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

Albanesi S.A.

Consolidated financial statements

At December 31, 2018
presented in comparative format

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

Albanesi S.A.

CONSOLIDATED FINANCIAL STATEMENTS
At December 31, 2018 and 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 consolidated financial statements of the Group.

Terms	Definitions
/day	Per day
AESA	Albanesi Energía S.A.
AFIP	Federal Administration of Public Revenue
AISA	Albanesi Inversora S.A. (a company absorbed by ASA)
AJSA	Alba Jet S.A.
ASA	Albanesi S.A.
AVRC	Alto Valle Río Colorado S.A.
BADCOR	Adjusted BADLAR rate
BADLAR	Average interest rate paid by financial institutions on time deposits for over one million pesos.
BCRA	Central Bank of the Argentine Republic
BDD	Bodega del Desierto S.A.
CAMMESA	Wholesale Electricity Market Management Company (Compañía Administradora del Mercado Mayorista Eléctrico S.A.)
CC	Combined cycle
IFRIC	International Financial Reporting Interpretations Committee
CNV	National Securities Commission
CTE	Central Térmica Ezeiza (Ezeiza Thermal Power Plant)
CTF	Central Térmica Frías situated in Frías, Santiago del Estero (merged with GMSA)
CTI	Central Térmica Independencia (Independencia Thermal Power Plant) located in San Miguel de Tucumán, Tucumán (merged with GMSA)
CTLB	Central Térmica La Banda (La Banda Thermal Power Plant) located in La Banda, Santiago del Estero (merged with GMSA)
CTMM	Central Térmica Modesto Maranzana, located in Río Cuarto, Córdoba
CTR	Central Térmica Roca S.A.
CTRi	Central Térmica Riojana (Riojana Thermal Power Plant) located in La Rioja, La Rioja (merged with GMSA)
CVP	Variable Production Cost
Dam^3	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
ENARSA	Energía Argentina S.A.
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 WEM
GE	General Electric
GECEN	Generación Centro S.A.
GLSA	Generación Litoral S.A.

GLOSSARY OF TECHNICAL TERMS (Cont'd)

Terms	Definitions
GFSA	Generación Frías S.A.
GISA	Generación Independencia S.A.
GMSA	Generación Mediterránea S.A.
Large Users	WEM agents classified according to their consumption into: GUMAs, GUMEs, GUPAs and GUDIs
GROSA	Generación Rosario S.A.
GUDIs	Large Demand from Distributors' customers, with declared or demanded power of over 300kW
GUMAs	Major Large Users
GUMEs	Minor Large Users
GUPAs	Large Users - Individuals
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
INDEC	National Institute of Statistics and Census
kV	Kilovolt Unit of electromotive force equivalent 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
The Company/The Group	Albanesi S.A. and its subsidiaries
LGS	General Companies Law
LVFVD	Sales liquidations with maturity date to be defined
MAPRO	Major Scheduled Maintenance
MAT	Futures market
WEM	Wholesale Electric Market
MMm3	Million cubic meters
MVA	Mega-volt ampere, unit of energy equivalent to 1 volt x 1 ampere x 106
MW	Megawatt Unit of power equivalent to 1,000,000 watts
MWh	Megawatt hour Unit of energy equivalent to 1,000,000 watts hour
ARG GAAP	Argentine Generally Accepted Accounting Principles
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
ON	Negotiable Obligations
PWPS	Pratt & Whitney Power System Inc
Purchasing power parity	Purchasing power parity
Resolution No. 220/07	Regulatory framework for the sale of energy to CAMMESA through the "WEM Supply Contract" under Energy Secretariat Resolution No. 220/07
RG	General Resolution
RGA	Rafael G. Albanesi S.A.
RT	Technical Pronouncements
SADI	Argentine Interconnection System
ES	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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Annual Report for Fiscal Year 2018

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Albanesi S.A.

Annual Report for Fiscal Year 2019

To the Shareholders of ASA,
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, 2018.

1. ACTIVITY OF THE COMPANY

The Company was set up in 1994 as an investing and financial company. Through its subsidiaries and related companies, ASA has invested in the energy market, specifically in the electricity generation and sale segment.

Through ASA and its related company AESA, Grupo Albanesi is engaged in the generation and sale of electricity and, through RGA, it has focused on gas sale and transportation.

The main strategy of Grupo Albanesi in recent years has been to achieve a vertical integration, drawing on its vast experience and reputation in the natural gas sale market obtained through RGA, with the subsequent addition of the electric power generation business. This approach seeks to capitalize the added value from the purchase from large gas producers in all the Argentine basins to its transformation and sale as electric power.

The ownership interests held by ASA in each company are as follows:

Company	Country of incorporation	Main activity	% equity interest	
			12/31/2018	12/31/2017
CTR [(1)]	Argentina	Electric power generation	75%	-
GECEN	Argentina	Electric power generation	95%	95%
GLSA	Argentina	Electric power generation	95%	95%
GMSA	Argentina	Electric power generation	95%	95%
GROSA	Argentina	Electric power generation	95%	95%
Solalban Energía S.A.	Argentina	Electric power generation	42%	42%

(1) Company incorporated as part of a merger process.

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 thermal power capacity in Argentina, which will be expanded with additional 435 MW considering all the new projects awarded and currently under way.

RGA is the leading gas selling company, which provides energy related services to industries and thermal power plants.

In 2017, ASA (absorbing and surviving company) was part of a merger process under which AISA was absorbed. On November 21, 2017, a final merger agreement was signed establishing that the merger would take effect as from January 1, 2018. The merger was approved by the National Securities Commission on January 11, 2018 and registered at the Public Registry of Commerce under the Superintendency of Corporations on February 23, 2018 (See Note 25).

In 2015, ASA started trading in the capital market. On November 20, 2015, the Company obtained authorization to enter the public offering system and to create a Program for the issue of ordinary Negotiable Obligations, not convertible into shares, for up to USD 100,000,000 or its equivalent in other currencies, in one or more classes or series. Thus, on December 29, 2015, the Company issued Class I NO for $ 70 million, on October 25, 2016 Class II NO for $ 220 million, and on June 15 Class III NO for $256 million.

Below is the most relevant information corresponding to thermal power plants operated by ASA's subsidiaries:

Modesto Maranzana Power Plant

GMSA is the owner of Central Térmica Modesto Maranzana (CTMM), located in the city of Río Cuarto, Province of Córdoba. The power plant originally had an installed capacity of 70 MW, in two combined cycles of 35 MW, each of which comprises a Gas Frame 5, and Steam Turbine in a single-shaft arrangement.

In October 2008, GMSA completed the first stage of the project to extend the Power Plant. To this end, two new aero-derivative gas turbines FT8-3 SwiftPac 60 PWPS of 60 MW were installed and started up. Each has two aero-derivative gas turbines of 30MW that transmit their power to a single generator thus offering great flexibility in the operation.

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

On March 28, 2016, GMS entered into an agreement with Siemens Industrial Turbomachinery AB for the supply and assembly at CTMM of two Siemens SGT-800 turbines of 50 MW nominal capacity each. This extension was made under the framework of an agreement entered into under ES Resolution 220/07. On July 6, 2017, the two Siemens SGT-800 turbines were authorized to operate in the WEM. In this manner, the installed capacity of the Power Plant increased from 250 MW to 350 MW.

Through ES Resolution No. 287 - E/2017 of May 10, 2017, the Energy Secretariat (SEE) instructed CAMMESA to call for those interested parties to offer new thermal power generation focused on closure of combined cycles and co-generation technology, with the commitment to be available to meet the demand in the WEM. GMSA participated in that call and was awarded two projects for closure of combined cycles through SEE Resolution 926 – E/2017.

One of those projects is the closure of the combined cycle of the TG06 and TG07 units at CTMM, located in Río Cuarto. The project consists in the installation of a new 50 MW Siemens SGT800 gas turbine (with a guaranteed power of 47.5 MW) and the conversion into combined cycle of the three gas turbines (3x1 configuration). For such conversion, a recovery boiler will be installed at the gas turbines exit, which will produce steam in two pressures to feed a SST-600 steam turbine that will deliver a further 65 MW to the network; also, the necessary infrastructure will be installed for its operation and maintenance. The project for closure of the combined cycle at CTMM will allow supplying an additional 112.5 MW to the National Interconnected System (SADI). The addition of the new gas turbine will demand more fuel for the system. The addition of the steam turbine machine will provide 65 MW, with no additional fuel consumption, with the full cycle reaching a specific consumption of 1590 kcal/kWh in the closure phase of the combined cycle power plant.

This project was awarded by SEE Resolution 926 – E/2017 on October 17, 2017, and it is expected to become operative by mid-2020.

GMSA and CAMMESA signed the Wholesale Demand contract on December 14, 2017.

Independencia Power Plant

GMSA is the owner of the Independencia Power Plant (CTI), which is located in the city of San Miguel de Tucumán, Province of Tucumán. CTI was out of service and in 2011, Grupo Albanesi carried out all the necessary work to install 120MW with PWPS technology and to overhaul ancillary installations. On November 17, 2011, authorization for commercial operation was obtained.

On June 30, 2016, within the framework of the bidding process called for by the Energy Secretariat through Resolution ES No. 21, GMSA signed a Contract for Wholesale Demand for Independencia Power Plant for the installation of the new thermal generation capacity. The project consists of the installation of 100 MW (92 MW already committed) in two stages.

For this purpose, on April 30, 2016, a contract was executed with Siemens Industrial Turbomachinery AB for the purchase of the first SGT-800 turbine of 50 MW, paying on December 2016 50% and financing the remaining 50% in 24 installments as from September 2017. On August 10, 2017, in compliance with the Contract for Wholesale Demand, the commercial operation was obtained for the first stage, for a maximum power of 49.6 MW while operated with natural gas and 46.5 MW while operated with diesel. It is connected to SADI at the INDEPENDENCIA 132 KV transformer station of TRANSNOA, Province of Tucumán.

For this purpose, on August 9, 2016, a contract was executed with Siemens Industrial Turbomachinery AB for the purchase of a second SGT-800 turbine of 50 MW, paying on March 2017 50% and financing the remaining 50% in 24 installments as from April 2018. The parts belonging to the second turbine and chimneys are already at the plant. The value of the turbine amounts to USD 20 million.

On February 1, 2008, authorization for commercial operation was obtained for the second stage, for a maximum power of 49 MW while operated with GAS NATURAL and 47 MW while operated with diesel.

Riojana Power Plant

Central Térmica Riojana (CTRi) is located in the Province of La Rioja and has 4 power generation units: Fiat TG21 12MW Turbomachinery, John Brown TG22 16MW Turbomachinery, Fiat TG23 12MW Turbomachinery, and a Siemens SGT800 TG24 50 MW Turbomachinery, for which an addenda was signed with CAMMESA for the increase of the installed capacity by 50 MW under the agreement pursuant to SE Resolution 220/07 S.E.

The Siemens Turbomachinery was acquired under an agreement with Siemens Industrial Turbomachinery AB entered into on September 7, 2015. Authorization for commercial operation was obtained on May 20, 2017 for a maximum power of 46.68 MW while operated with natural gas, and 45 MW while operated with diesel. It is connected to SADI at the La Rioja transformer station.

La Banda Power Plant

GMSA is the owner of La Banda Power Plant, which is located in the Province of Santiago del Estero. The plant has two power generating units Turbomachinery Fiat TG21 of 16 MW and Turbomachinery Fiat TG22 of 16 MW.

Frías Power Plant

GMSA is the owner of Frías Power Plant, which is located in the Province of Santiago del Estero. The plant has 60 MW of nominal thermal power generation capacity through one turbine with PWPS technology which consist of two gas turbines which transmit their mechanical power to a single generator of 60 MW. This turbine operates through the conversion of chemical energy contained in fuels, which is injected into the combustion chambers (both liquid and gas), into mechanical energy that is transmitted to the generator, where a final conversion into electric power is carried out.

The Turbine purchase agreement contemplated the granting of USD 12 million financing by PWPS, repayable in four years, as from the provisional acceptance. At December 31, this amount is disclosed in non-current trade payables for the equivalent to $452,400,000.

Ezeiza Power Plant

GMSA is the owner of the Ezeiza Power Plant, which is located in the Province of Buenos Aires and has three Siemens SGT-800 turbines of 50 MW each. This plant is built within the framework of SEE Resolution 21/2016.

The gas turbine 02 and 03 units were authorized to operate on September 29, 2017, for a total of 93 MW, with tariffs in dollars for a term of 10 years. They are connected to SADI at the new TORRES 132 kV transformer station in the Province of Buenos Aires. Both turbines comprise the first stage of a 150 MW project.

For the execution of the first stage, on April 30, 2016, a contract was executed with Siemens Industrial Turbomachinery AB for the purchase of the mentioned turbines, paying 50% of the total amount in September 2016 and financing the remaining 50% in 24 installments as from September 2017. As regards the second stage of the project, on August 9, 2016, a contract was executed with Siemens Industrial Turbomachinery AB for the purchase of a third SGT-800 turbine of 50 MW, paying 50% of the total in March 2017 and financing the remaining 50% in 24 installments as from April 2018. The value of the turbine is USD 20.3 million. On February 3, 2018, authorization for commercial operation of the second stage was obtained.

Through ES Resolution No. 287 - E/2017 of May 10, 2017, the Energy Secretariat (SEE) instructed CAMMESA to call for those interested parties to offer new thermal power generation focused on closure of combined cycles and co-generation technology, with the commitment to be available to meet the demand in the WEM.

GMSA participated in that call and was awarded two projects for closure of combined cycles through SEE Resolution 926 – E/2017.

Another project awarded was the closure of the combined cycle of gas turbine 01, 02 and 03 units at the Ezeiza Power Plant in the Province of Buenos Aires. The project related to this bidding process consists in i) the installation of a fourth Siemens SGT-800 gas turbine of 50 MW and ii) the conversion into combined cycle of the four gas turbines. For the conversion into combined cycle, a steam recovery boiler will be installed at the gas exhaust of each of the gas turbines, which will produce steam in two pressures to feed two steam turbines (2x1 configuration) that will deliver 44 MW each to the network.

The project for closure of the combined cycle at Ezeiza Power Plant will allow supplying an additional 138 MW to the National Interconnected System (SADI). The new gas turbine to be installed will generate additional fuel consumption; however, the incorporation of two steam turbines will add 88 MW with no additional fuel consumption, and both complete cycles will reach specific consumption of 1,590 Kcal/KWh.

The project was awarded by SEE Resolution 926 – E/2017 on October 17, 2017, and it is expected to become operative by mid-2020.

GMSA and CAMMESA signed the Wholesale Demand contract on December 14, 2017.

Arroyo Seco Co-generation Project

At this date, GECEN is developing a cogeneration project in the town of Arroyo Seco, Province of Santa Fe. The project consists in the installation of two SGT800 Siemens gas turbines with a nominal capacity of 100 MW and a heat recovery steam generator which will generate steam through the use of exhaust gases of the turbine. In this way, the Company will generate (i) electricity sold under a contract signed with CAMMESA within the framework of a public bidding under EES Resolution No. 287/2017 and awarded through EES Resolution No.820/2017 for a term of 15 years, and (ii) steam, to be provided to Louis Dreyfus y Cía. S.A. Ltda. for its power plant located in Arroyo Seco.

GECEN and CAMMESA signed the Wholesale Demand contract on November 28, 2017.

On August 9, 2017, the contract for the purchase of the turbines with Siemens was entered into for SEK 270,216,600 million. The contract is for the purchase of two SGT800 Siemens gas turbines, including whatever is necessary for their installation and start-up.

At the date of these condensed interim financial statements, four prepayments have been made to Siemens for the gas turbines that account for 40% of the contract price.

On 26 March, 2018, the contract for the purchase of a steam turbine with Siemens was entered into for USD 5,370,500 million. The contract is for the purchase of the SST-300 Siemens steam turbine, including whatever is necessary for its installation and start up. At the date of these special financial statements, two prepayments have been made to Siemens for the steam turbine amounting to 20% of the contract price.

Roca Power Plant

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.

Built in 1995, the Plant is 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.

CTR 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. Not only will this project increase power but it will also be significant in environmental and energy efficiency terms, as the extra power to be generated will not require additional fuel.

Its start-up is estimated for August 2018.

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

Sorrento Power Plant

The Sorrento Thermal Power Plant, which is located in Rosario, province of Santa Fe, delivers 135 MW to the electrical grid. Power is generated by one single Ansaldo dual-fuel turbine which can operate simultaneously with gas and fuel-oil supplied by ships from its own port and offloading facilities.

In order to maintain the availability and dispatch levels required by the WEM, the Company is executing the third stage of repair of a TV13 unit, making additional investments in the boiler, steam turbine, transformers and ancillary equipment. Specifically, in April 2016, scheduled maintenance tasks were performed on the boiler, thermal cycle and transformers. During the second half of October and early November 2016, new schedule maintenance tasks were carried out, including, among other tasks, the replacement of boiler shoulder pipes, the replacement of boiler valves, thermal cycle and ancillary systems, and the recovery of fuel oil pumps.

2. MACROECONOMIC CONTEXT

International context

According to IMF’s World Economic Outlook report issued in January 2019, global growth in 2018 has been estimated at 3.7%, despite the slowdown in some economies, mainly in Europe and Asia.

Global economy is expected to grow 3.5% in 2019 and 3.6% in 2020.

Worldwide growth forecasts for 2019 and 2020 have shown a downward trend, partly due to the negative effects of the tariffs imposed by the USA and China earlier during the year. This additional downward revision is a reflection of the consequences of an economic slowdown in the second half of 2018, as was seen in Germany, following the adoption of new regulations on emissions from combustion engine vehicles, and in Italy, where concerns about sovereign and financial risks have become a burden on domestic demand. It is also the result of a weaker response from financial markets and the contraction of the Turkish economy, which is now expected to be more severe than expected.

Regional context

The Latin American region is expected to end 2018 with a 1.1% increase in activity explained mainly by the 1.1% low increase in Brazil and the 2.1% growth in Mexico. The economy continued to recover in 2018, although at a slower pace, due to the tightening of financial conditions and severe drought, which put a break on the economic growth in Argentina, and to a nation-wide truckers' strike.

It is expected that the Latin American economy will grow in the next two years, from 1.1% in 2018 to 2.0% in 2019 and 2.5% in 2020 (in both years, 0.2 percentage points less than expected). These revisions are due to expectations of lower growth in Mexico in 2019-2020, due to a decrease in private investment, and a more severe than expected contraction in Venezuela. These cutbacks were only partially offset by an upward trend in 2019 forecasts in Brazil, where a gradual recovery is expected to continue after the 2015-2016 downturn. The Argentine economy will slow down in 2019, as more restrictive policies intended to reduce imbalances curb domestic demand; a return to the path of growth is expected for 2020.

Argentina

The cumulative economic activity for Argentina up to November 2018 – measured by the EMAE (Monthly Economic Activity Estimator) – showed a 2.2% decrease with regard to the cumulative economic activity for the same period of 2017.

According to the Level of Activity Progress Report prepared by the Indec, the cumulative GDP for the first three quarters of 2018, showed a decrease of 1.4% compared with the same period of 2017.

The macroeconomic evolution for the third quarter of 2018 resulted in a -5.1% 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 3.5% decrease in the GDP and a 10.2% reduction in real imports of goods and services.

The global demand showed an 11.2% decrease in gross fixed capital formation, a 4.5% decrease in private consumption, a 5.0% decrease in public consumption, and a -5.9% variation in real exports of goods and services.

In seasonally adjusted terms with respect to the second quarter of 2018, private consumption decreased 4.0%, while public consumption grew by 1.5%, gross fixed capital formation decreased by 8.1%, exports grew by 4.1% and imports decreased by 7.5%.

The industrial activity measured by the Monthly Industrial Estimator (EMI) decreased by 13.3% in November, compared with the same period of the previous year, thus reaching its lowest point since the series was resumed in 2016. Taking EMI figures by sector as a reference, this has been the sharpest fall since January 2009. High interest rates are discouraging production through significant inventory sales and less credit, while the depreciation of the exchange rate has led to more expensive supplies. In addition, the weakening of the overall economy is still having an impact on domestic demand. Also, construction indicators were 7.0% lower than the historical low recorded in November, showing a 15.9% decrease over the same period of 2017 and reaching its lowest point since October 2016.

According to the Consumer Price Index (IPC), prices have shown a cumulative increase of 47.6% in 2018 (Indec), the highest inflation rate since 1991, and a 30% reduction is expected for 2019.

As regards foreign trade, a trade deficit of USD 3.8 billion was posted during the twelve months of 2018. Total exports reached USD 61.6 billion, while imports reached USD 65.4 billion. Exports increased by 5.1% compared with 2017. Exports of primary products decreased 5.4%, exports of Manufactures of Agricultural and Livestock origin (MOA) increased 1.5%, while exports of Fuel and Power grew by 69.2%, and those of Industrial Manufactures (MOI) by 9.3%. The value of imports in 2018 was 2.2% lower than that for the previous year. Imports of fuel and lubricants increased by 14.1% and imports of Intermediate goods grew 14.6%; while imports of capital assets decreased by 17.9%; imports of Passenger Motorcar vehicles by 16.2% and imports of Consumer goods by 5.2%. (Indec).

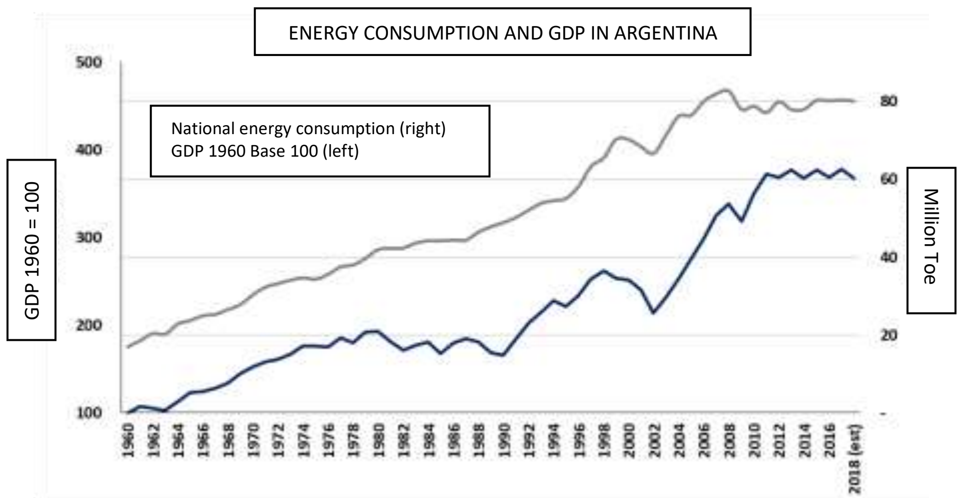
As from October 2018, the BCRA has adopted a new monetary policy scheme consisting in the strict control of monetary aggregates, and has undertaken not to raise the Monetary Base (MB) until June 2019. A 6.3% adjustment is expected in December reflecting the seasonal increase in demand for money for transactional purposes.

The BCRA has overcomplied with the MB target during the first three months following implementation of the new monetary scheme. The MB monthly averages in October and November were $1,253 billion and $1,256 billion, respectively, i.e. $19 and $15 billion lower than the $1,271 billion target. In December, the scheme contemplated an increase in the MB target to $1,351 billion, in line with the seasonal growth in the demand for money. The MB monthly average this month was $1,337 billion. This means that overcompliance with the target in December reached $14 billion, marginally lower than the overcompliance with the target of $16 billion set by the Monetary Policy Council of the BCRA (COPOM). This result had an impact on the significant increase in the demand for money, which exceeded its seasonal change and has started to reverse the fall recorded after the nominal instability episodes witnessed in 2018.

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 59 years energy consumption has shown a historical annual average growth of 2.8%, with an annual median of 1.2% since 2002.

This reduction in energy consumption has taken place despite the period of significant economic growth recorded since 2002, which reached annual averages of 3.4%, exceeding the long-term annual median of 2.4% since 1959. The last eight years of economic stagnation reflect reduced growth of primary energy consumption, and in the last three years this decisive variable has been affected by the strong rate rebuilding process. This rate readjustment process has resulted in reduced growth of energy consumption, a probably temporary effect until the country resumes the path of sustained economic growth.

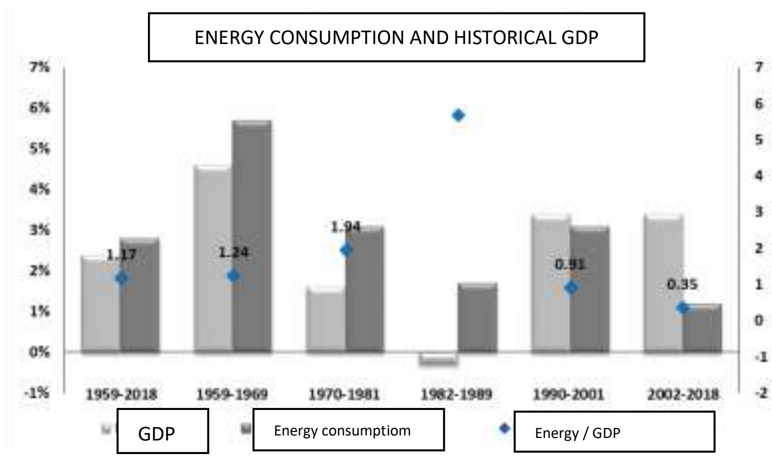


The growth in energy consumption during several years of the first decade of the 21st century resulted from high economic growth, which was driven mainly by the demand of energy products from the Residential and Commercial sectors, and to a lesser extent by the growth in Industrial sector consumption, 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 significant increases above the historical median between 2003 and 2011, also as a result of the low rates that proved to be unsustainable for the Argentine economy.

The elasticity of energy consumption in relation to GDP in the last two political-economic cycles has been lower than in previous decades. The restrictions on energy demand due to insufficient supply and the need to import energy to supplement domestic supply had an impact on the economy, and on the Industrial sector in particular. If industrial development effectively expands, there will be greater energy supply needs.

HISTORICAL-ECONOMIC-PERIOD	ANNUAL GDP	ELECTRICITY CONSUMPTION	ENERGY/GDP ELASTICITY
1959-2018	2.4%	2.8%	1.17
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
2002-2018	3.4%	1.2%	0.35

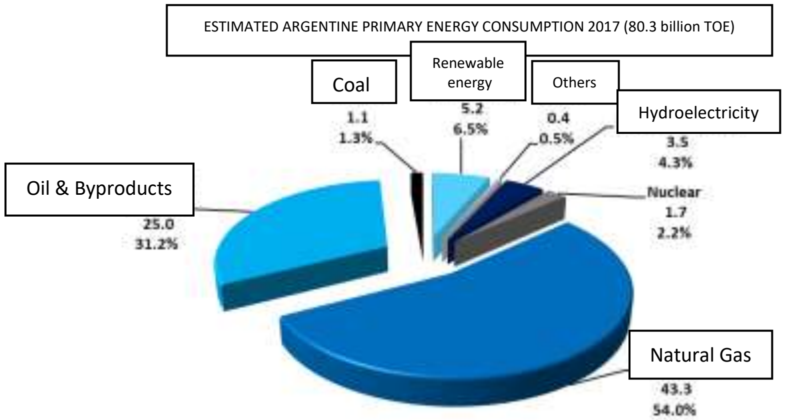
The restrictions on the supply of energy products such as natural gas in the last cycle of economic growth through to 2011 and the relatively moderate growth in energy demand in broad terms[1] are due to problems in the supply of these energy products, and to the growth in demand from the Residential-Commercial segment in a context of a slight to modest industrial recovery rather than from major energy consumers.

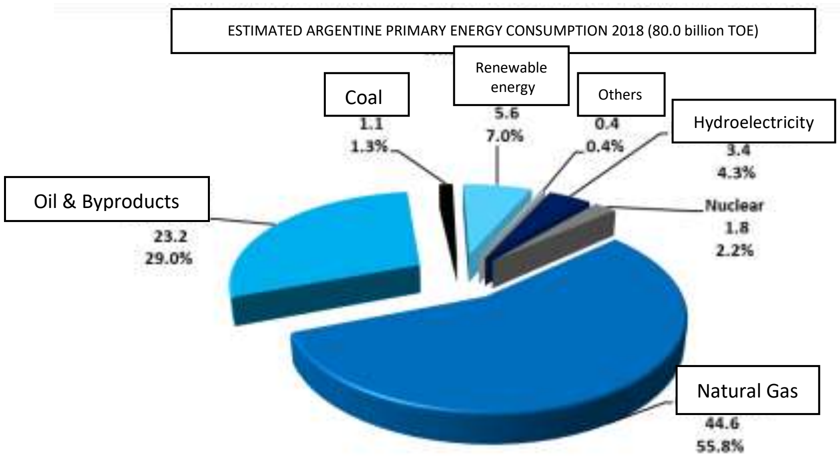


Argentine primary energy consumption is dependent on hydrocarbons, which accounted for 86.8% in 2016, 86.5% in 2017 and an estimated 86.1% in 2018[2]. This percentage of fossil-fuel sources has dropped slightly in the last years as a result of the obligation imposed on fuel supplying refineries to incorporate increasing ratios of biodiesel and bioethanol in their production of fossil fuels, such as diesel and gasoline.

[1] 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.

[2] Latest official data for 2017. Estimate for 2018 by G&G Energy Consultants, expressed in million Tons of Oil Equivalent (TOE) for Primary Energy Consumption.



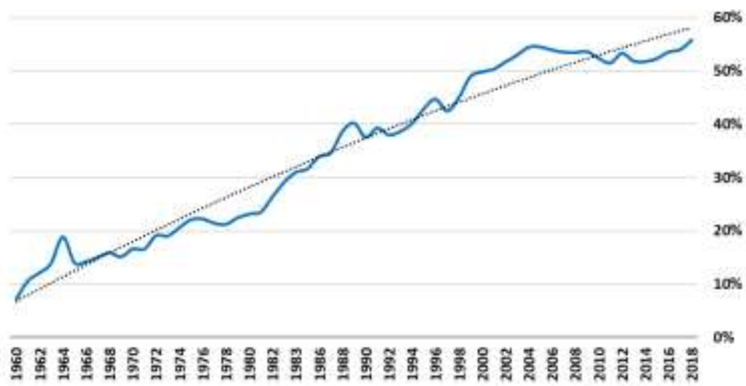


Few countries show this structure of heavy reliance on oil and natural gas byproducts, and typically only those with significant oil and gas reserves. Although Argentina does not have large conventional oil and natural gas reserves in relation to its domestic demand, it has relevant potential in terms of unconventional gas and oil resources.

The high reliance on natural gas – an estimated 55.8% in 2018 as a result of greater supply of local gas, compared to 54.0% in 2017 and 53.6% in 2016 – fluctuates annually based on imports of natural gas, liquefied natural gas (LNG) and local production to meet the demand. Despite the increase in domestic production that was observed in the 2018 winter season and the imports of gas and LNG from Bolivia, the potential demand of natural gas is partially unsatisfied in winter in the industrial segment and in the thermoelectric generation segment.[3]

[3] If there were no restrictions on gas demand, its participation in the primary matrix would be even higher.

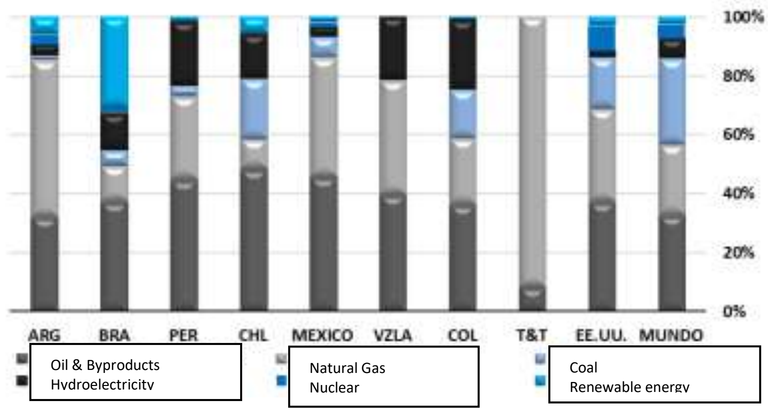
SHARE OF NATURAL GAS IN DOMESTIC ENERGY CONSUMPTION



Due to the nature, features and costs of the investments required, there are difficulties in modifying the current energy primary consumption structure in the short term; nevertheless, the government has set ambitious targets to increase the use of renewable energies in 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.

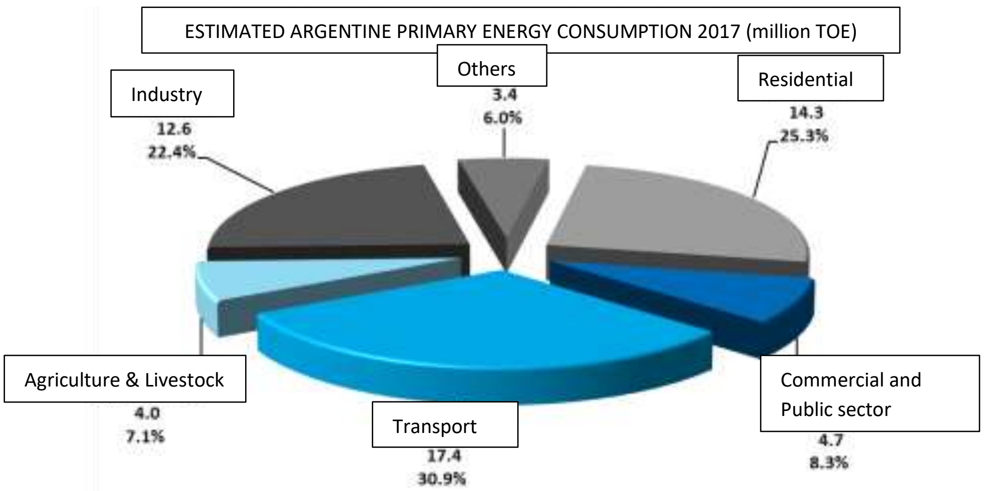
PRIMARY ENERGY CONSUMPTION



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

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.



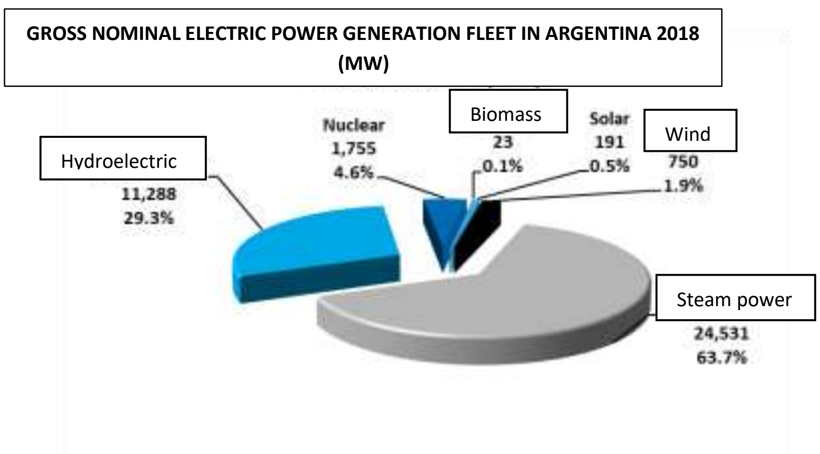
- In addition, 55.8% of consumption relies on natural gas, with gas penetrating consumption, despite significant restrictions to discourage potential demand for this energy source, which lead to substitution with alternate fuel sources for electric power generation, and to direct restrictions on industrial demand in certain branches of industry, 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 rates for the residential/commercial sector, encouraging unreasonable growth in residential energy consumption.

ELECTRICITY DEMAND AND SUPPLY STRUCTURE

The electricity generation capacity in Argentina has evolved unevenly over the years, with periods of increased supply in response to the prevailing policies aimed at meeting electricity demand.

Although CAMMESA has reported nominal power of 38,538 MW installed in late 2018 – a net increase in nominal availability of 2,357 MW or 6.5% with respect to 2017[4], representing effective available power because most of the equipment is new, available operating power in the 2018/2019 summer season is close to 29,500 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 2018 was due to restrictions in certain units caused by insufficient supply of fuel, difficulties in reaching the nominal yield, but mainly due to recurrent maintenance tasks or technical limitations in some generating units.

Unlike 2017 when a significant number of small engine units was incorporated[5], in 2018 gas turbine units were incorporated, mainly in response to the contracts entered into under Resolution 21/2016 for 1,207 MW in new stations or in existing stations to which these units were incorporated. Additionally, 598 MW were incorporated at the closure of combined cycles and 709 MW in renewable sources, mainly wind generation. No nuclear power generation capacity was incorporated, and availability from hydroelectric power plants improved by 44 MW.



The financial restrictions of the Government have an impact on the rate of incorporation of hydroelectric and nuclear power plants, as a result of the large investments required and the extended execution terms. The recurrent fiscal crises of the Government result in delays and/or suspension of these large projects. Thus, successive governments have opted to foster the incorporation of thermoelectric generating units requiring lower investments and shorter terms for implementation, even though they use liquid and gas fuels. As production of these fuels has had a predictable and increasing development in Argentina, its supply has not necessarily implied a restriction in the past. However, this thermoelectric generation policy has encountered increasing restrictions relating to the supply of locally produced fossil fuels, in particular natural gas.

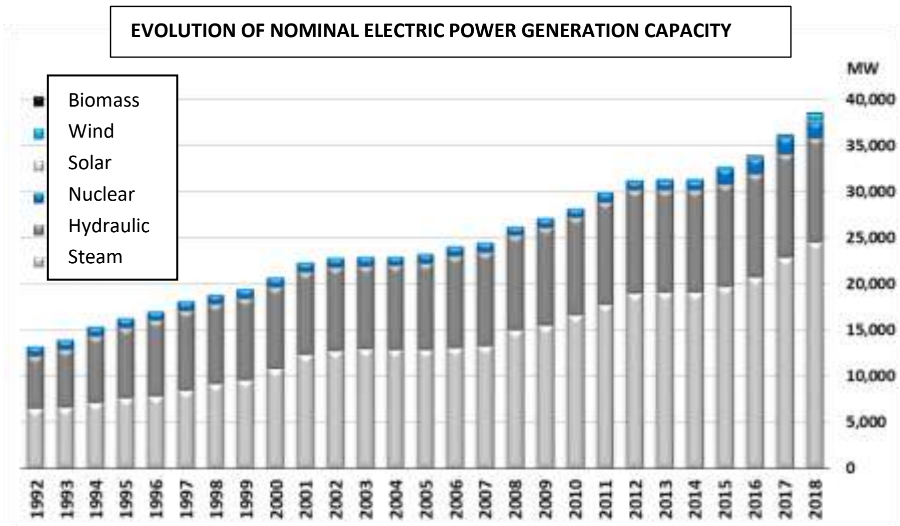
In March 2016 the government implemented an aggressive program for hiring additional generating power, both from thermoelectric and renewable sources. The incorporation of supply was achieved through power

[4] 1,154 MW and 2,210 MW were incorporated in 2016 and 2017, respectively.
[5] In 2018, 201 MW from this type of units were withdrawn

availability and energy dispatch remuneration contracts in the case of thermal units, and available energy purchase contracts in the case of wind, solar, biomass generation units and small power stations.

Nominal Electricity Generation Capacity

The nominal installed capacity is concentrated on thermoelectric generation, although its unavailability is relatively high in relation to other sources of generation, except for nuclear energy. An important number of thermoelectric power generating units show 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.

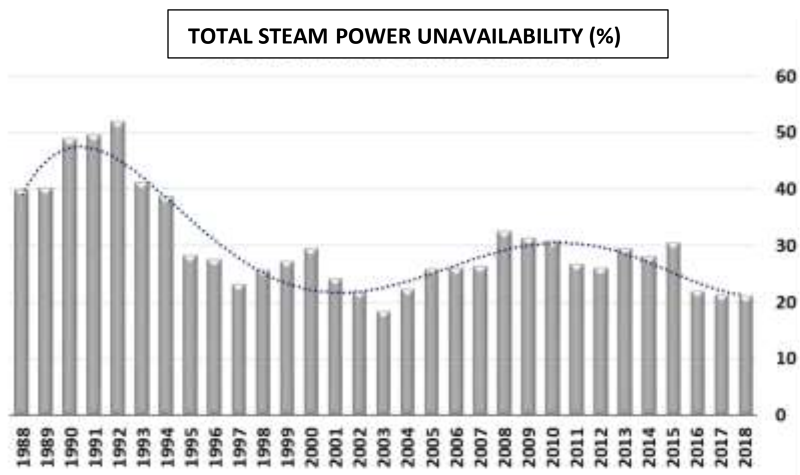


NOMINAL ELECTRICITY GENERATION CAPACITY (MW) - DECEMBER 2018												
REGION	**ST**	**GT**	**CC**	**DI**	**THERMAL POWER**	**NUCLEAR**	**HYDROELECTRIC**	**SOLAR**	**WIND**	**BIOGAS**	**TOTAL**	**%**
CUYO	120	90	374	40	**624**	**0**	**1,129**	**92**			**1,845**	**4.8%**
COMAHUE	0	501	1,487	92	**2,080**	**0**	**4,769**				**6,849**	**17.8%**
NORTH-WESTERN	261	991	1,472	394	**3,118**	**0**	**220**	**52**	**58**		**3,448**	**8.9%**
CENTRAL	200	815	534	101	**1,650**	**648**	**918**	**47**	**48**	**4**	**3,314**	**8.6%**
GREATER BA-LITORAL-BA	3,870	4,536	6,867	895	**16,168**	**1,107**	**945**		**253**	**18**	**18,491**	**48.0%**
NORTH-EASTERN	0	33	0	286	**319**	**0**	**2,745**				**3,064**	**8.0%**
PATAGONIA	0	271	301	0	**572**	**0**	**563**		**391**		**1,526**	**4.0%**
MOBILE				0	**0**						**0**	**0.0%**
TOTAL	**4,451**	**7,237**	**11,035**	**1,808**	**24,531**	**1,755**	**11,289**	**191**	**750**	**22**	**38,538**	**100.0%**
% THERMAL	18.1%	29.5%	45.0%	7.4%	100.0%							
% TOTAL					**63.7%**	**4.6%**	**29.3%**	**0.5%**	**1.9%**	**0.1%**	**100.0%**	

G&G Energy Consultants estimates that by the end of 2018, available effective power -which is lower than declared nominal power for the reasons explained above- reached approximately 29,500 MW, including a rotating reserve of 1,800 MW, which was not necessary to be fully used due to limited demand in 2018, and the fact that available power was sufficient to meet demand. In February 2018, the demand for power on a Business Day exceeded the historical record reaching 26,320 MW[6].

CHANGES IN RECORD ELECTRICITY CONSUMPTION IN RECENT YEARS						
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	24-Feb-17	25,628	08-Feb-17	26,320	2.7%	692
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	26-Feb-17	437,6	1.1%	4.7
Business day	08-Feb-17	543,0	*29-Jan-19*	*544,4*	*0.3%*	*1.4*

In early 2019, maximum demand has not yet exceeded the levels recorded in 2018 and there is greater excess generation capacity, with thermoelectric capacity playing a leading role as it reached a maximum of 16,337 MW, compared with 17,023 MW when the highest level was reached, i.e. February 8, 2018.



The increase in effective available power improved significantly in the last three 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 power in general over terms agreed with the new units about to be incorporated to the National Interconnected System in the coming months.

The new generation capacity incorporated in 2018 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.

[6] On January 29, 2019, the demand for power on a on a business day exceeded the historical record reaching 544 MWh.

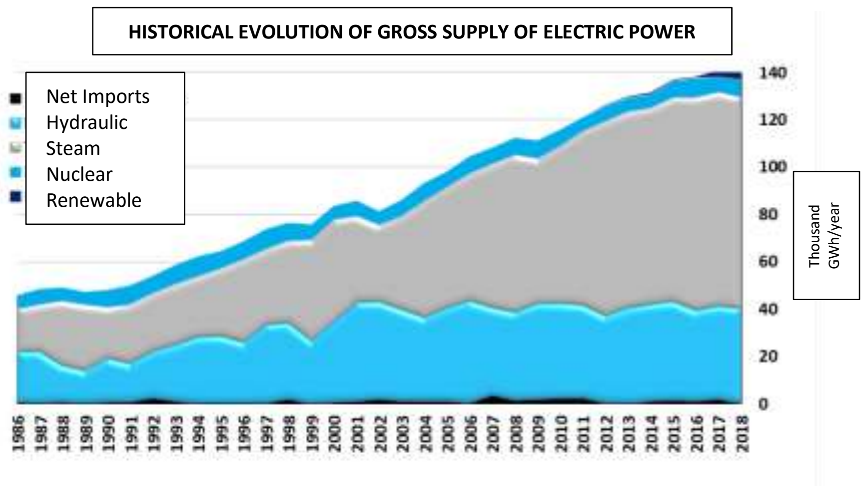
- In September 2017, the **Ezeiza Power Plant** owned by Generación Mediterránea S.A. obtained authorization to operate two SGT800 Siemens turbines of 50 MW each, with a third 50 MW turbine being in installation process.
- In August 2017, the **Independencia Power Plant** owned by Generación Mediterránea S.A. obtained authorization to operate a SGT800 Siemens turbine incorporating 50 MW of additional capacity, with a second turbine with the same capacity being in installation process.
- 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.
- The closure of the combined cycle is being implemented at the **Roca Power Plant** with the incorporation of a 60 MW steam turbine to the existing 130 MW gas turbine.

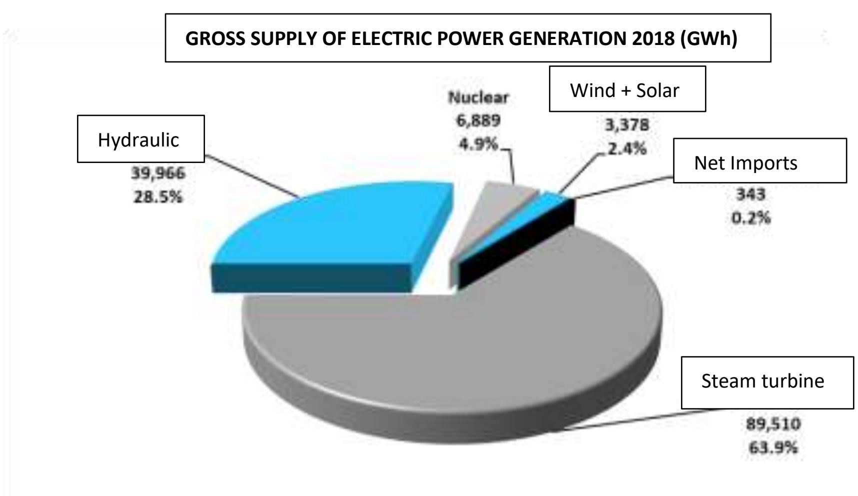
In addition, various companies making up Grupo Albanesi were awarded spot contracts with CAMMESA for expanding their capacity in the coming years. Within the framework of the international public bidding for closure of combined cycle and cogeneration projects called under ES Resolution No. 287-E/2017 of the Ministry of Energy and Mining, Grupo Albanesi was awarded three projects to install 351 MW of new capacity which are currently being added.

- A cogeneration project with 100 MW in the province of Santa Fe
- Closure of cycle with 113 MW in the Modesto Maranzana Power Plant, in Córdoba.
- Closure of cycle with 138 MW in the Ezeiza Power Plant, in Buenos Aires.

INCREASE IN NOMINAL SUPPLY (MW) - NOMINAL DATA							
PERIOD	THERMAL POWER	HYDROELECTRIC	NUCLEAR	BIOMASS	WIND/SOLAR	TOTAL PERIOD	DISTRIBUTION ACCORDING TO REGULATORY REGIME
1992-2018	17,736	5,027	750	23	941	**24,477**	
1992-2001	5,945	3,183	0	0	0	**9,128**	**37.3%**
2002-2015	6,948	1,734	750	0	195	**9,627**	**39.3%**
2016-2018	4,843	110	0	23	746	**5,722**	**23.4%**

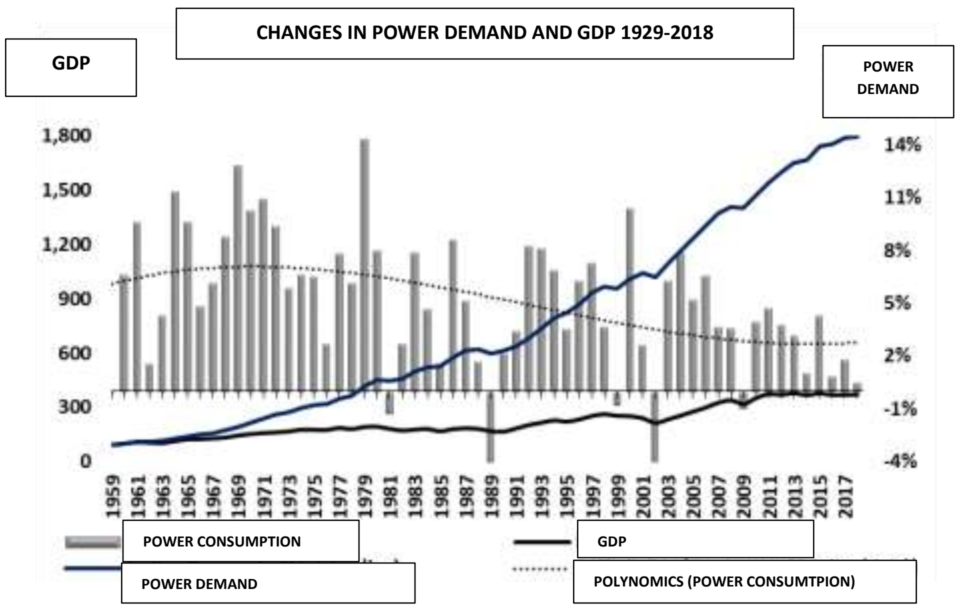
Gross Electricity Demand – including losses in the transmission and distribution system, and the company's own consumption at generating units – has shown a significant growth in thermal electric power supply in recent decades, accompanied by a mild increase in the hydroelectric power supply due to the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





A slowdown in electricity demand growth rates was observed between 2016 and 2018. This long-term trend reflects moderation in electricity demand in periods of economic downturn, such as 2016 and 2018, with an impact of tariff adjustments as in 2017, despite the 2.8% growth in the GDP.

The correlation between evolution of the GDP and electricity demand shows a significant dispersion; however, it may be concluded that when there is a significant reduction in GDP, the electricity demand falls relatively moderately. It should also be considered that in a context of low economic growth, electricity demand increases at rates higher than GDP.



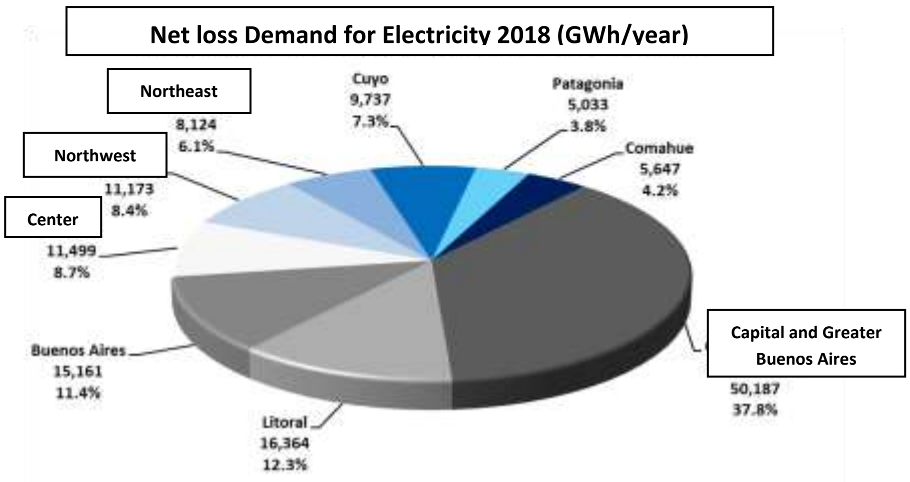
CAMMESA divides Argentina into regions with similar characteristics from the demand point of view, as well as on the basis of the socio-economic characteristics and the integration of each electricity subsystem.

Demand is concentrated in CABA - Greater Buenos Aires area-Litoral region, which accounts for 61.5% of the total electricity demand of the country. Although growth rates in other regions, such as North-western area, Comahue and Patagonia are greater than in the remaining regions of the country and the demand in CABA-Greater Buenos Aires area is influenced by rate adjustments, the changes in this structure are not expected to be material in the future.

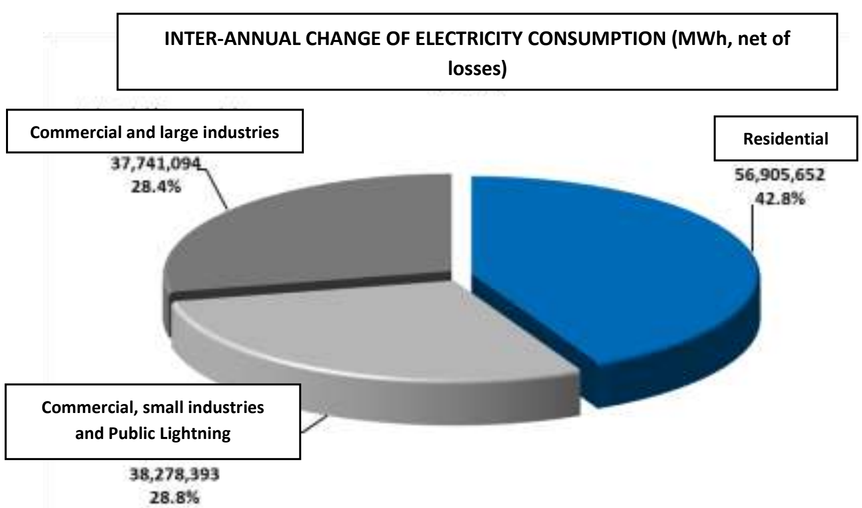
Energy demand by region, net of transmission losses

ENERGY DEMAND BY REGION, NET OF TRANSMISSION LOSSES - 2018							
REGION	GWh/year	DISTRIBUTION		2018/2017 VARIATION		2018/2016 VARIATION	
City of Buenos Aires and Greater Buenos Aires	50,187	37.8%	37.8%	36	0.1%	-1,567	-3.0%
Litoral	16,364	12.3%	50.1%	326	2.0%	1,388	9.3%
Buenos Aires	15,161	11.4%	61.5%	-25	-0.2%	-1,121	-6.9%

Central area	11,499	8.7%	70.1%	23	0.2%	0	0.0%
North-western area	11,173	8.4%	78.5%	-295	-2.6%	-105	-0.9%
Cuyo	8,124	6.1%	84.6%	-1.239	-13.2%	23	0.3%
North-eastern area	9,737	7.3%	92.0%	1.454	17.6%	654	7.2%
Comahue	5,033	3.8%	95.8%	-370	-6.9%	-142	-2.8%
Patagonia	5,647	4.2%	100.0%	484	9.4%	683	13.8%
TOTAL	**132,924**	**100.0%**	**100.0%**	**394**	**0.3%**	**-187**	**-0.1%**



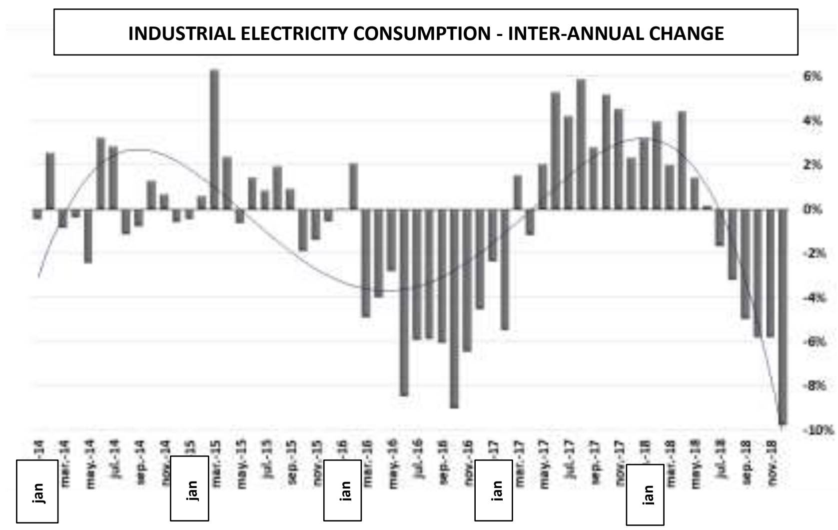
Gross energy demand -considering distribution and transmission losses, own consumption of thermal and nuclear power, and minor exports to Uruguay and Brazil- recorded a slight 0.5% increase in 2018, after a -2.4% fall in 2017. In 2017, due to the 2.8% economic expansion during the year, electricity demand increased by 1.8% as a result of the rate adjustments, and especially due to a moderate 2016/2017 summer season and higher than normal temperatures in the 2018 winter season. The economic stagnation has an impact on the rate of increase in demand, together with rate adjustments. Growth rates are expected to be similar to historical rates once the economy returns to a path of sustained growth.



Nevertheless, residential electricity demand grew by 1.8% in 2018. In 2017, electricity demand from this segment decreased by -2.0% as a result of rate adjustments and moderate temperatures in summer and winter, after 3.0% in 2016 compared with 2015, higher than the 2.1% recorded in the recessionary 2014 compared to 2013, but lower than 7.7% recorded in 2015.

The commercial electricity demand segment – which in the new classification of CAMMESA we understand 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 by -0.4% and in 2018 a further -0.2%. The electricity tariff adjustments implemented in February 2016, followed by adjustments to natural gas in April 2016, partly affect the demand of consumers.

The industrial activity stopped falling at the beginning of 2017, and the activity growth lasted until early 2018, when a significant slowdown began. An accelerated growth rate was observed in the last months of the year. In 2016, the Industrial segment had shown a -4.7% reduction in electricity demand after a modest +0.8% in 2015. In 2017, the industrial reactivation showed a 2.0% increase in electricity demand, while 2018 ended at –1.3%, with very negative year-on-year figures of -5.8% and -9.7% in November and December 2018.



The growth in electricity demand since 2000 increased the need to supply fuel to the thermoelectric power generation fleet. The hourly demand for power has had an impact on the available thermal power capacity fleet to meet the maximum demand during winter night hours or summer afternoon hours. To minimize the risk of untimely cutoffs to the residential and commercial segment, the previous Government resorted to electricity supply cutoffs previously agreed upon with large industries, as in the winters of 2010 and 2011– without reaching the extraordinary levels of the 2007 winter– which were not required in 2012. In 2013, reductions in industrial demand were necessary, mainly in December, to meet residential and commercial demand, as in January 2014. Neither in the 2015 summer nor in winter this year significant restrictions were to be applied to industrial consumers to meet residential/commercial electricity demand; however forced cutoffs occurred due to significant problems in the distribution of electricity.

In February 2016, the growing electricity demand due to high temperatures led to planned and untimely cutoffs which CAMMESA estimated at 1,000 MW. In 2017, demand was managed and did not exceed the availability of the system since there was more supply available and more moderate temperatures. In 2018, the power demand record was beaten in February, and it was satisfied without greater problems locally with no need for imports. At the beginning of 2019, one day of high temperatures led to a higher demand for power which was met with sufficient reserves.

3. HIGHLIGHTS FOR FISCAL YEAR 2018

3.1 Environmental management

Corporate Environmental Management System

The Modesto Maranzana Power Plant has an Integrated Management System that meets ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 standards.

ISO 14001:2015 certification has been obtained at corporate level and comprises all the operating power plants of Grupo Albanesi (Generación Rosario S.A., Central Térmica Roca S.A., Albanesi Energía S.A., Central Térmica Cogeneración Timbúes and Generación Mediterránea S.A. and Steam Power Plants: "Modesto Maranzana", La Rioja, Independencia, La Banda, Frías and Ezeiza).

This shared system enables the execution of unified and coordinated procedures in all power plants, sharing criteria for addressing environmental aspects of the business, significant assessments and operational controls adopted in response to those matters. 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.
- Priority given to preventive management.
- The absence of environmental accidents.
- 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.
- Efforts expended, with satisfactory results, to the care and aesthetic of natural spaces.

Important achievements have been obtained in the maintenance of the Quality and Occupational Safety and Health Management Systems.

In the October-November 2018 period, a new external audit was made of the Integrated Management System in charge of IRAM staff, which resulted in the renewal of the certificates for a new three-year period.

3.2 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 maximizing the results of the business and client satisfaction at each stage of the value chain.

Below we describe the main actions by activity.

Structure of the organization

In 2018, the senior structure of the organization was consolidated with the addition to the Management committee of Purchases and Foreign Trade, Technology and Information Systems Management and the Legal Corporate Management, to which the Compliance function was added to lead the integrity program.

Employment opportunities

The employment level has remained stable. Through our internal mobility program "MOBI", 11 positions were offered, and 70 external persons joined the company, mainly due to replacements and the new positions created in the new structures of Purchases and Foreign Trade, Technology, and Information Systems and Legal.

Compensation and benefits:

The creation of a compensation structure by salary levels was approved in the second half of 2018, which will be designed with an External Consultancy Firm. Led by Human Resources and with the participation of line staff, the contents of work positions and their valuation will be defined to allow for the adequate payment practices in terms of internal equity and external competitiveness. The project was launched in November 2018 and a kick off meeting is expected for the second quarter of 2019.

The market practices continue to be monitored twice a year through general market surveys with specific cut-off for the sector.

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

In terms of benefits, a Corporate Benefits Program was launched, combining a flexible work system known as "Flex" with discounts agreed with Sport Club network of gyms and Club La Nación. Further, the "healthy snack" was promoted.

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

Training and development

In the area of Training, a Management Capabilities Development Program has been developed to strengthen the capabilities of Human Capital. This bimonthly program, which is divided into 10 modules of 8 hours each, focuses on matters such as effective communication, leadership, teamwork and time management. At the intersection between two modules, managers have a chance to have coaching sessions with the trainers, which allow them to assimilate the contents of the training in real situations in the performing of their functions.

This program will continue throughout 2019.

Technical skills continued to be developed to ensure staff performance in view of the technological changes associated to the work positions.
English classes started to be given to those employees who need it for their work.

Internal communication and HR information systems

The use of available communication tools was strengthened to keep the staff updated about the company's activities. Further, the HR newsletter, RH+, was consolidated, which informs employees about the most important events of the group on a monthly basis.
The Success Factors platform was launched in the first quarter which allows us to comprehensively manage staff information under the SAP environment.

Work relations

The collective bargaining agreement was consolidated in 2018, with effective date as from January 1 for power plants CTMM, CTI, CTRi, CTLB, CTF, CTR and Timbúes. This includes the staff falling under Luz y Fuerza and APUAYE unions, which group the professionals working in our power plants. Conversations started to be held with Luz y Fuerza union from the City of Buenos Aires to join our Ezeiza power plant.

Corporate social responsibility

In 2018, ratifying our decision to work on UN's Sustainable Development Goal No.4, we have launched our Sustainable Development Policy containing three axes for integrating all actions we have carried out in recent years.

AXIS 1 Actions with entities from the 3rd sector, aimed at developing competencies providing real work opportunities.

AXIS 2 Actions with the formal education system, aimed at encouraging work culture and insights into the work environment through the articulation of contents.

AXIS 3 Activity groups and training aimed at developing specialization skills to improve employment opportunities in job exchanges in each region.

3.3 Systems and Communications

During 2018, the Systems and Communications areas of the Group continued to provide maintenance, development, implementation, innovation and solutions relating to applications, technology, telecommunications, information and process security, guaranteeing a suitable service level and covering the Company´s business needs.

The area has policies and procedures in place that are in line with international standards and continually monitored to check compliance with sector-specific objectives and internal controls, and to ensure quality and continuing improvement.

The projects and objectives accomplished during 2018 are summarized below:

- A new server was set up and configured at Maranzana, Independencia, La Rioja, La Banda, Frías and Ezeiza power plants, adding them to the corporate AD.
- The Contingency Facilities were completed.
- The new telephone numbers were configured, including the CTM to the corporate numbers.
- The anylink satellite connectivity was set up and configured as a backup system for the SOTR.
- The implementation of the corporate departmental printing was completed.
- The cameras and monitoring system through CCTV was reviewed and adjusted.
- SAP was implemented in replacement of INFOR in La Rioja, Frías, La Banda and Ezeiza.

As a goal for 2019, the Systems and Information Technology Management will continue 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 2019 include:

- Implementation of SAP at the power plant, in replacement of INFOR
- Implementation of new tools for accounts payable management
- Improvement of the CCTV infrastructure
- Improvement of the Data Center
- Information Security Assessment at the Power Plants
- Support and maintenance to the activities of the project to extend the Ezeiza and Maranzana power plants

3.4 Integrity Program

The Integrity Program of Grupo Albanesi (the "Program") was approved by Board Meeting Minutes dated August 16, 2018, and was initially based on: (i) a Code of Conduct (the "Code"), (ii) an Anti-corruption Policy, (iii) a Policy for the Submission of Tenders and Bids, (iv) a Policy to govern the Relationship with Public Officers; and (v) and an Ethics Line for anonymous reports from third parties (the "Line"), managed by PwC.

On August 17, 2018, the Code and the Line were posted on Albanesi website (http://www.albanesi.com.ar/programa-integridad.php), following an advertising criterion that continued to be further developed as from its dissemination to suppliers and clients. The policies and access to the line are available on that website.

New policies were developed over time as part of the Program, such as the Donations and Confidentiality Policies, the use of tools and an Expense Report Policy. A record was also created to register any contact with public officers, as well as records to list presents and conflicts of interest.

The Group is implementing a Due Diligence process for third parties which will require the previous analysis of any third party willing to do business with the Group. In addition, we are including an Anti-corruption and Ethics clause in all our service contracts, terms of reference and tenders.

Through Board Meeting Minutes of August 21, 2018, the Ethics Committee was set up to investigate reports and send their conclusions to the Board, to whom it reports. Such Committee is made up by the HR Corporate Manager, the Legal and Compliance Corporate Manager and an external advisor, independent of the Company's shareholders.

During 2018, a Training Plan was launched first for plant managers, syndics, directors, shareholders and key staff, who attended on-site courses. Training will then be provided to administrative employees and those working at the power plants. To cover all Group facilities in a fast and effective manner, we have implemented an e-learning program.

In addition, the internal organization was modified and the Compliance function was created, which reports to the Legal Corporate Management.

3.5 Financial Position

The following table shows the consolidated borrowings at December 31, 2018:

	Borrower	Principal	Balance at 12.31.18	Interest rate	Currency	Date of Issue	Maturity date
			(Pesos)	(%)			
Loan agreement							
Cargill	GMSA	USD 25,000,000	989,462,315	LIBO + 4.25%	USD	2/16/2018	1/29/2021
UBS	GECEN	USD 50,393,041	1,906,176,307	LIBO + 12.93%	USD	4/25/2018	4/25/2024
Subtotal			**2,895,638,622**				
Syndicated							
ICBC / Hipotecario / Citibank	GMSA	USD 25,000,000	980,975,782	10.50%	USD	2/16/2018	1/29/2021
			980,975,782				
Debt securities							
International NO	GMSA/ CTR	USD 336,000,000	13,185,584,511	9,625%	USD	7/27/2016	7/27/2023
Class VI NO	GMSA	USD 34,696,397	1,316,624,472	8.0%	USD	2/16/2017	2/16/2020
Class VII NO	GMSA	$ 221,494,805	254,450,748	BADLAR + 4%	ARS	2/16/2017	2/16/2019
Class VIII NO	GMSA	$ 312,884,660	377,847,266	BADLAR + 5%	ARS	8/28/2017	8/28/2021
Class I NO co-issuance	GMSA/CTR	USD 30,000,000	1,145,460,111	6.68%	USD	10/11/2017	10/11/2020
Class II NO	CTR	$ 243,000,000	259,132,107	BADLAR + 2%	ARS	11/17/2015	11/17/2020
Class IV NO	CTR	$ 291,119,753	343,900,475	BADLAR + 5%	ARS	7/24/2017	7/24/2021
Class III NO	ASA	$ 255,826,342	298,452,724	BADLAR + 4.25%	ARS	6/15/2017	6/15/2021
Subtotal			**17,181,452,414**				
Other liabilities							
CAMMESA	GMSA		6,072,034				
Banco Chubut loan	GMSA	USD 1,000,000	37,732,536	10.50%	USD	12/28/2018	12/28/2019
Banco Chubut loan	GMSA	USD 1,673,786	63,574,380	10.50%	USD	10/30/2018	5/1/2019
Banco Supervielle loan	GMSA	USD 2,507,639	94,237,895	9.50%	USD	11/13/2018	5/9/2019
Banco Macro loan	GMSA	USD 5,000,000	192,946,534	7.00%	USD	8/30/2018	1/20/2019
Banco Ciudad loan	CTR	USD 5,854,545	221,949,954	6.00%	USD	8/4/2017	8/4/2020
BAPRO loan	CTR	USD 10,600,000	400,802,437	4.00%	USD	1/3/2018	1/3/2019
ICBC loan	CTR	USD 4,900,000	184,942,572	10.50%	USD	12/27/2018	12/27/2019
Banco Macro loan	CTR	USD 5,000,000	188,500,000	7.00%	USD	8/30/2018	1/2/2019
Financial lease	GMSA/CTR		118,650,473				
			1,509,408,815				
			22,567,475,633				

Generación Mediterránea S.A.

During fiscal year 2018, GMSA set out to improve its financing profile, ensuring that all funding needs were met for investing in the extension of the power plants' capacity and their effective operation.

During the period, hedge contracts were entered into in respect of the payment of interest made on January 27, 2018.

Generación Rosario S.A.

During the year 2018, the Company made further investments within the framework of the mutual commitment agreement entered into with CAMMESA on May 30, 2016 through which it formalized the funding of the Third Stage of Repairs of the Steam Turbine Unit 13 for up to USD 10,406,077 plus VAT.

At the closing date of these financial statements, filings of payments to suppliers of materials and services were made with CAMMESA amounting to $90,206,147, and disbursements were received from CAMMESA amounting to $66,922,049.

GROSA has obtained bank borrowing facilities to provide for the necessary working capital for the proper operation of the power plant.

Analysis of results:

	Fiscal year ended December 31:			
	2018	**2017**	**Variation**	**Var. %**
Sales by type of market	GWh			
Sales of Electricity Res. 95/529/482/22/19 plus Spot	233	765	(532)	(70%)
Sales under Energía Plus	673	744	(71)	(10%)
Sales to CAMMESA Res. No. 220	803	664	139	21%
Sale of Energy Res. 21	193	25	168	672%
Total	**1,902**	**2,198**	**(296)**	**(13%)**

Below are the sales for each market (in millions of pesos):

	Fiscal year ended December 31:			
	2018	**2017**	**Variation**	**Var. %**
	(in millions of pesos)			
Sales by type of market				
Sales of Electricity Res. 95/529/482/22/19 plus Spot	966.0	689.6	276.4	40%
Energía Plus sales	1,716.4	1,554.1	162.3	10%
Sales to CAMMESA Res. No. 220	3,915.5	1,978.0	1,937.5	98%
Sales of Electricity Res. No 21	1,682.0	269.9	1,412.1	523%
Total	**8,279.9**	**4,491.6**	**3,788.3**	**84%**

Results for the years ended December 31, 2018 and 2017 (in millions of pesos)

Fiscal year ended December 31:

	2018	2017	Variation	Var. %
Sales of energy	8,279.9	4,491.6	3,788.3	84%
Net sales	**8,279.9**	**4,491.6**	**3,788.3**	**84%**
Purchase of electricity	(1,271.6)	(1,299.8)	28.2	(2%)
Gas and diesel consumption by the plant	(407.7)	(231.2)	(176.5)	76%
Salaries and social security charges	(316.5)	(256.0)	(60.5)	24%
Pension plan	(18.8)	(0.6)	(18.2)	3,033%
Maintenance services	(516.6)	(303.1)	(213.5)	70%
Depreciation of property, plant and equipment	(1,351.4)	(559.4)	(792.0)	142%
Insurance	(64.7)	(49.7)	(15.0)	30%
Sundry	(109.5)	(86.5)	(23.0)	27%
Cost of sales	**(4,056.9)**	**(2,786.3)**	**(1,270.6)**	**46%**
Gross income/(loss)	**4,223.0**	**1,705.3**	**2,517.7**	**148%**
Taxes, rates and contributions	(24.4)	(6.3)	(18.1)	287%
(Loss)/Recovery of turnover tax	(21.5)	34.9	(56.4)	100%
Selling expenses	**(45.8)**	**28.6**	**(74.5)**	**(260%)**
Salaries and social security contributions	-	(0.1)	0.1	(100%)
Fees and compensation for services	(273.0)	(79.6)	(193.4)	243%
Directors' fees	(0.1)	(49.0)	48.9	(100%)
Per diem, travel and representation expenses	(4.7)	(2.9)	(1.8)	62%
Duties and taxes	(3.8)	(2.6)	(1.2)	46%
Sundry	(23.8)	(21.6)	(2.2)	10%
Administrative expenses	**(305.4)**	**(155.9)**	**(149.5)**	**96%**
Gain/(loss) on investments in related companies	(291.2)	20.3	(311.5)	(1,534%)
Other operating income	254.3	27.0	227.3	842%
Other operating expenses	(354.0)	-	(354.0)	(100%)
Operating income/ (loss)	**3,480.9**	**1,625.3**	**1,855.6**	**114%**
Commercial interest	54.1	31.4	22.7	72%
Interest on loans, net	(2,141.3)	(584.8)	(1,556.5)	266%
Exchange differences, net	(14,791.7)	(457.7)	(14,334.0)	3,132%
Bank expenses	(23.9)	(10.4)	(13.5)	130%
Other financial results	10,558.4	(856.2)	11,414.6	(1,333%)
Financial results, net	**(6,344.4)**	**(1,877.6)**	**(4,466.8)**	**238%**
Profit/(loss) before tax	**(2,863.4)**	**(252.4)**	**(2,611.2)**	**1,035%**
Income tax	466.4	529.1	(62.7)	(12%)
Income/(loss) for the year	**(2.397,0)**	**276.7**	**(2,673.7)**	**(966%)**
Other Comprehensive Income for the year				
Revaluation of property, plant and equipment in subsidiaries	5,310.5	-	5,310.5	100%
Impact on income tax	(1,327.4)	(0.4)	(1,327)	100%
Other comprehensive income for the year	**3,982.2**	**(1.9)**	**3,984.0**	**-**
Total comprehensive income for the year	**1,585.1**	**274.8**	**1,310.3**	**477%**

Sales:

Net sales amounted to $ 8,279.9 million during the year ended December 31, 2018, compared with $ 4,491.6 million in 2017, showing an increase of $3,788.3 million (84%).

During the year ended December 31, 2018 energy dispatch reached 1,902 GWh, 13% lower than the 2,198 GWh in the year 2017.

The main sources of income of the Company and their performance during the year ended December 31, 2018 compared to the previous year are described below:

(i) $ 1,716.4 million from sales under Energía Plus, up 10% from the $1,554.1 million sold in 2017. This variation is explained by the favorable effect on the price as a result of the increase in the exchange rate.

(ii) $ 3,915.5 million from sales of electricity in the forward market to CAMMESA under the framework of Resolution No. 220/07, which represented an increase of 98% from the $ 1,978.0 million recorded in 2017. This variation is explained by the price increase as a result of the increase in the exchange rate and the increase in the dispatch of energy, due to the fact that the Closed Cycle began operating in CTR as from August 4, 2018.

(iii) $ 966.0 million from sales of electricity under Resolution 95/529/482/22/19 and spot market, accounting for a 40% increase with regard to the $ 689.6 million for fiscal year 2017. This variation is attributable to the management of surplus volumes of electricity generation carried out by CAMMESA.

(iv) $ 1,682.0 million from sales of electricity under Resolution 21, accounting for a 523% increase with regard to the $ 269.9 million for fiscal year 2017. That variation is due to the putting into operation of the new turbines during the third quarter of fiscal year 2018.

Cost of sales:

The total cost of sales for the year ended December 31, 2018 reached $ 4,056.9 million, compared with $ 2,786.3 million for fiscal year 2017, reflecting a $ 1,270.6 million (or 46%) increase.

Below is a description of the main costs of sales of the Company, in millions of pesos, and their performance during fiscal year 2017.

(i) $ 1,271.6 million for purchase of electricity, representing a decrease of 2% compared to $1,299.8 million recorded in fiscal year 2017, as a result of the lower sales of GWh under Energía Plus.

(ii) $ 407.7 million for the cost of gas and diesel consumed at the plant, representing an increase of 76% over the $ 231.2 million in fiscal year 2017. This variation is explained by the favorable effect on the price as a result of the increase in the exchange rate.

(iii) $ 516.6 million in maintenance services, representing a 70% increase compared with $303.1 million in fiscal year 2017. This increase is explained by the higher dollar exchange rate and the start-up of the new turbines.

(iv) $ 1,351.4 million for depreciation of property, plant and equipment, up 142% from the $ 559.4 million for fiscal year 2017. This variation was mainly due to the higher depreciation value of buildings, installations and machinery as a result of their revaluation at December 31, 2018 and the start-up of new projects.

(v) $ 316.5 million in salaries, wages and social security contributions, which represented an increase of 24% over the $ 256.0 million for fiscal 2017. This increase was mainly attributable to higher salaries and new hires.

(vi) $ 64.7 million in insurance, up 30% from the $ 49.7 million in fiscal 2017 as a result of the exchange rate variation and the start-up of new turbines.

Gross income/(loss):

Gross income for the year ended December 31, 2018 was a gain of $ 4,223.0 million, compared with a gain of $ 1,705.3 million in fiscal year 2017, accounting for a 148% increase. This is attributable to the exchange rate variation and the start-up of the new turbines.

Selling expenses:

Selling expenses for the year ended December 31, 2018 amounted to a $ 45.8 million loss, compared with a $ 28.6 million gain for fiscal 2017, representing a decrease of $ 74.4 million (or 260%).

Administrative expenses:

Administrative expenses for the year ended December 31, 2018 amounted to $ 305.4 million, compared with $ 155.9 million in fiscal 2017, reflecting an increase of $ 149.5 million (or 96%).

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

(i) $ 273.0 million in fees and compensation for services, up 243% from the $ 79.6 million in fiscal year 2017.

(ii) $ 23.8 million in sundry expenses, accounting for a 10% increase from the $ 21.6 million recorded in fiscal year 2017. The main variations are due to the captions taxes and rates and insurance.

Operating income:

Operating income for the year ended December 31, 2018 was a $ 3,480.9 million gain, compared with a $ 1,625.3 million gain in fiscal 2018, accounting for a 114% increase. The increase was mainly due to the effect of a higher exchange rate on the operating activities of the controlled companies and the start-up of new projects.

In addition, Other operating income for 2018 includes net profit for the repayment of financing by CAMMESA to GROSA corresponding to the second stage of repair of the TV13 unit, for $ 176.7 million. Other operating expenses includes a loss corresponding to a penalty from CAMMESA for $222.5 million.

Financial results:

Financial results for the fiscal year ended December 31, 2018 amounted to a loss of $ 6,344.4 million, compared to a loss of $ 1,877.6 million in fiscal year 2017, which accounted for an increase of $ 4,466.8 million.

The most salient aspects of this variation are as follows:

(i) $ 2,141.3 million loss corresponding to financial interest, up 266% from the $ 584.8 million loss in fiscal year 2017 as a result of an increase in the financial debt generated by investment projects.

(ii) $ 10,558.4 million gain generated by other financial results, compared with a $ 856.2 million loss for fiscal 2018. This variation corresponds mainly to RECPAM recorded as a result of the application of adjustment for inflation.

(iii) $ 14,791.7 million loss due to net exchange differences, reflecting an increase of $ 14,334.0 million compared with the $ 457.7 million in the previous fiscal year.

Income (loss) before tax:

During the year ended December 31, 2018, the Company reported loss before tax of $ 2,863.4 million, as against $ 252.4 million loss in the previous year, which accounted for an increase in the loss of $ 2,611.2 million.

Income tax for the year ended December 31, 2018 amounted to a $ 466.4 million profit, compared to $ 529.1 million profit in the previous fiscal year.

Net income:

The net result for the fiscal year ended December 31, 2018 was a loss of $ 2,397.0 million, compared with a $ 276.7 million gain in fiscal year 2017, accounting for a $ 2,673.7 million decrease.

2. Equity figures comparative with the previous fiscal year:
(in millions of pesos)

	2018	2017
Non-current Assets	31,206.5	17,153.1
Current Assets	5,433.2	3,541.3
Total Assets	**36,639.7**	**20,694.4**
Owners of the parent	6,562.4	4,035.3
Non-controlling interest	626.7	211.0
Total Equity	**7,189.1**	**4,246.3**
Non-Current Liabilities	22,329.7	12,819.5
Current Liabilities	7,120.9	3,628.6
Total Liabilities	**29,450.6**	**16,448.1**
Total Equity and Liabilities	**36,639.7**	**20,694.4**

3. Breakdown of P&L presented comparatively with the previous fiscal year:
(in millions of pesos)

	2018	2017
Ordinary operating income	3,480.9	1,625.3
Financial results	(6,344.4)	(1,877.6)
Ordinary net profit/(loss)	**(2,863.4)**	**(252.4)**
Income tax	466.4	529.1
Income from continuing operations	**(2,397.0)**	**276.7**
Discontinued operations	-	-
Income/(loss) for the period	**(2,397.0)**	**276.7**
Other comprehensive income	3,982.2	(1.9)
Total comprehensive income	**1,585.1**	**274.8**

4. Cash flow figures comparative with the previous fiscal year:
(in millions of pesos)

	2018	2017
Cash flows provided by operating activities	941.2	3,329.3
Cash flows (used in) investment activities	(2,575,0)	(6,511.0)
Cash flows provided by financing activities	1,966.9	2,263.6
Increase/ (Decrease) in cash and cash equivalents	**333.1**	**(918.1)**

5. Ratios presented comparatively with the previous year:

	2018	2017
Liquidity (1)	0.76	0.98
Solvency (2)	0.22	0.25
Tied-up capital (3)	0.85	0.83
Indebtedness ratio (4) (*)	4.29	5.01

(1) Current Assets / Current Liabilities
(2) Equity / Total Liabilities
(3) Non-current Assets / Total Assets
(4) Financial debt/annualized EBITDA (**)

(*) According to the guidelines in the prospectus of the International Bond for calculation of the indebtedness ratio, at December 31, 2018, that ratio totaled 4.29.
(**) Amounts not covered in the Audit Report.

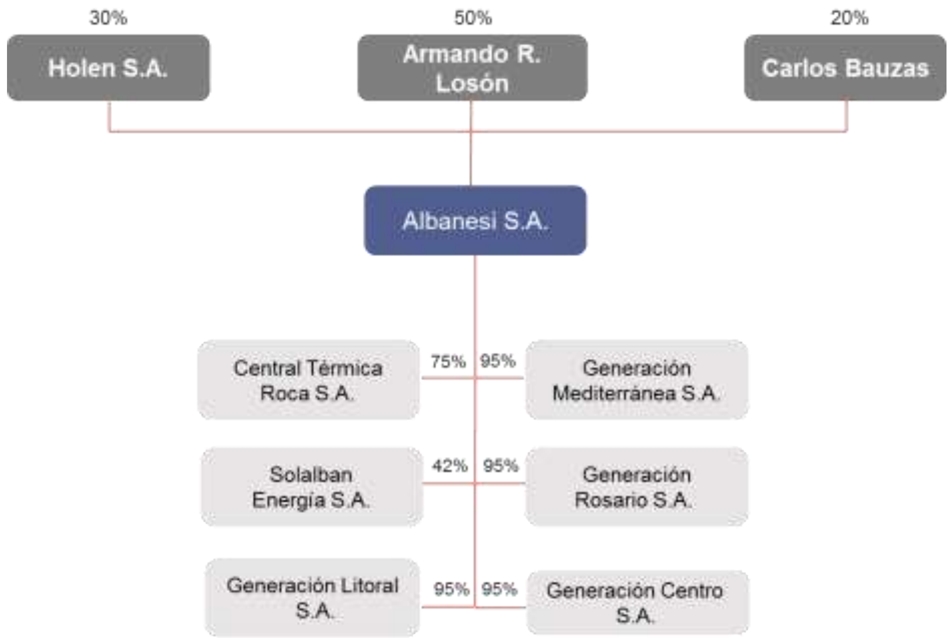
3.6 Statement of income in historical pesos

Below is a detail of the Statement of Income for the fiscal year ended December 31, 2018, stated in historical pesos:

	12.31.18
Sales revenue	6,957,096,905
Cost of sales	(3,187,521,833)
Gross income	**3,769,575,072**
Selling expenses	(39,813,337)
Administrative expenses	(264,903,150)
Income from interests in associates	(10,994,085)
Other operating income	108,476,003
Other operating expenses	(222,536,212)
Operating profit/(loss)	**3,339,804,291**
Financial income	75,945,585
Financial expenses	(1,852,166,576)
Other financial results	(11,512,177,048)
Financial results, net	**(13,288,398,039)**
Profit/(loss) before taxes	**(9,948,593,748)**
Income tax	2,278,031,832
(Loss) / Profit for the period	**(7,670,561,916)**
Other Comprehensive Income	
these items will not be reclassified under income	
Revaluation of property, plant and equipment	12,198,439,086
Pension plan	(2,815,922)
Impact on income tax	(3,049,456,021)
Other comprehensive income for the period	**9,146,167,143**
Comprehensive income / (loss) for the period	**1,475,605,227**

4. OWNERSHIP STRUCTURE

The structure of the organization is shown in the following table



Holen S.A., Armando Losón and Carlos Bauzas hold the remaining 5% in GEMSA, GROSA, Generación Litoral S.A. and Generación Centro S.A.

Share Capital

At December 31, 2018, the Company's capital was made up of 64,451,745 ordinary, book-entry, non-endorsable shares of $ 1 par value each, and entitled to 1 vote per share, distributed as follows:

•	Armando Roberto Losón	50 %	(32,225,873 shares)
•	Holen S.A.	30 %	(12,890,348 shares)
•	Carlos Alfredo Bauzas	20 %	(19,335,524 shares)

Following the merger with takeover process described in point 3.6 of this Annual Report, the Company, through the decision of the Extraordinary General Shareholders' Meeting held on October 18, 2017 increased the share capital from $62,455,160 to $ 64,451,745 through the issue of 1,966,585 new ordinary registered shares with a face value of $1 and one vote each. The Shareholders´ Meeting referred to approved the delegation to the Board of Directors of the Company, under the terms of article 188 of the Commercial Company Law, of the decision relating to the date of issue of the 1,966,585 new shares corresponding to the capital increase, and their delivery to the shareholders of the absorbed companies. To this end, the issue of the shares referred to was approved by resolution of the Minutes of the Board of Directors dated January 11, 2018, and the corresponding entry was recorded on the Company's Share Registry Book No. 1.

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.

Decisions that are considered significant and/or relevant in terms of their magnitude and/or amount involved relating to the administration of the Company's activities are made directly by the Board of Directors in a meeting specially convened for this purpose. When required in specific cases, the decision will be made by a specially convened extraordinary Shareholders' Meeting. All the decisions by the Shareholders' Meeting on the events that took place in 2018 have been taken unanimously, while those related to the Board have been taken holding the majority as set forth in the Bylaws.

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 2019

5.1 Outlook for the Electricity Generation Market

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.

The bids for renewable energies awarded will contribute a nominal power of 2,400 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 421/2016.

The regulatory activity in 2018 remained almost unchanged until midyear, when the new Minister of Energy, subsequently the Energy Government Secretariat, promoted flexible schemes for the direct hiring of natural gas by thermal generators, reducing the reference price of natural gas that would be recognized in the payments of electricity supplied by them.

Further, bidding systems were established by CAMMESA for the purchase of natural gas in the context of oversupply of that fuel, which reduced the average prices and the entity's deficit.

The availability of current generating units is supported by the addition of many new units acquired under long-term contracts, whether thermal or nuclear, as well as renewable units in 2019 and 2020. This investment process together with the moderate growth in demand in the last three years has set an adequate level of generating reserves to meet expected demand.

Despite the significant reduction in value of the Argentine peso of over 50%, CAMMESA honored all its long-term contracts meeting the economic and financial conditions, and making the payments at the free exchange rate for prices agreed upon in dollars. The same occurred with the payments fixed by Resolution 19/2017 to generators without contracts. The fact of having strictly fulfilled the contractual conditions and made the payments in accordance with prevailing regulations is not a minor detail in such a complex year as 2019.

The outlook for business operations is favorable for modern thermal 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 after fulfilling the agreed-upon business conditions, even under the unfavorable situation faced in 2018 with decreasing fuel imports.

The absence of a greater hydroelectric power supply over the next 5 years provides a favorable outlook in terms of thermal unit dispatches mitigated by the addition of new units for the generation of renewable energy sources in a context of potential growing demand for electricity by 2020, once economic growth has been resumed, following the impact in 2018 and 2019.

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

Following years of deterioration of the different Energy Sector variables, the present scenario and the outlook are auspicious, despite the strong challenges faced in 2018 and the existing financial restrictions. Further, the Government is still to issue policies that will fully regularize the energy sector to maintain the operations and financial health of the generating sector.

The policies currently implemented by the Argentine 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 growth momentum in electricity demand.

5.2 Company Outlook for Fiscal Year 2019

Electric power

Company’s management expects to continue operating and normally maintaining the various generating units to maintain high levels of availability in 2019. The fact of introducing more efficient group machines to the Electricity System would imply obtaining higher levels of dispatch, and thus, increasing the generation of electricity with fuel provided by CAMMESA, and in some cases with its own fuel.

Financial Position

During the current year, the Company's objective is ensuring financing to make progress with the investment works described according to the budgeted schedules.

6. DISTRIBUTION OF PROFITS

In Compliance with the prevailing legal provisions, the Board of Directors of the Company informs that the result for the year is a loss of $2,139,316,550. Since there are no accumulated losses and the Company does not fall with the scope of section 206 of Law No. 19550 on mandatory capital reduction, the Board of Directors proposes that accumulated losses be carried forward to the next fiscal year.

7. ACKNOWLEDGEMENTS

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

City of Buenos Aires, March 8, 2019

THE BOARD OF DIRECTORS

Albanesi S.A.

REPLIES - EXHIBIT IV - Annual report for the fiscal year ended 12.31.18

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. Nevertheless, the Code of Ethics and Conduct approved by Minutes of the Board of Directors' Meeting dated August, 16, 2018 contains provisions on this matter in section 16. It also establishes that they are to be reported, for which purposes a Conflict of Interest Record has been created on the Company's intranet.
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 August 16, 2018. Section 18 of the Code, called "Prohibition on use or disclosure of relevant information" establishes a prohibition on the use and/or disclosure of relevant and/or confidential information. The Code is on the Company's

				websitehttp://www.albanesi.com.ar/programa-integridad.php
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		The Code of Corporate Governance was approved by Minute of the Board of Directors' Meeting dated April 25, 2016. The Company has a Code of Ethics and Conduct approved by Minutes of the Board of Directors' Meeting dated August 16, 2018.
II.1.1.4		X		Management-level personnel in the subsidiaries are selected based on the operating needs of the organization. They are confirmed by the Human Resources Strategic Committee that meets weekly. The members of the Committee are the president, CFO, Energy and Gas Directors and the Corporate HR Manager. They define the HR policies and practices for the medium and long term. The remuneration of high management-level executives is monitored through general market surveys with specific cut-off points by sector to ensure internal equity and external competitiveness.
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 a Human Resources Policies and Procedures Manual by Minutes of the Board of Directors' Meeting dated April 25, 2016.
II.1.1.7		X		The aspects referred to the social corporate responsibility were addressed in the Human

				Resources Policies and Procedures Manual approved by Minutes of the Board of Directors' Meeting dated April 25, 2016. 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 currently submitted to the consideration of the Board of Directors. The Company has a Code of Ethics and Conduct approved by Minutes of the Board of Directors' Meeting dated August 16, 2018, as well as a Report Line, an Integrity Program and Anti-corruption Policy. The Company has implemented a plan for the segregation of duties and approval of critical transactions.
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 has a continuous training program for the directors and managerial executives. As part of the Company's course of business, the Board of Directors implements general and/or specific updating and training actions according to the specific needs that may arise in the exercise of their functions and responsibilities.
II.1.2				There are no further policies implemented.
II.1.3		X		Although the Company does not have a specific policy, it has various mechanisms to provide information to its Directors and Managers well in advance, to keep them updated at the time of decision-making. These mechanisms basically include the drafting of the following reports by the Company’s management divisions and its subsidiaries: 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 has 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 has 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 respective management division prepares the Operations, Maintenance, Environmental and Safety Report of the companies controlled by the Issuer. 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 which is conducted by the Human Resources Department and approved by the Board of Directors.
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 Company's By-laws. There are no Rules of Procedure for the operation of the Board of Directors.
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 Shareholders' Meeting that dealt with this issue was held on April 19, 2018.
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 place its shares for public offering, the Company does not consider it necessary to have independent Directors.
II.4.2			X	In conformity with the shareholders agreement entered into on April 26, 2012 and its amendment of March 30, 2015 between Armando R. Losón, Carlos Alfredo Bauzas and Holen S.A., the Board of Directors of ASA, a company belonging to Grupo Albanesi, must be composed of at least five (5) and a maximum of nine (9) regular directors. The Board of Directors of ASA, currently composed of six members in conformity with the shareholders agreement, has been designated according to the following procedure: (i) four (4) members were designated by Armando R. Losón, including the Chairman; (ii) one (1) member by Carlos Alfredo Bauzas; and (iii) one (1) member by Holen S.A. The shareholders agreement also sets out the

				number of directors that each shareholder must designate when the Board of Directors of ASA is composed of a higher or lower number of directors, and those proportions should be observed also in the case of the designation of deputy directors.
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 it 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		In the area of Training, a Management Capabilities Development Program has been developed to strengthen the capabilities of Human Capital. This bimonthly program, which is divided into 10 modules of 8 hours each, focuses on matters such as effective communication, leadership, teamwork and time management. At the intersection between

				two modules, managers have a chance to have coaching sessions with the trainers, which allow them to assimilate the contents of the training in real situations in the performing of their functions. This program will continue throughout 2019.
II.7.2	X			Management recommends and encourages the ongoing training of its members through the financing and participation in specific updating and training courses organized by universities and specific entities. This ensures the development of technical capabilities of Company personnel, enabling them to perform effectively in the face of technological changes and new contents in their jobs.
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 companies controlled by the Issuer have risk management systems covering all necessary issues for comprehensive management of the risks inherent in environment, compliance with regular audits, security, as well as predictive and preventive maintenance. In addition, the Board addresses all matters relating to risk management.
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 of the Company's subsidiaries; the Environmental Management System establishes the necessary measures to prevent and, where necessary, mitigate those risks. Performance results are evaluated by the Board of Directors. In addition, the Board addresses all matters relating to risk management.
III.3			X	Not applicable, since the Issuer is an investment company that only has equity interests in other entities. Subsidiaries have a specific division that handles the Risk Management System and specific areas for

				maintenance, environment and safety reporting to each subsidiary’s Plant Management. In addition, the Board addresses all matters relating to risk management.
III.4			X	Not applicable, since the Issuer is only a holding company. However, in the case of its subsidiaries, the documentation for the Environmental Management System (planning, procedures, records) is defined by the area that administers the Environmental Management System. 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 by the subsidiaries as required by regulations in effect for all power plants in the Wholesale Electric Market (WEM). In addition, the Board addresses all matters relating to risk management.
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. In addition, the Board addresses all matters relating to risk management.
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	The Board of Directors holds quarterly informative meetings with the shareholders.
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 2018 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.
V.2.3	X			Minority shareholders have no restrictions on proposing matters to be dealt with at Shareholders' Meetings.

V.2.4			X	Considering the Company's closed structure, it is not deemed necessary to have a policy that encourages the participation of the shareholders in particular.
V.2.5			X	All Directors, after being proposed by the shareholders and designated, undertake to observe the Corporate Governance Code and the Code of Ethics and Conduct.
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.
Recommendation V.5: Encouraging the share dispersion of the Issuer.				Not applicable because its shares are not publicly offered to investors and therefore they are not listed for trading on the market.
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 13 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 has permitted 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 Shareholders' Meeting held to deal with the annual financial statements, according to the parameters established by article 10 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 on 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	In 2018, ratifying our decision to work on UN's Sustainable Development Goal No.4, we have launched our Sustainable Development Policy containing three axes for integrating all actions we have carried out in recent years. AXIS 1 Actions with entities from the 3rd sector, aimed at developing competencies providing real work opportunities. AXIS 2 Actions with the formal education system, aimed at encouraging work culture and insights into the work environment through the articulation of contents. AXIS 3 Activity groups and training aimed at developing specialization skills to improve employment opportunities in job exchanges in each region.
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 it 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		The creation of a compensation structure by salary levels was approved in the second half of 2018, which will be designed with an External Consultancy Firm. Led by Human Resources and with the participation of line staff, the contents of work positions and their valuation will be defined to allow for the adequate payment practices in terms of internal equity and external competitiveness. The project was launched in November 2018 and a kick off meeting is expected for the second quarter of 2019.
PRINCIPLE VIII. ENCOURAGE BUSINESS ETHICS				
Recommendation VIII: Ensuring ethical conduct at the Issuer.				
VIII.1		X		The Issuer has a Code of Ethics and Conduct approved by Minutes of the Board of Directors' Meeting dated August 16, 2018, which establishes the obligation to act ethically and in a responsible manner in daily tasks, as well as the behavior adopted in each circumstance.
VIII.2		X		In conformity with the Code of Ethics and Conduct mentioned in point VIII.1, any consultation should be first filed with the

				immediate higher official, the Human Resources Corporate Manager and the Ethics Committee, in that order. However, in accordance with section 7. "Ethics Line - Ethics Committee", a line has been created for channeling confidential claims, which may be reported anonymously. Section 8 describes how potential violations of the Code, if any, will be investigated.
VIII.3		X		Article 7 of the Code of Ethics and Conduct has created a report line using various channels (website, telephone, e-mail) which will confidentially receive and evaluate reports. Reports may be anonymous and accessible to third parties. Also, protection for whistle-blowers against retaliation is also contemplated, as well as internal investigation procedures led by the Ethics Committee, once a report on a possible violation of the Code has been received.
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.

Albanesi S.A.

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President
Armando Losón (h)

1st Vice-President
Guillermo G. Brun

2nd Vice-President
Julián P. Sarti

Full Directors
Carlos A. Bauzas
Sebastián A. Sánchez Ramos
Oscar C. De Luise

Alternate Directors
José L. Sarti
Juan G. Daly
María de los Milagros D. Grande
Ricardo M. Lopez
Romina S. Kelleyian

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

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

Albanesi S.A.

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Consolidated financial statements

For the fiscal year No. 26 commenced January 1, 2018
and ended December 31, 2018
presented in comparative format
Stated in pesos

Corporate name:	Albanesi S.A.
Legal address:	Av. L.N. Alem 855, 14th floor - City of Buenos Aires
Main business activity:	Investing and financial activities
Tax Registration Number:	30-68250412-5

Dates of registration with the Public Registry of Commerce:

Bylaws or incorporation agreement:	June 28, 1994
Latest amendment:	February 23, 2018
Registration with the Superintendency of Commercial Companies under number:	6,216 of Book 115, Volume A of Corporations
Expiration of bylaws or incorporation agreement:	June 28, 2093

CAPITAL STATUS (see Note 15)			
Shares			
Number	**Type**	**Number of votes per share**	**Subscribed, paid-in and registered**
			$
64,451,745	Ordinary, registered, non-endorsable FV $1	1	64,451,745

Albanesi S.A.

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

Consolidated statement of financial position
At December 31, 2018 and 2017
Stated in pesos

	Notes	12.31.2018	12.31.2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	**7**	30,616,912,585	16,479,137,517
Investments in associates	**9**	251,970,678	551,804,554
Investments in other companies		129,861	191,733
Deferred tax assets	**23**	76,339,009	17,075,763
Income tax credit balance		1,528,876	-
Other receivables	**12**	112,990,525	102,409,644
Trade receivables	**13**	146,628,223	2,508,132
Total non-current assets		**31,206,499,757**	**17,153,127,343**
CURRENT ASSETS			
Inventories	**10**	131,180,658	91,673,887
Income tax credit balance, net		392,572	-
Available-for sale assets	**11**	1,546,794,155	-
Other receivables	**12**	1,015,469,449	1,556,614,685
Trade receivables	**13**	1,883,340,307	1,733,665,272
Other financial assets at fair value through profit or loss		306,844,000	14,220,416
Cash and cash equivalents	**14**	549,174,265	145,130,413
Total current assets		**5,433,195,406**	**3,541,304,673**
Total Assets		**36,639,695,163**	**20,694,432,016**

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

Consolidated Statement of Financial Position (Cont'd)
At December 31, 2018 and 2017
Stated in pesos

	Notes	12.31.2018	12.31.2017
EQUITY			
Share capital	**15**	64,451,745	62,455,160
Capital Adjustment		130,598,466	125,503,775
Legal reserve		21,225,591	8,073,030
Optional reserve		708,781,689	186,117,451
Special reserve - General Resolution 777/18		2,540,320,852	2,540,320,852
Technical revaluation reserve		3,674,954,428	-
Other comprehensive income		(8,811,248)	(8,089,719)
Unappropriated retained earnings		(569,162,739)	1,120,917,794
Equity attributable to the owners		**6,562,358,784**	**4,035,298,343**
Non-controlling interest		**626,733,889**	**211,029,630**
Total Equity		**7,189,092,673**	**4,246,327,973**
LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions	**20**	4,484,621	10,933,223
Deferred tax liabilities	**23**	2,572,352,947	1,255,656,267
Other debts	**18**	1,160,602	9,773,301
Defined benefit plan	**24**	23,325,803	16,931,148
Loans	**19**	18,562,801,524	10,370,145,010
Trade payables	**17**	1,165,584,339	1,156,080,392
Total non-current liabilities		**22,329,709,836**	**12,819,519,341**
CURRENT LIABILITIES			
Other debts	**18**	31,240,895	414,505,755
Social security debts	**21**	66,724,947	22,841,910
Defined benefit plan	**24**	6,428,356	144,452
Loans	**19**	4,004,674,109	1,081,259,709
Income tax, net		33,299,255	13,917,574
Tax payables	**22**	18,143,028	39,261,394
Trade payables	**17**	2,960,382,064	2,056,653,908
Total current liabilities		**7,120,892,654**	**3,628,584,702**
Total Liabilities		**29,450,602,490**	**16,448,104,043**
Total liabilities and shareholders' equity		**36,639,695,163**	**20,694,432,016**

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

Albanesi S.A.

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

Consolidated Statement of Comprehensive Income
For the fiscal years ended December 31, 2018 and 2017
Stated in pesos

	Notes	12.31.2018	12.31.2017
Sales revenue	**26**	8,279,925,012	4,491,631,849
Cost of sales	**27**	(4,056,877,512)	(2,786,291,906)
Gross income		**4,223,047,500**	**1,705,339,943**
Selling expenses	**28**	(45,809,409)	28,594,750
Administrative expenses	**29**	(305,429,376)	(155,881,286)
Income from interests in associates	**9**	(291,178,585)	20,250,840
Other operating income	**30**	254,622,730	26,958,167
Other operating expenses	**31**	(354,041,488)	-
Operating income		**3,481,211,372**	**1,625,262,414**
Financial income	**32**	108,755,674	149,076,941
Financial expenses	**32**	(2,220,089,581)	(712,798,569)
Other financial results	**32**	(4,233,317,742)	(1,313,902,801)
Financial results, net		**(6,344,651,649)**	**(1,877,624,429)**
Income/(loss) before taxes		**(2,863,440,277)**	**(252,362,015)**
Income tax	**23**	466,394,162	529,066,415
(Loss) / income for the year		**(2,397,046,115)**	**276,704,400**
Other comprehensive Income Revaluation of property, plant and equipment		5,310,545,536	-
Pension plan	**24**	(970,677)	(1,484,353)
Impact on income tax		(1,327,393,718)	(441,297)
Other comprehensive income for the year		**3,982,181,141**	**(1,925,650)**
Comprehensive income for the year		**1,585,135,026**	**274,778,750**

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

Consolidated Statement of Comprehensive Income (Cont'd)
For the fiscal years ended December 31, 2018 and 2017
Stated in pesos

	Note	12.31.2018	12.31.2017
(Loss) / income for the year attributable to:			
Owners of the company		(2,139,316,550)	263,476,945
Non-controlling interest		(257,729,565)	13,227,455
Comprehensive income for the year attributable to:			
Owners of the company		1,534,916,349	261,647,578
Non-controlling interest		50,218,677	13,131,172
(Loss) / earnings per share attributable to the owners of the Company			
Basic and diluted (loss) / earnings per share	**33**	(33.19)	4.22

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

Albanesi S.A.

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

Consolidated Statement of Changes in Equity

For the fiscal years ended December 31, 2018 and 2017

Stated in pesos

	Attributable to shareholders										
	Shareholders' contributions		Retained earnings							Non-controlling interest	Total equity
	Share capital (Note 15)	Capital Adjustment	Legal reserve	Optional reserve	Special reserve - General Resolution 777/18	Technical revaluation reserve	Other comprehensive income	Unappropriated retained earnings	Total		
Balances at December 31, 2016	**62,455,160**	**125,503,775**	**3,579,909**	**-**	**2,540,320,852**	**-**	**(6,260,352)**	**1,048,051,421**	**3,773,650,765**	**197,857,274**	**3,971,508,039**
As resolved by Ordinary Shareholders' Meeting held on April 18, 2017.											
- Legal reserve			4,493,121	-			-	(4,493,121)	-	-	-
- Optional reserve				186,117,451			-	(186,117,451)	-	-	-
Contributions from non-controlling interest				-			-	-	-	41,184	41,184
Reversal of technical revaluation reserve Other comprehensive income				-			(1,829,367)	-	(1,829,367)	(96,283)	(1,925,650)
Income for the year				-			-	263,476,945	263,476,945	13,227,455	276,704,400
Balances at December 31, 2017	**62,455,160**	**125,503,775**	**8,073,030**	**186,117,451**	**2,540,320,852**		**(8,089,719)**	**1,120,917,794**	**4,035,298,343**	**211,029,630**	**4,246,327,973**
Addition due to merger as from January 1, 2018 (Note 41)	1,996,585	5,094,691	589,572	14,420,202			-	970,043,042	992,144,092	366,917,422	1,359,061,514
As resolved by Ordinary Shareholders' Meeting held on April 18, 2018.											
- Legal reserve			12,562,989	-		-	-	(12,562,989)	-	-	-
- Optional reserve				508,244,036		-	-	(508,244,036)	-	-	-
Dividends attributable to the non-controlling interest				-		-	-	-	-	(1,431,840)	(1,431,840)
Reversal of technical revaluation reserve Other comprehensive income				-		- 3,674,954,428	(721,529)	-	3,674,232,899	307,948,242	3,982,181,141
Loss for the year				-		- -	-	(2,139,316,550)	(2,139,316,550)	(257,729,565)	(2,397,046,115)
Balances at December 31, 2018	**64,451,745**	**130,598,466**	**21,225,591**	**708,781,689**	**2,540,320,852**	**3,674,954,428**	**(8,811,248)**	**(569,162,739)**	**6,562,358,784**	**626,733,889**	**7,189,092,673**

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

Albanesi S.A.

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

Consolidated Statement of Cash Flows

For the fiscal years ended December 31, 2018 and 2017

Stated in pesos

	Notes	12.31.18	12.31.17
Cash flows of operating activities:			
(Loss) Profit for the year		(2,397,046,115)	276,704,400
Adjustments to arrive at net cash flows provided by operating activities:		-	-
Income tax		(466,394,162)	(529,066,415)
Income/(loss) from investments in associates	**9**	291,178,585	(20,250,840)
Depreciation of property, plant and equipment	**7 and 27**	1,351,356,104	559,400,768
Present value of receivables and debts		49,410,990	5,555,945
Decrease in provisions	**20**	(2,920,448)	(2,554,974)
Allowance for bad debts		-	(113,493)
Provisions for directors' fees		-	48,837,385
Impairment of assets		-	2,145,174,484
Income/Loss from changes in the fair value of financial instruments	**31**	(826,561,438)	(105,534,845)
Interest, exchange difference and other		15,554,395,972	(870,240,757)
RECPAM (PPP)		(8,442,899,253)	(1,368,420,774)
Debt forgiveness	**30**	(250,310,154)	-
Accrual of benefit plans	**24**	18,751,145	628,852
Changes in operating assets and liabilities:			
Decrease/(Increase) in trade receivables		101,684,188	(238,855,298)
Decrease/(Increase) in other receivables (1)		150,152,150	876,780,731
(Increase) in inventories		(44,707,197)	(44,451,412)
Decrease/(Increase) in trade payables		(3,877,570,133)	924,154,504
Decrease/(Increase) in other payables		(237,535,971)	437,243,608
Decrease/(Increase) in social security charges and taxes		(7,943,272)	215,430,913
Payment of income tax		(20,140,952)	(3,380,510)
Cash flows (used in) provided by operating activities		**941,155,566**	**2,286,681,245**
Cash flows of investment activities:			
Cash added through merger		143,635,498	-
Collection of dividends		8,606,437	9,802,007
Payments for purchase of property, plant and equipment	**7**	(2,472,827,819)	(4,404,808,944)
Payments for purchase of assets for sale		(955,189,885)	-
Redemption of mutual funds		31,358,000	138,540,014
Collection of financial instruments		714,718,250	29,224,783
Loans granted		(45,337,398)	(29,018,359)
Cash flows (used in) provided by investment activities		**(2,575,036,917)**	**(4,241,131,211)**
Cash flows of financing activities:			
Payment of loans	**19**	(6,351,294,961)	(6,351,294,961)
Payment of interest	**19**	(2,011,934,450)	(2,927,935,556)
Borrowings	**19**	10,330,161,374	10,330,161,374
Cash flows (used in) provided by financing activities		**1,966,931,963**	**1,036,314,177**
INCREASE/(DECREASE) OF CASH AND CASH EQUIVALENTS		**333,050,612**	**(918,135,789)**
Cash and cash equivalents at beginning of year		145,130,413	979,914,104
RECPAM		(46,833,621)	2,423,810
Financial results of cash and cash equivalents		117,826,864	80,928,288
Cash and cash equivalents at year end	**14**	549,174,268	145,130,413
		333,050,612	**(918,135,789)**

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

1) Includes advances to suppliers for the purchase of property, plant and equipment for $ 540,575,635 at December 31, 2018 and $ 226,321,850 at December 31, 2017, respectively.

Albanesi S.A.

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

Consolidated Statement of Cash Flows (Cont'd)
For the fiscal years ended December 31, 2018 and 2017
Stated in pesos

Material transactions not entailing changes in cash

	Notes	12.31.2018	12.31.2017
Acquisition of property, plant and equipment not yet paid	**7**	(56,941,618)	(21,518,050)
Advances to suppliers applied to the acquisition of property, plant and equipment	**7**	(25,680,806)	-
Other comprehensive income for the year		3,982,181,141	(1,829,367)
Acquisition of assets for sale financed by suppliers Financial costs capitalized in property, plant and equipment	**7**	(96,359,278) (914,134,250)	(845,644)
Issue of negotiable obligations paid up in kind	**19**	-	916,001,106
Assignment of credits with directors to RGA		-	34,674,666
Directors' fees offset against other receivables		32,590,458	-
Dividends applied to the non-controlling interest and offset		1,431,840	-
Inclusion of balances due to merger (Note 41)			
Assets			-
Property, plant and equipment		2,680,359,946	
Deferred tax assets		1,163,688	-
Other receivables		282,380,131	-
Inventories		20,322,775	-
Other financial assets at fair value through profit or loss		29,676,880	-
Income tax credit balance, net		1,097,695	-
Trade receivables		320,005,184	-
Total assets		3,335,006,299	-
Liabilities Deferred tax liabilities, net		(194,060,766)	-
Loans		(2,356,005,292)	-
Other liabilities		(5,314,572)	-
Tax payables		(6,651,866)	-
Social security debts		(1,951,921)	-
Trade payables		(278,536,907)	-
Total liabilities		(2,842,521,324)	-
Equity attributable to the owners		(425,648,029)	-
Non-controlling interest		(166,402,774)	-
Cash added as a result of the merger		(99,565,828)	-

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

Stated in pesos

NOTE 1: GENERAL INFORMATION

The Company was established in 1994 as investment and financing company. Through its subsidiaries and related entities, ASA has invested in the energy market, in the power generation and commercialization segment.

Albanesi Group, through ASA and its related company AESA, is engaged in the generation and sale of electricity and has focused on the gas transportation and sale business through RGA.

In recent years, the main strategy of Albanesi Group has been focused on achieving vertical integration, drawing on its vast experience and reputation in the natural gas sale market (obtained through RGA), with the subsequent addition of the electric power generation business. This approach seeks to capitalize the value added from the purchase from large gas producers in all the basins in the country to its transformation and sale as electric power.

Below is a detail of the participation of ASA in each company.

Companies	Country of creation	Main activity	% of participation in	
			12.31.2018	12.31.2017
CTR (1)	Argentina	Electric power generation	75%	-
GECEN (2)	Argentina	Electric power generation	95%	95%
GLSA	Argentina	Electric power generation	95%	95%
GMSA	Argentina	Electric power generation	95%	95%
GROSA	Argentina	Electric power generation	95%	95%
Solalban Energía S.A.	Argentina	Electric power generation	42%	42%

(1) Company merged under the merger through absorption process, as described in Note 41.

(2) On August 27, 2018, ASA's board of directors has appointed GECEN as a Non-Restricted Subsidiary under the terms of the Indenture under the International Bond guaranteed by the Company and issued by GMSA and CTR, which means that its creditors have no right of recourse against ASA or its subsidiaries.

Albanesi Group had at the date these consolidated financial statements were signed a total installed capacity of 1,520 MW, representing 6.1% of the total installed thermoelectric capacity in Argentina, it being expanded with additional 375 MW, and with all the new projects awarded currently under way.

RGA is the largest company engaged in the sale of gas and in the provision of energy supply services to industries and thermal power plants.

Furthermore, in 2017 ASA (merging and continuing company) has been part of a merger process in which AISA was merged. The final merger agreement was signed on November 21, 2017, which set January 1, 2018 as the effective date of the merger. The CNV approved the merger on January 11, 2018 and is pending registration with the Superintendency of Commercial Companies; at the date of issue of these consolidated financial statements, neither ASA nor AISA had received notice confirming registration with that Public Registry. (Note 41).

In 2015, ASA entered the capital markets. On November 20, 2015, it obtained authorization to enter the public offering system and create a program of Simple Negotiable Obligations (not convertible into shares) of up to USD 100,000,000 or its equivalent in other currencies, in one or more classes or series. Thus, the Company issued Class I Negotiable Obligations for $ 70 million on December 29, 2015; Class II Negotiable Obligations for $ 220 million on October 25, 2016; and Class III Negotiable Obligations for $ 256 million on June 15, 2017.

NOTE 1: GENERAL INFORMATION (Cont'd)

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 into shares. On July 27, 2016, Negotiable Obligations were issued for USD 250 million and on December 5, 2017 additional Negotiable Obligations for USD 86 million were issued, both falling due on July 27, 2013. Both issuances are unconditionally and fully guaranteed by ASA.

On August 8, 2017, through the Extraordinary Shareholders' Meeting of ASA, the creation of a program was approved for the co-issuance of simple negotiable obligations not convertible into shares with CTR for a total outstanding nominal value of up to USD 100,000,000 (US Dollars one hundred million) or its equivalent in other currencies.

Below is a detail of the most important information for each of the thermal power plants operated by the subsidiaries of ASA:

Central Térmica Modesto Maranzana:

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

In October 2008, GMSA completed the first stage of the project to enlarge the Power Plant. To this end, two new FT8-3 SwiftPac 60 PWPS aero-derivative gas turbines of 60 MW were installed and put into operation. Each has two aero-derivative gas turbines of 30 MW that transmit their power to a single generator thus offering great flexibility in the operation.

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

On March 28, 2016, GMSA signed an agreement with Siemens Industrial Turbomachinery AB for CTMM for the provision and assembly of two Siemens SGT-800 turbines of 50 MW nominal each. This enlargement was made under an agreement signed pursuant to ES Resolution 220/07. On July 6, 2017, the two Siemens SGT-800 turbines were put into commercial operation in the WEM. Thus, the installed capacity of the Power Plant increased from 250 MW to 350 MW.

Through EES Resolution No. 287 - E/2017 dated May 10, 2017, the Electric Energy Secretariat instructed CAMMESA to call for tenders for new thermal generation of closure of the combined cycle technology and co-generation, with the commitment to be available to meet demand in the WEM.

GMSA participated in the invitation and was awarded with two projects for the closure of the combined cycle through EES Resolution No. 926 – E/2017.

NOTE 1: GENERAL INFORMATION (Cont'd)

Central Térmica Modesto Maranzana (Cont'd)

One of those projects is the closure of the combined cycle of the TG06 and TG07 units at CTMM, located in Río Cuarto, Province of Córdoba. The project consists in the installation of a new 54 MW Siemens SGT800 gas turbine (with a guaranteed power of 47.5 MW) and the conversion into combined cycle of the three gas turbines (3x1 configuration). For such conversion, a recovery boiler will be installed at the gas turbines exit, which will produce steam in two pressures to feed a SST-600 steam turbine that will deliver a further 65 MW to the network; also, the necessary infrastructure will be installed for its operation and maintenance. The project for the closure of CTMM combined cycle will enable contributing a further 112.5 MW to SADI. The addition of a new gas turbine will cause an additional demand for fuel to the system. The addition of the turbo steam machine will contribute 65 MW, without additional consumption of fuel, with the complete cycle recording a specific consumption of 1,590 kcal/kWh in the closure of the combined cycle

This project was awarded by EES Resolution No. 926 - E/2017 on October 17, 2017 and is expected to become operative in mid-2020.

GMSA and CAMMESA signed a Wholesale Demand contract for the closure of the combined cycle at the Modesto Maranzana Thermal Power Plant on December 14, 2017.

Central Térmica Independencia

Central Térmica Independencia (CTI) is located in the city of San Miguel de Tucumán, Province of Tucumán. CTI was out of service, and in 2011 Albanesi Group executed all the works necessary to install 120 MW with PWPS technology, and to refurbish the existing ancillary facilities. It obtained authorization for commercial operation on November 17, 2011.

On June 30, 2016, within the framework of the bidding process called for by the Energy Secretariat through Resolution ES No. 21, GMSA signed a Contract for Wholesale Demand for CTI for the installation of the new thermal generation capacity. The project consists in the installation of 100 MW (92 MW undertaken) in two stages.

To that end, on April 30, 2016, a contract was executed with Siemens Industrial Turbomachinery AB for the purchase of the first SGT-800 turbine of 50 MW, paying on December 2016 50% and financing the remaining 50% in 24 installments as from September 2017. On August 10, 2017, in compliance with the Contract for Wholesale Demand, authorization for commercial operation was obtained for the first stage, for a maximum power of 49.6 MW while operated with natural gas, and 46.5 MW while operated with diesel. It is connected to SADI at the transformer station (ET for its acronym in Spanish) INDEPENDENCIA 132 KV of TRANSNOA, province of Tucumán.

For this purpose, on August 9, 2016, a contract was executed with Siemens Industrial Turbomachinery AB for the purchase of a second SGT-800 turbine of 50 MW, paying on March 2017 50% and financing the remaining 50% in installments as from April 2018.

On February 1, 2018, authorization for commercial operation was obtained for the second stage, for a maximum power of 49 MW while operated with NATURAL GAS and 47 MW while operated with DIESEL.

NOTE 1: GENERAL INFORMATION (Cont'd)

Central Térmica Riojana

Central Térmica Riojana (CTRi) is located in the province of La Rioja and has 4 power generation units: Turbogrupo Fiat TG21 of 12MW, Turbogrupo John Brown TG22 of 16MW, Turbogrupo Fiat TG23 of 12MW and Turbogrupo Siemens SGT 800 TG24 of 50 MW, for which an addenda was executed with CAMMESA for the increase in the installed capacity by 50MW under ES Resolution No. 220/07.

The Turbogrupo Siemens was acquired through a contract with Siemens Industrial Turbomachinery AB signed on September 7, 2015. On May 20, 2017, the authorization for commercial operation was obtained for a maximum power of 46.68 MW while operated with natural gas and 45 MW while operated with diesel. It is connected to SADI at the ET La Rioja.

Central Térmica La Banda

Central Térmica La Banda (CTLB) is located in the province of Santiago del Estero and currently has two power generation units: Turbogrupo Fiat TG21 of 16 MW and Turbogrupo Fiat TG22 of 16 MW.

Central Térmica Frías

Central Térmica Frias (CTF) is located in the province of Santiago del Estero and has a nominal thermal power generation capacity of 60 MW through one turbine with PWPS technology, consisting of two gas turbines that transmit their mechanical power to only one generator of 60 MW. The operation of this machine consists in transforming the chemical energy of the fuel (either liquid or gas), injected into the combustion chambers, the mechanical energy that is transmitted to the generator, which performs the last conversion into electricity.

The turbine purchase agreement contemplated financing by PWPS of USD 12 million for 4 years, as from the provisional acceptance. This amount is disclosed under non-current trade payables for the equivalent to $452,400,000.

Central Térmica Ezeiza (Ezeiza Thermal Power Plant)

Central Térmica Ezeiza (CTE) is situated in the province of Buenos Aires, and has 3 Siemens SGT-800 turbines of 50 MW each. This Power Plant was created under SEE Resolution 21/2016.

The commercial operation of the TG02 and TG03 units was authorized on September 29, 2017 to operate for a total of 93 MW, with tariffs denominated in US dollars, for a term of 10 years. They are connected to SADI at the ET TORRES 132 kV in the province of Buenos Aires. Both turbines form part of the first stage of a total project for 150 MW.

For this purpose, on April 30, 2016, a contract was executed with Siemens Industrial Turbomachinery AB for the purchase of the mentioned turbines, paying on September 2016 50% and financing the remaining 50% in installments as from September 2017.

As regards the second stage of the project, on August 9, 2016, a contract was executed with Siemens Industrial Turbomachinery AB for the purchase of a third SGT-800 turbine of 50 MW, paying on March 2017 50% and financing the remaining 50% in installments as from April 2018. Authorization for commercial operation of the second stage was obtained on February 3, 2018.

NOTE 1: GENERAL INFORMATION (Cont'd)

Central Térmica Ezeiza (Cont'd)

Through EES Resolution No. 287 - E/2017 dated May 10, 2017, the Electric Energy Secretariat instructed CAMMESA to call for tenders for new thermal generation of closure of the combined cycle technology and co-generation, with the commitment to be available to meet demand in the WEM.

GMSA participated in the invitation and was awarded with two projects for the closure of the combined cycle through EES Resolution No. 926 – E/2017.

The project for the closure of CTE combined cycle will enable contributing a further 138 MW to SADI. Although the new gas turbine to be installed will consume additional fuel, the inclusion of two steam turbines will contribute a further 88 MW without additional fuel consumption, and the two full cycles will have a specific consumption of 1,590 Kcal/KWh (see Note 25).

This project was awarded under EES Resolution No. 926 - E/2017 on October 17, 2017 and is expected to become operative in 2020.

The Contract for Wholesale Demand between GMSA and CAMMESA for the closure of the combined cycle of the Central Térmica Ezeiza was signed on December 14, 2017.

Co-generation Project Arroyo Seco

Under ES Resolution No. 287/2017, the Secretariat of Energy requested bids for the installation of generation projects by means of closing open cycles and cogeneration. Within this framework, GECEN presented a cogeneration project in Arroyo Seco, Province of Santa Fe, for 100 MW power.

The Project presented by GECEN was awarded through Resolution SE 820/2017 and consists in the installation of two SGT800 Siemens gas turbines with a nominal capacity of 100 MW and a heat recovery steam generator which will generate steam using exhaust fumes from the turbine. The Company will thus generate (i) electricity that will be sold (a) under a contract signed with CAMMESA within the framework of a public bidding under EES Resolution No. 287/2017 and awarded under EES Resolution No.820/2017 for a term of 15 years, and (b) under an agreement with LDC Argentina S.A.; and (ii) steam, to be supplied to LDC Argentina S.A. for its plant in Arroyo Seco, by means of a steam and electric power generation contract.

GECEN and CAMMESA signed the Wholesale Demand contract on November 28, 2017.

In view of the macroeconomic context in May 2018, the Board of Directors of GECEN decided, as per Minutes dated September 28, 2018, to start a process for the sale of the thermal power co-generation project called Arroyo Seco. To that end, the services of a financial advisor have been hired, including assistance in the identification of prospective buyers and the steps to be followed to consummate the sale.

With the sale of this project, the necessary funds are being sought so that GECEN may defray the financial obligations it assumed exclusively within the framework of the project.

It is important to note that GECEN is a Non-restricted Subsidiary of ASA under the terms of the International Bond, which means that its creditors have no recourse against ASA or any of its subsidiaries.

NOTE 1: GENERAL INFORMATION (Cont'd)

Central Térmica Sorrento

Central Térmica Sorrento is a thermal power plant located in Rosario, province of Santa Fe, and delivers a capacity of 135 MW to the system. This capacity comprises an Ansaldo steam turbine capable of operating simultaneously with gas and fuel oil, and can be supplied by ship at the plant´s port and docking facility.

Central Térmica Roca

In 2011, Albanesi Group, 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.

The Plant, built in 1995, is an open cycle power plant equipped 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).

In October 2015, a new WEM Supply Contract was signed with CAMMESA for 55 MW under ES Resolution 220/07 to install a steam turbo unit and proceed to close the existing turbo gas unit.

CTR developed 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.

On August 4, 2018, CTR obtained authorization for commercial operation of the GE steam turbine as a generating agent for the Wholesale Electricity Market, expanding the generation capacity of the Power Plant by 60 MW.

NOTE 2: REGULATORY ASPECTS RELATED TO ELECTRICITY GENERATION

The Group's revenue from electricity generation activity derives from sales to Large Users on the Forward Market, for surplus demand for energy (ES Resolution 1281/06); from sales to CAMMESA (Compañía Administradora del Mercado Mayorista Eléctrico S.A.) under ES Resolution 220/07, and from sales under ES Resolutions 21/16 and 19/17. In addition, the excess electricity generated under the modalities of ES Resolutions No. 1281/06 and 220/07 is sold on the Spot Market, in accordance with the regulations in force in the Wholesale Electricity Market (WEM) administered by CAMMESA.

a) Regulations on Energía Plus, Resolution No. 1281/06

It provides that the existing energy sold on the Spot Market follows these priorities:

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

NOTE 2: REGULATORY ASPECTS RELATED TO ELECTRICITY GENERATION (Cont'd)

a) Regulations on Energía Plus, Resolution No. 1281/06 (Cont'd)

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

The regulation establishes that:

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

• The electricity consumed by GU300 above their Basic Demand must be hired with new generation (Energía Plus) at a price agreed upon by the parties. This may not exceed 50% of the actual demand.

• New Agents entering the system must contract 50% of their total demand under the Energía Plus service, under the same conditions as described above.

At the date of these consolidated financial statements, almost all the nominal power of 135MW available is under contract. The duration of these contracts is from1 to 2 years.

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

b) WEM Supply Contract (Resolution No. 220/07)

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

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

Sales under this modality are denominated in dollars and are paid by CAMMESA under a take or pay clause and the generated surplus is sold to the Spot Market, pursuant to regulations in effect in the WEM administered by CAMMESA.

<u>NOTE 2:</u> REGULATORY ASPECTS RELATED TO ELECTRICITY GENERATION (Cont'd)

b) Supply Contract with WEM (Resolution No. 220/07) (Cont'd)

GMSA and CAMMESA entered into various Wholesale Electric Market (WEM) supply contracts: For CTMM it agreed a power of 45 MW for TG5 and for a term of 10 years counted as from October 2010, and 89.9 MW for TG6 and 7 and a duration of 10 years counted as from July 2017; for CTI it agreed a power of 100 MW and a duration of 10 years counted as from November 2011; for CTF it agreed a power of 55.5 MW and a duration of 10 years counted as from December 2015, and for CTRi it agreed a power of 42 MW and a duration of 10 years counted as from May 2017.

Further, CTR and CAMMESA entered into a WEM supply contract for 116.7 MW, for a term of 10 years counted as from June 2012. On October 14, 2015, a new WEM supply contract for 53.59 MW was signed with CAMMESA for a term of 10 years counted as from the date of authorization for commercial operation of the agreed upon turbine. The latter contract will be supported by the conversion of the gas turbine into a combined cycle

The agreements set forth a remuneration made up of 5 components:

i) A fixed charge for power hired, affected by monthly average availability; the remunerated price is:

Thermal power plants	Fixed charge for power hired USD/MW-month	Hired power MW
CTMM TG 5	USD 16,133	45
CTI TG 1 and 2	USD 17,155	100
CTF	USD 19,272	55.5
CTMM TG 6 and 7	USD 15,930	89.9
CTRi TG 24	USD 16,790	42
CTR	USD 12,540	116.7
CTR cycle closure	USD 31,916	53.59

ii) the fixed charge recognizes transportation costs plus other costs inherent to the generating agents

iii) the variable charge associated with the energy actually provided under the contract and whose purpose is to remunerate the operation and maintenance of the Power Plant

Thermal power plants	Variable charge in USD/MWh	
	Gas	Diesel
CTMM TG 5	USD 7.83	USD 8.32
CTI TG 1 and 2	USD 7.52	USD 7.97
CTF	USD 10.83	USD 11.63
CTMM TG 6 and 7	USD 8.00	USD 10.50
CTRi TG 24	USD 11.44	USD 15.34
CTR TG01	USD 10.28	USD 14.18
CTR TV01	USD 5.38	USD 5.38

iv) a variable charge for repayment of fuel costs, all of them at reference price; and

v) a discount for penalties. These penalties are applied to the hours in which 92% of the agreed upon power has not been reached and are valued on a daily basis and according to the operating condition of the machine and the market situation.

NOTE 2: REGULATORY ASPECTS RELATED TO ELECTRICITY GENERATION (Cont'd)

c) Sales under ES Resolution No. 21/2016

Through ES Resolution No. 21/2016 dated March 22, interested generating, co-generating and self-generating agents are called for to offer new thermal generation capacity and associated energy production, with the commitment to be available at WEM during the summer periods of (2016/2017 and 2017/2018) and for the winter season of 2017.

Through EES Note No. 161/2016, the Electric Energy Secretariat made public the bidding process whereby 1000 MW of thermoelectric power was expected to be installed. Power to be installed must arise from new generation projects. Offers cannot commit, at each connection point proposed, a generation capacity lower than 40 MW total and, in turn, the net power of each generating unit forming the offer for location may not be lower than 10 MW. Equipment committed in the offers must have dual capacity of fuel consumption to operate interchangeably and consumption must not exceed 2,500 kilocalories per kWh.

Finally, through ES Resolution No. 155/2016 the first projects awarded by ES Resolution No. 21/2016 were reported among which were CTE and the enlargement of CTI.

These Supply Contracts are entered into between generating agents and CAMMESA, with a duration of 10 years or a shorter term that may exceptionally be established. The valuable consideration arises from availability of power and energy generated as established in each contract based on the costs accepted by the ES. Sales under this modality are denominated in US dollars and paid by CAMMESA.

The agreements set forth a remuneration made up of 5 components:

i) a fixed charge for hired power, affected by monthly average availability; the remunerated price is:

Thermal power plants	Fixed charge for power hired	Hired power
	USD/MW-month	MW
CTE TG 1 and 2	USD 21,900	93
CTE TG 3	USD 20,440	46
CTI TG 3	USD 21,900	46
CTI TG 4	USD 20,440	46

ii) the fixed charge recognizes transportation costs plus other costs inherent to the generating agents

iii) the variable charge associated with the energy actually provided under the contract and whose purpose is to remunerate the operation and maintenance of the Power Plant

Thermal power plants	Variable charge in USD/MWh	
	Gas	Diesel
CTE TG 1 and 2	USD 8.50	USD 10.00
CTI TG 3 and 4	USD 8.50	USD 10.00

iv) a variable charge for repayment of fuel costs, all of them at reference price; and

v) a discount for penalties. These penalties are applied to the hours in which 92% of the agreed upon power has not been reached and are valued on a daily basis and according to the operating condition of the machine and the market situation.

Revenue recognition from power under Resolution No. 21/16 has been performed according to the guidelines of IAS 17.

NOTE 2: REGULATORY ASPECTS RELATED TO ELECTRICITY GENERATION (Cont'd)

d) Sales under ES Resolution No. 19/2017

On March 22, 2013 the Energy Secretariat published ES Resolution No. 95/13 that aimed at adapting the system for the remuneration of the power generation plants not subject to special regimes, such as Energía Plus and WEM Supply Contracts.

ES Resolution No. 529/14 was published on May 20, 2014, amending and extending application of ES Resolution No. 95/13. The main change was the increase in the remuneration payable to the generators, implemented through a price increase, as well as the creation of a new item, called Remuneration for Non-recurring Maintenance.

ES Resolution No. 529/14 established that as from February 2014, commercial management and fuel dispatch would be centralized in the Dispatch Management Agency (CAMMESA). Costs associated with the operation were no longer recognized as the contractual relationships between the WEM Agents and their suppliers of fuels and related inputs became extinguished. ES Resolution No. 1281/06 (Energía Plus) was excluded from these regulations.

ES Resolution No. 482/15 was published on July 10, 2015, amending and extending application of ES Resolution No. 529/14. The main change was the increase in the remuneration payable to the generators, implemented through a price increase, as well as the creation of two new items, called “Resource for FONINVEMEM investments 2015-2018” and “Incentives for energy production and operational efficiency”.

On March 30, 2016, ES Resolution No. 22/16 was published amending ES Resolution No. 482/15 mentioned above. The main change was the increase in the remuneration payable to the generators, implemented through a price increase.

There was a 70% increase in the fixed charge remunerating available power and of 40% in the variable cost for the energy generated.

Thermal power plants	Classification	Fixed cost as per Res. No. 22 $/MWhrp
CTLB / CTRi	TG Units with Power (P) < 50 MW (small)	152.30
CTMM CC 1 and CC 2	CC Units with Power (P) < 150 MW (small)	101.20

MinEyM ES Resolution 19-E/17 was published on January 27, 2017, replacing ES Resolution No. 22/16. This resolution adapts certain remuneration criteria to economic conditions that are reasonable, foreseeable and efficient, through medium-term commitments.

The Generating Agents are excluded from this system within the framework of contracts governed by Resolutions Nos. 1281/2006, 220/2007, 21/2016, as well as any other type of WEM contract having a differential remuneration established or authorized by WEM competent authority.

Among the main changes, the remuneration is based on the Available Power and Energy generated, valued in US Dollars, simplifying their calculation.

NOTE 2: REGULATORY ASPECTS RELATED TO ELECTRICITY GENERATION (Cont'd)

d) Sales under ES Resolution No. 19/2017 (Cont'd)

The new resolution is effective from February 1, 2017.

The remuneration system basically comprises the following items:

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

   - MINIMUM price of power per technology and scale.
   - 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.
   - 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.

2. Remuneration per Energy: It is comprised by:

   2.1 Energy generated: It is the remuneration received for the energy actually generated, valued according to the type of fuel at 5 USD/MWh for Natural Gas and 8 USD/MWh for diesel or fuel oil.
   2.2 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.
   2.3 Additional remuneration incentive for efficiency:
   2.3.1 Additional remuneration variable cots efficient thermal power generation: The generating agent may receive an additional remuneration if the fuel consumption objectives are accomplished.
   2.3.2 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.
   2.3.2.1 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.
   2.3.2.2 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).

MinEyM SE Resolution 19-E/17 is still in force at December 31, 2018. MinEyM ES Resolution 19-E/2019 was published on February 28, 2019, replacing ES Resolution No. 19-E/17.

On November 6, 2018, under Resolution No. 70, the Government Secretariat of Energy resolved to replace section 8 of Resolution No. 95/2013, granting the Generating Agents, Co-generators and Self-generators in the WEM the power to ensure their own fuel supply for electric power generation. This power will not affect the commitments undertaken by the Generating Agents under the WEM supply contracts with CAMMESA. Costs of power generation with the WEM Agents' own fuel will be valued according to the mechanism for the recognition of the Variable Production Costs recognized by CAMMESA. CAMMESA will carry on with the commercial management and dispatch of fuels for the Generating Agents that do not or cannot exercise the power set forth in this section".

NOTE 3: BASIS FOR PRESENTATION

The presentation in the statement of financial position segregates current and non-current assets and liabilities. Current assets and liabilities are those which are expected to be recovered or settled within twelve months following the end of the reporting period. In addition, the Group 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.

The preparation of these consolidated 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 consolidated 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 6.

These consolidated financial statements were approved for issuance by the Company's Board of Directors on March 8, 2019.

Comparative information

Balances at December 31, 2017 disclosed for comparative purposes arise from financial statements at that date, restated in constant currency at December 31, 2018. 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 highly inflationary economy 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, the inflation rate should be computed in the non-monetary items as from the acquisition date or the revaluation date, as applicable. These requirements also include the comparative information of the financial statements.

To determine the existence of a hyperinflationary economy under the terms of IAS 29, the standard details a series of factors to be considered, including a cumulative inflation rate over three years that is close to or exceeds 100%. For this reason, in accordance with IAS 29, the Argentine economy must be considered as highly inflationary starting on July 1, 2018.

In turn, Law No. 27468 (Official Gazette December 4, 2018) amended Section 10 of Law No. 23928 as amended, and provided that the repeal of the all regulations that establish or authorize index-adjustment, monetary restatement, cost variation or any other way of restatement of debts, taxes, prices or tariffs of goods, works or services, does not apply to the financial statements, to which the provisions of Section 62 in fine of General Companies Law No. 19550 (1984 restated text), as amended, shall continue to apply. Furthermore, the same law repealed Decree No. 1269/2002 of July 16, 2002 and its amendments, and delegated in the National Executive Branch , through its control agencies, the fixing of the date as from which the provisions mentioned in relation to the financial statements will become effective. Therefore, through General Resolution No. 777/2018 (Official Gazette 12/28/2018), the National Securities Commission (CNV) established that issuing entities subject to its inspection must apply the method for restatement of financial statements in constant currency for financial statements, annual, interim or for special periods, closing as from December 31, 2018 inclusive, as established by IAS 29.

NOTE 3: BASIS FOR PRESENTATION (Cont'd)

According to IAS 29, the financial statements of entities reporting in the currency of a hyperinflationary economy shall be stated in terms of the measuring unit current at the date of the financial statements. Statement of financial position amounts not already expressed in terms of the measuring unit current at the date of the financial statements shall be restated by applying a general price index. All items in the statement of income shall be expressed in terms of the measuring unit current at the date of the financial statements by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements.

The adjustment for inflation applied to opening balances was calculated based on the indexes established by the Argentine Federation of Professional Councils in Economic Sciences, based on price indexes published by the National Institute of Statistics and Census (INDEC).

Below are the main procedures to be applied for the adjustment for inflation mentioned above:
- Monetary assets and liabilities recorded at the monetary unit current at year end are not restated as they are already expressed in terms of the monetary unit current at the date of the financial statements.
- Non-monetary assets and liabilities accounted for at their acquisition cost at the balance sheet date and equity items are restated by applying the corresponding index adjustments.
-All items in the statement of income are adjusted by applying the relevant conversion factors.
- The effect of inflation on the Company's net monetary position shall be included in the statement of income within Other net financial income (expenses), in the caption "Gain or loss on monetary position".
- Comparative amounts have been inflation-adjusted following the same procedure explained above.

In the first period of application of this standard, the equity accounts were restated as follows:
- Capital was restated as from the date of subscription or the date of the last accounting adjustment for inflation, whichever happened later. The resulting amount was included in the "Capital Adjustment" account.
-The translation difference was restated in real terms (if any)
- Other comprehensive income items were restated as from each date of accounting allocation.
- Other income/(loss) reserves have not been restated in the initial application.

NOTE 4: ACCOUNTING POLICIES

The main accounting policies used in the preparation of these consolidated financial statements are explained below. These accounting policies have been applied consistently for all the fiscal years presented, unless otherwise indicated.

4.1) Changes in accounting policies

4.1.1 New accounting standards, amendments and interpretations issued by the IASB

The Group has applied the revised IFRS 9 retrospectively as from January 1, 2018, with the practical resources allowed by the standard, without restatement of the comparative periods.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.1) Changes in accounting policies (Cont'd)

4.1.1 New accounting standards, amendments and interpretations issued by the IASB (Cont'd)

The Group has reviewed the financial assets currently measured and classified at fair value through profit or loss or at amortized cost, and it has concluded that the conditions to maintain this classification are fulfilled; therefore, initial adoption of IFRS 9 has not affected the classification and measurement of the Group's financial assets.

Further, in connection with the new hedge accounting model, the Group has not opted for designating any hedge relationship at the date of initial adoption of the revised IFRS 9; therefore, this adoption did not have an impact on the Group's financial position or the results of its operations.

Lastly, in relation to the change in methodology for the calculation of impairment of financial assets based on expected credit losses, the Group has applied the simplified approach of IFRS 9 for trade receivables and other receivables with similar risk characteristics. To measure expected credit losses, receivables are grouped by segment, on the basis of shared credit risk characteristics and the days past after due date.

The Group's expected loss at January 1, 2018 was determined based on the following ratios calculated for the days past due:

RATIO PCE	Not yet due	30 days	60 days	90 days	120 days	150 days	180 days	+180 days
CAMMESA	-	-	-	-	-	-	-	-
Interco	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	14%

Trade receivables are derecognized when there is no reasonable expectation of their recovery. The Group understands that these are indicators of default in payment: i) reorganization proceedings, bankruptcy or litigation; ii) a situation of insolvency implying a high degree of impossibility of collection, and iii) balances past due for more than 180 business days following the original due date of the invoice.

In addition, in the face of contextual and/or exceptional situations, the Company's Management may redefine the amounts to be covered by an allowance, always sustaining and providing the rationale for the criteria applied.

No adjustment has been made to the allowance for impairment at January 1, 2018 as compared with the allowance at December 31, 2017 due to the application of the expected credit losses model in connection with trade receivables.

At December 31, 2018, the Group has set up a provision for trade receivables of $2,750,107.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.1) Changes in accounting policies (Cont'd)

4.1.2 New accounting standards, amendments and interpretations not yet effective and not early adopted by the Company

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 Group is analyzing the impact of the application of IFRS 17; however, it estimates that the application thereof will not have a significant impact on the results of operations or the financial position of the Group.

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 Group 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 Group.

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.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.2) Consolidation

The financial statements include the Company's and its subsidiaries' financial statements. Subsidiaries are all entities over which the Company exerts control, generally accompanied by an interest of more than 50% of available voting rights. The Company controls an entity when the entity is exposed or has the right to variable returns for its involvement in the entity and has the ability to affect those returns by exercising its power over the entity. In determining whether the Company controls an entity, the existence and the effect of possible exercisable or convertible voting rights are considered.

The Company also evaluates the existence of control when it does not hold more than 50% of the voting rights but it may direct the operating and financial policies through a factual control. Factual control may exist in circumstances where the relative size of the group's voting rights in relation to the number and dispersion of the other shareholders gives the Group the power to direct the operating and financial policies, etc. Subsidiaries are consolidated as from the date when control is transferred to the Group and are excluded when such control ceases.

The main consolidation adjustments are as follows:

i. Elimination of reciprocal balances for asset and liability accounts between the Group companies, such that the financial statements only disclose the balances held with third parties and uncontrolled related parties;
ii. Elimination of intercompany transactions, such that the financial statements only disclose those transactions carried out with third parties and uncontrolled related parties;
iii. Elimination of the equity interests and results for each fiscal year of the subsidiaries as a whole.

The accounting policies of the subsidiaries have been amended, where applicable, to ensure consistency with the accounting policies adopted by the Company.

ASA performs its business activities through several subsidiaries. Unless otherwise provided, the subsidiaries detailed below have a share capital made up of ordinary shares only, which are directly in the possession of the Group, and the proportion of shares held is equal to the Group's voting rights. The country of incorporation or registration is also their principal place of business. Below is a detail of subsidiaries.

Companies	Country of creation	Main activity	% of participation in	
			12.31.2018	12.31.2017
CTR (1)	Argentina	Electric power generation	75%	-
GECEN (2)	Argentina	Electric power generation	95%	95%
GMSA	Argentina	Electric power generation	95%	95%
GROSA	Argentina	Electric power generation	95%	95%
GLSA	Argentina	Electric power generation	95%	95%

(1) Company merged under the merger through absorption process, as described in Note 41.
(2) On August 27, 2018, ASA's board of directors has appointed GECEN as a Non-Restricted Subsidiary under the terms of the Indenture under the International Bond guaranteed by the Company and issued by GMSA and CTR, which means that its creditors have no right of recourse against ASA or its subsidiaries.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.3) Revenue recognition

a) Sale of electric power

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 criterion for recognizing revenue from the electric power business, which is the main business activity of the Group, is to recognize revenue from electricity generation on an accrual basis, comprising the energy and power made available for consumption and the generated energy.

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; and
d. the costs incurred or to be incurred in respect of the transaction were measured reliably.

b) Sale of services

Sale of services is recognized in the period they are rendered, based on the degree of completion.

c) Interest income

Interest income is recognized applying the effective interest rate method. This income is registered on a temporary basis, considering principal and the effective tax rate.

Such income is recognized when it is likely that the entity will receive the economic benefits associated with the transaction and the transaction amount can be measured reliably.

4.4) Effects of the foreign exchange rate fluctuations

a) Functional and presentation currency

These consolidated financial statements are presented in pesos (legal currency in Argentina for all the companies domiciled in this country), which is also the Group's functional currency. The functional currency is the currency of the primary economic environment in which the Group operates.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.4) Effects of the foreign exchange rate fluctuations

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 remeasured. Exchange gains and losses generated by each transaction and resulting from the translation of monetary items stated in foreign currency at year end are recognized in the statement of comprehensive 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, average exchange rate for balances with related parts, each prevailing at year end, as published by Banco Nación, and one-off exchange rate for transactions in foreign currency.

4.5) Property, plant and equipment

In general, property, plant and equipment, excluding land, buildings, facilities, machinery and turbines are recognized at cost restated in constant currency 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 restated in constant currency less impairment losses, if any. Depreciation of these assets begins when it is available for use.

Buildings, facilities, machinery and turbines are measured at their fair value less accumulated depreciation and impairment losses recognized at the date of revaluation, if any. Land is measured at fair value and is not depreciated. Revaluations are made frequently enough to ensure that the fair value of a revalued asset does not differ significantly from its carrying amount.

On June 30 and September 30, 2018, the Group revalued land, buildings, facilities and machinery for there have been important changes in the fair values of those assets caused by macroeconomic fluctuations.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

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

Effective September 30, 2018, the Group decided to modify the method for determining the fair value from a "cost approach" to an "income approach" for the valuation of facilities and machinery. The income approach consists of valuation techniques that convert future amounts (e.g. cash flows or income and expenses) into a single present value (i.e., discounted). Fair value measurement is determined based on the value indicated by current market expectations of those future amounts. The Group considers that the income approach more reliably reflects the true value of these assets.

The appraiser used a valuation method based on a discounted cash flow model, in view of the absence of comparable market information due to the nature of those assets, that is, a combination of Level 3 inputs has been used.

External appraisers participate in the appraisal of those assets. The participation of external appraisers is decided by the Board of Directors. The criteria for the selection of appraisers include attributes, such as market knowledge, reputation, independence and whether they meet professional standards.

Fair value was determined using the income approach, which reflects current market expectations of those future amounts. This means that the revalued amounts are based on present value techniques which convert future income amounts into a single present value, that is discounted.

In measuring the facilities and machinery according to the fair value revaluation model, the present value technique was used, as this technique better allows to capture attributes of the use of the asset and the existing synergies with the rest of the Group's assets and liabilities.

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 4: ACCOUNTING POLICIES (Cont'd)

4.5) 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 years ended December 31, 2018 and 2017 totaled $ 914,365,338 and $ 1,394,799,694, respectively. The average capitalization interest rate used for fiscal year 2018 was 68%.

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 period in which they are incurred.

If all types of property, plant and equipment had been measured at cost, the carrying amounts would have been the following:

	12.31.2018	12.31.2017
Cost	25,850,674,647	17,691,709,437
Accumulated depreciation	(3,196,421,573)	(2,142,628,551)
Residual value	**22,654,253,074**	**15,549,080,886**

4.6) Investments in associates and other companies

Investments in associates

Associates are all entities over which ASA has a significant influence but not exerts control, generally represented by a 20-50% holding of the voting rights of the entity. Investments in associates are accounted for using the equity value method. According to this method, the investment is initially recognized at cost, and the carrying value increases or decreases to recognize the investor's interest on the income/loss of the associate after the acquisition date.

Investments in other companies

All the investments in equity instruments are measured at fair value through profit and loss. The fair value of the unlisted ordinary shares of TJSM and TMB was estimated using a model of discounted cash flows.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.7) 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. 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.

At December 31, 2017, the Company has recorded an impairment on the value of machinery for $2,180,405,225 as a result of the application of IAS 29, as indicated in Note 3. As a result of the measurement at fair value made during the year 2018, the Company has recorded a revaluation on the value of machinery reversing the impairment recorded in the year 2017. Additionally, at December 31, 2017, the Company has recorded an impairment on the value of assets for sale for $80,567,947.

At December 31, 2018 and 2017, the Group considered that the carrying amount of land, buildings, facilities, machinery and turbines does not exceed their recoverable value.

4.8) Financial assets

4.8.1) Classification

The Group 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. For the asset to be measured at amortized cost, the two conditions described below must be fulfilled. 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 the following conditions are met:
- the business model of the Company is aimed at keeping 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 conditions above is not fulfilled, financial assets are measured at fair value through profit or loss.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.8.2) 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 de-recognized 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, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs directly attributable to the purchase of those financial assets.

4.8.3) Impairment of financial assets

Financial assets at amortized cost

The Group assesses at the end of each reporting period 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 Group uses the following criteria for determining whether there is objective evidence of an impairment loss:

- Significant financial difficulties of the debtor;
- breach of contractual clauses, such as late payment of interest or principal;
- probability that the debtor will enter into bankruptcy or other financial reorganization.

The amount of the impairment is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted using the original effective interest rate. The carrying amount of the asset is reduced 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 Group 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.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.8.4) 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.

4.9) Trade and other receivables

Trade receivables are amounts due from customers for business sales 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 receivables and other receivables are recognized at fair value and subsequently measured at amortized cost, using the effective interest method and, when significant, adjusted at time value of money and also considering the receivables with the WEM documented by CAMMESA in the form of Sale Settlements with Maturity Dates to be Determined (Liquidaciones de Venta con Fecha de Vencimiento a Definir - LVFVD), which have been recorded based on the best estimate of the receivables to be recovered.

The Group 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.

4.10) Inventories

Inventories are valued at the lower of acquisition cost restated in constant currency tor net realizable value.

Since inventories of the Group 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 Group classified inventories 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.

4.11) Advances to suppliers

The Group 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.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.12) 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.

4.13) Trade and other payables

Trade payables are obligations to pay for goods or services acquired 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.

4.14) Loans

Loans are initially recognized at fair value, less direct transaction costs incurred. They are subsequently measured at amortized cost, and any difference between the funds received (net of transaction costs) and the amount payable at due date is recognized in the statement of income over the term of the loan, applying the effective interest rate 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.

4.15) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. those that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets until the moment they are ready for their use or sale.

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

4.16) Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date when the contract is executed. Subsequent to initial recognition, they are again measured at fair value.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.16) Derivative financial instruments (Cont'd)

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 Group has executed derivative contracts in foreign currency to hedge the next installment payments falling due in connection with principal and interest on its loans in US dollars and reduce the exchange rate risk. However, the Group has not applied hedge accounting; therefore, the changes in its value are recognized in profit or loss, in the caption Changes of fair value of financial instruments, under 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 Group 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.

4.17) Provisions

Provisions are recognized when the Group has a present obligation, whether legal or implicit, as a result of past events; a resource outflow will likely be necessary to settle that obligation; and the amount of the obligation can be measured reliably.

The amount recorded as 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 and the opinion of the Group's legal counsel. 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.

4.18) Income tax and minimum notional income tax

a) Current and deferred income taxes

The income tax charge for the year comprises current tax and 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, no deferred tax liability is recognized if the differences arise from the initial recognition of goodwill, or from the initial recognition of assets and liabilities in a transaction (different from a business combination) that did not affect accounting income nor tax income at the moment of being performed.

Deferred tax assets are recognized only to the extent that it is likely that the company has future tax income against which to offset the temporary differences.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.18) Income tax and minimum notional income tax (Cont'd)

a) Current and deferred income taxes (Cont'd))

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

b) Minimum notional income tax

The Group determines 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. However, if the tax on minimum notional income were to exceed income tax in a given fiscal year, such excess may be computed as a payment on account of the income tax to be generated in any of the next ten fiscal years.
The Group 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.

4.19) Balances with related parties

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

4.20) 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 the income statement on a straight-line basis over the period of the lease.

The Group 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.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.20) Leases (Cont'd)

Obligations for leases, net of financial costs, are included in current or non-current loans, according to their due date. 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 under a finance lease is amortized over the shorter of the lease term and its useful life.

4.21) Defined benefit plan

GMSA, CTR and GROSA grant defined benefit plans. Usually, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, generally dependent on one or more factors such as age, years of service and compensation.

The liability recorded in the statement of financial position in relation to defined benefit plans is the present value of the obligation from defined benefit plans at the closing date. The obligation from defined benefit plans is calculated annually by independent actuaries in accordance with the projected unit credit method. The current value of the defined benefit obligation is determined by discounting the future cash outflows estimated using actuarial assumptions based on the demographic and financial variables that have an influence in determining the amount of those benefits.

Actuarial gains and losses arising from adjustments due to the experience and changes of actuarial assumptions are recognized in Other comprehensive income in the year when they occur. The costs for past services are immediately recognized in the income statement.

4.22) Equity accounts

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

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

Pursuant to Companies Law No. 19550, 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 capital stock.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.22) Equity accounts (Cont'd)

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) Technical revaluation reserve

Corresponds to the technical revaluation reserve of the subsidiary companies and associates according to the percentage of interest, as a result of applying the revaluation model for property, plant and equipment.

e) Other comprehensive income

Corresponds to actuarial gains and losses from the calculation of liabilities for defined benefit plans and their tax effects.

f) Retained earnings

Retained 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.

In case of existence of unappropriated losses to be absorbed at the end of the year under consideration by the shareholders' meeting, the following order for appropriation of balances must be followed:

(i) Reserved profits
  - Optional reserves
  - Reserves provided for by Company bylaws
  - Legal reserve

(ii) Capital contributions
(iii) Additional paid-in capital
(iv) Other equity instruments (if feasible from the legal and corporate point of view)
(v) Capital adjustment

g) Distribution of dividends

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

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.22) Equity accounts (Cont'd)

h) Special Reserve

It relates to the positive difference between the initial balance of unappropriated retained earnings disclosed in the financial statements of the first closing for the year of IFRS application to GISA merged company due to merger and the closing balance of unappropriated retained earnings at the closing of the last year under prior accounting standards.

This reserve may not be reversed to perform distributions in cash or in kind among the shareholders or owners of the entity and may only be reversed for capitalization or to absorb possible losses of the account "Unappropriated retained earnings/accumulated losses", a decision to be taken by the Shareholders' Meeting which considers the financial statements at year end.

i) Special reserve - General Resolution 777/18

Following the mechanism established in GR No. 777/2018 of the CNV, in the transition year in which the inflation adjustment is disclosed, the Company has set up a special reserve for an amount equivalent to the revaluation balance determined by its nominal value transferred in accounting to unappropriated retained earnings. This special reserve may be reversed following the mechanism provided for by applicable accounting standards. The reserve will be set up ad referendum of the next Annual Ordinary Shareholders' Meeting.

NOTE 5: FINANCIAL RISK MANAGEMENT

5.1) Financial risk factors

Financial risk management is encompassed within the global policies of the Group, 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 Group 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.

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

Financial risk management is controlled by the Finance Division of the Group, 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 Group's business activities.

NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)

5.2) Financial risk factors (Cont'd)

a) Market risk

Foreign exchange risk

Sales under Resolutions Nos. 1281/06 (Energía Plus), 220/07, ES Resolution No. 21/16 and ES Resolution 19/17 are denominated in United States dollars. Furthermore the financial debt is mainly denominated in that currency, which means that the business has a genuine coverage for exchange rate fluctuations. However, the Group constantly monitors the exchange rate fluctuations of the main world currencies to define foreign exchange strategies.

On October 23, 2018, GMSA arranged for hedging on the US dollar exchange rate, which gave it certainty as to the dollar exchange rate applicable to the payments of interest on the international negotiable obligations that will be made on July 22, 2019.

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

Captions	12.31.2018				12.31.2017
	Foreign currency			Amount recorded in pesos	Amount recorded in pesos
	Class	Amount	Exchange rate used (1)		
ASSETS				$	
Current Assets					
Cash and cash equivalents	USD	1,686,275	37.500	63,235,308	10,549,834
Trade receivables	USD	45,001,541	37.500	1,687,557,780	1,447,549,095
Total current assets				**1,750,793,088**	**1,458,098,929**
Total assets				**1,750,793,088**	**1,458,098,929**
LIABILITIES					
Non-current liabilities					
Trade payables	USD	25,098,877	37.688	945,926,322	330,412,054
Trade payables	SEK	80,177,926	4.230	339,152,625	825,668,338
Loans	USD	408,547,968	37.700	15,402,258,418	8,918,964,001
Total non-current liabilities				**16,687,337,365**	**10,075,044,393**
Current liabilities					
Trade payables	USD	6,266,061	37.700	236,230,515	120,705,001
Intercompany trade payables	USD	12,883,596	37.600	484,423,181	333,826,121
Trade payables	SEK	272,776,126	4.230	1,153,843,012	975,170,179
Trade payables	EUR	-	-	-	338,936
Loans	USD	146,066,615	37.700	5,506,711,392	450,477,094
Total current liabilities				**7,381,208,100**	**1,880,517,331**
Total Liabilities				**24,068,545,465**	**11,955,561,724**
Assets and liabilities, net				**(22,317,752,377)**	**(10,497,462,795)**

(1) Exchange rates prevailing at year end, as published by Banco Nación. For balances with related parts, an average exchange rate is used.
Information required by Exhibit G, in compliance with Section 1, Chapter III, Title IV of the restated text by the CNV.

<u>NOTE 5:</u> FINANCIAL RISK MANAGEMENT (Cont'd)

a) Market risks (Cont'd)

<u>Foreign exchange risk (Cont'd)</u>

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

	Argentine peso	
Net asset / (liability) position	**12.31.2018**	**12.31.2017**
US dollars	(208,247,567)	(86,962,853)
Swedish crowns	(14,929,956)	(18,008,385)
	(223,177,524)	**(104,971,239)**

<u>Price risk</u>

Group revenue rely, to a lesser extent, on sales made under Resolution 19/17, which replaced ES Resolution 22/16. This resolution adapts certain remuneration criteria to economic conditions that are reasonable, foreseeable and efficient, through medium-term commitments. The Group may suffer the impact of any material amendment or repeal of any terms of the Resolution and such repeal or amendment may cause a minor adverse effect on its business, financial position and results of operations.

If for any reason not attributable to the Group, it were no longer eligible to participate in the Energía Plus Program (ES Resolution No. 1281/06), Resolution No. 220/07 and/or ES Resolution No. 21/16, or if these resolutions were repealed or substantially amended, and the Group were obliged to sell all the power generated in the Spot Market or the sales price were limited, the results of the Group could be badly affected.

Additionally, the Group's investments in listed capital instruments are susceptible to the market price risk deriving from the uncertainties on the future value of these instruments. Considering the minor importance of investments in equity instruments vis-à-vis the net position of assets/liabilities, the Group is not significantly exposed to risks relating to price instruments.

In addition, the Group is not exposed to the raw materials price risk.

<u>Interest rate risk</u>

Interest rate risk arises from the Group's debt at floating rate. Indebtedness at floating rate exposes the Group to interest rate risk on their cash flows. At December 31, 2018, a small portion of the loans in effect had been taken out at floating rates, mainly BADLAR (plus an applicable margin).

The Group 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 Group 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.

NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)

5.1) Financial risk factors (Cont'd)

a) Market risks (Cont'd)

Interest rate risk (Cont'd)

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

	12.31.2018	12.31.2017
Fixed rate:	17,989,697,981	6,298,698,340
	17,989,697,981	**6,298,698,340**
Floating rate:	4,577,777,652	1,457,335,157
	4,577,777,652	**1,457,335,157**
	22,567,475,633	**7,756,033,497**

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

	12.31.2018	12.31.2017
Floating rate:	(45,777,777)	(14,573,352)
Increases in loss for the year	**(45,777,777)**	**(14,573,352)**

b) Credit risk

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

Our credit analysis division assesses privately-held corporate customers' payment ability, taking as a basis their financial statements, financial position, market reports, historical behavior towards the Company and other financial creditworthiness factors. Credit limits are set on the basis of the indicators described above, and are regularly monitored by the respective area.

The electricity generators with sales to the Spot market, per Resolution No. 19/17 which replaced ES Resolution No. 22/16, and generators with contracts under Resolutions Nos. 220/07 and 21/16 receive through CAMMESA the payments for making available the power and energy supplied to the system. CAMMESA has paid for consumption on time since September, under the conditions set forth in the contracts.

CAMMESA has been complying with its payment obligations satisfactorily, by the due dates arranged under the respective contracts.

NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)

5.1) Financial risk factors (Cont'd)

c) Liquidity risk

The Management of the Group monitors the updated projections on liquidity requirements to ensure that the Group has enough cash to cover the operational needs while maintaining an adequate level of credit facilities available. In this way, the Group is expected to meet its commitments required as a result of the financial debt arising from any credit facility. The projections take into account payment plans of the Company's debts, compliance with external regulatory requirements and legal requirements.

Temporary cash surpluses are prudently managed until they are used for debt servicing purposes and investment in enlargement projects currently in progress. The Group has worked in the medium and long term financing structure, having, in addition, available credit lines and loans to guarantee compliance with commitments.

The following table shows an analysis of the Group'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, 2018	Falling due within 3 months	Between 3 months and 1 year	Between 1 and 2 years	More than 2 years	Total
Trade and other payables	1,568,077,444	1,364,127,373	924,075,401	242,669,540	4,098,949,758
Loans	2,855,358,360	3,679,298,177	5,593,911,906	20,536,848,863	32,665,417,306
Total	**4,423,435,804**	**5,043,425,550**	**6,517,987,307**	**20,779,518,403**	**36,764,367,064**

At December 31, 2017	Falling due within 3 months	Between 3 months and 1 year	Between 1 and 2 years	More than 2 years	Total
Trade and other payables	1,784,957,795	344,007,821	881,219,382	337,919,433	3,348,104,431
Loans	597,659,420	1,092,643,227	1,063,711,284	10,285,993,261	13,040,007,192
Total	**2,382,617,215**	**1,436,651,048**	**1,944,930,666**	**10,623,912,694**	**16,388,111,624**

5.2) Management of capital risk

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

NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)

5.2) Management of capital risk (Cont'd)

Consistently with the industry, the Group monitors its capital based on the Consolidated Debt to Adjusted EBITDA ratio. This ratio is calculated dividing the net loans by EBITDA. Net borrowings correspond to total borrowings (including current and non-current borrowings) less cash and cash equivalents. Adjusted EBITDA is defined as operating income less operating expenses (including selling and administrative expenses, provided that they are included under operating expenses) plus amortization, depreciation and any other non-cash expenses (provided that they are included under operating expenses).

In the year ended December 31, 2018, the Group incurred long-term indebtedness mainly through the issuance of the international bond. This issuance has improved the indebtedness profile, extending maturity and reducing the financial cost, as it was fully applied to prepay existing financing. Consolidated debt to adjusted EBITDA ratios at December 31, 2018 and 2017 were as follows:

	12.31.2018	12.31.2017
Total loans (*)	22,561,403,599	11,248,641,900
Less: Cash and cash equivalents	(549,174,268)	(145,130,413)
Net debt	22,012,229,331	11,103,511,487
EBITDA	5,123,462,511	2,164,412,342
Net debt/ EBITDA	**4.30**	**5.13**

(*) It does not include the balance with CAMMESA

NOTE 6: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The estimates made and accounting judgments applied 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 Group 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 consolidated financial statements were prepared. The estimates that have a significant risk of causing an adjustment to the carrying amounts of assets and liabilities within the next fiscal year are detailed below:

a) Fair value of property, plant and equipment

The Group has opted to value land, buildings, facilities and machinery at fair value applying discounted cash flows or comparables techniques.

For the determination of the fair value of property and land, market prices requested from expert external appraisers were used. The values obtained, in the case of property, include the current status of assets.

NOTE 6: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Cont'd)

a) Fair value of property, plant and equipment (Cont'd)

The fair value calculated by means of the discounted cash flow was used to value facilities and machinery. This cash flow was prepared on the basis of estimates with an approach to consider different scenarios according to their probability of occurrence.

The following variables have been taken into account in relation to the estimates made: (i) exchange rate fluctuations; (ii) availability and dispatch of turbines associated with demand projections according to vegetative growth; (iii) operating and maintenance cost; (iv) number of employees; (v) discount rate used, among others. Each of these scenarios contemplate different assumptions regarding the critical variables used.
The discounted cash flows at September 30, 2018 consider two scenarios (pessimistic and basic scenarios) with different probabilities of occurrence. The two scenarios arise from current rate schedules and are combined with different turbine dispatch alternatives.

The criteria considered in each scenario are the following:

1. Base scenario: in this case the Group considers a historical average availability and an expected dispatch according to projections of the demand for energy with a vegetative growth. Probability of occurrence: 70%.

2. Pessimistic scenario: in this case the Group considers a historical average availability and a dispatch of less than expected of the demand for energy. Probability of occurrence: 30%.

In all scenarios a discount rate in dollars of approximately 12% was used, which contemplates the future scenarios.

The percentages of probability of occurrence assigned are mainly based on the occurrence of different past events (experience).

Actual results could differ from the estimates, so the projected cash flows might be badly affected if any of the above-mentioned factors changes in the near future.

The Group cannot assure that the future behavior of those variables will be in line with projections, and differences might arise between the estimated cash flows and the ones really obtained.

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 6: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Cont'd)

a) Fair value of property, plant and equipment (Cont'd)

However, if the discounted cash flow differs by 10% from Management estimates, the Group will need:

- To increase the fair value of land, buildings, facilities and machinery by $2.9 billion, if it were favorable; or
- To reduce the fair value of land, buildings, facilities and machinery by $2.9 billion, if it were not favorable.

b) 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).

Electricity production plants of ASA's subsidiaries or associates constitute a cash generating unit, already representing 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 value exceeds its recoverable value. The recoverable value 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 value of the assets of the CGU) as follows:

a) First, to reduce the carrying value of goodwill allocated to the cash generating unit, and
b) then, reduce the carrying amounts of the other assets of the unit (or group of units) pro rata on the basis of the carrying amount of each asset of the unit (or group of units). The carrying amount of an asset should not be reduced below the highest of its fair value less costs of disposal, its 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 significantly vary from expected future cash flows and the related values obtained through discount techniques.

NOTE 6: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Cont'd)

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

The Group 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.

Deferred tax assets are reviewed at every reporting date and reduced according to the probability that a sufficient tax base might be available to allow recovering these assets in whole or in part. Deferred assets and liabilities are not discounted. When assessing the realizability of deferred tax assets, Management considers it probable that some, or all, deferred tax assets are not realizable.

Whether deferred tax assets are realizable depends on the generation of future taxable income for the periods in which these temporary differences are deductible. In making this assessment, Management takes into account the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies.

d) Provisions

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

At the date of issue of these consolidated financial statements, the Management of the Group 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.

e) Allowance for bad debts

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

The allowance for bad debts amounted to $2,750,107 and $4,060,399 at 31 December, 2018 and 2017, respectively.

For more information on the balance of the allowance for bad debts, see Note 13 to our consolidated financial statements.

f) Defined benefit plans

GMSA, CTR and GROSA determine the liabilities related to accumulated bonuses for service length and to the employee benefits plans mentioned, considering all the rights accrued by the beneficiaries until period end, based on an actuarial study performed by an independent professional at that date. The actuarial method applied by the Company is the Projected Benefit Unit method.

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

Captions	ORIGINAL VALUE							DEPRECIATION						NET VALUE	
	Value at beginning of year	Addition due to merger	Increases (1)	Decreases / transfers (3)	Revaluation of original values	(Impairment)/Recovery	Value at the end of year	Accumulated at beginning of year	Addition due to merger	For the year (2)	Revaluation of accumulated	(Impairment) /Recovery	Accumulated at the end of the year	12.31.2018	12.31.2017
Land	322,205,496	12,435,705	61,819,924	-	204,853,024	18,716,206	620,030,355	-	-	-	-	-	-	620,030,355	322,205,496
Buildings	749,803,471	36,348,899	4,141,368	332,484,829	(608,544,751)	736,648,258	1,250,882,074	-	-	22,915,776	(27,951,925)	13,191,321	8,155,172	1,242,726,902	749,803,471
Facilities	1,636,230,351	206,029,902	1,018,935	410,649,983	827,331,311	134,158,282	3,215,418,764	-	-	144,202,478	(155,600,730)	62,010,100	50,611,848	3,164,806,916	1,636,230,351
Machinery and turbines	12,650,574,819	994,857,455	38,365,348	4,744,241,042	3,738,147,585	1,799,148,123	23,965,334,372	-	-	998,596,741	(965,205,712)	433,064,222	466,455,251	23,498,879,121	12,650,574,818
Computer and office equipment	27,527,735	2,298,668	10,599,493	237,321	-	-	40,663,217	7,028,194	849,858	9,428,202	-	-	17,306,254	23,356,963	20,499,541
Vehicles	18,254,685	3,619,774	5,093,947	-	-	-	26,968,406	462,112	2,124,553	4,561,216	-	-	7,147,881	19,820,525	17,792,545
Tools	10,134,970	-	289,156	14,847,579	-	-	25,271,705	4,806,042	-	7,344,500	-	-	12,150,542	13,121,163	5,328,928
Furniture and fixtures	2,451,044	-	-	-	-	-	2,451,044	1,633,489	-	273,312	-	-	1,906,801	544,243	817,527
Works in progress	521,642,006	3,336,016,552	3,168,539,987	(5,487,375,854)	-	-	1,538,822,691	15,396,944	-		-	-	15,396,944	1,523,425,747	506,245,062
Civil works	72,388,670	-	-	24,507,338	-	-	96,896,008	47,876,657	-	16,618,152	-	-	64,494,809	32,401,199	24,512,013
Installations on third party property	528,368,449	-	-	32,263,749	-	-	560,632,198	314,450,968	-	79,900,962	-	-	394,351,930	166,280,268	213,917,509
Machinery and turbines	242,343,792	-	3,615,355	141,505,099	-	-	387,464,246	140,458,985	-	67,514,765	-	-	207,973,750	179,490,496	101,884,831
Leasehold improvements in progress	185,874,734	(2,134,487)	1,069,140,819	(1,170,949,224)	-	(80,567,947)	1,363,895	-	-	-	-	-	-	1,363,895	185,874,739
Inputs and spare parts	43,450,686	22,665,807	64,548,299	-	-	-	130,664,792	-	-	-	-	-	-	130,664,792	43,450,686
Total at 12.31.2018	**17,011,250,908**	**4,612,138,275**	**4,427,172,631**	**(957,588,138)**	**4,161,787,169**	**2,608,102,922**	**31,862,863,767**	**532,113,391**	**2,974,411**	**1,351,356,104**	**(1,148,758,367)**	**508,265,643**	**1,245,951,182**	**30,616,912,585**	**-**
Total at 12.31.2017	**5,469,311,119**	**-**	**5,771,191,318**	**(16,395,015)**	**(133,544,061)**		**11,090,563,361**	**102,698,684**	**-**	**300,441,166**	**(265,857,840)**	**-**	**137,282,010**	**-**	**-**
Total at 12.31.2017	**10,639,861,022**	**-**	**8,987,299,211**	**(28,087,192)**	**-**	**(2,581,463,768)**	**17,017,609,273**	**414,309,703**	**-**	**559,400,768**	**-**	**(436,289,284)**	**537,421,187**	**-**	**16,479,137,517**

(1) Includes the acquisition of assets of the project for the start-up and enlargement of the electricity generation plant.
(2) Depreciation charges for the year ended December 31, 2018 and 2017 were allocated to the cost of sales
(3) The assets transferred as available for sale have been included (Note 10).

Information required by Appendix A, in compliance with Section 1, Chapter III, Title IV of the restated text of the CNV.

NOTE 8: INFORMATION ON SUBSIDIARIES

a) Information on subsidiaries

The Group carries its business through various operating subsidiaries. See composition of the Economic Group, equity interest percentages, materiality criteria and other relevant information on the Group subsidiaries in Note 4.2.

GROSA

On April 27, 2011 the Ordinary Shareholders' Meeting of Central Térmica Sorrento S.A. unanimously approved the lease contract with GROSA; the purpose of the agreement is to rent both the building and the assets added to the Power Plant, including the generator, equipment and other available fixed assets and spare parts. The contract was effectively valid as from November 15, 2010 (with a 9-month grace period) and has a set term of 10 years, with a renewal option for 7 additional years. The first fee installment was invoiced on August 1, 2011.

Additionally, the parties agreed GROSA to make payments on behalf of Central Térmica Sorrento S.A. in connection with expenses and taxes caused or arising prior to November 1, 2010, for up to $4,000,000, with a compensatory interest of 18% annual nominal rate. The repayment of these concepts (debt plus compensatory interest) by Central Térmica Sorrento S.A. shall be made in 42 monthly and consecutive installments. Finally, and in view of the lease contract mentioned above, the parties agreed offsetting the reciprocal balances.

At the date of issuance of these special financial statements, the first 35 installments of the above mentioned agreement are effectively offset, with balances corresponding to the fixed installments invoiced by Central Térmica Sorrento S.A. from August 2011 to June 2014 inclusive, with a remaining balance of $715,565 to be offset. If the last fixed installment of the lease agreement corresponding to July 2014 and the variable installments of the periods between August 2014 and January 2015 had been invoiced, the balances to be offset for these concepts would have been partially decreased.

On December 23, 2015 the reorganization proceeding of Central Térmica Sorrento S.A. was initiated. This situation does not affect the lease agreement mentioned above or the electric power generation business.

On November 10, 2016, a mediation hearing was closed without reaching an agreement in connection with the eviction of the property under a lease agreement mentioned in the preceding paragraph. GROSA estimates that it is highly unlikely that the eviction will take place as Central Térmica Sorrento S.A. has no right to be granted this order.

In the case “Central Térmica Sorrento S.A. c/ Generación Rosario S.A. s/Medidas Precautorias” "Central Térmica Sorrento S.A. v. Generación Rosario S.A. on precautionary measures), an attachment was levied on the funds that CAMMESA should settle with GROSA for $13,816,696.37, plus interest for $6,900,000, which was recorded by CAMMESA in the settlement dated December 12, 2017. In reply to this resolution, on April 17, 2018 the attachment decreed against GROSA was replaced with a bond insurance policy. The sums subject to the court-ordered attachment were returned to the Company on June 28, 2018.

Furthermore, payment of monthly rentals through judicial consignment was requested in re. “Generación Rosario S.A. c/ Central Térmica Sorrento s/ Consignación” (“Generación Rosario S.A. v. Central Térmica Sorrento on Consignment”).

NOTE 9: INVESTMENT IN ASSOCIATE (Cont'd)

b) Information on subsidiaries

GECEN

GECEN has incurred significant accumulated losses of $546,371,623 which, as of December 31, 2018, accumulated losses exceed the share capital. As a result, the company falls within the provision of subsection 5 of section 94 and section 206 of the General Companies Law No. 19550. The circumstances of the loan acceleration indicate a significant uncertainty that could lead to a substantial doubt regarding the capacity of the entity to continue as a going concern if its economic and financial situation is not improved. ASA as a shareholder is engaged in the study of different alternatives, among them the sale of assets to improve this situation. In addition, ASA, as a holder of 95% of the shares, has the will to continue providing financial support to GECEN. For this reason, the payments of works in progress and advances to GECEN suppliers at December 31, 2018 were disclosed as available for sale (Note 11).

c) Financial information of subsidiaries with significant non-controlling interest

Non-controlling interest in subsidiaries is not significant for the Group.

At December 31, 2018 and 2017, the Group's associate is Solalban Energía S.A.

In 2008, ASA, with a 42% interest, together with Solvay Indupa S.A.I.C. created Solalban Energía S.A. aimed at building a power plant with a generation capacity of 165 MW located in the petrochemical area of the city of Bahia Blanca, Province of Buenos Aires.

Changes in the investments in the Group's associates for the year ended December 31, 2018 and 2017 are as follows:

	12.31.2018	12.31.2017
Beginning of year	**551,804,554**	**541,355,724**
Allocated dividends	(8,655,291)	(9,802,010)
Income/(loss) from interests in associates	(291,178,585)	20,250,840
Year end	**251,970,678**	**551,804,554**

Below is a breakdown of the investments and the value of interests held by the Company in the associate at December 31, 2018 2017, as well as the Group's interest in the income/loss of the Company for the years ended on June 30, 2018 and 2017:

Name of issuing entity	Main business activity	% share interest		Equity value		Company's share of profits	
		12.31.2018	12.31.2017	12.31.2018	12.31.2017	12.31.2018	12.31.2018
Associates Solalban Energía S.A.	Electricity	42%	42%	251,970,678	551,804,554	(291,178,585)	20,250,840
				251,970,678	**551,804,554**	**(291,178,585)**	**20,250,840**

Information required by Exhibit C, in compliance with Section 1, Chapter III, Title IV of the CNV restated text.

NOTE 9: INVESTMENT IN ASSOCIATE (Cont'd)

Financial information corresponding to the associate Solalban Energía S.A. is summarized below.

Summarized statement of financial position:

	12.31.2018	12.31.2017
Total non-current assets	621,811,529	1,495,806,185
Total current assets	515,478,863	403,472,273
Total Assets	**1,137,290,392**	**1,899,278,458**
Total equity	**599,930,189**	**1,313,824,582**
Total non-current liabilities	141,812,697	344,571,839
Total current liabilities	395,547,506	240,882,037
Total liabilities	**537,360,203**	**585,453,876**
Total liabilities and shareholders' equity	**1,137,290,392**	**1,899,278,458**

Summarized statement of income and statement of comprehensive income:

	12.31.2018	12.31.2017
Sales revenue	2,494,823,524	1,588,119,493
Income for the period	(693,286,555)	48,220,575
Total comprehensive income for the period	**(693,286,555)**	**48,220,575**

Statement of Cash Flows:

	12.31.2018	12.31.2017
Cash flow used in/provided by operating activities	(23,766,370)	33,304,023
Cash flows used in investment activities	(9,791,898)	(12,884,346)
Cash flows used in financing activities	(20,621,604)	(23,324,425)
Decrease in cash for the year	**(54,179,872)**	**(2,904,748)**

The information above shows the balances recorded in the financial statements of the associate (not the share of the Group in those amounts) adjusted by differences in accounting policies for valuation of property, plant and equipment under the revaluation model.

NOTE 10: INVENTORIES

	12.31.2018	12.31.2017
Current		
Supplies and materials	131,180,658	91,673,887
	131,180,658	**91,673,887**

NOTE 11: AVAILABLE-FOR-SALE ASSETS

	12.31.2018	12.31.2017
Current		
Works in progress	957,588,138	-
Advances to suppliers	589,206,017	-
	1,546,794,155	-

NOTE 12: OTHER RECEIVABLES

Non-current	Note	12.31.2018	12.31.2017
Value added tax		99,224	31,772
Minimum notional income tax		94,470,854	101,309,329
Turnover tax credit balance		-	1,163
Sub-total tax credits		**94,570,078**	**101,342,264**
Related companies	34	18,154,808	-
Other credits with C.T. Sorrento		2,124,839	3,401,117
Other tax credits		-	411,280
Credit provision	13	(1,859,200)	(2,745,017)
		112,990,525	**102,409,644**

Current	Note	12.31.2018	12.31.2017
Value added tax		363,091,861	815,311,764
Turnover tax credit balance		23,386,338	43,791,903
Other tax credits		73,627,444	13,076,138
Sub-total tax credits		**460,105,643**	**872,179,805**
Advances to suppliers		220,038,417	226,321,850
Insurance to be accrued		19,562,094	3,469,703
Security deposits and derivative financial instruments		-	26,355,170
Related companies	34	11,018,346	120,772,123
Advances to directors	34	3,237,500	251,292
Loans to Directors	34	58,493,518	37,332,853
Shareholders	34	217,041,478	253,363,329
Sundry		25,972,450	16,568,560
		1,015,469,446	**1,556,614,685**

NOTE 13: TRADE RECEIVABLES

	Note	12.31.2018	12.31.2017
Non-Current			
Net receivables from CAMMESA	19.C and 40	146,628,223	2,508,132
		146,628,223	**2,508,132**
Current			
Trade receivables		1,038,098,104	829,786,661
Net receivables from CAMMESA	19.C and 40	62,214,355	239,196,535
Sales not yet billed		785,777,955	668,742,475
Provision for bad debts		(2,750,107)	(4,060,399)
		1,883,340,307	**1,733,665,272**

Long-term receivables are measured at present value applying a market rate. The amount thus obtained does not differ from its fair value.

NOTE 13: TRADE RECEIVABLES (Cont'd)

The movements of the provision for trade and other receivables are as follows:

	For trade receivables	For other receivables
Balance at December 31, 2016	**5,208,850**	**3,425,672**
Purchasing power parity	(1,034,958)	(680,655)
Decreases	(113,493)	-
Balance at December 31, 2017	**4,060,399**	**2,745,017**
Purchasing power parity	(1,310,292)	(885,817)
Decreases	-	-
Balance at December 31, 2018	**2,750,107**	**1,859,200**

[(1)] The charge is shown under Selling expenses
Information required by Annex E, in compliance with Section 1, Chapter III, Title IV of the CNV restated text.

NOTE 14: CASH AND CASH EQUIVALENTS

	12.31.2018	12.31.2017
Cash	630,267	688,723
Checks to be deposited	-	221,246
Banks	180,908,214	76,454,018
Mutual funds	367,635,787	67,766,426
Cash and cash equivalents (bank overdrafts excluded)	**549,174,268**	**145,130,413**

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

	12.31.2018	12.31.2017
Cash and cash equivalents	549,174,268	145,130,413
Cash and cash equivalents (bank overdrafts included)	**549,174,268**	**145,130,413**

NOTE 15: CHANGES IN SHARE CAPITAL

Share capital at December 31, 2018 is comprised of:

Capital	Amount $	Date	Approved by Body	Dates of registration with the Public Registry of Commerce
Total at 12.31.2017	**30,100,000**			
Debt capitalization	10,000,000	12.31.2012	Extraordinary Shareholders' Meeting	09.16.2013
Debt capitalization	20,000,000	12.30.2013	Extraordinary Shareholders' Meeting	09.25.2014
Capital reduction	(55,644,840)	07.16.2014	General Ordinary Shareholders' Meeting	09.25.2014
Debt capitalization	58,000,000	03.22.2016	Extraordinary Shareholders' Meeting	11.8.2016
Capitalization due to merger through absorption (Note 41)	1,996,585	10.18.2017	Extraordinary Shareholders' Meeting	02.23.2018
Total at 12.31.2018	**64,451,745**			

On July 16, 2014, the General Ordinary Shareholders' Meeting decided to decrease its capital in the amount of $55,644,840, with the share capital amounting to $4,445,160. On March 22, 2016, the Extraordinary Shareholders' Meeting of ASA decided to increase its capital in the amount of $58,000,000, with the share capital amounting to $64,451,745 at 31 December, 2018.

NOTE 16: DISTRIBUTION OF PROFITS

Dividends

Pursuant to General Companies Law No. 19550, 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 capital stock.

Due to the issuance of the International Bond, ASA must comply with ratios on a combined basis to be allowed to distribute dividends.

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%.

Dividends on profits obtained until the fiscal year prior to the fiscal year beginning on or after January 1, 2018 will continue to be subject to withholdings, for all beneficiaries, at a rate of 35% of the amount exceeding retained earnings to be distributed free of tax (transition period of equalization tax).

Pursuant to General Companies Law No. 19550, 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 capital stock.

NOTE 17: TRADE PAYABLES

	Note	12.31.2018	12.31.2017
Non-Current			
Suppliers		1,165,584,339	1,156,080,392
		1,165,584,339	**1,156,080,392**
Current			
Suppliers		1,961,658,141	1,386,790,252
Provisions for invoices to be received		226,931,166	303,261,274
Related companies	**34**	712,374,615	366,602,382
		2,900,963,922	**2,056,653,908**

NOTE 18: OTHER DEBTS

	Note	12.31.2018	12.31.2017
Non-Current			
Other income to be accrued		1,160,602	9,773,301
		1,160,602	**9,773,301**
Current			
Advances from customers		-	203,780,416
Related companies	**34**	947,716	161,145,535
Directors' fees	**29**	30,000,000	47,825,220
Other income to be accrued		293,179	1,754,584
		31,240,895	**414,505,755**

Other long-term receivables are measured at present value applying a market rate. The amount thus obtained does not differ from its fair value.

NOTE 19: LOANS

Non-Current	12.31.2018	12.31.2017
CAMMESA	-	286,216,938
Finance lease debts	82,355,582	73,004,356
Negotiable Obligations	3,438,170,460	2,645,903,237
International bond	12,666,036,501	7,333,716,430
Foreign loan debt	2,281,646,254	-
Other bank debts	94,592,727	31,304,049
	18,562,801,524	**10,370,145,010**

Current	12.31.2018	12.31.2017
Finance lease debts	36,294,891	25,603,002
Syndicated Loan	980,975,782	-
Other bank debts	1,290,093,581	91,798,409
Foreign loan debt	613,992,368	-
Negotiable obligations	557,697,443	616,401,493
International bond	519,548,010	334,304,341
CAMMESA	6,072,034	13,152,464
	4,004,674,109	**1,081,259,709**

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

	12.31.2018	12.31.2017
Fixed rate Less than 1 year	2,791,249,751	436,703,106
Between 1 and 2 years	2,531,152,874	37,081,887
Between 2 and 3 years	6,448,818	1,573,431,299
More than 3 years	12,660,846,538	7,252,504,232
	17,989,697,981	**9,299,720,524**
Fixed rate Less than 1 year	1,213,424,358	644,556,605
Between 1 and 2 years	594,820,087	637,847,618
Between 2 and 3 years	1,021,503,868	121,535,560
More than 3 years	1,748,029,339	747,744,412
	4,577,777,652	**2,151,684,195**
	22,567,475,633	**11,451,404,719**

The fair value of the Company's international negotiable obligations at December 31, 2018 and December 31, 2017 is approximately $11,263 and $5,767 million, respectively. Fair value was calculated based on the estimated market price of the Company's international negotiable obligations at the end of each fiscal year. The applicable fair value hierarchy would be Level 1.

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

NOTE 19: LOANS (Cont'd)

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.
Group loans are denominated in the following currencies:

	12.31.2018	12.31.2017
Argentine pesos	1,658,505,823	2,081,963,624
US dollars	20,908,969,810	9,369,441,095
	22,567,475,633	**11,451,404,719**

The evolution of Group's loans during the year was the following:

	12.31.2018	12.31.2017
Loans at beginning of year	**11,451,404,719**	**8,554,087,564**
Loans received	10,330,161,374	10,768,038,476
Loans paid	(6,346,874,641)	(7,331,215,424)
Waiver of debt with CAMMESA (Note 19.D)	(326,050,176)	-
Accrued interest	2,601,724,592	1,332,928,173
Interest paid	(2,011,934,450)	(1,186,697,769)
Exchange difference	14,197,121,253	1,328,896,569
Bank overdraft	-	(25,585,622)
Addition due to merger	3,366,517,567	-
Capitalized expenses	(375,249,855)	162,912,676
Purchasing power parity	(10,319,344,750)	(2,151,959,924)
Loans at year end	**22,567,475,633**	**11,451,404,719**

Total financial debt at December 31, 2018 is worth $22,567 million. The following table shows the total debt at that date.

NOTE 19: LOANS (Cont'd)

	Borrower	Principal	Balances at 12.31.2018	Interest rate	Currency	Date of issuance:	Maturity date:
			(Pesos)	(%)			
Loan Agreement							
Cargill	GMSA	USD 25,000,000	989,462,315	LIBOR + 4.25%	USD	2/16/2018	1/29/2021
UBS	GECEN	USD 50,393,041	1,906,176,307	LIBOR + 12.93%	USD	4/25/2018	4/25/2024
Subtotal			**2,895,638,622**				
Syndicated loan							
ICBC / Hipotecario / Citibank	GMSA	USD 25,000,000	980,975,782	10.50%	USD	2/16/2018	1/29/2021
			980,975,782				
Debt securities							
International Bond	GMSA / CTR	USD 336,000,000	13,185,584,511	9.625%	USD	7/27/2016	7/27/2023
Class VI NO	GMSA	USD 34,696,397	1,316,624,472	8.0%	USD	2/16/2017	2/16/2020
Class VII NO	GMSA	$ 221,494,805	254,450,748	BADLAR + 4%	ARS	2/16/2017	2/16/2019
Class VIII NO	GMSA	$ 312,884,660	377,847,266	BADLAR + 5%	ARS	8/28/2017	8/28/2021
Class I NO co-issuance	GMSA/CTR	USD 30,000,000	1,145,460,111	6.68%	USD	10/11/2017	10/11/2020
Class II NO:	CTR	$ 243,000,000	259,132,107	BADLAR + 2%	ARS	11/17/2015	11/17/2020
Class IV NO	CTR	$ 291,119,753	343,900,475	BADLAR + 5%	ARS	7/24/2017	7/24/2021
Class III NO	ASA	$ 255,826,342	298,452,724	BADLAR + 4.25%	ARS	6/15/2017	6/15/2021
Subtotal			**17,181,452,414**				
Other debts							
CAMMESA	GMSA		6,072,034				
Chubut loan	GMSA	USD 1,000,000	37,732,536	10.50%	USD	12/28/2018	12/28/2019
Chubut loan	GMSA	USD 1,673,786	63,574,380	10.50%	USD	10/30/2018	5/1/2019
Supervielle Loan	GMSA	USD 2,507,639	94,237,895	9.50%	USD	11/13/2018	5/9/2019
Macro loan	GMSA	USD 5,000,000	192,946,534	7.00%	USD	8/30/2018	1/20/2019
Ciudad loan	CTR	USD 5,854,545	221,949,954	6.00%	USD	8/4/2017	8/4/2020
BAPRO loan	CTR	USD 10,600,000	400,802,437	4.00%	USD	1/3/2018	1/3/2019
ICBC loan	CTR	USD 4,900,000	184,942,572	10.50%	USD	12/27/2018	12/27/2019
Macro loan	CTR	USD 5,000,000	188,500,000	7.00%	USD	8/30/2018	1/2/2019
Finance lease	GMSA/CTR		118,650,473				
Subtotal			**1,509,408,815**				
Total financial debt			**22,567,475,633**				

NOTE 19: **LOANS (Cont'd)**

The main financial debts are described below.

A) INTERNATIONAL BOND ISSUE

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 into 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.

The Negotiable Obligations have been rated as B2 (Moody's).

This issuance has permitted financing investments under the Company's expansion plans, by reason of the award by the Energy Secretariat of Wholesale Demand Contracts under Resolution No. 115/2016 dated June 14, 2016, as well as the Group's projects under way, totalizing works for the installation of a 460-MW nominal capacity. In addition, it allows for improving the Group's financial profile with the early repayment of existing loans, obtaining a financing term according to the projects under financing and also a considerable decrease in related costs, which implies greater financial efficiency and release of guarantees.

On November 8, 2017, under RESFC-2017-19033-APN-DIR#CNV Resolution, GMSA and CTR obtained authorization from the CNV for the reopening of the International Bond. On December 5, 2017, Negotiable Obligations were issued for USD 86 million, with a nominal value of USD 336 million. The negotiable obligations have the same conditions as the originally issued ones.

International Bond:

Principal: Nominal value: USD 336,000,000; amount assigned to GMSA: USD 266,000,000 (Considering the effect of the merger with GFSA).

Interest: Fixed rate of 9.625%

Amortization term and method: Interest on the International Bond will be paid semi-annually in arrears, on the following dates: January 27 and July 27 of each year, commencing on January 27, 2017 to maturity.

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

Principal balance on the International Negotiable Obligations at December 31, 2018 is USD 336,000,000.

As a result of the issue of International Obligations, the Groups has undertaken standard commitments for this type of issue, whose specific conditions are detailed in the pertinent public prospect. At the date of these consolidated financial statements, the Group is in compliance with all their commitments undertaken under the loan agreements.

NOTE 19: LOANS (Cont'd)

B) LOAN AGREEMENTS – GENERACIÓN MEDITERRÁNEA S.A.

B.1) Negotiable obligations

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

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, 2018 there are Class VI, Class VII and Class VIII Negotiable Obligations outstanding (GMSA) and Class I Negotiable Obligations co-issued by GMSA and CTR for the amounts and under the following terms and conditions:

Class VI Negotiable Obligations:

Principal: Nominal value: USD 34,696,397

Interest: 8% annual nominal, paid quarterly as from May 16, 2017 to maturity.

Amortization term and method: one-off payment once 36 months have elapsed from disbursement of funds.

The negotiable obligations were paid up in cash and in kind, in the latter case through a swap of Class V Negotiable Obligations for USD 448,262.

The proceeds from the issuance of the Class VI Negotiable Obligations were destined to investments in physical assets on the various expansion projects at GMSA and to refinancing liabilities, improving GMSA's financial profile.

Principal balance on those negotiable obligations outstanding at December 31, 2018 is USD 34,696,397.

NOTE 19: LOANS (Cont'd)

B) LOAN AGREEMENTS – GENERACIÓN MEDITERRÁNEA S.A. (Cont'd)

B.1) Negotiable obligations (Cont'd)

Class VII Negotiable Obligations

Principal: Nominal value: $ 553,737,013

Interest: Private Banks BADLAR rate plus a 4% margin. Payable quarterly from May 16, 2017 to maturity.

Amortization term and method: in three payments, 18 (30%), 21 (30%) and 24 (40%) months following disbursement of funds.

The amount was paid in cash and in kind, through the swap of Class II Negotiable Obligations (GFSA) for $55,876,354, Class III Negotiable Obligations (GFSA) for $51,955,592, Class IV Negotiable Obligations for $1,383,920 and Class V Negotiable Obligations for $60,087,834. The proceeds from the issuance of the Class VII Negotiable Obligations were destined to investments in physical assets on the various expansion projects at GMSA and to refinancing liabilities, improving Company's financial profile.

Principal balance on the Negotiable Obligations at December 31, 2018 is $ 387,615,909.

Class VIII Negotiable Obligations:

Class VIII negotiable obligations were issued on August 28, 2017 and were fully subscribed in kind.

Principal: Nominal value: $ 312,884,660

Interest: Private Banks BADLAR rate plus a 5% margin. Payable quarterly from November 29, 2017 to maturity.

Amortization term and method: one-off payment once 48 months have elapsed from disbursement of funds.

The proceeds from the issue of Class VIII negotiable obligations were fully applied to the refinancing of liabilities, improving the Company's indebtedness profile.

Principal balance on that Negotiable Obligation amounted to $312,884,660 at December 31, 2018.

NOTE 19: **LOANS (Cont'd)**

B) LOAN AGREEMENTS – GENERACIÓN MEDITERRÁNEA S.A. (Cont'd)

Class I Negotiable Obligations (GMSA and CTR co-issuance):

Class I negotiable obligations were co-issued on October 11, 2017 and were fully subscribed in cash.

Principal: total nominal value USD 30,000,000

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

Amortization term and method: one-off payment 36 months following disbursement of funds.

The Negotiable Obligations were paid up in cash.

The proceeds from the issue 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.

Principal balance on those negotiable obligations outstanding at December 31, 2018 is USD 30,000,000.

B.4) Syndicated Loan

On December 27, 2018, GMSA obtained a 12-month loan from Banco ICBC Argentina S.A. for USD 26,000,000. Amortization will be made in quarterly principal installments and interest will accrue at a 10.50% fixed rate.

Principal balance on the negotiable obligations at December 31, 2018 is USD 25,000,000.

B.5) BAF Latam Trade Finance Funds B.V. loan

On April 6, 2018, the Company obtained from BAF Capital a 9-month loan for USD 10,000,000, with bullet amortization of principal and interest payments in two installments falling due on July 2, 2018 and December 28, 2018, and accruing interest at a fixed rate of 6.75%. The loan was prepaid on August 28, 2018.

NOTE 19: LOANS (Cont'd)

B) LOAN AGREEMENTS – GENERACIÓN MEDITERRÁNEA S.A. (Cont'd)

B.6) Loan from CAMMESA

At December 31, 2018, GMSA holds financial debts with CAMMESA for $6,072,034, guaranteed by the assignment of 100% of the present and future credit rights for the sale of electricity in the spot market of the WEM, from the implementation of a trust agreement in accordance with Law No. 24441.

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

This loan has a repayment period set in 48 monthly and consecutive installments, to which interest must be added applying the rate equivalent to the return obtained by the Dispatch Management Agency (CAMMESA) on financial placements in the WEM. At the closing date of these consolidated financial statements, 41 installments for $23,060,172 had been paid.

Principal balance on that debt at December 31, 2018 is $6,072,034.

C) FINANCING BY CAMMESA – GENERACION ROSARIO S.A.

On March 13, 2012, and its subsequent addendum dated February 14, 2014, GROSA executed a mutuum agreement with CAMMESA, whereby they formalized the financing of the second stage of the repair of the Sorrento Power Plant, with the purpose of extending energy generation capacity to 140 MW, for an amount equivalent to $190,480,000.

Payment of the installments will be borne by the WEM, as set forth in this respect in ES Note 6157/10 and in Note 7375/10.

As 18 months have elapsed since the start of commercial operation of the unit TV13 with 130 MW of available power, and considering the frequent dispatches the unit had during this period, mostly with fuel oil, delivering 65,000 MWh per month on the average, on June 19, 2015 GROSA submitted to CAMMESA a request for funding to make additional investments on the boiler, steam turbine, transformers and ancillary equipment, so as to continue having availability and dispatch as required by the WEM.

It is worth pointing out that in the operation period mentioned above specific consumption decreased significantly, which resulted in 15% savings in fuel as compared with the situation at the moment when GROSA took over the Sorrento Power Plant, as a result of the maintenance works and improvements made in the last few years.

On January 26, 2018, CAMMESA was notified that, since the completion of the repair of unit TV 13 to date, Central Térmica Sorrento has recovered and maintained a maximum average availability of 120 MW, which benefits the electric system as a whole in several aspects. On February 8, 2018, in response to Generación Rosario S.A. notification, CAMMESA accepted Generación Rosario S.A. arguments and applied a penalty for not reaching the agreed power of $ 13,792,509, putting an end to the commitments assumed by the parties thereunder.

On May 30, 2016, GROSA signed a new agreement with CAMMESA whereby the financing of the Third Stage for the Repair of the Unit TV13 was formalized for an amount of up to USD 10,406,077 plus VAT. The financing will be repaid by applying the accumulated credit rights, or those to be accrued, for the Remuneration of Non-Recurring Maintenance set forth by Section 2 of ES Resolution No. 529/2014.

NOTE 19: LOANS (Cont'd)

C) FINANCING BY CAMMESA – GENERACION ROSARIO S.A. (Cont'd)

Between June 15, 2016 and November 26, 2018, GROSA sent thirty notes to CAMMESA for a total amount of $90,206,147 (with taxes), corresponding to the payments to suppliers of materials and services for the period between November 2015 and September 2018. At December 31, 2018, the total amount of disbursements received from CAMMESA is $ 66,922,049.

On August 29, 2017, through Note NO -2017-18461114, the Undersecretariat for Thermal Energy, Transportation and Distribution of Electricity gave its consent to the request by GROSA to apply the receivables corresponding to the Additional remuneration for trust funds (created by Section 5 of Resolution No. 95/2013 of the former Energy Secretariat), and the receivables from LVFVD (Sale Settlements with Maturity Dates to be Determined) still pending payment to repay the loans for major maintenance.

On November 16, 2017, CAMMESA issued debit notes which wrote off the LVFVD for remuneration of non-recurring maintenance (for the February 2014-December 2015 period) for a total of $ 40,465,823 and, in addition, issued the sales settlements of that remuneration for non-recurring maintenance, with a defined due date for a total of $ 66,921,596 (including interest on receivables). On December 12, 2017, the balance on the mutuum dated May 30, 2016 was offset against the LV for non-recurring maintenance remuneration, and the debt with CAMMESA was fully offset.

At December 31, 2018, the receivables from CAMMESA for these concepts amount to $208,842,578, including interest, and are recorded under current trade receivables for $62,214,355, y non-current trade receivables for $146,628,223.

D) PROGRAM FOR THE ISSUE OF NEGOTIABLE OBLIGATIONS OF ALBANESI S.A.

With the purpose of improving the financial profile of the company, on November 20, 2015, ASA obtained, under Resolution 17887 of the CNV, authorization for: (i) incorporation of ASA to the public offering system; and (ii) creation of a global program to issue simple (non-convertible) negotiable obligations for a total nominal value outstanding of USD 100,000,000 (one hundred million US dollars) or its equivalent in other currencies, in one or more classes or series.

Class II Negotiable Obligations

On October 25, 2016 the Company issued Class II Negotiable Obligations under the conditions described below:

Principal: Nominal value: $ 220,000,000

Interest: Private Banks BADLAR rate plus a 4% margin.

Amortization term and method: interest on Class II Negotiable Obligations will be paid on a quarterly basis, in arrears, on the following dates: January 25, 2017, April 25, 2017, July 25, 2017, October 25, 2017, January 25, 2018, April 25, 2018, July 25, 2018 and October 25, 2018.

Principal on Class II Negotiable Obligations will be paid in three (3) consecutive installments, on a quarterly basis, the first two equivalent to 30% of the nominal value of the Negotiable Obligations and the last one to 40%, on the dates on which 18, 21 and 24 months have elapsed, counted as from the date of issuance; i.e., on April 25, 2018, July 25, 2018 and October 25, 2018.

The proceeds from the issuance of Class II Negotiable Obligations were fully applied to the partial repayment of current liabilities that ASA holds with the related company RGA.

NOTE 19: **LOANS (Cont'd)**

D) PROGRAM FOR THE ISSUE OF NEGOTIABLE OBLIGATIONS OF ALBANESI S.A. (Cont'd)

On June 15, 2017, Class III Negotiable Obligations were issued, and subscribed by paying up Class I and Class II Negotiable Obligations, improving the Company's working capital and indebtedness profile (term and rate). The amount paid was $ 194,180,000.

Principal and interest balances were paid at December 31, 2018.

Class III Negotiable Obligations

On June 15, 2017 the Company issued Class III Negotiable Obligations under the conditions described below:

Principal: Nominal value: $ 255,826,342

Interest: Private Banks BADLAR rate plus a 4.25% margin.

Amortization term and method: interest on Class III Negotiable Obligations will be paid on a quarterly basis, in arrears, on the following dates: September 15, 2017; December 15, 2017; March 15, 2018; June 15, 2018; September 15, 2018; December 15, 2018; March 15, 2019; June 15, 2019; September 15, 2019; December 15, 2019; March 15, 2020; June 15, 2020; September 15, 2020; December 15, 2020; March 15, 2021, and June 15, 2021; if other than a business day, or if such day does not exist, the interest payment date will be the immediately following business day.
Principal on the Class III Negotiable Obligations will be paid in three (3) consecutive installments, on a quarterly basis, the first two equivalent to 30% of the nominal value of the Negotiable Obligations and the last one to 40%, on the dates on which 42, 45 and 48 months shall have elapsed from the date of issuance; i.e., on December 7, 2020, March 15, 2021 and June 15, 2021; if other than a business day, or if such day does not exist, the payment date will be the immediately following business day.

The issuance of Class III Negotiable Obligations was fully paid up with in-kind contributions as follows: a partial payment of Class I Negotiable Obligations for $ 52,519,884 and of Class II Negotiable Obligations for $ 203,306,458.

Principal balance on that class of negotiable obligations outstanding at December 31, 2018 is $ 255,826,342.

E) LOAN AGREEMENTS - CENTRAL TERMICA ROCA S.A.

E.1) 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, 2018 there are Class II and Class IV negotiable obligations outstanding, issued by CTR for the amounts and under the following conditions:

NOTE 19: LOANS (Cont'd)

E) LOAN AGREEMENTS – CENTRAL TERMICA ROCA S.A. (Cont'd)

E.1) Negotiable obligations (Cont'd)

Class II Negotiable Obligations:

On November 17, 2015, CTR 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 first payment date is August 17, 2017, and the last payment date will be November 17, 2020.

Interest: private banks BADLAR rate plus a 2% margin.

Payment term and method: 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, 2018 amounts to $216,000,000.

Class III Negotiable Obligations:

On June 10, 2016, CTR 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 a 5.76% margin. 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.

Payment term and method: Principal on Class III negotiable obligations was 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: On 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 CTR's financial profile.

NOTE 19: LOANS (Cont'd)

F) LOAN AGREEMENTS – CENTRAL TERMICA ROCA S.A. (Cont'd)

F.1) Negotiable obligations (Cont'd)

Class III Negotiable Obligations (Cont'd)

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.

Principal and interest balances were paid at December 31, 2018.

Class IV Negotiable Obligations:

On July 24, 2017, CTR 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 a 5% margin.

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

Payment term and method: Principal on Class IV Negotiable Obligations will be fully amortized 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 CTR financial profile.

The remaining balance of principal corresponding to the negotiable obligation at December 31, 2018 amounts to $ 291,119,753.

F.2) Loan from Banco Ciudad

On August 4, 2017, CTR obtained a loan from Banco Ciudad de Buenos Aires for USD 9,200,000 payable 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, 2018, principal due amounts to USD 5,854,545.

NOTE 19: LOANS (Cont'd)

F) LOAN AGREEMENTS – CENTRAL TERMICA ROCA S.A. (Cont'd)

F.3) Loan from Banco Provincia de Buenos Aires

On January 3, 2018, CTR obtained a loan from Banco de la Provincia de Buenos Aires for USD 10,600,000, for a term of 12 months, with bullet amortization of principal and monthly interest payments at a rate of 4%. At December 31, 2018, principal due amounted to USD 10,600,000.

F.4) *Loan from ICBC*

On June 28, 2018, CTR obtained from Banco ICBC Argentina S.A. an unsecured 12-month loan for USD 7,000,000, with quarterly principal and interest amortization, at a 6.5% rate.
The loan was repaid in advance on December 27, 2018.

On December 27, 2018, the Company obtained from Banco ICBC a 12-month loan for USD 4,900,000, with quarterly amortization of principal and interest (maturity date: 12/27/2019) at a fixed rate of 10.50%.

At December 31, 2018, principal due amounted to USD 4,900,000.

F.5) Banco Macro loan

On August 30, 2018, the Company obtained from Banco Macro a 125-day loan for USD 5,000,000, with bullet amortization of principal and interest (maturity date: 1/2/2019) at a fixed rate of 7.00%.

At December 31, 2018, principal due amounted to USD 5,000,000.

G) LOAN AGREEMENTS – GENERACIÓN CENTRO S.A.

On April 4, 2018, the Board of Directors of GECEN resolved to approve the request for a loan for (i) the early repayment of UBS AG Stamford Branch loan (jointly with its amendments, the "Existing Loan"), which was requested by Albanesi Energía S.A.; (ii) the construction, implementation and operation of a power plant of approximately 133 MW in Arroyo Seco, Province of Santa Fe, which comprises the acquisition by GECEN of, among other assets, two Siemens gas turbines of approximately 54 MW and all related ancillary systems and equipment, two boilers for recovery of residual heat and a steam turbine of approximately 25 MW and all related ancillary systems and equipment; and (iii) the construction, implementation and operation of the 170 MW project of Albanesi Energía S.A. in the Timbúes region, Province of Santa Fe, early paid pursuant to item (i) above.

To that end, on April 23, 2018 Generación Centro S.A., together with Albanesi Energía S.A., as borrowers, Credit Suisse AG, London Branch, as administrative agent, Credit Suisse Securities (USA) LLC and UBS Securities LLC, as joint lead arrangers, UBS AG Stamford Branch, Banco Hipotecario S.A., BACS Banco de Crédito y Securitización S.A., Banco de Inversión y Comercio Exterior S.A. and Credit Suisse AG Cayman Islands Branch entered into a loan agreement for up to three hundred and ninety five million United States dollars (USD 395,000,000).

NOTE 19: LOANS (Cont'd)

G) LOAN AGREEMENTS – GENERACIÓN CENTRO S.A. (Cont'd)

Principal was expected to be disbursed in two tranches: Tranche A and Tranche B, and repaid over a term of up to 5 (five) years (Tranche A) and up to 6 (six) years (Tranche B). Principal would accrue compensatory interest as set forth in the Agreement.

On April 25, 2018, the amount of USD 65,000,000 was disbursed under Tranche B of the loan.

At December 31, 2018, GECEN had no covenants to comply with in relation to that loan.

To secure the loan, the following guarantees were set up:

(i) Assignment in trust: The Issuer and GECEN, the Administrative Agent and TMF Trust Company (Argentina) S.A., as trustee (the "Trustee"), entered into an agreement for the assignment in trust and trust guarantee to secure the obligations undertaken by the Issuer with the Creditors and/or the Trustee ("Agreement for assignment in trust") whereby, until full compliance with the secured obligations, the following have been assigned in guarantee: (a) the funds receivable by the Issuer and GECEN under the Supply Contract; (b) the contractual position of the Issuer and GECE under the main contracts of the Project; and (c) the insurance policies taken out by the Issuer and GECE in relation to the Project.

(ii) Chattel mortgage: The Issuer and GECEN shall create a chattel mortgage on the Gas Turbine and Recovery Steam Boiler, once all those assets have been imported and cleared through customs.

(iii) Pledge on shares: The shareholders of the Issuer and GECEN created a senior pledge on all of their shares in favor of the creditors under the loan.

As a result of the macroeconomic context observed as of May, on October 16, 2018, GECEN, in agreement with the creditors, decided to terminate Tranche B of the loan entered into on April 23, 2018.

On October 1, 2018, a Forbearance agreement was entered into with the creditors of Tranche B in relation to the loan agreement to find alternatives for the repayment of the disbursed amount. To that end, a process for the sale of the Company's assets was formalized, the proceeds from which will be applied to the repayment of the existing debt.

On October 16, 2018, the Company made a partial prepayment of Tranche B of that loan without penalty, for an amount equivalent to USD 13,000,000.

On October 18, 2018, the Company made a commitment to prepay the loan for USD 7,000,000 in installments and without penalty. This prepayment commitment is secured by Albanesi S.A. and will be made in 12 installments, with three installments for USD 1,606,959 having been paid so far.

To maximize the asset value during the sale process and give good signals to the market in relation to the commitment taken on by Albanesi Group to meet its obligations (irrespective of the limited guarantees provided by GECEN), Albanesi S.A. provided to its creditors a guarantee for up to USD 20,000,000, whose final amount could be reduced depending on the outcome of the sale process.

The capital balance at the date of presentation of these financial statements totaled USD 50,393,041.

NOTE 20: ALLOWANCES AND PROVISIONS

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

	For contingencies
Balances at December 31, 2016	**16,832,730**
Purchasing power parity	(3,344,533)
Decreases	(2,554,974)
Balance at December 31, 2017	**10,933,223**
Purchasing power parity	(3,528,154)
Decreases	(2,920,448)
Balance at December 31, 2018	**4,484,621**

Information required by Annex E, in compliance with Section 1, Chapter III, Title IV of the CNV restated text.

NOTE 21: SOCIAL SECURITY DEBTS

Current	12.31.2018	12.31.2017
Salaries payable	1,512,725	213,795
Social security charges payable	47,904,289	12,656,841
Provision for vacation pay and Christmas bonus	9,546,287	9,971,274
Provision for incentives	7,761,646	-
	66,724,947	**22,841,910**

NOTE 22: TAX PAYABLES

	12.31.2018	12.31.2017
Current		
Withholdings to be deposited	11,531,650	10,626,124
National Fund of Electric Energy	756,109	1,301,291
Value added tax payable	5,339,060	7,182,628
Turnover tax payable	6,136	244,190
Provision for minimum notional income tax, net of prepayments	-	18,485,406
Other	510,073	1,421,755
	18,143,028	**39,261,394**

NOTE 23: INCOME TAX

Deferred assets and liabilities are offset when: a) there is a legally enforceable right to offset tax assets with tax liabilities; and b) the deferred tax charges are related to the same tax authority. The following amounts, determined after being appropriately offset are exposed in the Statement of Financial Position:

	12.31.2018	12.31.2017
Deferred tax assets:		
Deferred tax assets to be recovered over more than 12 months	76,339,009	17,075,763
	76,339,009	**17,075,763**
Deferred tax liabilities:		
Deferred tax liabilities to be settled over more than 12 months	(2,572,352,947)	(1,255,656,267)
	(2,572,352,947)	**(1,255,656,267)**
Deferred tax (liabilities), net	**(2,496,013,938)**	**(1,238,580,504)**

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

	12.31.2018	12.31.2017
Balances at beginning of year	(1,238,580,504)	(1,789,984,579)
Charge to income statement	518,217,468	551,845,372
Charge to other comprehensive income	(1,327,393,718)	(441,297)
Addition due to merger	(448,257,184)	-
Closing balance	**(2,496,013,938)**	**(1,238,580,504)**

The activity in deferred tax assets and liabilities, without considering the offsetting of balances that correspond to the same tax jurisdiction, has been as follows:

Items	Balances at 12.31.17	Charge to income statement	Charge to other comprehensive income	Merger	Balances at 12.31.2018
			$		
Deferred tax - Assets (Liabilities)					
Property, plant and equipment	(1,790,711,655)	(1,670,198,973)	(1,327,636,388)	(494,456,164)	(5,283,003,180)
Assets for sale	429,029	(141,634,888)	-	-	(141,205,859)
Investments	(701,879)	12,703,757	-	639,103	12,640,981
Trade receivables	(2,743,979)	10,785,362	-	-	8,041,383
Other receivables	4,067,322	845,364	-	1,508,766	6,421,452
Loans	638,925	77,533,166	-	(98,421,016)	(20,248,925)
Provisions	1,282,043	(1,671,251)	242,670	-	(146,538)
Subtotal	**(1,787,740,194)**	**(1,711,637,463)**	**(1,327,393,718)**	**(590,729,311)**	**(5,417,500,686)**
Deferred tax losses	549,159,690	2,229,854,931	-	142,472,127	2,921,486,748
Subtotal	**549,159,690**	**2,229,854,931**	**-**	**142,472,127**	**2,921,486,748**
Total	**(1,238,580,504)**	**518,217,468**	**(1,327,393,718)**	**(448,257,184)**	**(2,496,013,938)**

NOTE 23: INCOME TAX (Cont'd)

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.

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 income and the amount resulting from application of the current tax rate in force in Argentina on the pre-tax profit, for the fiscal years ended December 31, 2018 and 2017:

	12.31.2018	12.31.2017
Pre-tax profit	(2,863,440,277)	(252,362,015)
Current tax rate	30%	35%
Net income/(loss) at the tax rate	**859,032,083**	**88,326,705**
Permanent differences	(200,112,368)	(113,271,847)
Income from interests in associates	(87,353,575)	7,087,794
Change in the income tax rate (a)	(467,911,447)	94,724,646
Non-computable income	372,862,249	466,253,321
Statute-barred or unrecorded tax losses	(10,122,780)	(14,054,204)
	466,394,162	**529,066,415**

	12.31.2018	12.31.2017
Current tax	(50,059,032)	(23,460,520)
Deferred tax	518,217,468	551,845,372
Difference between the provision for income tax and the amount reported in the tax return	(1,764,274)	681,563
Income tax	**466,394,162**	**529,066,415**

(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 impact of the change in the rate was recognized in income for the year, except in the case of the adjustment to deferred liabilities generated from application of the revaluation model for certain types of property, plant and equipment, as it is related to items previously recognized in other comprehensive income. This impact amounted to $251,812,859 and has been disclosed in the statement of other comprehensive income.

NOTE 23: INCOME TAX (Cont'd)

The deferred tax assets due to tax losses are recognized insofar as the realization of the corresponding fiscal benefit through future taxable income is probable.

At 31 December, 2018, accumulated tax losses amount to $11,903 million and can be offset pursuant to the tax laws in force with tax profits from future years according to the following breakdown:

Year	Amount in $	Year of expiration
Tax loss for the year 2014	128,615,951	2019
Tax loss for the year 2015	237,313,033	2020
Tax loss for the year 2016	362,285,545	2021
Tax loss for the year 2017	1,056,632,133	2022
Tax loss for the year 2018	10,119,119,310	2023
Total accumulated tax losses at December 31, 2018	**11,903,965,972**	
Unrecorded tax losses	(243,742,170)	
Recorded tax losses	**11,660,223,802**	

Unrecorded accumulated tax losses are specific tax losses from the alienation of AJSA and BDD shares. Specific tax losses from the alienation of shares can only be allocated against the net profit resulting from the disposal of those assets.

NOTE 24: DEFINED BENEFIT PLAN - LABOR COMMITMENTS WITH PERSONNEL

A detailed description of the estimated cost and liability for benefits after retirement granted to employees of CTR, GMSA and GROSA is included below. These benefits are:

- A bonus for all the employees retiring under the differential regime of Decree No. 937/74, when reaching 55 years of age and 30 years of service, consisting in 10 salaries, augmented by 2% per each year of service exceeding the first 5 years.
- A bonus for service length, consisting in paying one salary after 20 years of employment (17 years, for women) plus another one every 5 years up to 35 years' service (32 years, for women) and two more salaries upon reaching 40 years of service (37 years, for women).

The liabilities related to accumulated bonuses for service length and to the employee benefits plans mentioned above were determined considering all the rights accrued by the beneficiaries until closing date of the year ended December 31, 2018, based on an actuarial study performed by an independent professional at that date. The actuarial method applied by the Group is the Projected Benefit Unit method.

NOTE 24: DEFINED BENEFIT PLANS - LABOR COMMITMENTS WITH STAFF (Cont'd)

The amounts and conditions vary according to the collective bargaining agreement.

	12.31.2018	12.31.2017
Defined benefit plan		
Non-current	23,325,803	16,931,148
Current	6,428,356	144,452
Total	**29,754,159**	**17,075,600**

Changes in the Company's obligations for benefits at December 31, 2018 and 2017 are as follows:

	12.31.2018	12.31.2017
Present value of the obligations for benefits	29,754,159	17,075,600
Obligations for benefits at year end	**29,754,159**	**17,075,600**

The actuarial assumptions used were:

	12.31.2018	12.31.2017
Interest rate	5.5%	6%
Salary growth rate	1%	1%
Inflation	28%	15%

At December 31, 2018 and 2017 CTR, GMSA and GROSA do not have assets related to pension plans.

The charge recognized in the comprehensive statement of income is as follows:

	12.31.2018	12.31.2017
Cost of current services	18,751,145	628,852
Interest charges	6,010,510	1,529,943
Actuarial cost through Other comprehensive income	970,677	1,484,353
Total cost	**25,732,332**	**3,643,148**

Changes in the obligation for defined benefit plans are as follows:

	12.31.2018	12.31.2017
Balances at beginning of year	17,075,600	15,521,688
Cost of current services	18,751,145	628,852
Interest charges	6,010,510	1,529,943
Actuarial cost through Other comprehensive income	970,677	1,484,353
Purchasing power parity	(11,309,300)	(908,105)
Payments of benefits	(1,744,473)	(1,181,131)
Closing balance	**29,754,159**	**17,075,600**

NOTE 24: DEFINED BENEFIT PLANS - LABOR COMMITMENTS WITH STAFF (Cont'd)

Estimates based on actuarial techniques involve the use of statistical tools, such as the demographic tables used in the actuarial valuation of the Group active personnel. To determine mortality for the Group active personnel, the mortality table "RP 2000" has been used. In general, a mortality table shows, for each age group, the probability that a person in that age group will die before reaching a predetermined age. Mortality tables are elaborated separately for men and women, given that both have substantially different mortality rates.

To estimate total and permanent disability due to any cause, the table "Pension Disability Table 1985" has been used.

To estimate the probability that the Group active personnel will leave the job or stay, the table "ESA 77" has been used.

The liabilities related to the above-mentioned benefits were determined considering all the rights accrued by the beneficiaries of the plans until closing date of the year ended December 31, 2018.

NOTE 25: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES

The following tables show the financial assets and financial liabilities per category of financial instruments and reconciliation with the line exposed in the Statement of Financial Position, as applicable. As the captions Trade and other receivables and Trade and other payables contain both financial instruments and financial assets or liabilities, such as advances, receivables and tax debts), the reconciliation is shown in Non-financial assets and Non-financial liabilities.

Financial assets and liabilities at 31 December, 2018 and 2017 are as follows:

At December 31, 2018	Financial assets/liabilities at amortized cost	Financial assets/liabilities at fair value through profit or loss	Non-financial assets/ liabilities	Total
Assets				
Trade receivables, other receivables and others	2,383,714,363	-	776,243,014	3,159,957,377
Other financial assets at fair value through profit or loss	-	306,844,000	-	306,844,000
Cash and cash equivalents	181,538,481	367,635,787	-	549,174,268
Non-financial assets	-	129,861	32,623,589,657	32,623,719,518
Total	**2,565,252,844**	**674,609,648**	**33,399,832,671**	**36,639,695,163**
Liabilities				
Trade, tax and other payables	4,254,847,006		18,143,028	4,272,990,034
Loans (finance leases excluded)	22,448,825,160	-	-	22,448,825,160
Finance leases	118,650,473	-	-	118,650,473
Non-current liabilities	-	-	2,610,136,823	2,610,136,823
Total	**26,822,322,639**	**-**	**2,628,279,851**	**29,450,602,490**

NOTE 25: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES (Cont'd)

At December 31, 2017	Financial assets/ liabilities at amortized cost	Financial assets/liabilities at fair value through profit or loss	Non-financial assets/ liabilities	Total
Trade and other receivables	2,195,353,814	-	1,199,843,919	3,395,197,733
Other financial assets at fair value through profit or loss	-	14,220,416	-	14,220,416
Cash and cash equivalents	77,363,987	67,766,426	-	145,130,413
Non-financial assets	-	191,733	17,139,691,721	17,139,883,454
Total	**2,272,717,801**	**82,178,575**	**18,339,535,640**	**20,694,432,016**
Liabilities Trade, tax and other payables	3,676,930,866		39,261,394	3,716,192,260
Loans (finance leases excluded)	11,352,797,361	-	-	11,352,797,361
Financial leases	98,607,358	-	-	98,607,358
Non-financial liabilities	-	-	1,280,507,064	1,280,507,064
Total	**15,128,335,585**	**-**	**1,319,768,458**	**16,448,104,043**

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

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

At December 31, 2018	Financial assets at amortized cost	Financial liabilities at amortized cost	Assets/Liabilities at fair value	Total
Interest earned	108,755,675	-	-	108,755,675
Interest paid	-	(2,195,901,374)	-	(2,195,901,374)
Changes in the fair value of financial instruments	-	-	826,561,438	826,561,438
Exchange difference, net	386,249,665	(15,177,993,815)	-	(14,791,744,150)
Asset recovery/impairment	2,099,837,278	-	-	2,099,837,278
Other financial costs	-	7,608,123,034	-	7,608,123,034
Total	**2,594,842,618**	**(9,765,772,155)**	**826,561,438**	**(6,344,368,099)**

At December 31, 2017	Financial assets at amortized cost	Financial liabilities at amortized cost	Financial assets/liabilities at fair value	Total
Interest earned	149,076,941	-	-	149,076,941
Interest paid	-	(702,436,782)	-	(702,436,782)
Changes in the fair value of financial instruments	-	-	105,534,845	105,534,845
Exchange difference, net	-	(457,719,066)	-	(457,719,066)
Asset recovery/impairment	(2,145,174,484)	-	-	(2,145,174,484)
Other financial costs	-	1,173,094,117	-	1,173,094,117
Total	**(1,996,097,543)**	**12,938,269**	**105,534,845**	**(1,877,624,429)**

NOTE 25: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES (Cont'd)

Determination of fair value

ASA classifies fair value measurements of financial instruments using a three-level hierarchy, which gives priority to the inputs used in making such measurements. The fair value hierarchy has the following levels:

- Level 1: (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 of the Group measured at fair value at December 31, 2018 and 2017 and their allocation to the different hierarchy levels:

At December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents Other financial assets at fair value through	367,635,787	-	-	367,635,787
profit or loss	306,844,000	-	-	306,844,000
Investment in shares	-	-	129,861	129,861
Property, plant and equipment at fair value	-	-	28,526,443,294	28,526,443,294
Total	**674,479,787**	**-**	**28,526,573,155**	**29,201,052,942**

At December 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	67,766,426	-	-	67,766,426
Other financial assets at fair value through profit or loss	14,220,416	-	-	14,220,416
Investment in shares	-	-	191,733	191,733
Property, plant and equipment at fair value	-	-	15,358,814,136	15,358,814,136
Total	**81,986,842**	**-**	**15,359,005,869**	**15,440,992,711**

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. 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.

NOTE 25: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES (Cont'd)

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 variables used to calculate the fair value are not observable in the market, the instrument is included in Level 3. These instruments are 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 prices requested from expert external appraisers were used. The values obtained, in the case of property, include the current status of assets.
b) The fair values of “Buildings”, “Facilities” and “Machinery” were calculated by means of the discounted cash flows (See Note 6).

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 26: SALES REVENUE

	12.31.2018	12.31.2017
Sale of electricity Resolutions Nos. 95/529/482/22/19 plus Spot market	966,047,962	689,643,036
Energy Plus sales	1,716,352,173	1,554,088,203
Sale of electricity Res. No. 220	3,915,485,745	1,978,000,539
Sale of electricity Res. No. 21	1,682,039,132	269,900,071
	8,279,925,012	**4,491,631,849**

NOTE 27: COST OF SALES

	12.31.2018	12.31.2017
Cost of purchase of electric energy	(1,271,597,775)	(1,299,751,979)
Cost of gas and diesel consumption at the plant	(407,721,480)	(231,194,334)
Salaries and social security charges	(316,522,862)	(255,987,802)
Defined benefit plan	(18,751,145)	(628,852)
Other employee benefits	(16,027,777)	(12,086,542)
Rental	(13,347,731)	(8,750,225)
Fees for professional services	(16,157,580)	(7,252,966)
Depreciation of property, plant and equipment	(1,351,356,104)	(559,400,768)
Insurance	(64,742,661)	(49,679,953)
Maintenance	(516,627,407)	(303,136,046)
Electricity, gas, telephone and postage	(13,463,269)	(8,421,210)
Rates and taxes	(27,541,330)	(30,793,540)
Travel and per diem	(1,828,273)	(5,942,624)
Security guard and cleaning service	(9,834,018)	(4,110,654)
Miscellaneous expenses	(11,833,419)	(9,154,411)
	(4,057,352,831)	**(2,786,291,906)**

NOTE 28: SELLING EXPENSES

	12.31.2018	12.31.2017
Duties and taxes	(10,942,094)	(6,298,354)
(Loss) / Recovery of turnover tax	(34,867,315)	34,867,315
Bad debts	-	25,789
	(45,809,409)	**28,594,750**

NOTE 29: ADMINISTRATIVE EXPENSES

	12.31.2018	12.31.2017
Salaries and social security charges	(4,460)	(54,450)
Other employee benefits	(475,918)	(62,386)
Rental	(9,255,240)	(7,930,667)
Fees for professional services	(273,039,728)	(79,612,138)
Insurance	(107,382)	(397,754)
Directors’ fees	(83,850)	(49,036,099)
Electricity, gas, telephone and postage	(5,176,520)	(6,343,377)
Rates and taxes	(3,830,269)	(2,552,694)
Travel and per diem	(4,683,988)	(2,880,686)
Miscellaneous expenses	(8,296,702)	(7,011,035)
	(304,954,057)	**(155,881,286)**

NOTE 30: OTHER OPERATING INCOME

	12.31.2018	12.31.2017
Recovery of insurance claim	-	82,806
Profit/loss from the sale of fixed assets	-	20,361,027
Sundry income	4,312,576	6,514,334
Waiver of debt	250,310,154	-
Total Other operating income	**254,622,730**	**26,958,167**

NOTE 31: Other operating expenses

	12.31.2018	12.31.2017
Miscellaneous expenses	(70,741,172)	-
CAMMESA penalty (Note 44)	(283,300,316)	-
Total Other operating expenses	**(354,041,488)**	-

NOTE 32: FINANCIAL RESULTS

Financial income	12.31.2018	12.31.2017
Interest on loans granted	12,666,883	30,721,843
Commercial interest	96,088,792	118,355,098
Total financial income	**108,755,675**	**149,076,941**
Financial expenses		
Interest on loans	(2,153,926,445)	(615,496,872)
Commercial and other interest	(41,974,929)	(86,939,910)
Bank expenses and commissions	(23,904,658)	(10,361,787)
Total financial expenses	**(2,219,806,032)**	**(712,798,569)**
Other financial results		
Exchange difference, net	(14,791,744,150)	(457,719,066)
Changes in the fair value of financial instruments	826,561,438	105,534,845
Impairment of assets	2,099,837,278	(2,145,174,484)
Purchasing power parity	7,873,513,099	1,368,420,774
Other financial results	(241,485,407)	(184,964,870)
Total other financial results	**(4,233,317,742)**	**(1,313,902,801)**
Total financial results, net	**(6,344,368,099)**	**(1,877,624,429)**

NOTE 33: EARNINGS (LOSSES) 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.

	12.31.2018	31.12.2017
(Loss) income for the period attributable to the owners:	(2,139,316,550)	263,476,945
Weighted average of outstanding ordinary shares	64,451,745	62,455,160
Basic and diluted earnings (losses) per share	**(33.19)**	**4.22**

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

NOTE 34: TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Transactions with related parties and associates

		12.31.2018	12.31.2017
		$	
		Profit / (Loss)	
Purchase of grape			
AVRC	Related company	-	-
Purchase of gas			
RGA (1)	Related company	(4,811,460,881)	(2,821,529,096)
Purchase of energy			
Solalban Energía S.A.	Related company	(345,613)	(103,292)
Purchase of wines			
BDD	Related company	(2,169,286)	(4,071,988)
Purchase of flights			
AJSA	Related company	(80,961,600)	(81,958,337)
Sale of energy			
RGA	Related company	85,495,505	110,146,385
Solalban Energía S.A.	Related company	7,559,682	151,354,827
Leases and services agreements			
RGA	Related company	(427,232,437)	(59,693,531)
Recovery of expenses			
CTR (2)	Related company	-	12,797,989
RGA	Related company	(66,944,432)	(1,994,210)
AESA	Related company	10,790,337	5,847,061
AJSA	Related company	798	1,081
AVRC	Related company	-	1,081
BDD	Related company	-	5,406
Financial cost			
RGA	Related company	-	(45,177,720)
Pipeline works			
RGA	Related company	(77,406,694)	(267,139,663)
Work management service			
RGA	Related company	(103,514,608)	(143,771,600)
Interest generated due to loans granted			
AISA (3)	Related company	-	22,782,848
Directors	Related party	12,666,883	7,938,996

NOTE 34: TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

a) Transactions with related parties and associates (Cont'd)

		12.31.2018	12.31.2017
		$	
		Profit / (Loss)	
Guarantees provided/received			
CTR (2)	Related company	-	1,466,170
RGA	Related company	(1,598,682)	(79,165,958)
AJSA	Related company	366,505	188,853
Exchange difference			
RGA	Related parties	(5,995,494)	-
Fees			
Directors	Related parties	(31,708,886)	(49,036,099)

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

(2) Company included in the consolidation as from January 1, 2018 as a result of the merger through absorption by ASA (Note 41).

(3) Company absorbed by ASA as from January 1, 2018 under a merger through absorption (Note 41).

b) Remuneration of key managerial staff

The senior management includes directors (executive and non-executive). Their remunerations at December 31, 2018 and 2017 amounted to $ 43,773,854 and $ 21,276,038, respectively.

	12.31.2018	12.31.2017
Salaries	43,773,854	21,276,038
	43,773,854	**21,276,038**

NOTE 34: TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

c) Balances at the date of the consolidated statements of financial position

Captions	Type	12.31.2018	12.31.2017
NON-CURRENT ASSETS Other receivables			
TEFU S.A.	Related company	18,154,808	-
		18,154,808	**-**
CURRENT ASSETS Other receivables			
Minority shareholders' accounts	Related parties	217,041,478	171,602,918
AJSA	Related company	-	841
AISA [3]	Related company	-	80,862,002
AESA	Related company	11,018,347	-
CTR [2]	Related company	-	1,382,084
Loans to Directors	Related parties	58,493,518	25,285,532
Advances to directors	Related parties	3,237,500	251,292
		289,790,843	**279,384,669**
CURRENT LIABILITIES Trade payables			
Solalban Energía S.A.	Related company	309,436	-
AJSA	Related company	15,996,017	995,512
RGA	Related company	696,069,162	365,606,870
		712,374,615	**366,602,382**
Other debts			
RGA	Related company	-	160,282,727
BDD	Related company	947,716	862,809
Directors' fees	Related parties	30,000,000	47,825,220
		30,947,716	**208,970,755**

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

[4] Company included in the consolidation as from January 1, 2018 as a result of the merger through absorption by ASA (Note 41).

[5] Company absorbed by ASA as from January 1, 2018 under a merger through absorption (Note 41).

NOTE 34: TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

d) Loans granted to related parties

Loans to Albanesi Inversora S.A. (1)	**12.31.2018**	**12.31.2017**
Balances at beginning of year	119,388,797	123,080,069
Loans added as a result of the merger, and eliminated in the consolidation	(119,388,797)	-
(Note 41) Accrued interest	-	22,782,847
Purchasing power parity	-	(26,474,119)
Closing balance	**-**	**119,388,797**

	12.31.2018	**12.31.2017**
Loans to Directors Initial balance	37,332,853	31,955,776
Loans granted	45,337,398	39,072,821
Loans added as a result of the merger	14,989,941	-
through absorption (Note 41) Assignment (2)	-	(34,674,666)
Loans repaid	(32,590,458)	-
Accrued interest	12,666,883	8,070,069
Purchasing power parity	(19,243,099)	(7,091,147)
Closing Balance	**58,493,518**	**37,332,853**

(1) Company absorbed by ASA as from January 1, 2018 under a merger through absorption.
(2) For the assignment of credits with Directors from GROSA to RGA on June 30, 2017.

The loans are governed by the following terms and conditions:

Entity	**Amount**	**Interest rate**	**Conditions**
At 12.31.2018			
Directors	58,588,106	BADLAR + 3%	Maturity date: 3 years
Total in pesos	**58,588,106**		

Entity	**Amount**	**Interest rate**	**Conditions**
At 12.31.2018			
AISA	88,587,070	BADLAR + 3%	Maturity date: 1 year, renewable automatically up to 5 years
Total in pesos	**88,587,070**		

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

NOTE 35: WORKING CAPITAL

The Company reports at December 31, 2018 a deficit of $1,687,697,251 in its working capital (calculated as current assets less current liabilities), which means a decrease of $1,600,417,222, compared to the working capital at December 31, 2017.

It should be noted that EBITDA at December 31, 2018 amounted to $5,131 million, in line with projections, which shows compliance with the objectives and efficiency of the transactions carried out by the Group.

NOTE 36: SEGMENT REPORTING

The information on operating 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 a single segment: the electricity segment. It comprises the generation and sale of electricity and the development of energy projects, execution of projects, advisory, service delivery, management and execution of works of any nature.

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 37: RESTRICTED ASSETS AND OTHER COMMITMENTS

A. GMSA

A.1 Other commitments

Certain contractual obligations in connection with the supply of electricity to large customers of the Forward Market at December 31, 2018 and the periods to fulfill those obligations are detailed below. These commitments are originated in supply contracts (energy and power) entered into between GMSA and large users on the Forward Market in accordance with regulations set forth by the Energy Secretariat under Resolution No. 1281/06 (Energía Plus). They are contracts denominated in United States dollars, entered into with private customers.

	Total	Up to 1 year	From 1 to 3 years
Sale Commitments (1)			
Electric energy and power - Plus	1,507,520,797	657,703,491	849,817,306

(1) Commitments are denominated in pesos and have been valued considering estimated market prices, based on the particular conditions of each contract. They reflect the valuation of the contracts with private customers in force at December 31, 2018, under ES Resolution No. 1281/06.

NOTE 37: RESTRICTED ASSETS AND OTHER COMMITMENTS (Cont'd)

B. GROSA

On April 27, 2011 the Ordinary Shareholders' Meeting of Central Térmica Sorrento S.A. unanimously approved a lease contract with GROSA; the purpose of the agreement is to rent both the building and the assets added to the Power Plant, including the generator, equipment and other available fixed assets and spare parts. The contract was effectively valid as from November 15, 2010 (with a 9-month grace period) and has a set term of 10 years, with a renewal option for 7 additional years. The first fee installment was invoiced on August 1, 2011.

On December 23, 2015 the reorganization proceeding of Central Térmica Sorrento S.A. was initiated. This situation does not affect the lease agreement mentioned above or the electric power generation business.

On November 10, 2016, a mediation hearing was closed without reaching an agreement in connection with the eviction of the property under a lease agreement mentioned in the preceding paragraph. GROSA estimates that it is highly unlikely that the eviction will take place as Central Térmica Sorrento S.A. has no right to be granted this order.

In addition, in the case “Central Térmica Sorrento S.A. c/ Generación Rosario S.A. s/Medidas Precautorias” "Central Térmica Sorrento S.A. v. Generación Rosario S.A. on precautionary measures), an attachment was levied on the funds that CAMMESA should settle with GROSA for $ 13,816,696, plus interest for $ 6,900,000, which was recorded by CAMMESA in the settlement dated December 12, 2017. In reply to this resolution, on April 17, 2018 the attachment decreed against GROSA was replaced with a bond insurance policy. The sums subject to the court-ordered attachment were returned to GROSA on June 28, 2018.

Furthermore, payment of monthly rentals through judicial consignment was requested in re. “Generación Rosario S.A. c/ Central Térmica Sorrento s/ Consignación” (“Generación Rosario S.A. v. Central Térmica Sorrento on Consignment”).

NOTE 38: EXECUTION OF CONTRACTS TO PURCHASE MACHINERY

BLC Asset Solutions B.V.

On February 21, 2018, GMSA signed an agreement with BLC Asset Solutions B.V. (BLC) for the purchase of 2 (two) gas turbines, 3 (three) steam turbines and 7 (seven) steam recovery boilers. Such equipment will be installed at the electric power generation plants located in Río Cuarto, Province of Córdoba, and in Ezeiza, Province of Buenos Aires, for expansion through cycle closures at the two power plants. The purchase agreement sets forth financing by BLC of the total price of the equipment agreed at USD150,671,217, for a term of 5 years and 5 months.

Siemens Industrial Turbomachinery AB

On June 14, 2016, a Deferred Payment Agreement was entered into with Siemens Industrial Turbomachinery AB, by means of which, upon compliance of the preceding conditions set forth in the agreement, GMSA obtained commercial financing for 50% of the amount of the contract signed for the CTMM plant enlargement, equivalent to approximately SEK 177,000,000.

The commercial financing granted will be repaid in installments, with the first installment being payable in August 2017. Payments shall be made in SEK (Swedish Crown).

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

NOTE 38: EXECUTION OF CONTRACTS TO PURCHASE MACHINERY (Cont'd)

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

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

Commitments (1)		SEK Total financing	**Total**	**2019**	**2020**
			USD		
Siemens Industrial Turbomachinery AB for the purchase of two turbines Siemens SGT 800	CTMM	*177,000,000*	**5,795,092**	5,795,092	-
Siemens Industrial Turbomachinery AB for the purchase of three turbines Siemens SGT 800	CTE	*263,730,000*	**19,738,913**	14,490,140	5,248,773
Siemens Industrial Turbomachinery AB for the purchase of two turbines Siemens SGT 800	CTI	*175,230,000*	**14,068,001**	10,320,683	3,747,318

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

Pratt & Whitney Power System Inc

GFSA signed an agreement with Pratt & Whitney Power System Inc. for the purchase of the FT4000™ SwiftPac® 60 turbine, including whatever is necessary for its installation and start-up. The purchase agreement sets out 4-year financing for USD 12 million by PWPS, upon provisional acceptance by GFSA. This amount is disclosed under non-current trade payables for the equivalent to $495,000,000.

Financing will accrue interest at an annual rate of 7.67%, calculated on a monthly/annual basis of 30 days/360 days, with interest capitalized on a quarterly basis.

Future contractual obligations under the contract with PWPS by calendar year are as follows:

	Total	2018	2019	2020	2021	2022	2023
Commitments (1)	USD						
PWPS for the purchase of the turbine FT4000™ SwiftPac®	**16,475,401**	750,000	750,000	3,743,495	3,743,495	3,743,495	3,744,916

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

NOTE 39 LONG-TERM MAINTENANCE CONTRACT – CTMM, CTI, CTF, CTE, CTRi AND CTR POWER PLANTS

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

GMSA signed with Siemens SA and Siemens Industrial Turbomachinery AB a global service and spare part agreement for the CTRi, CTMM, CTI and CTE power plants. As set forth in the agreements, Siemens must provide on-site technical assistance on a permanent basis, a remote monitoring system to follow up on the efficient performance of the turbines, 24-hour assistance from the engineering department, original spare parts in a timely manner and repairs for planned and unplanned maintenance. In addition, the agreement establishes that Siemens will make available to GMSA for CTRi, CTMM, CTI and CTE replacement equipment (engine gas generator) if necessary. Siemens thus guarantees availability of not less than ninety six percent (96%) on average to the Power Plants for each biannual measurement period. In addition, the Power Plants have their own repair shop with tools and spare parts in stock to make on-site repairs. Compliance with the energy sale agreement with CAMMESA under Resolution No. 220/07 (for power plants CTRi and CTMM) and Resolution No. 21/16 (for power plants CTI and CTE) is thus guaranteed.

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 shall 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 corrective maintenance. GE thus guarantees CTR an average availability of not less than ninety five percent (95%) per contractual year. In addition, CTR 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.

Compliance with the energy sale agreements is thus guaranteed.

On June 19, 2015 the Company submitted to CAMMESA a request for recognition of the remuneration for maintenance and investments, as set forth by Resolution No. 529/14 for CTMM. Since the effective date of that Resolution, in February 2014 and until June 2015, GMSA has generated a total of 540,614 MWh, equivalent to the amount of $ 14,268,553.

On August 26, 2015, GMSA made a new presentation to CAMMESA updating the amount in the request mentioned in the preceding paragraph under Resolution No. 529/14.

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

NOTE 40: GMSA – PRESENTATION TO CAMMESA

On January 27, 2016 the ES partially accepted the request submitted by GMSA, through the notes mentioned in the above paragraphs, and authorized financing for up to USD 6,888,920 plus VAT. This financing will be repaid applying the accumulated receivables in favor of GMSA and the receivables to which it is entitled by application of the Remuneration for Non-Recurring Maintenance.

On June 10, 2016 GMSA submitted to CAMMESA a request for recognition of the remuneration for maintenance and investments, as set forth by Resolution No. 529/14 for CTLB and CTRi. Since the effective date of that Resolution, in February 2014 up to and including April 2016, GLB generated a total of 60,166MWh, equivalent to $2,935,346 and GR generated a total of 51,564MWh, equivalent to $3,068,853.

In addition, a note about non-recurring maintenance was filed with CAMMESA by both CTLB and CTRi, for a total amount of USD 953,000 plus VAT. The technical team from CAMMESA completed the visits to the power plants and issued a report on CTLB and CTRi which is under economic assessment.

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

The new work plan for CTMM was submitted to CAMMESA on December 2, 2016. The work schedule included in the plan is as follows:

	Total 2015		Total 2016		Total 2017		Total 2018	
USD without VAT	311,142	5%	195,007	3%	5,242,017	75%	1,140,754	17%

Between November 2016 and December 2017, GMSA made ten filings through note to CAMMESA for $53,132,921.

On August 29, 2017, through Note B-117397-1, the Undersecretariat for Thermal Energy, Transportation and Distribution of Electricity gave its consent to the request by the Company to apply the receivables corresponding to the Additional remuneration for trust funds (created by Section 5 of Resolution No. 95/2013 of the former ES), and the receivables from LVFVD (Sale Settlements with Maturity Dates to be Determined) still pending payment to settle the loans for major maintenance that GMSA is currently performing.

At December 31, 2018, the total amount disbursed and received from CAMMESA was $19,626,033 and has been offset against receivables for the Remuneration of Non-recurring Maintenance and the Trust Additional Remuneration.

NOTE 41: MERGER THROUGH ABSORPTION

1) ASA-AISA MERGER THROUGH ABSORPTION

On October 18, 2017, ASA and AISA held the respective Extraordinary Shareholders' Meetings, at which the shareholders of those 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 approved, within the framework of the merger process, among other issues, an increase in ASA capital from $62,455,160 to $64,451,745, by issuing 1,996,585 new ordinary registered non-endorsable shares in 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, it was resolved to approve the amendment to section 4 of the corporate bylaws.

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 WEM, 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.

NOTE 42: 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 Group 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- 14th floor - 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 documentation sent for preservation is available at the registered office of that entity, as well as the documentation referred to by article 5, clause a.3), Section I of Chapter V, Title II, of the REGULATIONS (N.T. 2013 as amended).

<u>NOTE 43</u>: ADVANCE LOSS OF PROFIT INSURANCE COVERAGE

All-risk insurance with advance loss of profit (ALOP) coverage

The Group 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 benefits 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 Group 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, not expressly excluded from the text of the policy, belonging to the insured or in his/her care, custody or control, for which the insured has assumed a responsibility for insuring against any damage, or for which the insured may acquire an insurable interest.

On October 15, 2017, the all-risk insurance policy of all generators of Albanesi Group was renewed for a further 18 months, with a reduction of 16% in the annual premium rate, an increase in the compensation limit from USD 150 MM to USD 200 MM and a 5% bonus for no loss ratio upon renewal.

Contractors' all-risk and assembly 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, provided that they are not expressly excluded from the policy.

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, which covers all power plants in operation.

NOTE 44: SUPPLY CONTRACT WITH CAMMESA: AGREED UPON DATE FOR COMMERCIAL OPERATION OF THE POWER PLANTS

On September 30, 2016, GMSA, as seller, and CAMMESA, as buyer–, on behalf of the WEM, entered into the Supply Contracts for the available power and energy supplied by CTE and CTI. July 1, 2017 was the Agreed upon Date set for the commercial operation of the two power plants.

Authorization for commercial operation of CTE and CTI was granted on September 29 and August 10, 2017, respectively.

On June 28, 2017 GMSA made a filing before CAMMESA and the ES, to inform them that CTE and CTI had suffered certain facts that could be considered as a force majeure event or an act of God, which in turn adversely affected the possibility of obtaining the authorization for commercial operation by the Agreed upon Date set on the Supply Contract. In this regard, GMSA explained, argued, and produced the pertinent evidence supporting the existence of certain factors, not attributable to GMSA, which implied that the authorization for commercial operation was not obtained at the Agreed upon Date as set forth in the Supply Contract.

Under Resolution 264/2018 dated June 6, 2018, the Energy Ministry established that the penalties shall be discounted from the sum receivable by the penalized Generating Agent in 12 equal and consecutive monthly installments, and that the Generating Agent may opt to discount the penalty amount in up to 48 equal and consecutive installments, applying to the balance an effective annual rate of 1.7% in United States dollars, and the number of installments shall not exceed the contract term.

Without prejudice to the above, CAMMESA has rejected GMSA’s arguments and has set the penalties in the amounts of USD 12,580,090 for CTE and USD 3,950,212 for CTI, equivalent to $574,423,829, net of the present value, as disclosed under trade payables.

In this respect, July 11, 2018 CAMMESA notified through Note B.127925-7 the penalty amount mentioned above and urged GMSA to inform if it would make use of the option set out by Resolution 264/2018.

In view of the foregoing, on July 10 and July 23, 2018 GMSA made the pertinent presentations to CAMMESA making use of the option to discount the penalty amount in up to 48 monthly and consecutive installments, applying to the balance the effective annual rate of 1.7% in United States dollars; the number of installments should not exceed the contract term and the first installment payable shall be discounted as from the July 2018 transaction, maturing in September 2018.

The results of this transaction, as disclosed under other operating expenses, in the Statement of Comprehensive Income, are exceptional, unique and do not relate to GMSA’s main line of business, therefore they are not considered to be within EBITDA.

NOTE 45: 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.

The collective bargaining agreement shall have a duration of 3 years counted as from January 1, 2018 and shall apply to the CTMM, CTI, CTRi, CTLB, CTF, CTR and CT Timbúes thermal power plants.

NOTE 46: CHANGES IN THE ADMINISTRATIVE BODY RESIGNATION INTERNAL REVIEW OF THE COMPANY

On August 1, 2018, Mr. Armando R. Losón was involved in a judicial investigation in the case entitled “Fernandez, Cristina Elisabet et al, illegal conspiracy”, which is pending at the Federal Court of First Instance for Criminal and Minor Offenses No. 11, Clerk's Office No. 21. At present, the Federal Court of First Instance for Criminal and Minor Offenses resolved to modify the procedural status of Mr. Armando R. Losón, leaving without effect the accusation of illegal conspiracy and urging the First Instance Judge to delve deeply into the investigations to evaluate the possibility of a reclassification of the applicable type of offense. Subsequently, on August 7, 2018, Mr. Armando R. Losón formally resigned as Director, and Mr. Armando Losón (Jr.) took office as Chairman of the Company.

Neither the Company nor any of the entities of the Albanesi Group is undergoing any process in relation to that investigation. Management of the Company understands that its acts are fully in compliance with applicable laws and regulations.

Additionally, during February 2019, the independent internal review entrusted by the management of the Albanesi Group companies came to an end, and no evidence was found which relates the Group companies to the facts under judicial investigation referred to above.

NOTE 47: SUBSEQUENT EVENTS

a) SRRyME Resolution No. 1/2019

SRRyME Resolution 1/2019 was published on February 28, 2019, replacing ES Resolution No. 19/2017. This resolution establishes new remuneration mechanisms for the generators, co-generators and self-generators in the WEM which do not have WEM Supply Contracts.

First, it establishes the Guaranteed Power Availability system to report on power availability on a quarterly basis.

Second, the resolution establishes a remuneration mechanism for power and energy.

The remuneration for power availability consists of a minimum price associated with the Real Power Availability (DRP, its Spanish acronym) and a price for guaranteed power, as per compliance with a Guaranteed Power Supply (DIGO, its Spanish acronym).

NOTE 47: SUBSEQUENT EVENTS (Cont'd)

Remuneration for power will be affected depending on the use factor of the power generation equipment. The following table shows the Base Price for the Power, according to the technology and scale (PrecBasePot):

TECHNOLOGY / SCALE	PrecBasePot [USSMW-month]
CC large P > 150 MW	3,050
CC small P<150MW	3,400
TV large P >100 MW	4,350
TV small P < 100MW	5,200
TG large P >50 MW	3,550
TG small P < 50MW	4,600
Internal combustion engines	5,200

The following table shows the Price for Availability (DIGO):

Period	PrecPotDIGO [USSMW-month]
Summer: December - January - February	7,000
Winter: June - July - August	7,000
Rest of the year: March - April - May - September - October - November	5,500

These two prices will be affected by the Use Factor, which is the relation between the energy actually generated each year and the actual energy available at the power plant (without forced unavailability or maintenance).

The energy actually generated for conventional thermal power generation will be recognized at the most per type of fuel consumed by the power plant, nonfuel variable costs of 4 USD/MWh for natural gas and 7 USD/MWh for diesel or fuel oil. Only 50% of nonfuel variable costs will be remunerated for the Energy Generated in case a power plant that has opted to get its own fuel for power generation does not have the fuel required for such generation when called for dispatch. Lastly, generators will receive a monthly remuneration for the Energy Operated, represented by the integration of hourly powers in the period, valued at 1.4 USD/MWh for any type of fuel.

Section 8 of SRRyME Resolution provides that CAMMESA will convert the dollar-denominated prices into Argentine pesos, applying the “A” 3500 (Wholesale) Exchange Rate in effect on the day preceding the due date of the economic transactions.

The new resolution is effective from March 1, 2019.

NOTE 47: SUBSEQUENT EVENTS (Cont'd)

b) Increased amount under the program for the co-issuance of simple negotiable obligations (not convertible into shares)

On February 4, 2019, the Board of Directors of GMSA and CTR approved an increase to USD 300,000,000 in the maximum amount under the Program for the co-issuance of simple negotiable obligations (not convertible into shares) for up to USD 100,000,000 (or its equivalent in other currencies), as approved by Resolution No. RESFC-2017-18947-APN-DIR#CNV dated September 26, 2017 of the National Securities Commission (the "Program"), jointly with CTR/GMSA.

The proceeds from the placement shall be applied to (i) investments in physical assets and capital goods, mainly for the development of cycle closure projects for CTMM and CTE; (ii) working capital; (iii) financing of business activity; and (iv) for corporate purposes in general.

c) Reversal optional reserve and distribution of cash dividends

On March 7, 2019 the Meeting of Shareholders of Albanesi S.A. approved the partial reversal of optional reserve funds and the distribution of cash dividends for $354,000,000 among the shareholders pro rata their shares.

NOTE 48: FINANCIAL STATEMENTS TRASLATION INTO ENGLISH LANGUAGE

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

Summary of Activity at December 31, 2018 and 2017

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

Pursuant to the provisions of National Securities Commission (CNV) General Resolution No. 368/01, as amended, below is an analysis of the results of the operations of Albanesi S.A. (the Company) and its equity and financial position, which should be read in conjunction with the accompanying financial statements.

	Fiscal year ended December 31:			
	2018	**2017**	**Var.**	**Var. %**
Sales by type of market	GWh			
Sale of Energy Res. 95/529/482/22/19 plus Spot	233	765	(532)	(70%)
Sales under Energía Plus	673	744	(71)	(10%)
Sales to CAMMESA Res. No. 220	803	664	139	21%
Sales of Electricity Res. No 21	193	25	168	672%
Total	**1,902**	**2,198**	**(296)**	**(13%)**

Below are the sales for each market (in millions of pesos):

	Fiscal year ended December 31:			
	2018	**2017**	**Var.**	**Var. %**
	(in millions of pesos)			
Sales by type of market				
Sales of Electricity Res. 95/529/482/22/19 plus Spot	966.0	689.6	276.4	40%
Sales under Energía Plus	1,716.4	1,554.1	162.3	10%
Sales to CAMMESA Res. No. 220	3,915.5	1,978.0	1,937.5	98%
Sales of Electricity Res. No 21	1,682.0	269.9	1,412.1	523%
Total	**8,279.9**	**4,491.6**	**3,788.3**	**84%**

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Results for the years ended December 31, 2018 and 2017 (in millions of pesos):

	Fiscal year ended December 31:			
	2018	**2017**	**Var.**	**Var. %**
Sales of energy	8,279.9	4,491.6	3,788.3	84%
Net sales	**8,279.9**	**4,491.6**	**3,788.3**	**84%**
Purchase of electricity	(1,271.6)	(1,299.8)	28.2	(2%)
Gas and diesel consumption by the plant	(407.7)	(231.2)	(176.5)	76%
Salaries and social security contributions	(316.5)	(256.0)	(60.5)	24%
Pension plan	(18.8)	(0.6)	(18.2)	3,033%
Maintenance services	(516.6)	(303.1)	(213.5)	70%
Depreciation of property, plant and equipment	(1,351.4)	(559.4)	(792.0)	142%
Insurance	(64.7)	(49.7)	(15.0)	30%
Sundry	(109.5)	(86.5)	(23.0)	27%
Cost of sales	**(4,056.9)**	**(2,786.3)**	**(1,270.6)**	**46%**
Gross income/(loss)	**4,223.0**	**1,705.3**	**2,517.7**	**148%**
Taxes, duties and contributions	(24.4)	(6.3)	(18.1)	287%
(Loss)/Recovery of turnover tax	(21.5)	34.9	(56.4)	100%
Selling expenses	**(45.8)**	**28.6**	**(74.5)**	**(260%)**
Salaries and social security contributions	-	(0.1)	0.1	(100%)
Fees and remunerations for services	(273.0)	(79.6)	(193.4)	243%
Directors' fees	(0.1)	(49.0)	48.9	(100%)
Per diem, travel and representation expenses	(4.7)	(2.9)	(1.8)	62%
Taxes and rates	(3.8)	(2.6)	(1.2)	46%
Sundry	(23.8)	(21.6)	(2.2)	10%
Administrative expenses	**(305.4)**	**(155.9)**	**(149.5)**	**96%**
Gain/(loss) on investments in related companies	(291.2)	20.3	(311.5)	(1,534%)
Other operating income	254.3	27.0	227.3	842%
Other operating expenses	(354.0)	-	(354.0)	(100%)
Operating income/ (loss)	**3,480.9**	**1,625.3**	**1,855.6**	**114%**
Commercial interest	54.1	31.4	22.7	72%
Interest on loans, net	(2,141.3)	(584.8)	(1,556.5)	266%
Exchange differences, net	(14,791.7)	(457.7)	(14,334.0)	3,132%
Bank expenses	(23.9)	(10.4)	(13.5)	130%
Other financial results	10,558.4	(856.2)	11,414.6	(1,333%)
Financial results, net	**(6,344.4)**	**(1,877.6)**	**(4,466.8)**	**238%**
Profit/(loss) before tax	**(2,863.4)**	**(252.4)**	**(2,611.2)**	**1,035%**
Income tax	466.4	529.1	(62.7)	(12%)
Income/(loss) for the year	**(2.397,0)**	**276.7**	**(2,673.7)**	**(966%)**
Other Comprehensive Income for the year				
Revaluation of property, plant and equipment in subsidiaries	5,310.5	-	5,310.5	100%
Impact on income tax	(1,327.4)	(0.4)	(1,327.0)	100%
Other comprehensive income for the year	**3,982.2**	**(1.9)**	**3,984.0**	**-**
Total comprehensive income for the year	**1,585.1**	**274.8**	**1,310.3**	**477%**

Sales:

Net sales amounted to $ 8,279.9 million during the year ended December 31, 2018, compared with $ 4,491.6 million in 2017, showing an increase of $3,788.3 million (84%).

During the year ended December 31, 2018 energy dispatch reached 1,902 GWh, 13% lower than the 2,198 GWh in the year 2017.

The main sources of income of the Company and their performance during the year ended December 31, 2018 compared to the previous year are described below:

(i) $ 1,716.4 million from sales under Energía Plus, up 10% from the $1,554.1 million sold in 2017. This variation is explained by the favorable effect on the price as a result of the increase in the exchange rate.

(ii) $3,915,5 million for sales of electricity in the forward market to CAMMESA under the framework of Resolution No. No. 220/07, which represented an increase of 98% from the $1,978.0 million for the same period in 2017. This variation is explained by the price increase as a result of the increase in the exchange rate and the increase in the dispatch of energy, due to the fact that the Closed Cycle began operating in CTR as from August 4, 2018.

(iii) $966,0 million from sales of electricity under Resolution 95/529/482/22/19 and spot market, accounting for a 40% increase with regard to the $ 689.6 million for the same period of 2017. This variation is attributable to the management of surplus volumes of electricity generation carried out by CAMMESA.

(iv) $1,682.0 million from sales of electricity under Resolution No. 21, which represented an increase of 523% from the $269.9 million for the same period in 2017. That variation is due to the putting into operation of the new turbines during the third quarter of fiscal year 2018.

Cost of sales:

The total cost of sales for the year ended December 31, 2018 reached $ 4,056.9 million, compared with $ 2,786.3 million for fiscal year 2017, reflecting a $ 1,270.6 million (or 46%) increase.

Below is a description of the main costs of sales of the Company, in millions of pesos, and their performance during fiscal year 2017.

(i) $ 1,271.6 million for purchase of electricity, representing a decrease of 2% compared to $1,299.8 million recorded in fiscal year 2017, as a result of the lower sales of GWh under Energía Plus.

(ii) $ 407.7 million for the cost of gas and diesel consumed at the plant, representing an increase of 76% over the $ 231.2 million in fiscal year 2017. This variation is explained by the favorable effect on the price as a result of the increase in the exchange rate.

(iii) $ 516.6 million in maintenance services, representing a 70% increase compared with $303.1 million in fiscal year 2017. This increase is explained by the higher dollar exchange rate and the start-up of the new turbines.

(iv) $ 1,351.4 million for depreciation of property, plant and equipment, up 142% from the $ 559.4 million for fiscal year 2017. This variation was mainly due to the higher depreciation value of buildings, installations and machinery as a result of their revaluation at December 31, 2018 and the start-up of new projects.

(v) $ 316.5 million in salaries, wages and social security contributions, which represented an increase of 24% over the $ 256.0 million for fiscal 2017. This increase was mainly attributable to higher salaries and new hires.

(vi) $ 64.7 million in insurance, up 30% from the $49.7 million in fiscal 2017 as a result of the exchange rate variation and the start-up of new turbines.

Gross income/(loss):

Gross income for the year ended December 31, 2018 was a gain of $ 4,223.0 million, compared with a gain of $ 1,705.3 million in fiscal year 2017, accounting for a 148% increase. This is attributable to the exchange rate variation and the start-up of the new turbines.

Selling expenses:

Selling expenses for the year ended December 31, 2018 amounted to a $ 45.8 million loss, compared with a $ 28.6 million gain for fiscal 2017, representing a decrease of $ 74.4 million (or 260%).

Administrative expenses:

Administrative expenses for the year ended December 31, 2018 amounted to $ 305.4 million, compared with $ 155.9 million in fiscal 2017, reflecting an increase of $ 149.5 million (or 96%).

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

(i) $ 273.0 million in fees and compensation for services, up 243% from the $ 79.6 million in fiscal year 2017.

(ii) $ 23.8 million in sundry expenses, accounting for a 10% increase from the $ 21.6 million recorded in fiscal year 2017. The main variations are due to the captions taxes and rates and insurance.

Operating income:

Operating income for the year ended December 31, 2018 was a $ 3,480.9 million gain, compared with a $ 1,625.3 million gain in fiscal 2018, accounting for a 114% increase. The increase was mainly due to the effect of a higher exchange rate on the operating activities of the controlled companies and the start-up of new projects.

In addition, Other operating income for 2018 includes net profit for the repayment of financing by CAMMESA to GROSA corresponding to the second stage of repair of the TV13 unit, for $ 176.7 million. Other operating expenses includes a loss corresponding to a penalty from CAMMESA for $222.5 million.

Financial results:

Financial results for the fiscal year ended December 31, 2018 amounted to a loss of $6,344.4 million, compared to a loss of $ 1,877.6 million in fiscal year 2017, which accounted for an increase of $ 4,466.8 million.

The most salient aspects of this variation are as follows:

(i) $ 2,141.3 million loss corresponding to financial interest, up 266% from the $584.8 million loss in fiscal year 2017 as a result of an increase in the financial debt generated by investment projects.

(ii) $ 10,558.4 million gain generated by other financial results, compared with a $ 856.2 million loss for fiscal 2018. This variation corresponds mainly to RECPAM recorded as a result of the application of adjustment for inflation.

(iii) $ 14,791.7 million loss due to net exchange differences, reflecting an increase of $ 14,334.0 million compared with the $ 457.7 million in the previous fiscal year.

Income (loss) before tax:

During the year ended December 31, 2018, the Company reported loss before tax of $ 2,863.4 million, as against $ 252.4 million loss in the previous year, which accounted for an increase in the loss of $ 2,611.2 million.

Income tax for the year ended December 31, 2018 amounted to a $ 466.4 million profit, compared to $ 529.1 million profit in the previous fiscal year.

Net income:

The net result for the fiscal year ended December 31, 2018 was a loss of $ 2,397.0 million, compared with a $ 276.7 million gain in fiscal year 2017, accounting for a $ 2,673.7 million decrease.

Adjusted EBITDA

	Fiscal year ended December 31: 2018 (in thousands of pesos)
Operating profit/(loss) excluding non-recurring profit/(loss)	2,711,501
Depreciation and amortization	1,351,356
Non-recurring profit/(loss) (3)	251,522
Income/(Loss) from interest in associates (4)	810,232
Dividends received	6,557
Adjusted EBITDA in thousands of pesos (2)	**5,131,168**

(1) CTR accounting information and the corresponding eliminations are included.
(2) These are figures not covered by the audit report.
(3) Corresponds to the completion of the monitoring and the commitments assumed under the Mutual Contract between GROSA and CAMMESA. See note 13.D) to the interim condensed consolidated financial statements
(4) The figures do not include the Group's participation in the results of GECEN that has been excluded from the calculation as indicated in point 7.

EBIDTA calculation does not consider the loss for the penalty from CAMMESA, since it is exceptional and unique and does not apply to the Company's main business activity (See Note 44).

Adjusted EBITDA corresponding to the year ended December 31, 2018 increased $2,919.7 million (132%), from $ 2,214.7 million for the year ended December 31, 2017 to $ 5,131.4 million reported for 2018. This increment was mainly due to the following factors: i) the start-up of the TG6 and 7 of CTMM, of the TG3 of CTI, of the TG24 of CTRi, and of the power plant CTE during 2017; and ii) the simplification of the calculation of remunerations and their value in US dollars since February 2017, established by Resolution ES 19/17, superseding Resolution ES 22/16, thus increasing the company's operating income.

2. Equity figures comparative with the previous fiscal year:
(in millions of pesos)

	2018	2017
Non-current Assets	31,206.5	17,153.1
Current Assets	5,433.2	3,541.3
Total Assets	**36,639.7**	**20,694.4**
Owners of the parent	6,562.4	4,035.3
Non-controlling interest	626.7	211.0
Total Equity	**7,189.1**	**4,246.3**
Non-current Liabilities	22,329.7	12,819.5
Current Liabilities	7,120.9	3,628.6
Total Liabilities	**29,450.6**	**16,448.1**
Total Equity and Liabilities	**36,639.7**	**20,694.4**

3. Breakdown presented comparatively with fiscal year:
(in millions of pesos)

	2018	2017
Ordinary operating income/ (loss)	3,480.9	1,625.3
Financial results	(6,344.4)	(1,877.6)
Ordinary net profit/(loss)	**(2,863.4)**	**(252.4)**
Income tax	466.4	529.1
Income from continuing operations	**(2.397,0)**	**276.7**
Discontinued operations	-	-
Income/(loss) for the period	**(2.397,0)**	**276.7**
Other comprehensive income	3,982.2	(1.9)
Total comprehensive income	**1,585.1**	**274.8**

4. Cash flow figures comparative with fiscal year:
(in millions of pesos)

	2018	2017
Cash flows provided by operating activities	941.2	3,329.3
Cash flows (used in) investment activities	(2,575.2)	(6,511.0)
Cash flows provided by financing activities	1,966.9	2,263.6
Increase/ (Decrease) in cash and cash equivalents	**333.1**	**(918.1)**

5. Rates in comparative format with the same period of prior years::

	2018	2017
Liquidity (1)	0.76	0.98
Solvency (2)	0.22	0.25
Tied-up capital (3)	0.85	0.83
Indebtedness ratio (4) (*)	4.29	5.01

(*) Amounts not covered in the Audit Report.

6. Brief comment on the outlook for fiscal year 2019

Company Outlook for Fiscal Year 2019

Commercial and operating sector

Company's management expects to continue operating and normally maintaining the various generating units to maintain high levels of availability in 2019. The fact of introducing more efficient group machines to the Electricity System would imply obtaining higher levels of dispatch, and thus, increasing the generation of electricity with fuel provided by CAMMESA, and in some cases with its own fuel.

CTR is carrying out the project for closure of the cycle, which implies expanding current capacity to 60 MW through the installation of a steam turbine and a heater, among other equipment. Not only will this project increase power but it will also be significant in environmental and energy efficiency terms, as the extra power to be generated will not require additional fuel.

On August 4, 2018, CTR obtained the commercial authorization of the GE steam turbine as a generating agent for the Wholesale Electricity Market, expanding the generation capacity of the Power Plant by 60 MW.

A Wholesale Electric Market supply contract for 55 MW was signed with CAMMESA, under ES Resolution 220/07.

Financial Position

For the next months, the Company expects to continue optimizing its financing structure and to keep a level of indebtedness in line with the Company's operational needs.

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

7. Additional Information (*)

For the purpose of providing information in the context of the transaction of the international Negotiable Obligation issue, a summarized statement of financial position and income statement deconsolidating the subsidiary Generación Centro SA, known as Non-restricted Subsidiary, as per Minutes of the Board of Directors meeting dated August 27, 2018, which means its creditors have no recourse against ASA or any of its subsidiaries.

Statement of Financial Position (in thousands of pesos)	**Albanesi S.A. Consolidated**	**Deletions GECEN**	**Deletions Related parties balances and Equity value**	**Total**
Assets				
Non-current Assets	31,206,500	(33,849)	197,521	31,370,171
Current Assets	5,373,777	(1,661,563)	-	3,712,214
Total Assets	**36,580,277**	**(1,695,412)**	**197,521**	**35,082,386**
Shareholders' equity				
Owners of the parent	6,562,359	545,779	(545,779)	6,562,359
Non-controlling interest	626,734	-	27,289	654,023
Total Equity	**7,189,093**	**545,779**	**(518,490)**	**7,216,382**
Liabilities				
Non-current Liabilities	22,329,710	(1,916,182)	197,521	20,611,048
Current Liabilities	7,061,475	(325,009)	518,490	7,254,956
Total liabilities	**29,391,184**	**(2,241,191)**	**716,010**	**27,866,004**
Total liabilities and shareholders' equity	**36,580,277**	**(1,695,412)**	**197,521**	**35,082,386**

Statement of Income (in thousands of Pesos)	**Consolidated Albanesi S.A.**	**Deletion GECEN**	**Deletion equity value**	**Total**
Sales revenue	8,279,925	-	-	8,279,925
Cost of sales	(4,056,878)	-	-	(4,056,878)
Gross income	**4,223,048**	**-**	**-**	**4,223,048**
Selling expenses	(45,809)	-	-	(45,809)
Administrative expenses	(305,429)	1,149	-	(304,281)
Income from interests in associates	(291,179)	-	(519,053)	(810,232)
Other operating income	254,623	-	-	254,623
Other operating expenses	(354,041)	-	-	(354,041)
Operating income/ (loss)	**3,481,211**	**1,149**	**(519,053)**	**2,963,307**
Financial results, net	**(6,344,652)**	**578,643**	**-**	**(5,766,009)**
Profit/(loss) before tax	**(2,863,440)**	**579,792**	**(519,053)**	**(2,802,702)**
Income tax	466,394	(33,420)	-	432,974
(Loss) income for the period	**(2,397,046)**	**546,372**	**(519,053)**	**(2,369,728)**
Comprehensive (loss)/income for the period attributable to:				
Owners of the company	(2,139,317)	519,053	(519,053)	(2,139,317)
Non-controlling interest	(257,730)	27,319	-	(230,411)
	(2,397,046)	**546,372**	**(519,053)**	**(2,369,728)**

(**) Information not covered in the Audit Report..

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INDEPENDENT AUDITORS' REPORT

To the Shareholders, President and Directors of
Albanesi S.A.
Legal address: Leandro N. Alem 855 - 14th floor
City of Buenos Aires
Tax Code No. 30-68250412-5

Report on the financial statements

We have audited the consolidated financial statements of Albanesi S.A. With its subsidiaries ("the Company" which consist of the consolidated statement of financial position as of December 31, 2018, the consolidated 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 2017 are an integral part of the audited consolidated financial statements mentioned above; therefore, they must be considered in connection with these consolidated financial statements.

Board's responsibility

The Board of Directors of the Company is responsible for the preparation and reasonable presentation of these consolidated 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 consolidated financial statements free of any material misstatements due to error or irregularities.

Auditors' responsibility

Our responsibility is to express an opinion on the attached consolidated 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.

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These standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance whether the consolidated 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements mentioned the first paragraph of this report present fairly, in all material respects, the financial position of Albanesi S.A. as of December 31, 2018, as well as the consolidated 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 Albanesi S.A., that:

a) the consolidated financial statements of Albanesi S.A. are transcribed into the Inventory and Balance Sheet book and as regards those matters that are within our 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 Albanesi 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 on which, as regards those matters that are within our field of competence, we have no observations to make;

d) at December 31, 2018, there is no debt accrued in favor of the Argentine Integrated Social Security System,

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, 2018 account for:

   e.1) 55% of the total fees for services billed to the Company for all items during that fiscal year;
   e.2) 12% 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 the money laundering abatement and anti-terrorist financing procedures for Albanesi S.A. comprised in the professional standards issued by the Professional Council in Economic Sciences of the City of Buenos Aires.

City of Buenos Aires,March 8, 2019

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Raúl Leonardo Viglione

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Report of the Syndics' Committee

To the Shareholders of
Albanesi S.A.

1. In accordance with Section 294 of Law No. 19550, the standards issued by the National Securities Commission (CNV) we have examined the statement of financial position of Albanesi S.A. at Monday which comprise the financial statement position at December 31, 2018, and the related statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and complementary notes. The balances and other information corresponding to the fiscal year 2018 are an integral part of the audited financial statements mentioned above; therefore, they must be considered in connection with these financial statements.

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. S.R.L, issued their unqualified opinion the same date of this report. 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 and 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, 2018, we have verified that it contains the information required by Section 66 of the General Companies Law No. 19550, Law 26831 and amendments, 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 relevant 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, 2018, 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 consolidated financial statements of Albanesi S.A. present fairly, in all material respects, its financial position at December 31, 2018, 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 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 Albanesi 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 that we considered necessary under the circumstances, and we have no observations to make.

City of Buenos Aires, March 8, 2019

For the Syndics' Committee
Marcelo P. Lerner
Full Syndic

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

Albanesi S.A.

Separate Financial Statements

At December 31, 2018
presented in comparative format

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

Albanesi S.A.

SEPARATE FINANCIAL STATEMENTS
At December 31, 2018 and 2017

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Additional information required by Section 12, Chapter III, Title IV, of the National Securities Commission regulations

Independent Auditors' Report

Report of the Syndics' Committee

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

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 separate financial statements of the Company.

Terms	Definitions
/day	Per day
AESA	Albanesi Energía S.A.
AFIP	Federal Administration of Public Revenue
AISA	Albanesi Inversora S.A. (a company absorbed by ASA)
AJSA	Alba Jet S.A.
ASA	Albanesi S.A.
AVRC	Alto Valle Río Colorado S.A.
BADCOR	Adjusted BADLAR rate
BADLAR	Average interest rate paid by financial institutions on time deposits for over one million pesos.
BCRA	Central Bank of Argentina
BDD	Bodega del Desierto S.A.
CAMMESA	Compañía Administradora del Mercado Mayorista Eléctrico S.A. (Wholesale Electricity Market Management Company)
CC	Combined cycle
IFRIC	International Financial Reporting Interpretations Committee
CNV	National Securities Commission
CTE	Central Térmica Ezeiza (Ezeiza Thermal Power Plant)
CTF	Central Térmica Frías, located in Frías, Santiago del Estero
CTI	Central Térmica Independencia (Independencia Thermal Power Plant) located in San Miguel de Tucumán, Tucumán.
CTLB	Central Térmica La Banda (La Banda Thermal Power Plant) located in La Banda, Santiago del Estero
CTMM	Central Térmica Modesto Maranzana (MM Power Plant) located in Río Cuarto, Córdoba
CTR	Central Térmica Roca S.A.
CTRi	Central Térmica Riojana (Riojana Thermal Power Plant) located in La Rioja, La Rioja
CVP	Variable Production Cost
Dam^3	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
ENARSA	Energía Argentina S.A.
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 WEM
GE	General Electric
GECEN	Generación Centro S.A.
GLSA	Generación Litoral S.A.

GLOSSARY OF TECHNICAL TERMS (Cont'd)

Terms	Definitions
GFSA	Generación Frías S.A. (company merged into GMSA)
GISA	Generación Independencia S.A. (company merged into GMSA)
GMSA	Generación Mediterránea S.A.
Large Users	WEM agents classified according to their consumption into: GUMAs, GUMEs, GUPAs and GUDIs
GROSA	Generación Rosario S.A.
GUDIs	Large Demand from Distributors' customers, with declared or demanded power of over 300kW
GUMAs	Major Large Users
GUMEs	Minor Large Users
GUPAs	Large Users - Individuals
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
The Company/The Group	Albanesi S.A. and its subsidiaries
LGS	General Companies Law
LVFVD	Sales liquidations with maturity date to be defined
MAPRO	Major Scheduled Maintenance
MAT	Futures market
WEM	Wholesale Electric Market
MMm3	Million cubic meters
MVA	Mega-volt ampere, unit of energy equivalent to 1 volt x 1 ampere x 106
MW	Megawatt Unit of power equivalent to 1,000,000 watts
MWh	Megawatt hour Unit of energy equivalent to 1,000,000 watts hour
ARG GAAP	Argentine Generally Accepted Accounting Principles
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
ON	Negotiable Obligations
PWPS	Pratt & Whitney Power System Inc
RECPPC	Result of exposure to the change in the purchasing power of the currency
Resolution No. 220/07	Regulatory framework for the sale of energy to CAMMESA through the "WEM Supply Contract" under Energy Secretariat Resolution No. 220/07
RG	General Resolution
RGA	Rafael G. Albanesi S.A.
RT	Technical Pronouncements
SADI	Argentine Interconnection System
ES	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

Albanesi S.A.

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Composition of the Board of Directors and Syndics' Committee
At December 31, 2018

President
Armando Losón (h)

1st Vice President
Guillermo G. Brun

2nd Vice President
Julián P. Sarti

Full Directors
Carlos A. Bauzas
Sebastián A. Sánchez Ramos
Oscar C. De Luise

Alternate Directors
José L. Sarti
Juan G. Daly
María de los Milagros D. Grande
Ricardo M. Lopez
Romina S. Kelleyian

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

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

Albanesi S.A.

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

Corporate name:	**Albanesi S.A.**
Legal address:	Av. L.N. Alem 855, 14th floor - City of Buenos Aires
Main business activity:	Investing and financial activities
Tax Registration Number:	30-68250412-5

Dates of registration with the Public Registry of Commerce:

Bylaws or incorporation agreement:	June 28, 1994
Latest amendment:	February 23, 2018
Registration with the Superintendency of Commercial Companies under number:	6216 of Book 115, Volume A of Corporations
Expiration of bylaws or incorporation agreement:	June 28, 2093

CAPITAL STATUS (see Note 18)			
Shares			
Number	**Type**	**Number of votes per share**	**Subscribed, paid-in and registered**
			$
64,451,745	Ordinary, registered, non-endorsable FV $1	1	64,451,745

Albanesi S.A.

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

Separate statement of financial position
At December 31, 2018 and 2017
Stated in pesos

	Notes	12.31.2018	12.31.2017
ASSETS			
NON-CURRENT ASSETS			
Investments in subsidiaries and associates	**6**	7,716,833,378	4,561,367,534
Deferred tax assets	**21**	42,379,746	16,602,940
Income tax credit balance		1,528,876	-
Other receivables	**8**	219,409,979	5,915,088
Total non-current assets		**7,980,151,979**	**4,583,885,562**
CURRENT ASSETS			
Other receivables	**8**	226,320,563	271,888,598
Cash and cash equivalents	**9**	738,037	672,617
Total current assets		**227,058,600**	**272,561,215**
Total Assets		**8,207,210,579**	**4,856,446,777**
EQUITY			
Share Capital	**18**	64,451,745	62,455,160
Capital Adjustment		130,598,466	125,503,775
Legal reserve		21,225,591	8,073,030
Optional reserve		708,781,689	186,117,451
Special Reserve GR No. 777/18		2,540,320,852	2,540,320,852
Technical revaluation reserve		3,674,954,428	-
Other comprehensive income		(8,811,248)	(8,089,719)
Retained earnings		(569,162,739)	1,120,917,794
TOTAL EQUITY		**6,562,358,784**	**4,035,298,343**
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans	**13**	294,646,491	370,226,562
Other liabilities	**11**	18,258,656	36,004,824
Total non-current liabilities		**312,905,147**	**406,231,386**
CURRENT LIABILITIES			
Loans	**13**	804,216,137	42,037,296
Other liabilities	**11**	523,554,509	343,693,276
Tax payables	**12**	-	4,148,245
Trade payables	**10**	4,176,002	25,038,231
Total current liabilities		**1,331,946,648**	**414,917,048**
Total liabilities		**1,644,851,795**	**821,148,434**
Total liabilities and equity		**8,207,210,579**	**4,856,446,777**

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

Albanesi S.A.

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

Separate Statement of Comprehensive Income

For the fiscal years ended December 31, 2018 and 2017

Stated in pesos

	Notes	12.31.2018	12.31.2017
Gain/loss on investment in subsidiaries and associates	6	(2,095,066,668)	271,572,474
Selling expenses	14	(343,848)	(447,875)
Administrative expenses	15	(10,540,863)	(22,459,682)
Other operating income	16	6,251,789	5,623,788
Operating income		**(2,099,699,590)**	**254,288,705**
Financial expenses	17	(294,640,499)	(120,733,146)
Other financial results	17	230,964,862	116,058,417
Financial results, net		**(63,675,637)**	**(4,674,729)**
Income/(loss) before taxes		**(2,163,375,227)**	**249,613,976**
Income tax	21	24,058,677	13,862,969
Net (Loss) Income		**(2,139,316,550)**	**263,476,945**
Other Comprehensive Income			
Other comprehensive income on investment in subsidiaries and associates		3,674,232,899	(1,829,367)
Other comprehensive income		**3,674,232,899**	**(1,829,367)**
Comprehensive income		**1,534,916,349**	**261,647,578**
Earnings per share			
Basic and diluted earnings (losses) per share	20	**(33.19)**	**4.22**

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

Albanesi S.A.

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

Separate Statement of Changes in Equity

For the fiscal years ended December 31, 2018 and 2017

Stated in pesos

	Attributable to Shareholders								
	Shareholders' contributions		**Retained earnings**						
	Share capital (Note 18)	**Capital Adjustment**	**Legal reserve**	**Optional reserve**	**Special Reserve GR No. 777/18**	**Technical revaluation reserve**	**Other comprehensive income**	**Retained earnings**	**Total equity**
Balances at December 31, 2016	**62,455,160**	**125,503,775**	**3,579,909**		**2,540,320,852**	**-**	**(6,260,352)**	**1,048,051,421**	**3,773,650,765**
As resolved by Ordinary Shareholders' Meeting held on April 18, 2017.									
- Legal reserve	-	-	4,493,121	-	-		-	(4,493,121)	-
- Optional reserve	-	-	-	186,117,451	-		-	(186,117,451)	-
Other comprehensive income	-	-	-	-	-		(1,829,367)	-	(1,829,367)
Income for the year	-	-	-	-	-		-	263,476,945	263,476,945
Balances at December 31, 2017	**62,455,160**	**125,503,775**	**8,073,030**	**186,117,451**	**2,540,320,852**		**(8,089,719)**	**1,120,917,794**	**4,035,298,343**
Addition due to merger as from January 1, 2018 (Note 25)	1,996,585	5,094,691	589,572	14,420,202				970,043,042	992,144,092
As resolved by Ordinary Shareholders' Meeting held on April 19, 2018.									
- Legal reserve	-	-	12,562,989	-	-	-	-	(12,562,989)	-
- Optional reserve	-	-	-	508,244,036	-	-	-	(508,244,036)	-
Other comprehensive income	-	-	-	-	-	3,674,954,428	(721,529)	-	3,674,232,899
Loss for the year	-	-	-	-	-	-	-	(2,139,316,550)	(2,139,316,550)
Balances at December 31, 2018	**64,451,745**	**130,598,466**	**21,225,591**	**708,781,689**	**2,540,320,852**	**3,674,954,428**	**(8,811,248)**	**(569,162,739)**	**6,562,358,784**

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

Albanesi S.A.

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

Statement of Cash Flows

For the fiscal years ended December 31, 2018 and 2017

Stated in pesos

	Notes	12.31.2018	12.31.2017
Cash flow provided by operating activities:			
(Loss) / income for the year		(2,139,316,550)	263,476,945
Adjustments to arrive at net cash flows provided by operating activities:			
Income tax	**21**	(24,058,677)	(13,862,969)
Interest, exchange differences and other financial results		293,295,050	120,687,313
Provision for directors' fees		(442,475)	18,281,631
RECPPC (Purchasing Power Parity)		(229,619,412)	(116,012,581)
Gain/Loss on investment in subsidiaries and associates	**6**	2,095,066,668	(271,572,474)
Changes in operating assets and liabilities:			
(Increase) in other receivables		(245,339,760)	(206,326,141)
Increase in trade payables		11,150,592	8,364,854
(Decrease)/Increase in tax payables		(10,637,021)	1,701,524
Increase in other liabilities		21,850,511	207,992,791
Income tax, paid		(431,181)	-
Cash flows (used in) provided by operating activities		**(228,482,255)**	**12,730,893**
Cash flows from investment activities:			
Collection of dividends		35,872,276	9,802,007
Increase in other liabilities with subsidiaries		352,473	99,976,760
Addition of cash as a result of the merger		85,543	-
Contributions to subsidiaries		-	(782,501)
Net cash flows provided by investment activities		**36,310,292**	**108,996,266**
Cash flows from financing activities:			
Borrowings	**13**	-	-
Payment of interest	**13**	(116,891,416)	(108,799,411)
Payment of principal	**13**	(23,414,107)	(1,768,038)
Increase in loans with related companies	**13**	542,511,533	-
(Decrease) in loans with related companies	**13**	(27,045,175)	-
(Decrease) in other liabilities with related companies		(185,168,902)	(10,812,341)
Cash flows provided by/ (used in) financing activities		**189,991,933**	**(121,379,790)**
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(2,180,030)**	**347,369**
Cash and cash equivalents at the beginning of year		672,617	279,412
Exchange difference of cash and cash equivalents		2,245,450	45,836
Cash PPP (RECPPC)		(217,054)	(127,768)
Cash and cash equivalents at year end	**9**	738,037	672,617
		(2,180,030)	**347,369**

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

Albanesi S.A.

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

Separate Statement of Cash Flows

For the fiscal years ended December 31, 2018 and 2017

Stated in pesos

Significant transactions not representing changes in cash:

		12.31.2018	12.31.2017
Issue of negotiable obligations paid up in kind	**13**	-	426,781,757
Refinancing in other liabilities	**13**	157,576,547	-
Directors' fees offset against other receivables		(17,830,191)	-
Decrease in Other debts due to assignment of other receivables		-	3,547,468
Decrease in Other debts due to offsetting against other receivables		-	29,042,078
Other comprehensive income on investment in subsidiaries and associates		3,674,232,899	(1,829,367)

Addition of balances due to merger (Note 25)

Assets		
Deferred tax assets	1,718,129	-
Investments in subsidiaries	729,986,547	-
Other receivables	27,263,093	-
Income tax credit balance, net	1,620,692	-
Total assets	760,588,461	-
Liabilities		
Other liabilities	(12,783,479)	-
Loans	(119,388,797)	-
Trade payables	(53,198)	-
Total liabilities	(132,225,474)	-
Added equity	(628,448,530)	-
Cash added as a result of the merger	**(85,543)**	-

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

Notes to the Separate Financial Statements
For the fiscal years ended December 31, 2018 and 2017
Stated in pesos

NOTE 1: GENERAL INFORMATION

The Company was established in 1994 as investment and financing company. Through its subsidiaries and related entities, ASA has invested in the energy market, in the power generation and commercialization segment.

Albanesi Group, through ASA and its related company AESA, is engaged in the generation and sale of electricity and has focused on the gas transportation and sale business through RGA.

In recent years, the main strategy of Albanesi Group has been focused on achieving vertical integration, drawing on its vast experience and reputation in the natural gas sale market (obtained through RGA), with the subsequent addition of the electric power generation business. This approach seeks to capitalize the value added from the purchase from large gas producers in all the basins in the country to its transformation and sale as electric power.

Below is a detail of the participation of ASA in each company.

Companies	Country of creation	Main activity	% participation	
			12.31.2018	12.31.2017
CTR (1)	Argentina	Electric power generation	75%	-
GECEN	Argentina	Electric power generation	95%	95%
GLSA	Argentina	Electric power generation	95%	95%
GMSA	Argentina	Electric power generation	95%	95%
GROSA	Argentina	Electric power generation	95%	95%
Solalban Energía S.A.	Argentina	Electric power generation	42%	42%

(1) Company merged under the merger through absorption process, as described in Note 25.

Albanesi Group had at the date these separate financial statements were signed a total installed capacity of 1,520 MW, representing 6.1% of the total installed thermoelectric capacity in Argentina, it being expanded with additional 375 MW with all the new projects awarded and currently under way.

RGA, in turn, is the leading company engaged in the sale of gas and the provision of energy supply services to industries and thermal power plants.

In 2017 ASA (merging and continuing company) has been part of a merger process in which AISA was merged. The final merger agreement was signed on November 21, 2017, which set January 1, 2018 as the effective date of the merger. The merger was approved by the CNV on January 11, 2018 and registered with the Superintendency of Commercial Companies on February 23, 2018 (See Note 25).

NOTE 1: GENERAL INFORMATION (Cont'd)

In 2015, ASA entered the capital markets. On November 20, 2015, it obtained authorization to enter the public offering system and create a program of Simple Negotiable Obligations (not convertible into shares) of up to USD 100,000,000 or its equivalent in other currencies, in one or more classes or series. Thus, the Company issued Class I Negotiable Obligations for $ 70 million on December 29, 2015; Class II Negotiable Obligations for $ 220 million on October 25, 2016; and Class III Negotiable Obligations for $ 256 million on June 15, 2017.

Below is a detail of the most important information for each of the thermal power plants operated by the subsidiaries of ASA:

Central Térmica Modesto Maranzana:

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

In October 2008, GMSA completed the first stage of the project to enlarge the Power Plant. To this end, two new FT8-3 SwiftPac 60 PWPS aero-derivative gas turbines of 60 MW were installed and put into operation. Each has two aero-derivative gas turbines of 30MW that transmit their power to a single generator thus offering great flexibility in the operation.

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

On March 28, 2016, GMSA signed an agreement with Siemens Industrial Turbomachinery AB for CTMM for the provision and assembly of two Siemens SGT-800 turbines of 50MW nominal each. This enlargement was made under an agreement signed pursuant to a Resolution of the Energy Secretariat No. 220/07. On July 6, 2017, the two Siemens SGT-800 turbines were put into commercial operation in the WEM. Thus, the installed capacity of the Power Plant increased from 250 MW to 350 MW.

Through EES Resolution No. 287/2017 dated May 10, 2017, the Electric Energy Secretariat instructed CAMMESA to call for tenders for new thermal generation of closure of the combined cycle technology and co-generation, with the commitment to be available to meet the demand in WEM. GMSA participated in the invitation and was awarded with two projects for the closure of the combined cycle through EES Resolution No. 926 – E/2017.

NOTE 1: GENERAL INFORMATION (Cont'd)

Central Térmica Modesto Maranzana (Cont'd)

One of those projects is the closure of the combined cycle of the TG06 and TG07 units at CTMM, located in Río Cuarto. The project consists in the installation of a new 50 MW Siemens SGT800 gas turbine (with a guaranteed power of 47.5 MW) and the conversion into combined cycle of the three gas turbines (3x1 configuration). For such conversion, a recovery boiler will be installed at the gas turbines exit, which will produce steam in two pressures to feed a SST-600 steam turbine that will deliver a further 65 MW to the network; also, the necessary infrastructure will be installed for its operation and maintenance. The project for the closure of CTMM combined cycle will enable contributing a further 112.5 MW to SADI. The addition of a new gas turbine will cause an additional demand for fuel to the system. The addition of the turbo steam machine will contribute 65 MW, without additional consumption of fuel, with the complete cycle recording a specific consumption of 1590 Kcal/kWh in the closure of the combined cycle.

This project was awarded by EES Resolution No. 926 - E/2017 on October 17, 2017 and is expected to become operative in mid-2020.

GMSA and CAMMESA signed the Wholesale Demand contract on December 14, 2017.

Central Térmica Independencia

GMSA is the owner of the power plant Central Térmica Independencia (CTI) which is located in the city of San Miguel de Tucumán, Province of Tucumán. CTI was out of service, and in 2011 Albanesi Group executed all the works necessary to install 120 MW with PWPS technology, and to refurbish the existing ancillary facilities. It obtained authorization for commercial operation on November 17, 2011.

On June 30, 2016, within the framework of the bidding process called for by the Energy Secretariat through Resolution ES No. 21, GMSA signed a Contract for Wholesale Demand for CTI for the installation of the new thermal generation capacity. The project consists in the installation of 100 MW (92 MW undertaken) in two stages.

To that end, on April 30, 2016, a contract was executed with Siemens Industrial Turbomachinery AB for the purchase of the first SGT-800 turbine of 50 MW, paying on December 2016 50% and financing the remaining 50% in 24 installments as from September 2017. On August 10, 2017, in compliance with the Contract for Wholesale Demand, authorization for commercial operation was obtained for the first stage, for a maximum power of 49.6 MW while operated with natural gas, and 46.5 MW while operated with diesel. It is connected to SADI at the transformer station (ET for its acronym in Spanish) INDEPENDENCIA 132 KV of TRANSNOA, province of Tucumán.

<u>NOTE 1:</u> GENERAL INFORMATION (Cont'd)

Central Térmica Independencia (Cont'd)

For this purpose, on August 9, 2016, a contract was executed with Siemens Industrial Turbomachinery AB for the purchase of a second SGT-800 turbine of 50 MW, paying on March 2017 50% and financing the remaining 50% in 24 installments as from April 2018. The parts belonging to the second turbine and chimneys are already at the plant. The price of the turbine is worth USD 20 million.

On February 1, 2018, authorization for commercial operation was obtained for the second stage, for a maximum power of 49 MW while operated with NATURAL GAS and 47 MW while operated with DIESEL.

Central Térmica Riojana

GMSA is the owner of Central Térmica Riojana (CTRi), which is located in the province of La Rioja and has 4 power generation units: Turbogrupo Fiat TG21 of 12MW, Turbogrupo John Brown TG22 of 16MW, Turbogrupo Fiat TG23 of 12MW and Turbogrupo Siemens SGT 800 TG24 of 50 MW, for which an addenda was executed with CAMMESA for the increase in the installed capacity by 50MW under ES Resolution No. 220/07.

The Turbogrupo Siemens was acquired through a contract with Siemens Industrial Turbomachinery AB signed on September 7, 2015. On May 20, 2017, the authorization for commercial operation was obtained for a maximum power of 46.68 MW while operated with natural gas and 45 MW while operated with diesel. It is connected to SADI at the ET La Rioja.

Central Térmica La Banda

GMSA is the owner of Central Térmica La Banda (CTLB), which is located in the province of Santiago del Estero and currently has two power generation units: Turbogrupo Fiat TG21 of 16 MW and Turbogrupo Fiat TG22 of 16 MW.

Central Térmica Frías

GMSA is the owner of Central Térmica Frias (CTF), which is located in the province of Santiago del Estero and has a nominal thermal power generation capacity of 60 MW through one turbine with PWPS technology, consisting of two gas turbines that transmit their mechanical power to only one generator of 60 MW. The operation of this machine consists in transforming the chemical energy of the fuel (either liquid or gas), injected into the combustion chambers, the mechanical energy that is transmitted to the generator, which performs the last conversion into electricity.

The turbine purchase agreement contemplated financing by PWPS of USD 12 million for 4 years, as from the provisional acceptance. At December 31 this debt amounts to $ 452,400,000.

NOTE 1: GENERAL INFORMATION (Cont'd)

Central Térmica Ezeiza (Ezeiza Thermal Power Plant)

GMSA is the owner of Central Térmica Ezeiza (CTE), situated in the province of Buenos Aires, and has 3 Siemens SGT-800 turbines of 50 MW each. This Power Plant was created under SEE Resolution 21/2016.

The commercial operation of the TG02 and TG03 units was authorized on September 29, 2017 to operate for a total of 93 MW, with tariffs denominated in US dollars, for a term of 10 years. They are connected to SADI at the ET TORRES 132 kV in the province of Buenos Aires. Both turbines form part of the first stage of a total project for 150 MW.

For this purpose, on April 30, 2016, a contract was executed with Siemens Industrial Turbomachinery AB for the purchase of the mentioned turbines, paying on September 2016 50% and financing the remaining 50% in 24 installments as from September 2017. As regards the second stage of the project, on August 9, 2016, a contract was executed with Siemens Industrial Turbomachinery AB for the purchase of a third SGT-800 turbine of 50 MW, paying on March 2017 50% and financing the remaining 50% in 24 installments as from April 2018. The price of the turbine is USD 20.3 million. Authorization for commercial operation of the second stage was obtained on February 3, 2018.

Through EES Resolution No. 287 - E/2017 dated May 10, 2017, the Electric Energy Secretariat instructed CAMMESA to call for tenders for new thermal generation of closure of the combined cycle technology and co-generation, with the commitment to be available to meet the demand in WEM.

GMSA participated in the invitation and was awarded with two projects for the closure of the combined cycle through EES Resolution No. 926 – E/2017.

One of the awarded projects was the closure of the combined cycle of units TG01, TG02 and TG03 of Central Térmica Ezeiza, located in the province of Buenos Aires. The project consists of: i) the installation of a fourth 50 MW Siemens SGT-800 gas turbine, and ii) the conversion into combined cycle of the four gas turbines. For the conversion into combined cycle, a recovery boiler will be installed at the gas turbines exit, which will produce steam in two pressures to feed two steam turbines (2x1 configuration), each of them delivering 44 MW to the network.

The project for the closure of CT Ezeiza combined cycle will enable contributing a further 138 MW to Argentine Interconnection System (SADI). Although the new gas turbine to be installed will consume additional fuel, the inclusion of two steam turbines will contribute a further 88 MW without additional fuel consumption, and the two full cycles will have a specific consumption of 1,590 Kcal/KWh.

This project was awarded under EES Resolution No. 926 - E/2017 on October 17, 2017 and is expected to become operative in mid-2020.

GMSA and CAMMESA signed the Wholesale Demand contract on December 14, 2017.

NOTE 1: GENERAL INFORMATION (Cont'd)

Co-generation Project Arroyo Seco

Through Resolution SE 287/2017, the Secretariat of Energy requested bids for the installation of generation projects by closing open cycles and cogeneration. Within this framework, GECEN presented a cogeneration project in Arroyo Seco, Province of Santa Fe, for 100 MW power.

The installation of three projects including the project presented by GECEN was awarded through Resolution SE 820/2017 by the Energy Secretariat. The selected projects comply with the criteria of installing efficient generation and/or improve the thermal units of the current power generation plants. This means an economic benefit for the electric system in all scenarios.

The project consists in the installation of two SGT800 Siemens gas turbines with a nominal capacity of 50 MW and two recovery steam boilers which will generate steam using exhaust fumes from the turbine. The Company will thus generate (i) electricity that will be sold under a contract signed with CAMMESA within the framework of a public bidding under EES Resolution No. 287/2017 and awarded under EES Resolution No.820/2017 for a term of 15 years, and (ii) steam, to be supplied to LDC Argentina S.A. for its plant in Arroyo Seco, by means of a steam and electric power generation contract, renewable and for a term of 15 years.

On August 9, 2017, a contract was signed with the supplier Siemens for the purchase of the turbines for a total amount of SEK 270,216,600 million. The contract is for the purchase of two gas turbines SGT800 Siemens Industrial Turbomachinery AB, including whatever is necessary for their installation and start-up.

On January 12, 2018, a contract was signed with the supplier Vogt Power International Inc. for the provision of two recovery steam boilers for a total amount of USD 14,548,000.

In turn, on March 26, 2018, a contract was signed with the supplier Siemens Ltda. for the purchase of a steam turbine for a total amount of USD 5,370,500. The contract comprises the purchase of an SST-300 steam turbine, including whatever is necessary for its installation and start-up.

GECEN and CAMMESA signed the Wholesale Demand contract on November 28, 2017.

Appointment of GECEN as Non-Restricted Subsidiary

On August 27, 2018, the board of ASA, the controlling company of GECEN, has appointed it as a Non-Restricted Subsidiary under the terms of the Indenture under the International Bond.

It is important to note that GECEN is a Non-restricted Subsidiary of ASA under the terms of the International Bond, which means that its creditors have no recourse against ASA or any of its subsidiaries.

NOTE 1: GENERAL INFORMATION (Cont'd)

Co-generation Project Arroyo Seco(.)

Commencement of potential sale process

As a result of the macroeconomic context observed in May 2018, according to the minutes dated September 28, 2018, the Company's Board of Directors has decided to start a sale process for the thermal energy cogeneration project called Arroyo Seco. To that end, the services of a financial advisor have been hired, including assistance in the identification of prospective buyers and the steps to be followed to consummate the sale.

This process seeks to obtain the necessary funds for GECEN to comply with the financial obligations assumed exclusively within the framework of that project.

Central Térmica Roca

In 2011, Albanesi Group, 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.

The Plant, built in 1995, is an open cycle power plant equipped 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).

In October 2015, CTR signed with CAMMESA a WEM Supply Contract for 55 MW under Energy Secretariat Resolution No. 220/07 to install a steam turbo unit and proceed to closure of the combined cycle of the existing turbo gas unit.

On August 4, 2018, CTR obtained the commercial authorization of the GE steam turbine as a generating agent for the Wholesale Electricity Market, expanding the generation capacity of the Power Plant by 60 MW pursuant to the Supply Contract executed.

The project to close the Power Plant cycle implied expanding the current capacity by 60 MW with the installation of a steam turbine and a recovery boiler among 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.

NOTE 1: GENERAL INFORMATION (Cont'd)

Central Térmica Sorrento

Central Térmica Sorrento is a thermal power plant located in Rosario, province of Santa Fe, and delivers 135 MW to the system. This capacity comprises an Ansaldo steam turbine capable of operating simultaneously with gas and fuel oil, and can be supplied by ship at the plant´s port and docking facility.

With the aim of keeping the availability and dispatch levels as required by WEM, the Company is executing the Third Stage for the Repair of the Unit TV13, performing additional investments in the boiler, steam turbine, transformers and ancillary equipment. In particular, in April 2016, scheduled maintenance tasks were conducted, including works in the boiler, the thermal cycle and the transformers. During the second half of October and first days of November 2016, new scheduled maintenance tasks were conducted, including the replacement of boiler tubes, of valves in the boiler thermal cycle and ancillary equipment, and the recovery of fuel oil pumps, among other tasks.

NOTE 2: BASIS FOR PRESENTATION

These separate 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 statement of financial position 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, and those held for sale. 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.

NOTE 2: BASIS FOR PRESENTATION (Cont'd)

These separate financial statements are stated in pesos.

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 5.

These separate financial statements were approved for issuance by the Company's Board of Directors on March 8, 2019.

Comparative information

Balances at December 31, 2017 disclosed for comparative purposes arise from financial statements at that date, restated in constant currency at December 31, 2018. Certain reclassifications have been included in the financial statement figures presented for comparative purposes to conform them to the current year presentation.

NOTE 3: ACCOUNTING POLICIES

See summary of most significant accounting policies applied by the Company for the preparation of these separate financial statements in Note 4 to the Consolidated financial statements and based on the IFRS in effect at December 31, 2018.

NOTE 4: FINANCIAL RISK MANAGEMENT

4.1) 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.

NOTE 4: FINANCIAL RISK MANAGEMENT (Cont'd)

4.2) Financial risk factors (Cont'd)

See description of risk management principles, policies and procedures in Note 5 to the consolidated financial statements.

4.3) 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 accounts for earnings before net financial results, income tax, minimum notional income tax and depreciation.

See details of the capital risk management policy in Note 5 a) to the consolidated financial statements.

NOTE 5: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The estimates made and accounting judgments applied 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 that have a significant risk of causing an 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).

Electricity production plants of ASA's subsidiaries or associates constitute a cash generating unit, already representing 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.

NOTE 5: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Cont'd)

a) Impairment of assets (Cont'd)

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 value exceeds its recoverable value. The recoverable value 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 value of the assets of the CGU) as follows:

a) First, to reduce the carrying value of goodwill allocated to the cash generating unit, and
b) then, reduce the carrying amounts of the other assets of the unit (or group of units) pro rata on the basis of the carrying amount of each asset of the unit (or group of units). The carrying amount of an asset should not be reduced below the highest of its fair value less costs of disposal, its 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 significantly vary from expected 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. On December 29, 2017, the National Executive Branch enacted Law No. 27430 - Income Tax, see description of key components in Note 21.

NOTE 6: INFORMATION ON SUBSIDIARIES AND ASSOCIATES

The Company carries its businesses through various subsidiaries and associates. The development of investments in subsidiaries and associates of the Company for the years ended December 31, 2018 and 2017 is disclosed below:

	12.31.2018	12.31.2017
At beginning of year	**4,561,367,534**	**4,300,643,933**
Capital contribution	-	782,501
Addition due to merger through absorption (Note 25)	1,093,682,109	-
Dividends	(35,872,276)	(9,802,007)
Other comprehensive income	3,674,232,899	(1,829,367)
Gain/Loss on investment in subsidiaries and associates	(2,095,066,668)	271,572,474
Year end (i)	**7,198,343,598**	**4,561,367,534**

(i) Includes ($518,489,780) for the additional losses borne by the Company that exceed the value of the investment in GECEN at December 31, 2018 and are disclosed in "Other Debts" (Note 11).

GECEN has incurred significant accumulated losses of $546,371,623 which, as of December 31, 2018, accumulated losses exceed the share capital. As a result, the company falls within the provision of subsection 5 of section 94 and section 206 of the General Companies Law No. 19550. These circumstances indicate a significant uncertainty that could lead to a substantial doubt regarding the capacity of the entity to continue as a going concern if its economic and financial situation is not improved. ASA as a shareholder is engaged in the study of different alternatives, among them the sale of assets to improve this situation. In addition, ASA, as a holder of 95% of the shares, has expressed its willingness to continue providing financial support to GECEN.

NOTE 6: INFORMATION ON SUBSIDIARIES AND ASSOCIATES (Cont'd)

Below is a breakdown of the investments and the value of interests held by the Company in subsidiaries and associates for the years ended December 31, 2018 and 2017, as well as the Company's share in the income/loss of these companies:

				Value of the Group's equity interest		Group share of profits		% share interest		Latest financial statement [1]		
Name of the entity	**Registered office of the entity**	**Main activity**	**Ordinary shares, entitled to 1 vote**	**12.31.2018 (4)**	**12.31.2017**	**12.31.2018**	**12.31.2017**	**12.31.2018**	**12.31.2017**	**Share capital (par value)**	**Net income/(loss) for the period**	**Equity**
Subsidiaries												
CTR [2]	Argentina	Electricity	54,802,853	921,898,745	-	(579,930,316)	-	75%	-	73,070,470	(773,240,421)	1,238,625,201
GMSA	Argentina	Electricity	131,263,543	6,216,430,868	3,744,705,691	(793,762,343)	232,560,577	95%	95%	138,172,150	(835,539,309)	8,783,475,533
GROSA	Argentina	Electricity	16,473,625	326,425,616	263,773,725	89,270,449	19,301,073	95%	95%	17,340,658	93,968,894	343,605,912
GLSA	Argentina	Electricity	475,000	107,471	520,302	(412,831)	(320,777)	95%	95%	500,000	(434,559)	113,127
GECEN [3]	Argentina	Electricity	475,000	(518,489,780)	563,262	(519,053,042)	(219,239)	95%	95%	500,000	(546,371,623)	(545,778,715)
Associates												
Solalban Energía S.A.	Argentina	Electricity	73,184,160	251,970,678	551,804,554	(291,178,585)	20,250,840	42%	42%	174,248,000	(693,286,555)	599,930,186
				7,198,343,598	4,561,367,534	(2,095,066,668)	271,572,474					

(1) Information in the financial statements at December 31, 2018 converted to IFRS.

(2) Investment included as from January 1, 2018 as a result of the merger through absorption of AISA (Note 25).

(3) On August 27, 2018, the board of directors of ASA has appointed GECEN as a Non-Restricted Subsidiary under the terms of the Indenture under the International Bond guaranteed by the Company and issued by GMSA and CTR.

(4) Includes ($ 518,489,780) for the additional losses borne by the Company that exceed the value of the investment in GECEN at December 31, 2018 and are disclosed in "Other Debts" (Note 11).

Information required by Exhibit C, in compliance with Section 1, Chapter III, Title IV of the CNV restated text.

NOTE 7: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES

At 12.31.2018	Financial Assets/Liabilities at amortized cost	Non-financial assets/ liabilities	Total
Assets			
Other receivables	436,027,686	9,702,856	445,730,542
Cash and cash equivalents	738,037	-	738,037
Non-financial assets	-	7,760,742,000	7,760,742,000
Total	**436,765,723**	**7,770,444,856**	**8,207,210,579**
Liabilities			
Loans	1,098,862,628	-	1,098,862,628
Other liabilities	-	541,813,165	541,813,165
Trade payables	4,176,002	-	4,176,002
Non-financial liabilities	-	-	-
Total	**1,103,038,630**	**541,813,165**	**1,644,851,795**

At 12.31.2017	Financial Assets/Liabilities at amortized cost	Non-financial assets/ liabilities	Total
Assets			
Other receivables	269,908,333	7,895,353	277,803,686
Cash and cash equivalents	672,617	-	672,617
Non-financial assets	-	4,577,970,474	4,577,970,474
Total	**270,580,950**	**4,585,865,827**	**4,856,446,777**
Liabilities			
Loans	412,263,858	-	412,263,858
Other liabilities	336,215,451	43,482,649	379,698,100
Trade payables	25,038,231	-	25,038,231
Non-financial liabilities	-	4,148,245	4,148,245
Total	**773,517,540**	**47,630,894**	**821,148,434**

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

NOTE 7: 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 12.31.2018	Financial assets at amortized cost	Financial liabilities at amortized cost	Total
Assets			
Interest paid	-	(292,170,856)	(292,170,856)
Exchange differences, net	2,245,450	-	2,245,450
RECPPC	-	229,619,412	229,619,412
Other financial costs	-	(3,369,643)	(3,369,643)
Total	**2,245,450**	**(65,921,087)**	**(63,675,637)**

At 12.31.2017	Financial assets at amortized cost	Financial liabilities at amortized cost	Total
Assets			
Interest paid	-	(119,407,122)	(119,407,122)
Exchange differences, net	45,836	-	45,836
RECPPC	-	116,012,581	116,012,581
Other financial costs	-	(1,326,024)	(1,326,024)
Total	**45,836**	**(4,720,565)**	**(4,674,729)**

NOTE 8: OTHER RECEIVABLES

	Note	12.31.2018	12.31.2017
Non-Current			
Related parties	22	215,675,334	-
Minimum notional income tax		3,734,645	5,503,808
Other tax credits		-	411,280
		219,409,979	**5,915,088**
Current			
Related parties	22	220,352,352	269,908,333
Value added tax		4,462,363	-
Turnover tax		472,069	-
Tax Law 25413		755,216	-
Other tax credits		278,563	1,980,265
		226,320,563	**271,888,598**

The carrying amount of other current receivables approximates fair value due to their short-term maturity.

Other long-term receivables are measured at present value applying a market rate. The amount thus obtained does not differ from its fair value.

NOTE 9: CASH AND CASH EQUIVALENTS

	Note	31.12.2018	12.31.2017
Banks in local currency		377,143	473,423
Banks in foreign currency	26	360,894	199,194
Cash and cash equivalents		**738,037**	**672,617**

NOTE 10: TRADE PAYABLES

	Note	12.31.2018	12.31.2017
Suppliers		4,176,002	1,052,056
Related companies	22	-	23,986,175
		4,176,002	**25,038,231**

NOTE 11: OTHER DEBTS

	Note	12.31.2018	12.31.2017
Non-Current			
Other income to be accrued		18,258,656	36,004,824
		18,258,656	**36,004,824**
Current			
In local currency			
Other income to be accrued		5,064,729	7,477,825
Investments in subsidiaries and associates	6	518,489,780	-
Related parties	22	-	336,215,451
		523,554,509	**343,693,276**

NOTE 12: TAX PAYABLES

	12.31.2018	12.31.2017
Current		
Provision for minimum notional income tax, net	-	1,430,262
VAT payable	-	2,545,932
Turnover tax payable	-	172,051
	-	**4,148,245**

NOTE 13: LOANS

	Note	12.31.2018	12.31.2017
Non-current			
Negotiable obligations		294,646,491	370,226,562
		294,646,491	**370,226,562**
Current			
Negotiable obligations		3,806,233	42,037,296
Related parties	**22**	800,409,904	-
		804,216,137	**42,037,296**

Total financial debt at December 31, 2018 amounts to $ 1,098,862.5 million. The following table shows the total debt at that date.

	Principal	12.31.2018 (Pesos)	Interest rate (%)	Currency	Date of Issue	Maturity date
Debt securities						
Class III NO	$255,826,342	298,452,724	BADLAR + 4.25%	ARS	June 15, 2017	June 15, 2021
Subtotal		**298,452,724**				
Other liabilities						
Related parties (Note 22)	$402,021,889	800,409,904	35%	ARS		Maturity date: 1 year, renewable automatically
Sub-total		**800,409,904**				
Total financial debt		**1,098,862,628**				

With the purpose of improving the financial profile of the company, on November 20, 2015 ASA obtained, under Resolution 17887 of the CNV, authorization for: (i) incorporation of ASA to the public offering system; and (ii) creation of a global program to issue simple (non-convertible) negotiable obligations for a total nominal value outstanding of USD 100,000,000 (one hundred million US dollars) or its equivalent in other currencies, in one or more classes or series.

Class II Negotiable Obligations

On October 25, 2016 the Company issued Class II Negotiable Obligations under the conditions described below:

Principal: Nominal value: $ 220,000,000

Interest: Private Banks BADLAR rate plus a 4% margin.

Amortization term and method: interest on Class II Negotiable Obligations will be paid on a quarterly basis, in arrears, on the following dates: January 25, 2017, April 25, 2017, July 25, 2017, October 25, 2017, January 25, 2018, April 25, 2018, July 25, 2018 and October 25, 2018.

NOTE 13: LOANS (Cont'd)

Class II Negotiable Obligations (Cont'd)

Principal on Class II Negotiable Obligations will be paid in three (3) consecutive installments, on a quarterly basis, the first two equivalent to 30% of the nominal value of the Negotiable Obligations and the last one to 40%, on the dates on which 18, 21 and 24 months have elapsed, counted as from the date of issuance; i.e., on April 25, 2018, July 25, 2018 and October 25, 2018.

The proceeds from the issuance of Class II Negotiable Obligations were fully applied to the partial repayment of current liabilities that ASA holds with the related company RGA.

On June 15, 2017, Class III Negotiable Obligations were issued, and subscribed by paying up Class I and Class II Negotiable Obligations, improving the Company's working capital and indebtedness profile (term and rate). The amount paid was $ 194,180,000.

At December 31, 2018, the Negotiable Obligation has been fully redeemed.

Class III Negotiable Obligations:

On June 15, 2017 the Company issued Class III Negotiable Obligations under the conditions described below:

Principal: Nominal value: $ 255,826,342

Interest: Private Banks BADLAR rate plus a 4.25% margin.

Amortization term and method: interest on Class III Negotiable Obligations will be paid on a quarterly basis, in arrears, on the following dates: September 15, 2017; December 15, 2017; March 15, 2018; June 15, 2018; September 15, 2018; December 15, 2018; March 15, 2019; June 15, 2019; September 15, 2019; December 15, 2019; March 15, 2020; June 15, 2020; September 15, 2020; December 15, 2020; March 15, 2021, and June 15, 2021; if other than a business day, or if such day does not exist, the interest payment date will be the immediately following business day.

Principal on the Class III Negotiable Obligations will be paid in three (3) consecutive installments, on a quarterly basis, the first two equivalent to 30% of the nominal value of the Negotiable Obligations and the last one to 40%, on the dates on which 42, 45 and 48 months shall have elapsed from the date of issuance; i.e., on December 7, 2020, March 15, 2021 and June 15, 2021; if other than a business day, or if such day does not exist, the payment date will be the immediately following business day.

The issuance of Class III Negotiable Obligations was fully paid up with in-kind contributions as follows: a partial payment of Class I Negotiable Obligations for $ 52,519,884 and of Class II Negotiable Obligations for $ 203,306,458.

Principal balance on that class of negotiable obligations outstanding at December 31, 2018 is $ 255,826,342.

NOTE 13: LOANS (Cont'd)

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

	12.31.2018	12.31.2017
Fixed rate		
Less than 1 year	800,409,904	-
	800,409,904	**-**
Floating rate		
Less than 1 year	3,806,233	42,037,296
Between 1 and 2 years	89,687,952	-
Between 2 and 3 years	204,958,539	109,570,261
More than 3 years	-	260,656,301
	298,452,724	**412,263,858**
	1,098,862,628	**412,263,858**

Company loans are denominated in the following currencies:

	12.31.2018	12.31.2017
Argentine pesos	1,098,862,628	412,263,858
	1,098,862,628	**412,263,858**

Changes in Company loans were as follows:

	12.31.2018	12.31.2017
Loans at beginning of year	412,263,858	506,561,451
Addition due to merger through absorption (Note 25)	119,388,797	-
Loans received	700,088,080	426,781,757
Loans paid	(50,459,282)	(428,549,795)
Accrued interest	292,170,856	120,769,904
Interest paid	(116,891,416)	(108,799,411)
RECPPC (Purchasing Power Parity)	(257,698,265)	(101,234,341)
Capitalized expenses/present values	-	(3,265,707)
Loans at year end	**1,098,862,628**	**412,263,858**

NOTE 14: SELLING EXPENSES

	12.31.2018	12.31.2017
Rates and taxes	(343,848)	(447,875)
	(343,848)	**(447,875)**

NOTE 15: ADMINISTRATIVE EXPENSES

	12.31.2018	12.31.2017
Fees	(6,067,921)	(3,965,058)
Directors' fees	442,473	(18,281,631)
Insurance	(41,584)	-
Office Expenses Sundry	(316,574)	-
Sundry	(4,557,257)	(212,993)
	(10,540,863)	**(22,459,682)**

NOTE 16: OTHER OPERATING INCOME AND EXPENSES

	Note	12.31.2018	12.31.2017
Income from guarantees granted	**22**	6,251,789	5,623,788
		6,251,789	**5,623,788**

NOTE 17: FINANCIAL RESULTS

Financial expenses	12.31.2018	12.31.2017
Interest on loans	(292,170,856)	(119,406,857)
Fiscal and other interest	-	(265)
Bank expenses and taxes	(2,469,643)	(1,326,024)
Total financial expenses	**(294,640,499)**	**(120,733,146)**
Other financial results		
Exchange difference	2,245,450	45,836
Purchasing power parity	229,619,412	116,012,581
Other financial results	(900,000)	-
Total other financial results	**230,964,862**	**116,058,417**
Total financial results, net	**(63,675,637)**	**(4,674,729)**

NOTE 18: CAPITAL STATUS

Share capital at December 31, 2018 is comprised of:

Capital	Amount $	Date	Approved by Body	Dates of registration with the Public Registry of Commerce:
Total at 12.31.2017	**62,455,160**			
Capitalization due to merger (Note 25)	1,996,585	10/18/2017	Extraordinary Shareholders' Meeting	2/23/2018
Total at 12/31/2018	**64,451,745**			

NOTE 19: DISTRIBUTION OF PROFITS

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%.

Dividends on profits obtained until the fiscal year prior to the fiscal year beginning on or after January 1, 2018 will continue to be subject to withholdings, for all beneficiaries, at a rate of 35% of the amount exceeding retained earnings to be distributed free of tax (transition period of equalization tax).

Pursuant to General Companies Law No. 19550, 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 capital stock.

Due to the issuance of the International Negotiable Obligation, co-issued by GMSA and CTR and guaranteed by ASA, the Company must comply with ratios on a combined basis to be allowed to distribute dividends.

NOTE 20: EARNINGS (LOSSES) PER SHARE

Basic

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

	12.31.2018	12.31.2017
(Loss) income attributable to the owners	(2,139,316,550)	263,476,945
Weighted average of outstanding ordinary shares	64,451,745	62,455,160
Basic and diluted earnings (losses) per share	**(33.19)**	**4.22**

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

NOTE 21: INCOME TAX

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.

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.

The reconciliation between income tax charged to income and that resulting from the application of the tax rate to the accounting profit before taxes for the years ended December 31, 2018 and 2017 is shown below:

	12.31.2018	12.31.2017
	$	
Pre-tax profit (loss)	(2,163,375,227)	249,613,976
Current tax rate	30%	35%
Net income/(loss) at the tax rate	649,012,568	(87,364,892)
Gain/Loss on investment in subsidiaries and associates	(628,520,000)	95,050,366
Change in the income tax rate (a)	(3,659,788)	(4,498,066)
Non-computable income	53,355,829	26,329,330
Other permanent differences at the tax rate	(45,539,253)	(15,653,769)
Understatement in the prior year provision	(590,679)	-
Total income tax charge	**24,058,677**	**13,862,969**

(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.

NOTE 21: INCOME TAX (Cont'd)

The income tax charge is broken down as follows:

	12.31.2018	12.31.2017
Deferred tax	24,058,677	13,862,969
Income tax	**24,058,677**	**13,862,969**

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

Deferred assets (liabilities)	Balance at 12.31.2017	Merger through absorption	Changes to income/(loss)	Balance at 12.31.2018
		$		
Tax losses	22,837,341	1,718,129	9,763,081	34,318,551
Loans	557,140	-	12,202,483	12,759,623
Other liabilities	-	-	(98,519)	(98,519)
Unrecorded tax losses	(6,791,541)	-	2,191,632	(4,599,909)
Total Deferred tax assets, net	**16,602,940**	**1,718,129**	**24,058,677**	**42,379,746**

Deferred assets (liabilities)	Balance at 12.31.2016	Changes to income/(loss)	Balance at 12.31.2017
		$	
Tax losses	11,215,543	11,621,798	22,837,341
Loans	-	557,140	557,140
Unrecorded tax losses	(8,475,572)	1,684,031	(6,791,541)
Total Deferred tax assets, net	**2,739,971**	**13,862,969**	**16,602,940**

Accumulated tax loss carry-forwards recorded by the Company which are pending use at December 31, 2018:

Year	$	Year of expiration
Tax loss for the year 2015	13,142,598	2020
Tax loss for the year 2016	2,760,573	2021
Tax loss for the year 2017 (*)	42,918,235	2022
Tax loss for the year 2018	73,195,760	2023
Total accumulated tax losses at December 31, 2018	**132,017,166**	
Unrecorded tax losses	(13,142,598)	
Total accumulated tax losses at December 31, 2018	**118,874,568**	

(*) Includes tax losses added due to merger through absorption for $ 6,716,379,002.

Unrecorded accumulated tax losses are specific tax losses from the alienation of AJSA and BDD shares. Specific tax losses from the alienation of shares can only be allocated against the net profit resulting from the disposal of those assets.

NOTE 22: TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Transactions for the year

	Relationship nature	12.31.2018	12.31.2017
		Gain / (loss)	
Interest paid			
GMSA	Subsidiary	(119,174,442)	-
		(119,174,442)	**-**
Income from guarantees granted			
CTR	Subsidiary	1,104,150	1,466,170
AJSA	Subsidiary	366,505	188,853
GMSA	Subsidiary	4,781,134	3,968,765
		6,251,789	**5,623,788**
Expenses for guarantees received RGA	Related parties	(1,069,048)	-
		(1,069,048)	**-**
Recovery of expenses GECEN	Subsidiary	36,575	36,276
GLSA	Subsidiary	162,629	118,595
		199,204	**154,871**

NOTE 22: TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

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

	Relationship nature	12.31.2018	12.31.2017
Other receivables			
Non-Current			
GECEN	Related company	197,520,526	-
TEFU S.A. (1)	Related company	18,154,808	-
		215,675,334	**-**
Current			
Shareholders' accounts	Related parties	217,041,478	253,335,645
Advances to directors	Related parties	3,237,500	251,292
GECEN	Subsidiary	-	16,219,832
GLSA	Subsidiary	73,374	101,564
		220,352,352	**269,908,333**
Trade payables			
Current			
RGA	Related parties	-	23,986,175
		-	**23,986,175**
Other debts			
Current			
GMSA	Subsidiary	-	157,576,547
Directors' fees	Related parties	-	17,830,191
GLSA - Capital to be paid-in	Subsidiary	-	525,986
RGA	Related parties	-	160,282,727
		-	**336,215,451**
Loans			
Current			
GMSA	Subsidiary	800,409,904	-
		800,409,904	**-**

(1) Balance added as a result of the merger through absorption of AISA (Note 25).

NOTE 22: TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

a) Balances at the date of the statements of financial position (Cont'd)

Entity	Amount	Interest rate	Conditions
At 12.31.2018			
GMSA	665,312,195	35%	Up to $700,000,000. Maturity date: 1 year, renewable automatically.
Total in pesos	**665,312,195**		

	31.12.2018	12.31.2017
Loans from GMSA		
Opening balances	-	-
Borrowings	700,088,080	-
Loans paid	(27,045,175)	-
Loans added as a result of the merger (1)	119,388,797	-
Accrued interest	119,174,442	-
RECPPC (Purchasing Power Parity)	(111,196,240)	-
Balance at year end	**800,409,904**	**-**

(1) Balance added as a result of the merger through absorption of AISA (Note 21).

NOTE 23: GUARANTEES GRANTED FOR FINANCIAL OPERATIONS WITH SUBSIDIARIES AND RELATED PARTIES

Below is a detail of guarantees granted by ASA for financial transactions of subsidiaries and related parties:

In favor of	Type of guarantee	Entity	Asset/Destination	From	Until	Amount secured	Balances at 12.31.2018
AJSA	Surety bond	SFG Equipment Leasing Corporation	Leasing aircraft Jet Lear 45XR	11.14.2008	1.21.2019	USD 7,330,000	USD 175,105
GMSA	Surety bond	CAMMESA	Repair of machinery	12.31.2012	5.30.2019	$ 26,997,275	$6,072,034
GMSA	Guarantor	Siemens Industrial Turbomachinery AB	Acquisition of two Siemens SGT 800 turbines for CTMM	6.14.2016	7.14.2019	SEK 177,000,000	SEK 177,000,000
GMSA	Guarantor	Siemens Industrial Turbomachinery AB	Acquisition of two Siemens SGT 800 turbines for CTI	9.13.2016	3.13.2020	SEK 175,230,000	SEK 175,230,000
GMSA	Guarantor	Siemens Industrial Turbomachinery AB	Acquisition of three Siemens SGT 800 turbines for CTE	9.13.2016	3.13.2020	SEK 263,730,000	SEK 263,730,000
GMSA-GFSA(2)-CTR	Guarantor (1)	International bond	Project financing	7.27.2016	7.27.2023	USD 250,000,000	USD 250,000,000
GMSA-CTR	Guarantor (1)	International bond	Project financing	12.5.2017	7.27.2023	USD 86,000,000	USD 86,000,000
GFSA(2)-	Guarantor	PW Power Systems, Inc.	Turbine financing	3.30.2016	12.2023	USD 12,000,000	USD 12,000,000
AJSA(3)-	Guarantor	Export Development Canadá	Leasing aircraft Bombardier Inc. Model BD-100-1A10 (Challenger 350 Variant)	7.19.2017	7.19.2027	USD 16,480,000	USD 14,420,000
GMSA	Guarantor	Cargill Limited	Project financing	2.15.2018	1.29.2021	USD 25,000,000	USD 25,000,000
GECE	Guarantor	Vogt Power International Inc.	Acquisition of two boilers	1.12.2018	(*)	USD 14,768,000	USD 5,079,000
GECEN	Guarantor	Loan UBS AG Stamford Branch	Project financing	4.25.2018	-	USD 20,000,000	USD 20,000,000

(*) in compliance with duties and obligations established in the contract

(1) The Guarantee granted by ASA to the Co-Issuers of the International Bond GMSA, GFSA (absorbed by GMSA) and CTR was approved by the Board of Directors on June 6, 2016 and ratified by Board of Directors Minutes on April 26, 2017 and July 11, 2018. The fees agreed upon as consideration for the services and responsibilities assumed for the issuance at July 27, 2016, are $ 22,380,000 and for the issuance at December 5, 2017 were $ 8,921,640.
(2) Company absorbed by GMSA as from January 1, 2017.
(3) The Guarantee provided to AJSA by ASA on July 13, 2017 and the fees agreed upon as consideration for the services and responsibilities assumed were worth $ 2,931,792.

<u>NOTE 24</u>: NEGATIVE WORKING CAPITAL

ASA has also reported a deficit of $1,104,888,048 in its working capital at December 31, 2018 (calculated as current assets less current liabilities).

With the aim of reversing the current deficit in its working capital, ASA and its shareholders are planning to execute a plan for refinancing liabilities in the short term.

<u>NOTE 25</u>: ASA-AISA MERGER THROUGH ABSORPTION

On October 18, 2017, ASA and AISA held the Extraordinary Shareholders' Meetings, at which the shareholders of those 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 approved, within the framework of the merger process, among other issues, an increase in ASA capital from $62,455,160 to $64,451,745, by issuing 1,996,585 new ordinary registered non-endorsable shares in 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, it was resolved to approve the amendment to section 4 of the corporate bylaws.

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 WEM, 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.

On January 11, 2018, through RESFC- 2018–19281-APN-DIR#CNV Resolution, the CNV approved the merger through absorption under the terms of Section 82 of the General Companies Law No. 19550 and the capital increase with the amendment to 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. Also on that date, the dissolution without liquidation of AISA was registered with the IGJ and its deregistration under No. 3453 of Book 88, Volume: -, Companies by Shares.

NOTE 26: FOREIGN CURRENCY ASSETS AND LIABILITIES

Breakdown of balances in foreign currency of monetary assets and liabilities is as follows:

	12.31.2018				12.31.2017
	Type and amount of currency		Exchange rate (1)	Amount recorded in pesos	Amount recorded in pesos
			$		
ASSETS					
CURRENT ASSETS					
Banks	USD	9,624	37.5	360,894	134,914
Total current assets				360,894	134,914
Total Assets				**360,894**	**134,914**
LIABILITIES					
CURRENT LIABILITIES					
Suppliers	USD	79,327	37.7	2,990,632	-
Total current liabilities				2,990,632	-
Total Liabilities				**2,990,632**	**-**

(1) Prevailing exchange rate at closing
Information required by Exhibit G, in compliance with Section 1, Chapter III, Title IV of the restated text by the CNV.

NOTE 27: CLASSIFICATION OF RECEIVABLES AND DEBTS BY DUE DATES AND INTEREST ACCRUAL

The breakdown of receivables and debts at December 31, 2018, according to their collection or payment term and restatement clauses, is detailed in the table below:

	Other receivables	Income tax	Deferred tax assets	Trade payables	Other liabilities	Loans
			$			
To be due						
1st quarter	5,759,288	-	-	4,176,002	1,266,182	4,855,609
2nd quarter	69,640	-	-	-	1,266,182	-
Third quarter	69,640	-	-	-	1,266,182	799,360,528
Fourth quarter	220,348,621	-	-	-	1,266,183	-
More than 1 year	219,409,979	1,528,876	42,379,746	4,176,002	18,258,656	294,646,491
Subtotal	445,657,168	1,528,876	42,379,746	-	23,323,385	1,098,862,628
Past due	-	-	-	-	-	-
Without any stated term	73,374	-	42,379,746	-	518,489,780	-
Total	**445,730,542**	**1,528,876**	**42,379,746**	**4,176,002**	**541,813,165**	**1,098,862,628**
Non-interest bearing	445,730,542	1,528,876	42,379,746	4,176,002	541,813,165	-
At fixed rate	-	-	-	-	-	800,409,904
At floating rate	-	-	-	-	-	298,452,724
Total at 12/31/2018	**445,730,542**	**1,528,876**	**42,379,746**	**4,176,002**	**541,813,165**	**1,098,862,628**

NOTE 28: 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 - 14th floor - 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 documentation sent for preservation is available at the registered office of that entity, as well as the documentation referred to by article 5, clause a.3), Section I of Chapter V of Title II of the REGULATIONS (N.T. 2013 as amended).

NOTE 29: CHANGES IN THE ADMINISTRATIVE BODY RESIGNATION INTERNAL REVIEW OF THE COMPANY

On August 1, 2018, Mr. Armando R. Losón was involved in a judicial investigation in the case entitled “Fernandez, Cristina Elisabet et al, illegal conspiracy”, which is pending at the Federal Court of First Instance for Criminal and Minor Offenses No. 11, Clerk's Office No. 21. At present, the Federal Court of First Instance for Criminal and Minor Offenses resolved to modify the procedural status of Mr. Armando R. Losón, leaving without effect the accusation of illegal conspiracy and urging the First Instance Judge to delve deeply into the investigations to evaluate the possibility of a reclassification of the applicable type of offense. Subsequently, on August 7, 2018, Mr. Armado R. Losón formally resigned as Director, and Mr. Armando Losón (Jr.) took office as Chairman of the Company.

Neither the Company nor any of the entities of the Albanesi Group is undergoing any process in relation to that investigation. Management of the Company understands that its acts are fully in compliance with applicable laws and regulations.

Additionally, during February 2019, the independent internal review entrusted by the management of the Albanesi Group companies came to an end, and no evidence was found which relates the Group companies to the facts under judicial investigation referred to above.

NOTE 30: SUBSEQUENT EVENTS

a) Reversal optional reserve and distribution of cash dividends

On March 7, 2019 the Meeting of Shareholders of Albanesi S.A. approved the partial reversal of optional reserve funds and the distribution of cash dividends for $354,000,000 among the shareholders pro rata their shares.

NOTE 31: 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

ADDITIONAL INFORMATION REQUIRED BY SECTION 12, CHAPTER III, TITLE IV, OF THE NATIONAL SECURITIES COMMISSION REGULATIONS, FOR THE YEAR ENDED DECEMBER 31, 2018

General matters referred to the activity of Albanesi S.A. (the Company)

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

   There are none.

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

   None.

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

   See Note 19 to the separate financial statements at December 31, 2018.

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

   See Note 19 to the separate financial statements at December 31, 2018.

5. Companies encompassed by Section 33 of Law 19550:

   Percentage of equity interest in companies encompassed by Sect. 33 of Law No. 19550:

   See Note 6 to the separate financial statements at December 31, 2018.

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

   See Note 22 to the separate financial statements at December 31, 2018.

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

   See Note 22 to the separate financial statements at December 31, 2018.

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

   The Company has no physical inventory of materials and spare parts.

Current values

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

   Not applicable.

Property, plant and equipment

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

   There are none.

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

   There are none.

Equity interest in other companies

11. Interests in other companies in excess of the limit authorized by Section 31 of Law No. 19550.

   See Note 6 to the separate financial statements at December 31, 2018.

Recoverable values

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

   None.

Insurance

13. Insured items:

Below is a detail of insured amounts by Albanesi S.A. and its subsidiaries

Kind of risk	Insured amount 12-2018	Insured amount 12-2017
Operational all risks - Material damage	USD 878,146,978	USD 675,345,092
Operational all risk - Loss of profit	USD 218,067,940	USD 150,237,090
Contractors’ all-risk - enlargement of power plants - material damages	USD 466,000,000	USD 179,937,714
Contractors' all-risk - Enlargement of power plant - advance loss of profit (ALOP)	USD 150,986,000	USD 69,400,838
Civil Liability (primary)	USD 11,000,000	USD 10,000,000
Civil Liability (excess coverage)	USD 18,000,000	USD 9,000,000
Directors and Officers (D&O) liability insurance	USD 30,000,000	USD 15,000,000
Turbine project transport insurance	USD 133,000,000	-
Transport Argentine and international market	USD 20,000,000	USD 10,000,000
Automobile	$6,959,140	$2,056,000
Personal accidents	$ 750,000	$ 1,050,000
Personal accidents	USD 1,000,000	USD 500,000
Directors' bond	$2,000,000	$1,950,000
Customs bond	$328,608,005	$512,335,306
Financial advances bond	-	$ 175,150,000
Contract execution bond	$430,000	$11,266,549
ENES Bond	$468,930,790	$900,109,665
Bond for commercial authorization of projects	$871,128,516	$1,183,048,020
Bond to secure offer maintenance in projects	-	$81,998,045
Judicial bond	$ 31,421,169	$10,705,473
Environmental insurance	$96,259,696	$18,262,245
Technical equipment insurance	USD 396,005	USD 256,683
Life - Mandatory life insurance	$55,000	$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

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

Operational all-risk:

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

Construction all-risk and ALOP:

Contractors' all-risk insurance covers all accidental or unforeseeable damages occurred during the execution of a civil work, including damages caused by acts of God, provided they are not expressly excluded in the policy.

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

Civil liability:

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

They are structured as follows:

Individual policies were taken out for each of 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.

Directors and Officers (D&O) liability insurance

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 present, past or future directors and/or executives, and the company's exposure to capital market issues.

Transport insurance:

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

Personal accidents insurance:

Covers death and disability risks and medical attention and pharmaceutical expenses resulting from work-related accidents.

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.

Directors' bond:

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

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.

Financial advances bond:

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

Contract execution bond:

It guarantees the compliance with all the obligations established in the contract and in the specifications of the call for bids. This policy has unlimited duration; it is released when returned or upon the provisional reception of the work without observations.

Environmental bond:

The environmental bond for damage with group incidence covers the environmental bond established by the General Law on Environment No. 25675, Section 22 in agreement with the provisions of enforcement authorities.

Bond to secure offer maintenance in projects:

It guarantees the offer maintenance and signing of the contract in the time and manner required by law and bidding rules.

Judicial bond:

Insurance bond for judicial guarantees provides litigants with an appropriate means to guarantee their procedural obligations when the respective Code so requires.

These coverages apply both in cases in which the judge hearing the case has ordered the lock of a provisional remedy, and in those in which the constitution of a counterbond has been arranged: replacement of provisional remedies : the provisional remedy can be substituted by the defendant in a lawsuit through this policy, thereby releasing the equity affected by such measure.

Counterbond: it is the guarantee that must be provided by the person who has requested the lock of a provisional remedy to guarantee the damages that may arise in case of having requested it without right.

Mandatory life insurance:

Mandatory life insurance is a coverage that the employer is obliged to take out on behalf of its employees. This insurance 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 Argentina. The insured amount is $55,000, 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 Albanesi 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 the employee's death.

<u>Positive and negative contingencies</u>

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

    There have not been changes in the issues previously reported.

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

    There are none.

<u>Irrevocable advances on account of future subscriptions</u>

16. Status of the capitalization procedure.

    There are none.

17. Unpaid cumulative dividends on preferred shares

    There are none.

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

    See Note 19 to the separate financial statements at December 31, 2018.

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INDEPENDENT AUDITORS' REPORT

To the Shareholders, President and Directors of
Albanesi S.A.
Legal address: Leandro N. Alem 855 - 14th floor
City of Buenos Aires
Tax Code No. 30-68250412-5

Report on the financial statements

We have audited the separate financial statements of Albanesi S.A., which consist of the statement of financial position as of December 31, 2018, 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 2017 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 separate financial statements free of any material misstatements due to error or irregularities.

Auditors' responsibility

Our responsibility is to express an opinion on the attached separate 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 separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the separate financial statements.

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In making those risk assessments, the auditor must consider internal control relevant to the Company's preparation and reasonable presentation of the separate 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 separate 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 separate financial statements mentioned the first paragraph of this report present fairly, in all material respects, the financial position of Albanesi S.A. at December 31, 2018, as well as the comprehensive income and separate 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 Albanesi S.A., that:

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

B) the separate financial statements of Albanesi 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 additional information of the notes to the separate financial statements required by section 12, Chapter III, Title IV of the rules of the National Securities Commission and insofar as concerns our field of competence, we have no observations to make;

d) at December 31, 2018, there is , no debt accrued in favor of the Argentine Integrated Social Security System, as shown by the accounting records;

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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, 2018 account for:

- e.1) 55% of the total fees for services billed to the Company for all items during that fiscal year;
- e.2) 12% 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 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 8, 2019

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Raúl Leonardo Viglione

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Report of the Syndics' Committee

To the Shareholders of
Albanesi S.A.

1. In accordance with Section 294 of Law No. 19550, the standards issued by the National Securities Commission (CNV) we have examined the statement of financial position of Albanesi S.A. (the "Company") which comprise the financial statement position at December 31, 2018, and the related statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and complementary notes. The balances and other information corresponding to the fiscal year 2018 are an integral part of the audited financial statements mentioned above; therefore, they must be considered in connection with these financial statements.

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. S.R.L, issued their unqualified opinion the same date of this report. 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 and 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, 2018, we have verified that it contains the information required by Section 66 of the General Companies Law No. 19550, Law 26831 and amendments, 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 relevant 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, 2018, 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, separate financial statements of Albanesi S.A. present fairly, in all material respects, its financial position at December 31, 2018, 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 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 Albanesi 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 that we considered necessary under the circumstances, and we have no observations to make.

City of Buenos Aires, March 8, 2019

For the Syndics' Committee
Marcelo P. Lerner
Full Syndic