2017 and 2016

Financial and holding results, net (Cont'd)

The most noticeable aspects of the variation are:

(i) $ 85.5 million loss for interest on loans, accounting for a decrease of 11% compared with $ 96.1 million loss for the fiscal year 2016, due to the improvement in the rates of new financial instruments taken as Negotiable Obligations Class III, IV, co- issuance of Negotiable Obligations I between GMSA and CTR, and International bond.

(ii) A loss of $ 0.6 million due to bank expenses and fees, which represented a 74% decrease compared with the loss of $ 2.3 million under this heading in fiscal year 2016.

(iii) $ 14.2 million loss for commercial interest, accounting for a 214 % decrease from the $ 12.5 million income for the fiscal year 2016.

Net profit/ (loss):

The Company reported earnings before tax for $ 87.3 million for the fiscal year ended December 31, 2017, which accounted for a 23% decrease compared with the earnings for $ 112.7 million in fiscal year 2016.The change is mainly due to the variation in the exchange rate, changes in the fair value of financial instruments and in interest on loans.

The income tax charge represented a loss of $ 17.8 million for the fiscal year ended December 31, 2017, compared with the loss of $ 42 million for the fiscal year 2016.Thus obtaining income before income tax for $ 69.5 million compared with $ 70.7 million of income for the year 2016.

2. Comparative equity structure:

(In millions of pesos)

	12.31.17	12.31.16	12.31.15	12.31.14	12.31.13
Non-Current Assets	2,719.6	1,357.9	792.9	467.1	267.3
Current Assets	709.6	1,010.6	343.8	145.7	138.4
Total Assets	**3,429.1**	**2,368.5**	**1,136.7**	**612.8**	**405.6**
Equity	665.6	431.4	269.9	162.2	50.7
Total Equity	**665.6**	**431.4**	**269.9**	**162.2**	**50.7**
Non-current Liabilities	2,279.3	1,656.2	578.2	272.3	235.0
Current Liabilities	484.2	281.0	288.6	178.3	119.9
Total Liabilities	**2,763.5**	**1,937.1**	**866.8**	**450.6**	**354.9**
Total Liabilities + Equity	**3,429.1**	**2,368.5**	**1,136.7**	**612.8**	**405.6**

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Summary of Activity at December 31, 2017 and 2016

3. Comparative income statement:

(In millions of pesos)

	12.31.17	12.31.16	12.31.15	12.31.14	12.31.13
Ordinary operating income/(loss)	243.1	216.7	114.7	97.2	73.0
Financial and holding results	(155.8)	(103.9)	(156.6)	(141.5)	(109.0)
Ordinary net income/(loss)	**87.3**	**112.7**	**(42.0)**	**(44.3)**	**(35.9)**
Income tax	(17.8)	(42.0)	14.4	15.7	13.6
Net Income/(loss)	**69.5**	**70.7**	**(27.6)**	**(28.6)**	**(22.4)**
Other comprehensive income	164.7	90.7	135.3	140.2	-
Total comprehensive income/(loss)	**234.2**	**161.5**	**107.7**	**111.6**	**(22.4)**

4. Comparative cash flow structure:

(In millions of pesos)

	12.31.17	12.31.16	12.31.15	12.31.14	12.31.13
Funds provided by (used in) operating activities	41.5	(54.4)	116.0	97.8	90.3
Funds (used in) investment activities	(655.9)	(152.1)	(298.7)	(23.3)	(26.1)
Funds provided by (used in) financing activities	262.8	642.1	198.9	(84.9)	(55.8)
(Decrease) / Increase in cash and cash equivalents	**(351.6)**	**435.6**	**16.3**	**(10.4)**	**8.5**

Summary of Activity at December 31, 2017 and 2016

5. Comparative rates:

	12.31.17	12.31.16	12.31.15	12.31.14	12.31.13
Liquidity (1)	1.47	3.60	1.19	0.82	1.15
Solvency (2)	0.24	0.22	0.31	0.36	0.14
Tied-up capital (3)	0.79	0.57	0.70	0.76	0.66
Indebtedness ratio (4) (*)	8.05	0.20	4.81	2.71	3.56
Interest coverage ratio (5)	3.31	2.26	2.25	2.16	1.57
Profitability (6)	0.13	0.20	(0.13)	(3.72)	(0.43)

(1) Current assets / Current liabilities
(2) Equity / Total Liabilities
(3) Non-current assets / Total assets
(4) Financial debt / annual EBITDA (**)
(5) Annual EBITDA (**) / annual financial interest accrued (**)
(6) Net Income/(loss) for the yea (without ORI) / Total average Shareholders' Equity

(*) According to the guidelines for calculating the debt ratio included in the International Bond prospectus, at December 31, 2017 this ratio records a value of 5.43.
(**) Figure not covered by the audit report.

6. Brief remarks on the outlook for fiscal year 2018:

<u>Electric power</u>

The Company is carrying out the project for closure of the Plant cycle, which implies expanding current capacity to 60 MW through the installation of a steam turbine and a heater, among other equipment. In addition to increase power, it is an important contribution in environmental and energy efficiency terms, since the additional electricity to be generated will not imply additional fuel consumption.

In October 2015, a new Wholesale Electric Market supply contract for 45 MW was signed with CAMMESA, under ES Resolution 220/07.

This project will require an investment of approximately USD 102 million (VAT included).At the date of signing these financial statements, the total hired amount is 98.2%, USD 75 million of which have already been invested.

Its start-up is estimated for the first half of 2018.

<u>Financial condition</u>

For the next year, the Company expects to continue optimizing its financing structure and to keep a level of indebtedness in line with the Company's operational and investment needs related to the closure of the plant cycle.

The actions mentioned ensure compliance by the Company with its obligations, as well as the correct and efficient operation of the Plant.

ADDITIONAL INFORMATION REQUIRED BY SECTION 12, CHAPTER III, TITLE IV, OF THE NATIONAL SECURITIES COMMISSION REGULATIONS, FOR THE YEAR ENDED DECEMBER 31, 2017

General matters referred to the activity of Central Térmica Roca S.A. (the Company)

1. Significant specific legal systems entailing the lapsing or rebirth of contingent benefits set forth by those regulations.

None.

2. Significant changes in the company activities or similar circumstances that took place during the periods covered by the financial statements, and that could affect comparability with those presented in previous periods, or with those to be presented in future periods.

None.

	Trades receivables:	Other financial assets at fair value through profit and loss	Other receivables	Trade Payables	Loans	Salaries and social security charges	Deferred liabilities and tax payables
	$						
To be due							
First quarter	151,305,702	29,676,880	147,426,961	64,742,071	92,713,421	1,084,101	845,910
Second quarter	158,339,117	-	31,630,981	213,758,805	18,951,362	867,820	5,805,956
Third quarter	-	-	31,630,981	-	41,042,191	-	-
Fourth quarter	-	-	31,630,981	-	41,042,191	-	-
More than 1 year	-	-	28,328,813	-	2,081,394,125	-	197,867,774
Subtotal	**309,644,819**	**29,676,880**	**270,648,717**	**278,500,876**	**2,275,143,290**	**1,951,921**	**204,519,640**
Past due	10,360,365	-	-	-	-	-	-
Without any stated term	-	-	-	-	-	-	-
Total at 12.31.2017	**320,005,184**	**29,676,880**	**270,648,717**	**278,500,876**	**2,275,143,290**	**1,951,921**	**204,519,640**
Non-interest bearing	320,005,184		260,496,034	278,500,876	-	1,951,921	204,519,640
At fixed rate	-	-	-	-	(1) 1,675,565,685	-	-
At floating rate	-	29,676,880	10,152,683		(1) 599,577,605	-	-
Total at 12.31.2017	**320,005,184**	**29,676,880**	**270,648,717**	**278,500,876**	**2,275,143,290**	**1,951,921**	**204,519,640**

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

Captions	Class and amount of foreign currency	Closing exchange Rate (1)	Recorded amount 12/31/2017	Recorded amount 12/31/2016
			$	
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents				
Banks	USD 42,001	18.549	779,080	662,827
Trade receivables				
Trade receivables - Res. 220/07 - Res. 19/17	USD 17,251,883	18.549	320,005,184	76,857,977
Total current assets			**320,784,264**	**77,520,804**
Total Assets			**320,784,264**	**77,520,804**
LIABILITIES				
CURRENT LIABILITIES				
Trade payables				
Related parties	USD 1,627,876	18.599	30,276,867	35,570,561
Suppliers	USD 253,980	18.649	4,736,474	6,180,257
Financial debts				
Banco Ciudad loan	USD 3,434,508	18.649	64,050,147	-
Negotiable obligations	USD 85,323	18.649	1,591,183	-
International Bond loan	USD 2,358,922	18.649	43,991,534	39,763,414
Total current liabilities			**144,646,205**	**81,514,232**
NON-CURRENT LIABILITIES				
Financial debts				
Banco Ciudad loan	USD 5,854,545	18.649	109,181,418	-
Negotiable obligations	USD 10,000,000	18.649	186,490,000	-
International Bond loan	USD 68,114,183	18.649	1,270,261,403	1,074,440,538
Total non-current liabilities			**1,565,932,821**	**1,074,440,538**
Total Liabilities			**1,710,579,026**	**1,155,954,770**

4. Intercompany Section 33, Law 19550:

Participation percentage in companies Sect. 33, Law No. 19550:

None.

Accounts payable and receivable with companies Sect. 33, Law No. 19550:

See Note 29 to the financial statements at December 31, 2017.

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

   See Note 29 to the financial statements at December 31, 2017.

6. 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

7. 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 5 to the financial statements at December 31, 2017.

Property, plant and equipment

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

   None.

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

   None.

Equity interest in other companies

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

    None.

Recoverable values

11. 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 5 to the financial statements at December 31, 2017.

Insurance

Insured items:

Kind of Risk	Insured amount 2017		Insured amount 2016	
Operational all risks - Material damage		USD 75,600,000		USD 75,600,000
Operational all risk - Loss of profit		USD 17,221,673		USD 18,206,321
Contractors' all-risk - enlargement of power plants - material damages		USD 66,417,555		USD 66,417,555
Contractors' all-risk - Enlargement of power plant - Loss of profit		USD 22,410,917		USD 22,410,917
Civil Liability (primary)		USD 1,000,000		USD 1,000,000
Civil Liability (excess coverage)		USD 9,000,000		USD 9,000,000
Directors and Officers (D&O) liability insurance		USD 15,000,000		USD 15,000,000
Turbine project transport insurance		USD 0		USD 8,870,000
Automobile	$	1,165000	$	1,181,000
Transport insurance, Argentine and international market		USD 10,000,000		USD 10,000,000
Directors' bond	$	200,000	$	200,000
Customs bond	$	1,092,100		
ENES Bond		$ 73,799,658		$ 73,799,658
Environmental insurance	$	4,357,972	$	4,357,972
Equipment technical insurance		USD 44,769		USD 44,769
Life insurance - mandatory life insurance	$	44,330	$	44,330
Life - mandatory 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

Operational all risk coverage - Loss of profit

The Company has taken out all-risk insurance coverage for all the risks of loss or physical damage, whether it is accidental or unforeseeable, including machinery failures and loss of profit as a result, up to 12 months, directly and totally attributable to any cause. The aim of this policy is to cover 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.

This insurance covers all physical assets of any type and description, which are not expressly excluded from the text of the policy, belonging to the insured or in his/her care, custody or control, or for which the insured has assumed a responsibility for insuring against any damage, or for which the insured may acquire an insurable interest.

Contractors' All-risk insurance

Works for installation or enlargement of the capacity developed by the Company are insured by a Contractors' all-risk and assembly insurance, which covers all accidental or unforeseeable damages occurred during the execution of a civil work, including damages caused by acts of God.
The policy includes delay in start-up (DSU) or advance loss of profit (ALOP) insurance of up to 12 months, providing coverage for the expected commercial profit margin for sales of energy and power, discounting the variable costs during the period of repair or replacement of the damaged equipment.
Once all pieces of equipment are in operation, the new assets will be covered by the All-risk insurance that Albanesi Group has taken out, and which covers all power plants in operation.

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:

Individual policies were taken out for each of the Albanesi Group companies, with a maximum compensation of USD 1,000,000 per event and per plant and two reinstatement clauses over the life 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, advertising and marketing decisions, mergers 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 fraudulent activities.

The policy also provides coverage to the company against claims related to stocks or securities or claims filed by the holders of its shares or bonds.
It covers the personal equity of the present, past or future directors and/or executives, and to the company for capital market.

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.

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.

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' qualification 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.

Mandatory group life insurance

Employer is required to take out mandatory group life insurance 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, if the company has to pay compensation in case of a total and permanent disability or death of the employee, whichever the cause.

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.

Insurance is bought at market values, which widely covers the carrying values.

Positive and negative contingencies

12. 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 on 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 allowances and provisions have been set up:

a) Allowances:

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

b) Included in liabilities:

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

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

None.

Irrevocable advances on account of future subscriptions

14. Status of the capitalization procedure.

None.

15. Unpaid cumulative dividends on preferred shares.

None.

16. Conditions, circumstances or terms for the removal of restrictions on the distribution of unappropriated earnings.

See Note 16 to the financial statements at December 31, 2017.

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REPORT OF THE INDEPENDENT AUDITORS

To the President and Directors of
Central Térmica Roca S.A.
Legal address: Leandro N. Alem 855 - 14th Floor
City of Buenos Aires
Tax Registration No. 33-71194489-9

Report on the financial statements

We have audited the attached financial statements of Central Térmica Roca S.A. (the Company), which consist of the statement of financial position as of December 31, 2017, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, as well as a summary of the most significant accounting policies and other explanatory information.

The balances and other information corresponding to the fiscal year 2016 are an integral part of the audited 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 reasonable presentation of these financial statements under International Financial Reporting Standards (IFRS) adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and incorporated into the regulations of the National Securities Commission (CNV), as approved by the International Accounting Standards Board (IASB). Further, the Board of Directors is responsible for the existence of adequate internal control to prepare financial statements free of any material misstatements due to error or irregularities.

Auditors' responsibility

Our responsibility is to express an opinion on the attached financial statements, based on our audit. We performed our audit in accordance with International Standards on Auditing, which were adopted in Argentina by the FACPCE (Argentine Federation of Professional Councils in Economic Sciences) through Technical Pronouncement No. 32 and and its corresponding circular letters on adoption. These standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from any material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and other information disclosed in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements due to fraud or error. In making those risk assessments, the auditor must consider internal control relevant to the Company's preparation and reasonable presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements mentioned the first paragraph of this report present fairly, in all material respects, the financial position of Central Térmica Roca S.A. as of December 31, 2017, as well as the comprehensive income and cash flows for the fiscal year then ended, in accordance with International Financing Reporting Standards.

Report on compliance with regulations in force

In accordance with current regulations, we report, in connection with Central Térmica Roca S.A., that:

a) the financial statements of Central Térmica Roca S.A. have been transcribed into the Inventory and Balance Sheet book and as regards those matters that are within our field of competence, they are in compliance with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission;

b) the financial statements of Central Térmica Roca S.A. arise from accounting records carried in all formal respects in conformity with legal provisions which maintain the security and integrity conditions based on which they were authorized by the National Securities Commission;

c) We have read the summary of activity and the additional information to the Notes to the financial statements as required by Section 12, Chapter III, Title IV of the National Securities Commission regulations, on which, as regards those matters that are within our field of competence, we have no observations to make;

d) at December 31, 2017 the debt accrued by Central Térmica Roca S.A. in favor of the Argentine Integrated Social Security System according to the Company's accounting records amounted to $ 898,476, none of which was claimable at that date.

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e) as required by section 21, subsection e), Chapter III, Part IV, Title II of the rules issued by the National Securities Commission, we report that total fees for auditing and related services billed to the Company during the fiscal year ended December 31, 2017 account for:

e.1) 75 % of the total fees for services billed to the Company for all items during that fiscal year;
e.2) 14 % of the total fees for services for auditing and related services billed to the Company, its parent companies, subsidiaries and related companies during that year;
e.3) 8 % of the total fees for services billed to the Company, its parent companies, subsidiaries and related companies for all items during that year;

f) we have applied for Central Térmica Roca S.A. the money laundering abatement and anti-terrorist financing procedures comprised in the professional standards issued by the Professional Council in Economic Sciences of the City of Buenos Aires.

City of Buenos Aires, March 12, 2018

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Raúl Leonardo Viglione

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Report of the Syndics' Committee

To the Shareholders of
Central Térmica Roca S.A.

1. In accordance with Section 294 of Law No. 19550, the standards issued by the National Securities Commission (CNV) and Regulations of the Buenos Aires Stock Exchange, we have examined the statement of financial position of Central Térmica Roca S.A. at December 31, 2017, and the related statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and complementary notes. We have also examined the Annual Report of the Board of Directors for that fiscal year. The preparation and issuance of these financial statements are the responsibility of Central Térmica Roca S.A.

2. Our examination was carried out in accordance with standards applicable to syndics. These standards require that the examinations of the financial statements be performed in accordance with current auditing standards, and include the verification of the fairness of the significant information contained in the documents examined and their consistency with the information on corporate decisions, which are known to us, as disclosed in the Board and Shareholders' meeting minutes, as well as the conformity of those decisions with 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. SRL, which issued their unqualified opinion on March 12, 2018. An audit requires that the auditor plan and perform the work to obtain reasonable assurance that the financial statements are free of material misstatements or significant errors. An audit includes examining, on a selective test basis, the judgmental elements supporting the disclosures in the financial statements, assessing the accounting standards used, the significant estimates made by the Company, and the overall financial statement presentation. 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.

3. Furthermore, with regard to the Annual Report for the fiscal year ended December 31, 2017, we have verified that it contains the information required by Section 66 of the General Companies Law No. 19550, and as regards those matters that are within our field of competence, the figures shown therein agree with the Company's accounting records and other pertinent documentation.

4. We have verified compliance by the Directors in office with the qualification bonds as of the date of presentation of the financial statements at, December 31, 2017, as called for by item 1.4 of Appendix I to Technical Pronouncement No. 16 issued by the Argentine Federation of Professional Councils in Economic Sciences.

5. Based on the work done with the scope described above, we report that:

   a. In our opinion, the financial statements of Central Térmica Roca S.A. present fairly, in all material respects, its financial position at December 31, 2017, its comprehensive income, changes in its equity and the cash flow for the year then ended, in conformity with professional accounting standards in force in the Autonomous City of Buenos Aires, and CNV regulations;

b. As regards those matters that are within our competence, we have no comments to make in connection with the Annual Report of the Board of Directors, any statement referred to future events being their exclusive responsibility;

c. Regarding the independence of the external auditors, the quality of the auditing policies applied by the auditor and the accounting policies of Central Térmica Roca S.A., the report of the external auditors includes the representation of having applied auditing standards in effect in Argentina, which comprise independence requirements, and has no qualifications as regards the application of such standards or professional accounting standards in force in Argentina, and we have no observations to make in connection with the accounting policies mentioned above;

d. The provisions of CNV Resolution No. 606, referred to the presentation of the report on compliance with the Code of Corporate Governance, have been duly fulfilled.

e. As provided for by CNV regulations, we report that we have read the report of the external auditors, from which it follows that:

   i. the auditing standards applied are the ones approved by the Professional Council in Economic Sciences for the City of Buenos Aires, which comprise independence requirements, and

   ii. the financial statements have been prepared under International Financial Reporting Standards (IFRS), adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and incorporated into the regulations of the National Securities Commission (CNV), as approved by the International Accounting Standards Board (IASB).

f. We have applied money laundering abatement and anti-terrorist financing procedures, as established by the professional standards issued by the Argentine Federation of Professional Councils in Economic Sciences.

In the exercise of the legality control falling within our field of competence, during the year we have applied the other procedures described in section 294 of the General Companies Law No. 19550 that we considered necessary under the circumstances, and we have no observations to make.

City of Buenos Aires, March 12, 2018

For the Syndics' Committee
Accountant Marcelo P. Lerner
Full Syndic