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Central Térmica Roca S.A.

Financial Statements

At December 31, 2019
presented in comparative format

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FINANCIAL STATEMENTS
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GLOSSARY OF TECHNICAL TERMS

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

Terms	**Definitions**
/day	Per day
AESA	Albanesi Energía S.A.
AFIP	Federal Administration of Public Revenue
AJSA	Alba Jet S.A.
ASA	Albanesi S.A.
AVRC	Alto Valle Río Colorado S.A.
BADCOR	Adjusted BADLAR rate
BADLAR	Interest rates paid by financial institutions on their 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 situada en Ezeiza, Buenos Aires
CTF	Central Térmica Frías, located in Frías, Santiago del Estero
CTI	Central Térmica Independencia located in San Miguel de Tucumán, Tucumán.
CTLB	Central Térmica La Banda located in La Banda, Santiago del Estero
CTMM	Central Térmica Modesto Maranzana located in Río Cuarto, Córdoba
CTR	Central Térmica Roca S.A./The Company
CTRi	Central Térmica Riojana located in La Rioja, La Rioja
CVP	Variable Production Cost
Dam3	Cubic decameter. Volume equivalent to 1,000 (one thousand) cubic meters
DH	Historical Availability
DIGO	Offered guaranteed Availability
Availability	Percentage of time in which the power plant or machinery, as applicable, is in operation (generating power) or available for power generation, but not called by CAMMESA
DMC	Minimum Availability Committed
DO	Target Availability
DR	Registered Availability
The Group	Albanesi S.A. jointly with its subsidiaries and other related companies
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.
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.

GLOSSARY OF TECHNICAL TERMS (Cont'd)

Terms	Definitions
GUDIs	Large Demand from Distributors' customers, with declared or demanded power of over 300 kW
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
HRSG	Heat recovery steam generator
IASB	International Accounting Standards Board
IGJ	Legal Entities Regulator
CPI	Consumer Price Index
IPIM	Wholesale Price Index
kV	Kilovolt Unit of electromotive force which is equal to 1,000 volts
kW	Kilowatt Unit of power equivalent to 1,000 watts
kWh	Kilowatt-hour Unit of energy equivalent to 1,000 watts hour
LGS	General Companies Law
LVFVD	Sales liquidations with maturity date to be defined
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
NFHCC	New Date for Commercial Authorization Committed
ODS	Sustainable Development Objectives
ON	Negotiable Obligations
GDP	Gross Domestic Product
PWPS	Pratt & Whitney Power System Inc
Gain/loss on purchasing power parity (RECPAM)	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 Contracts" under Energy Secretariat Resolution No. 220/07
RG	General Resolution
RGA	Rafael G. Albanesi S.A.
Corporate social responsibility	Corporate social responsibility
RT	Technical Pronouncements
SADI	Argentine Interconnection System
ES	Energy Secretariat
SEK	Swedish crowns
SGE	Energy Government Secretary
SHCT	Health, Safety and Hygiene at work
TRASNOA S.A.	Empresa de Transporte de Energía Eléctrica por Distribución Troncal del Noroeste Argentino S.A.
GU	Generating unit
CGU	Cash Generating Unit
USD	US Dollars

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CENTRAL TERMICA
ROCA S.A.

Central Térmica Roca S.A.

Annual Report for Fiscal Year 2019

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Central Térmica Roca S.A.

Annual Report for Fiscal Year 2019

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Annual Report for Fiscal Year 2019

To the Shareholders of CTR,

In compliance with current legal and regulatory provisions, the Board of Directors submits for your consideration this Annual Report, the Summary of Activity, the Financial Statements, Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, and Notes to the Financial Statements for the year ended December 31, 2019.

1. ACTIVITY OF THE COMPANY

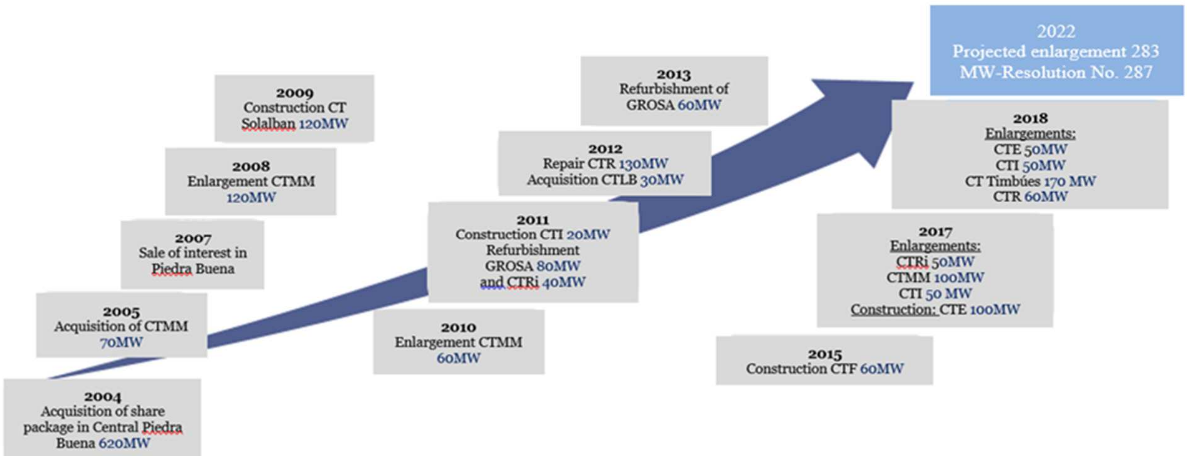
CTR's main line of business is the generation and sale of electric energy. Nominal installed capacity is 190 MW under ES Resolution No. 220/07 and SRRyME Resolution No. 01/2019.

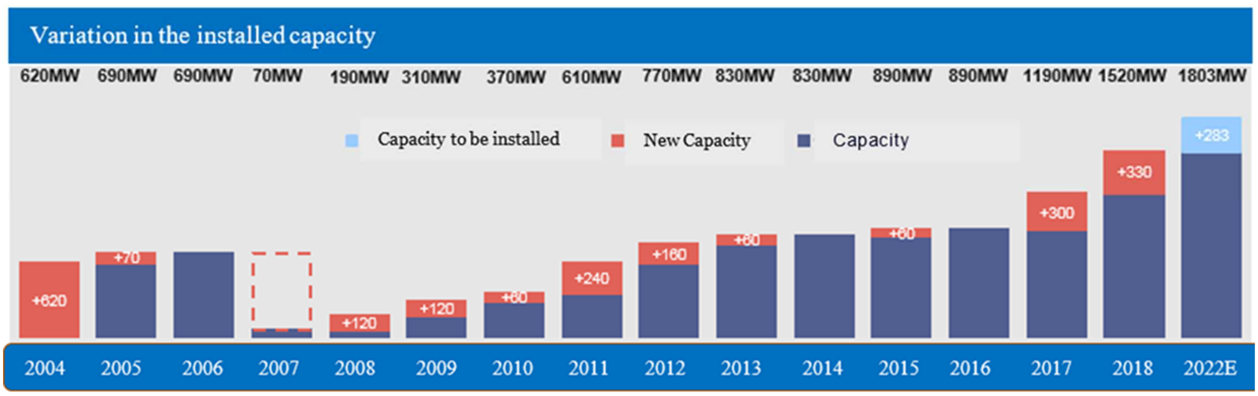
In 2011, Grupo Albanesi acquired through CTR a power plant located in the outskirts of the city of General Roca, province of Río Negro, on Provincial Road No. 6, km 11.1 (the “Power Plant”), which had been unavailable since 2009.

ASA holds a 75% interest in the capital stock of CTR, and Tefu S.A., the remaining 25%.

Grupo Albanesi had at the date these 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 283 MW with all the new projects awarded and currently under way.

Grupo Albanesi entered the electricity market in 2004 with the purchase of the power plant Luis Piedra Buena S.A. In this way the development of the electricity segment became one of the main purposes of the Group.





2. MACROECONOMIC CONTEXT

International context

According to IMF's World Economic Outlook report issued in January 2020, global growth in 2019 has been estimated at 2.9%, despite the slowdown in some emerging economy markets, particularly India.

A global growth of 3.3% and 3.4% is projected for 2020 and 2021, respectively.

From a positive viewpoint, the behavior shown by markets has been stimulated by indications that the manufacturing activity and international trade are reaching a turning point, by a general reorientation towards an accommodative monetary policy, and by intermittently favorable news about commercial negotiations between the United States and China. However, global macroeconomic data have not yet shown visible signs of turning points.

Regional context

In Latin America, growth is expected to recover from 0.1% estimated in 2019 to 1.6% and 2.3% in 2020 and 2021, respectively. Revisions are due to reduced growth prospects in Mexico in 2020 and 2021, among other reasons, as a result of the continuous weaknesses shown by investment and a significant downward revision to the growth forecast for Chile, which has been affected by social tension. These revisions are partly offset against an upward revision to the 2020 forecast for Brazil, thanks to the better attitude following the approval of the pension reform and the resolution of stocks-related problems in the mining sector.

Argentina

The cumulative economic activity for Argentina up to November 2019 – measured by the EMAE (Monthly Economic Activity Estimator) – showed a 1.9% decrease with regard to the cumulative economic activity for the same period of 2018.

According to the Level of Activity Progress Report prepared by the INDEC, cumulative GDP for the first three quarters of 2019 showed a decrease of 1.7% compared with the same period of 2018.

The macroeconomic evolution for the third quarter of 2019 resulted in a -4.4% variation in global supply vis-à-vis the same period of the previous year, according to preliminary estimates and measured at 2004 prices as a result of a 1.7% decrease in GDP and a -13.4% variation in real imports of goods and services.

The global demand showed a 10.2% decrease in gross fixed capital formation, a 4.9% decrease in private consumption, a 0.9% decrease in public consumption, and a 14.2% increase in real exports of goods and services.

In seasonally adjusted terms with respect to the second quarter of 2019, imports grew by 1.3%, private consumption increased by 0.3%, public consumption fell by 0.1%, gross fixed capital formation maintained its level, while exports grew by 2.0%.

The industrial activity measured by the Manufacturing Industrial Production Index (Manufacturing IPI) decreased by 2.3% in October 2019 compared with the same period of 2018. Regarding the previous month, the original series with seasonality records an increase of 9.7%. The cumulative for the ten-month period of 2019 shows a decrease of 7.2% compared to the same period of 2018. In October 2019, the index for the seasonally adjusted series shows a positive variation of 5.0% as against the previous month, and the series trend-cycle index records a positive variation of 0.1% as against the previous month.

According to the Consumer Price Index (IPC), prices showed a cumulative increase of 53.8% in 2019 (INDEC).

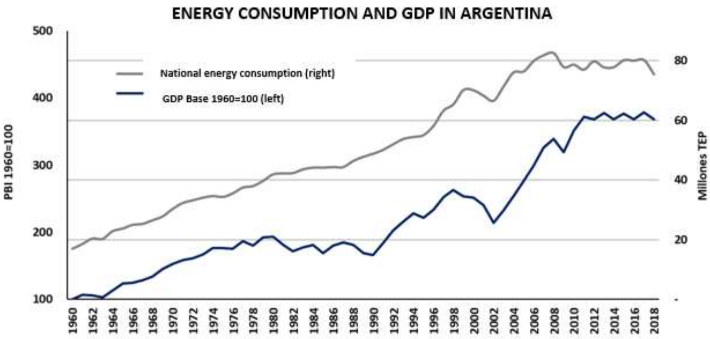
In the eleven-month period of 2019, exports reached 59.702 billion dollars, and imports, 45.992 billion dollars. International trade (exports plus imports) decreased by 10.4% and reached 105.694 billion dollars. The trade balance registered a trade surplus of 13.710 billion dollars. In the eleven-month period of 2019, exports increased by 5.8% (3.257 billion dollars) compared with the same period of 2018, mainly due to the 13.3% increase in quantities resulting from the drop in prices by 6.7%. Regarding large items, primary products, fuels and energy increased by 28.6%, 3.7% and 2.1%, respectively. In the eleven-month period of 2019, imports decreased by 25.3% compared with the same period of the previous year (-15.574 billion dollars). Prices dropped by 5.6%, and quantities reduced by 20.9%. Imports of capital goods, intermediate goods, fuels and lubricants, parts and accessories for capital goods, consumer goods and passenger motor vehicles fell by 31.5%, 15.6%, 33.1%, 16.3%, 27.0%, and 56.4%, respectively.

The BCRA met its Monetary Base (MB) target for October 2019. In late October, the average MB reached $1.386 billion, which accounted for an overcompliance of $4.9 billion (0.4%). The target MB for October of $1.391 billion results from applying a monthly variation of 2.5% to the original target for September ($1.411 billion) plus the impact of net foreign exchange transactions as from September 18 (-$19.9 billion). For November, the Monetary Policy Council of the BCRA (COPOM) set a MB growth target of 2.5% compared with the target set for October, in line with BCRA's money demand projections, adjusted by the effects of the recent change in the cash reserve ratio ($154 billion) to avoid an excessive monetary contraction. Accordingly, the resulting MB target for early November 2019 is estimated at $1.584 billion, which will be adjusted based on net foreign exchange transactions for the month.

Structure of the energy sector

Energy demand and consumption in Argentina is positively related to Gross Domestic Product (GDP), which means 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 2.7%, with an annual median of 0.8% since 2002.

The reduction in energy consumption recorded in 2018 and the weak recovery shown in 2019 take place in an unprecedented context of almost 9 years of economic stagnation, with a reduced growth of primary energy consumption. In the last four years, this economic stagnation was also influenced by the strong gas and electricity 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.



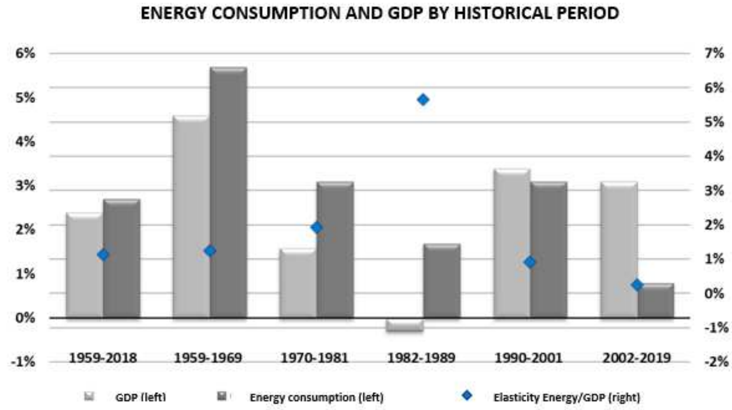
The growth in energy consumption during several years of the first decade of the 21st century resulted from high economic growth, which was driven mainly by the demand of energy products from the Residential and Commercial sectors, and to a lesser extent by the growth in Industrial sector consumption, 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.

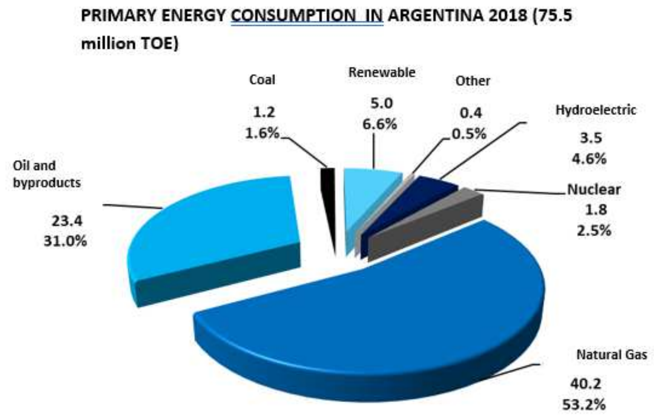
HISTORICAL-ECONOMIC PERIOD	ANNUAL GDP	ENERGY CONSUPTION	ELASTICITY ENERGY/GDP
1959-2018	2.4%	2.7%	1.13
1959-1969	4.6%	5.7%	1.24
1970-1981	1.6%	3.1%	1.94
1982-1989	-0.30%	1.7%	5.67
1990-2001	3.4%	3.1%	0.91
2002-2019	3.1%	0.8%	0.26

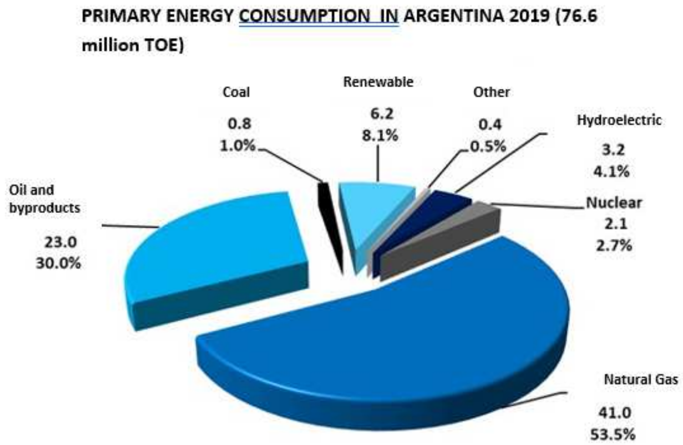
The restrictions on the supply of energy products, such as natural gas, in the last cycle of economic growth through to 2011 and the relatively moderate growth in energy demand in broad terms[1] are due to problems in the supply of these energy products, and to the growth in demand from the Residential-Commercial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

[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.



Argentine primary energy consumption is dependent upon hydrocarbons, which accounted for 86.8% in 2016, 86.5% in 2017, and 85.8% in 2018. Few changes are estimated for 2019, probably, 84.6%, due to the increase in renewable energy generation plants2. 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.



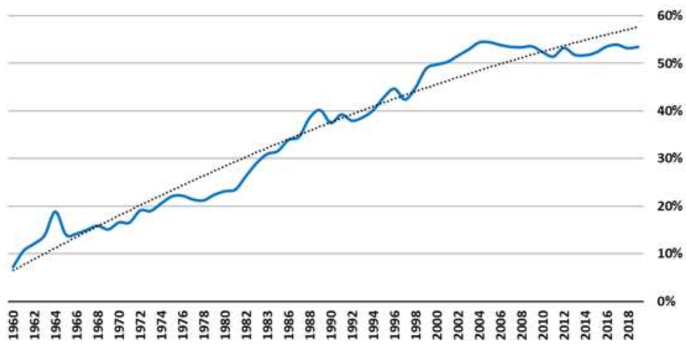


[2] Latest official data for 2018. Estimate for 2019 by G&G Energy Consultants, expressed in million Tons of Oil Equivalent (TOE) for Primary Energy Consumption.

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. 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.

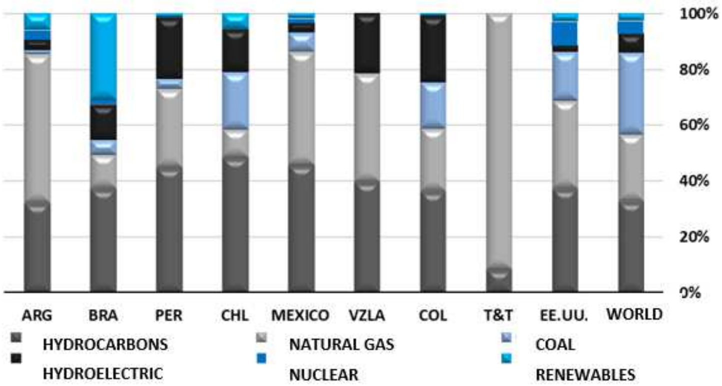
The high reliance on natural gas – an estimated 53.2% in 2018 – fluctuates annually based on imports of natural gas and liquefied natural gas (LNG) and on local production to meet the demand. Despite the increase in domestic production that was observed in the 2018 winter season and, particularly, in 2019, 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].

SHARE OF NATURAL GAS IN DOMESTIC ENERGY CONSUMPTION



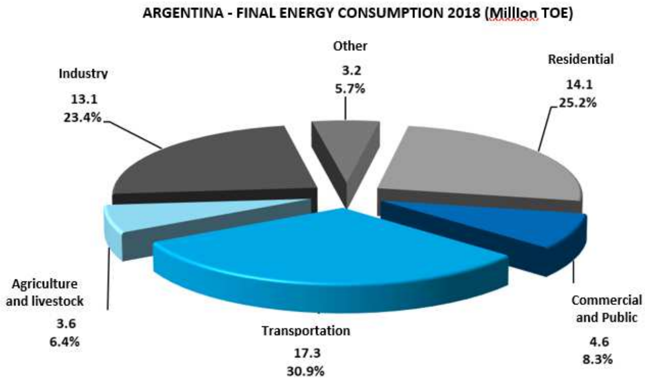
The countries within the region do not have a structure so biased towards hydrocarbons, although they do show a bias in the global average and in the USA.

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.

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



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

- An atypical breakdown featuring Oil and Gas as the predominant energy sources, typical only of large hydrocarbon exporters such as countries in the Middle East, Russia, African LNG exporters, or Venezuela.
- In addition, between 53% and 54% of internal primary energy consumption relies on natural gas with penetrating consumption, despite restrictions to discourage potential demand for this energy source in winter, 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.
- The domestic energy supply shows a recovery trend in line with the ongoing stagnation of domestic demand, which in 2018 and 2019 mitigated unmet demand issues, since the increase in investments in recent years allowed for an improvement in the supply due to the greater domestic supply.
- Both natural gas and electric energy demand is lower than the historical trend in some specific segments, such as residential and commercial, due to significant adjustment to the rates charged to consumers. Consequently, the growth rates of energy consumption in these segments are now lower than the historical rates due to the greater relative weight in general consumption. The new gas and electricity rate freeze imposed since December 2019 might revert this trend again, bringing it closer to that shown in 2002 and 2015.

ELECTRICITY DEMAND AND SUPPLY STRUCTURE

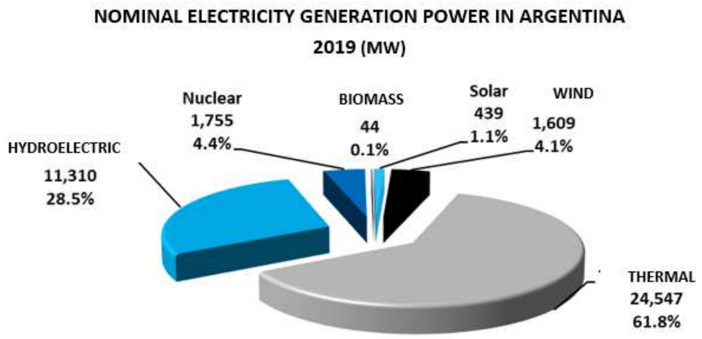
The electricity generation capacity in Argentina has evolved unevenly over the years, with periods of increased supply in response to the prevailing policies aimed at meeting electricity demand.

Although CAMMESA has reported there was a nominal power of 39,704 MW installed and commercially authorized in late 2019 – a net increase in nominal availability of 1,166 MW or 3.0% with respect to 2018[4], representing effective available power because most of the equipment is new, available operating power in the 2019/2020 summer season was close to 33,000 MW, including 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 2019 was due to restrictions on 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.

[4] 1,154 MW were incorporated in 2016, 2,210 MW, in 2017 and 2,357 MW, in 2018.

It must also be considered that renewable units do not operate at their nominal power at all times but rather respond to erratic parameters.

Unlike 2017 and 2018, when a significant number of small engine units5 and GT units were incorporated in response to the contracts entered into under Resolution 21/2016, in 2019, closing to combined cycle or ST units in co-generation cycles, such as AESA's, started to be incorporated. In 2019, GT units of 159 MW only were incorporated compared with the 1,207 MW incorporated in 2018. In addition, 2010 MW were incorporated at closing to combined cycle compared with the 598 MW incorporated in 2018, and renewable units – mainly wind – of 1,128 MW compared to the 709 MW incorporated in 2018. No nuclear power generation capacity was incorporated, and availability from hydroelectric power plants improved by 22 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 – as it now happens again after the confirmation of the commercial exploitation of tight and shale gas –, 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.

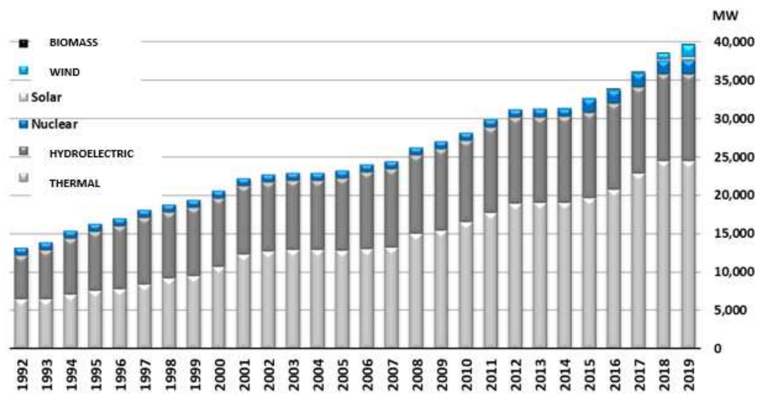
Between 2016 and 2019, Macri's administration launched an aggressive program for hiring additional generating power, both from thermoelectric and renewable sources. The incorporation of supply was achieved through power availability and energy dispatch remuneration contracts in the case of thermal units, 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.

[5] In 2018, 201 MW from this type of units were withdrawn. In 2019, diesel engines of 155 MW and ST units of 198 MW were withdrawn.

CHANGES IN NOMINAL ELECTRICITY GENERATION CAPACITY



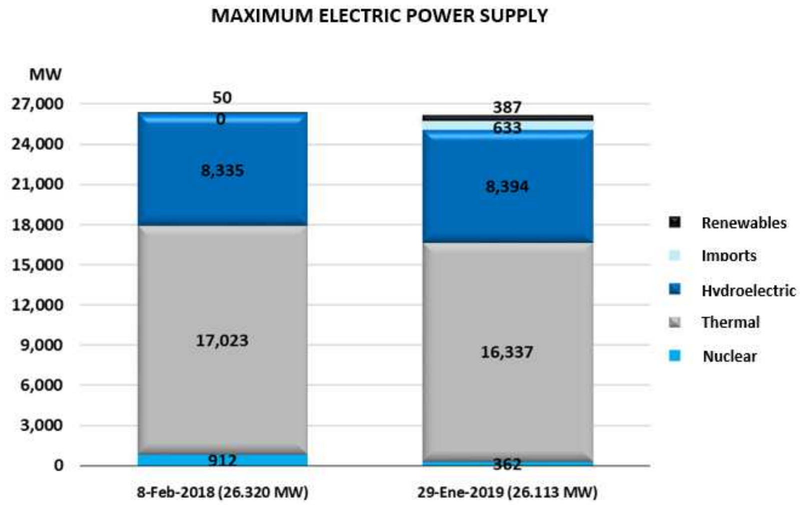
NOMINAL ELECTRICITY GENERATION CAPACITY (MW)- MAY 2019												
REGION	**ST**	**GT**	**CC**	**DI**	**THERMAL**	**NUCLEAR**	**HYDROELECTRIC**	**SOLAR**	**WIND**	**BIOGAS**	**TOTAL**	**%**
CUYO	120	87	413	40	660	0	1.129	194			1.983	5.0%
COMAHUE	0	501	1.487	81	2.069	0	4.769		153		6.991	17.6%
NORTH-WESTERN	261	999	1.472	363	3.095	0	220	185	58	5	3.563	9.0%
CENTRAL	2	826	534	45	1.407	648	918	61	86	7	3.127	7.9%
GREATER BA-LITORAL-BA	3.87	4.701	7.039	820	16.43	1.107	945		504	32	19.018	47.9%
NORTH-EASTERN	0	12	0	304	316	0	2.745				3.061	7.7%
PATAGONIA	0	271	301	0	572	0	585		807		1.964	4.9%
MOBILE				0	0						0	0.0%
TOTAL	**4.253**	**7.397**	**11.246**	**1.653**	**24.549**	**1.755**	**11.311**	**440**	**1.608**	**44**	**39.707**	**100.0%**
THERMAL %	17.3%	30.1%	45.8%	6.7%	100.0%							
TOTAL %					61.8%	4.4%	28.5%	1.1%	4.1%	0.1%	100.0%	

G&G Energy Consultants estimates that by the end of 2019, available effective power -which is lower than declared nominal power for the reasons explained above- reached approximately 33,000 MW, including a rotating reserve of 1,800 MW, which was not necessary to be fully used due to limited demand in 2019 as 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 MW6, with no changes to date.

RECENT CHANGES IN ELECTRICITY CONSUMPTION RECORDS						
DAY	**PREVIOUS RECORDS**		**CURRENT RECORDS**		**VARIATION**	**MW**
	POWER (MW)					
Saturday	Feb-25-17	22.39	Dec-30-17	22.543	0.7%	153
Sunday	Dec-27-15	21.973	Feb-28-17	22.346	1.7%	373
Working Day	Feb-24-17	25.628	Feb-08-18	26.32	2.7%	692
DAY	**ENERGY (GWh/d)**				**VARIATION**	**GWh**
Saturday	Jan-18-14	477.9	Dec-30-17	478.4	0.1%	0.5
Sunday	Dec-27-15	432.9	Feb-26-17	437.6	1.1%	4.7
Working Day	Feb-08-18	543.0	29-Jan-19	544.4	0.3%	1.4

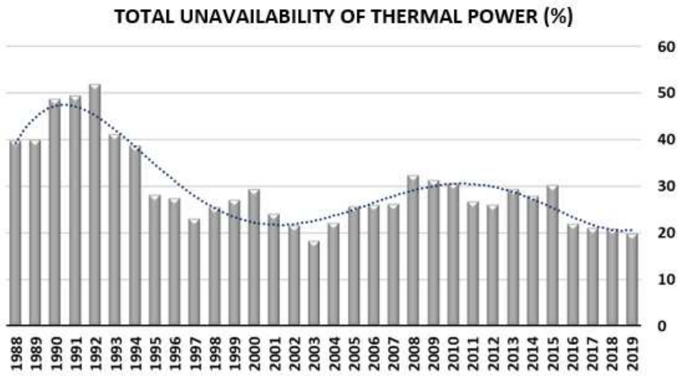
6 On January 29, 2019, the demand for power on a business day exceeded the historical record, reaching 544 MWh.

In early 2020, maximum demand for electric power 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, 201



Even in those winter seasons in which the availability of thermoelectric power is somehow affected by the lower availability of gas, there might be a shortage in the electric energy supply. However, during the 2019 winter season, it was evidenced that the incorporation of new electric power, which increased following the investment program in place since 2016, changed the existing situation. The proper remuneration of the available power is a relevant factor for this availability, which ensures supply.

In addition, there was a reduction in the availability of thermal power improved, since generators made investments to maintain the plant in good availability conditions and thus receive the related payments. Nevertheless, the 20% unavailability recorded in 2019 is likely to have reached its floor.



The increase in effective available power improved significantly in the last three years, and will continue to improve in 2020 and 2021 with the power plants under construction, after increases in remuneration to electricity generators, which sped 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 2019 corresponds in a minimum portion 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. All awards under SEE Resolution No. 21 have been completed. Grupo Albanesi actively participated in the bidding process with the following power plants:

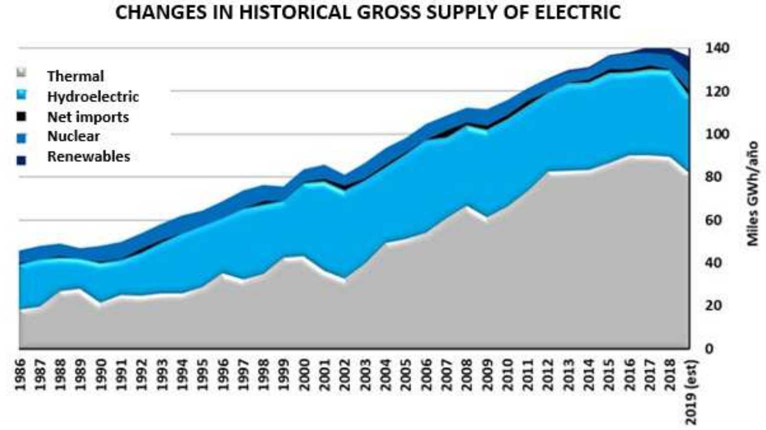
- The **CTE** owned by GMSA received commercial authorization in September 2017, with two Siemens SGT800 turbines of 50 MW each, and in September 2018, with a third turbine of 50 MW.
- In August 2017, the **CTI** owned by GMSA obtained authorization to operate a SGT800 Siemens turbine of 50 MW, and in February 2018, authorization was obtained for a second turbine of the same capacity.
- In May 2017, the **CTRi** owned by GMSA obtained authorization to operate a new SGT800 Siemens turbine of 50 MW, adding to the existing 40 MW.
- In July 2017, the **CTMM** owned by GMSA incorporated 100 MW of nominal power, adding to the existing 250 MW.
- The closing to combined cycle was implemented at the **CTR**, with the incorporation of a 60 MW steam turbine to the existing 130 MW gas turbine. Commercial authorization was obtained in August 2018.

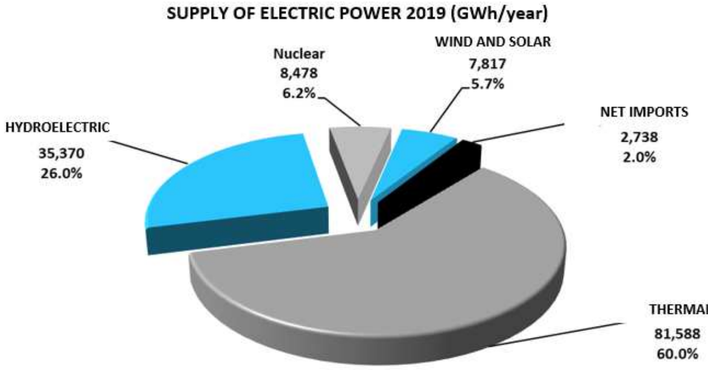
In addition, various companies making up Grupo Albanesi were awarded spot contracts with CAMMESA for expanding their capacity in the coming years. Within the framework of the international public bidding for closing to combined cycle and co-generation projects called for under ES Resolution No. 287-E/2017 of the Energy Secretariat of the Ministry of Energy and Mining, Grupo Albanesi was awarded three projects to install 283 MW of new capacity which are currently being added, as other units of different companies. Albanesi participates with the following plants:

- Closing to cycle with 129 MW in the CTMM in Córdoba
- Closing to cycle with 154 MW in the CTE in Buenos Aires.

INCREASE IN NOMINAL SUPPLY (MW) - NOMINAL DATA							
PERIOD	**THERMAL**	**HYDROELECTRIC**	**NUCLEAR**	**BIOMASS**	**WIND SOLAR**	**TOTAL PERIOD**	**DISTRIBUTION ACCORDING TO REGULATORY REGIME**
1992-2019	17.752	5.049	750	44	2.048	**25.643**	
1992-2001	5.945	3.183	0	0	0	**9.128**	**35.6%**
2002-2015	6.948	1.734	750	0	195	**9.627**	**37.5%**
2016- Sept. 2019	4.859	132	0	44	1.853	**6.888**	**26.9%**

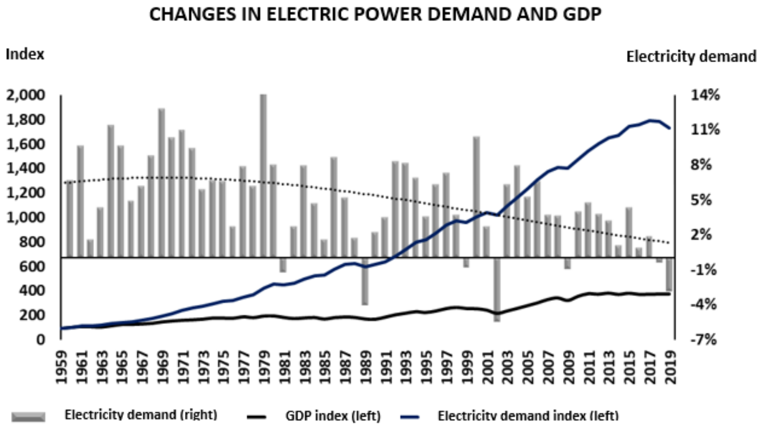
Gross Electricity Demand – including losses in the transmission and distribution system, and the company’s own consumption at generating units in rotating generation– has shown a significant growth in thermal electric power supply in recent decades, accompanied by a mild increase in the hydroelectric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





Between 2016 and 2019, the growth trend of electric power demand showed a slowdown, aggravated in 2019 partly by moderate winter temperatures. This long-term trend reflects moderation in electricity demand in periods of economic downturn, such as 2016, 2018 and 2019, with an impact of tariff adjustments implemented to partially improve electricity supply cost coverage.

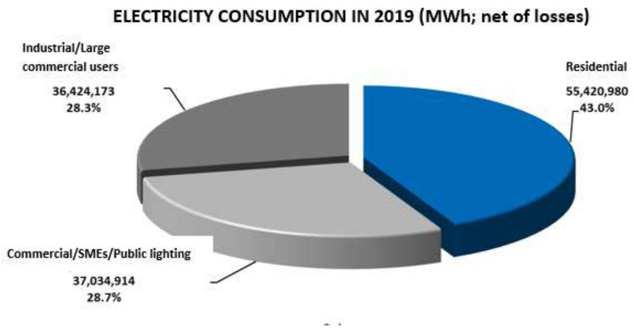
The correlation between evolution of GDP and electricity demand shows a significant dispersion; however, it may be concluded that when there is a significant reduction in GDP, the electricity demand falls relatively moderately. It should also be considered that, in a context of low economic growth, electricity 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 highly concentrated in CABA - Greater Buenos Aires area-Litoral region, which accounts for 61.4% of the total electricity demand of the country in 2019. 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.

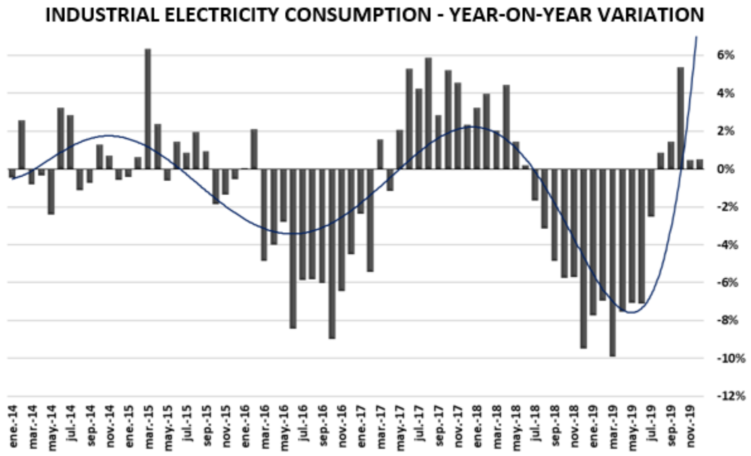
Gross energy demand -considering distribution and transmission losses, own consumption of thermal and nuclear power, and minor exports to Uruguay and Brazil- recorded a slight 0.5% increase in 2018, after a -2.4% fall in 2017. In 2017, due to the 2.8% economic expansion during the year, electricity demand increased by 1.8% as a result of the rate adjustments, and especially due to a mild 2016/2017 summer season and higher-than-normal temperatures in the 2018 winter season. In 2019, an annual drop of -2.9% was recorded, which worsened in winter months, since temperatures were mild compared with 2018; the higher temperatures recorded in late 2019 strengthened the increase in demand compared with late 2018. 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.



In 2019, there was a strong reduction of -2.9% in annual electricity demand. The residential electricity demand segment fell by -2.9% in 2019 following the 2.0% increase recorded in 2018 as a result of winter and summer temperatures. 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 2.1% recorded in the recessionary 2014 compared to 2013, but lower than 7.7% recorded in 2015.

The commercial electricity demand segment grew 3.2% in 2016 compared with 2015, a growth higher than the 0.2% recorded in 2014, and lower than the 3.8% recorded in 2015. In 2017, this segment decreased by -0.4% and in 2018 a further -0.4%. In 2019, this trend increased to -3.1%. 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 once again, 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. In 2019, the recessive trend grew until the first half of the year, with an annual contraction of -3.5% and a recovery in some months.



The increasing electricity demand since 2000 has led to a greater need for fuel supply for dispatches to the thermal power generating plant. 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 summer nor in the winter of 2015 were significant restrictions 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, a day of high temperatures led to a higher demand for power which was met with sufficient reserves.

3. HIGHLIGHTS FOR FISCAL YEAR 2019

3.1 Electricity

In 2019, CTR maintained an average plant availability of 96%. The energy generated by units in 2019 was 1,100,880 MWh.

3.2 Maintenance

The objective of the maintenance tasks carried out during the year was to maintain the availability of the combined cycle.

The maintenance plan comprised the generating units, HRSG, and ancillary and building equipment.

During the fiscal year, average maintenance tasks were carried out at gas turbines, classified as “CI” for 8000 FFH, according to the manufacturer’s manual recommendations.

Critical parts of the HRSG and the steam turbine are received, acquired as an initial purchase, which will guarantee their availability.

An addendum is made to the maintenance contract signed with the gas turbine manufacturer, which guarantees parts and labor support for the next 3 years.

3.3 <u>Environmental management</u>

Corporate Environmental Management System

In CTMM, there is an Integrated Management System in place that meets ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 standards.

The ISO 14001:2015 certification, in particular, is available with a corporate scope, integrating Grupo Albanesi operating plants (GROSA, CTR, AESA, and GMSA). Thermal power plants: CTMM, CTRi, CTI, CTLB, CTF, and CTE).

This shared methodology allows working in a unified and coordinated manner at all work sites, applying the same criteria for determining the environmental aspects of the activity, significant assessments and the 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.
- The priority given to preventive management actions.
- Absence of environmental incidents.
- 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.

During the period from October to November 2019, a new external audit on the Corporate Integrated and Environmental Management System was successfully completed by the certification agency IRAM. As a result, the maintenance of corporate systems for a new year, within the framework of the recertification duly obtained and effective until 2021, was approved.

3.4 <u>Human Resources</u>

Human Capital management

Under the motto “Work together and better”, and guided by our corporate values, the Group's Human Capital management is based on three pillars: **Attract, Motivate and Retain**. 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 undertaken during the year by activity:

Structure of the organization

In 2019, the Internal Audit Corporate Management was created, as part of the highest authorities of the organization. The major challenge is aimed at speeding up the formal completion of key processes as an additional step on the path to the development of a structure in line with the size and future challenges of the Group.

Employment opportunities

The Group's employment level decreased by 3% compared with the previous year as a consequence of an increase in the level of automation of some processes.

Through our internal mobility program "MOBI", 6 (six) positions were offered, with a total of 7 (seven) internal applicants, and 35 (thirty five) external persons joined the company, mainly due to replacements and the new positions created in the following areas: Reception Desk, Taxes, Audit, Accounting, Legal, Purchases and Foreign Trade, Technology and Information Systems, Gas, Operations and Maintenance.

Compensation and benefits

The evaluation of the 80 witness positions to define the new salary structure for non-bargaining employees was completed. It was led by HR with the support of Willis Towers Watson through its "Global Grading System" tool. The system will be applied to payment and compensation practices from 2020.

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

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

The Corporate Benefits Program continues in place, which combines a flexible work system known as "Flex" with discounts agreed with Sport Club network of gyms and Club La Nación. Further, the "healthy snack" option was promoted.

Further benefits include access to Bodega del Desierto products and to loans at low interest rates.

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

As regards Training, 17,912 hours of training were offered to personnel, distributed as follows: 24% on Development of Leadership Skills, 23% on the Development of Technical Skills and Job Position Training, 37% on Language, 10% on Compliance, 4% on SHCT, and 2% on Relationship and Cooperation Skills.

Internal communication and HR information systems

JAM was launched within the Success Factors (SAP) environment, which aims at becoming a channel for collaborative work and communication within the company.

The use of the SAP Central Employee Module was consolidated, which manages the individual information of each employee, as well as the organizational structure.

In the last quarter, the option of accessing to the digital pay slip through the Success Factors Platform was incorporated, thus saving management time for the employee and the Company. As a result, pay slips may be consulted securely from any device.

Work relations

The agreements for the generation activity were duly signed with FATLyF and APUAYE. Conversations began to harmonize the agreements signed with the Affiliate in Rosario (GROSA), which still operates under the historic agreement with the union of Energy Workers (Luz y Fuerza) No. 36/75, and to establish a work plan for its implementation during 2020.

Corporate social responsibility

As regards the CSR policy, the actions carried out within the framework of Sustainable Development Goal (SDG) No. 4 were consolidated.

To incorporate other types of actions, we have changed the procedure in place and added two more Sustainable Development Goals: SDG No. 6 “Clean Water and Sanitation” and SDG No. 11 “Sustainable Cities and Communities”. This allows us to continue carrying out actions aimed at improving the communities in which we operate.

3.5 Systems and Communications

During 2019, the Systems and Communications areas 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.

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

The projects and objectives achieved during 2019 are summarized below:

- The installation of the fire extinguishing system for the corporate data center was completed.
- The installation of a new air conditioning system for the corporate data center was completed.
- The installation of the Fiber Optic connection at the Timbúes plant was completed.
- Several projects for the installation/extension of CCTV camera and monitoring systems were developed:
- Ezeiza: Extension
- Roca: New installation
- Timbúes: New installation
- Tucumán: Extension
- 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.
- SAP implementation was completed to replace INFOR in Tucumán, Timbúes, and Río IV.
- The implementation of the Corporate SAP-VIM project was completed to improve the accounts payable process.
- The improvement of the Rio IV data center was carried out.

- Timbúes data center was migrated to the new plant building.

The new Systems and Information Technology Management will continue in 2020, with the investment processes aimed at improving productivity and 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.

Projects for 2020 include the following:

- Incorporation of new servers to the corporate data center.
- Incorporation of better connectivity technology to the corporate data center.
- Improvement of connectivity at the Tucumán plant to improve the CCTV camera system.
- Windows server and Windows 10 license renewal and extension.
- Update of computers, laptops and cell phones.
- Expansion and improvement of the commercial and energy billing systems.

3.6 Integrity Program

Through the Minutes of the Board of Directors' Meeting dated August 16, 2018, the Integrity Program for Grupo Albanesi Companies was approved, whereby the Code of Ethics and Conduct was strengthened and different policies were implemented, including an Anti-corruption Policy, a Policy on the Submission of Tenders and Bids and a Policy on Relationships with Government Officials.

In addition, a confidential, anonymous and public Ethics Line was implemented for the submission of complaints. Subsequently, additional policies were developed, such as the Gifts Policy or the Policy on Confidentiality and Use of Work Tools, and records of the following were kept: (i) Gifts, (ii) Relationships with Government Officials and (iii) Conflicts of Interest, of mandatory use for our employees.

The Code foresees the creation of an Ethics Committee, which was created on August 21, 2018 and which is in charge of investigating the complaints, reporting to the Board.

In addition, a training plan was implemented that included mandatory classroom-based and on line training.

Lastly, the Group's structure was reformed to include the Compliance function, in charge of Legal Management, which became Corporate Legal and Compliance Management.

Financial Position

At December 31, 2019, the bank and financial debt of the Company was broken down as follows:

	Principal	Balances at December 31, 2019	Interest rate	Currency	Date of Issue	Maturity date
		(Pesos)	(%)			
Debt securities						
International NO	USD 70,000,000	4,333,483,802	9.63%	USD	July 27, 2016	July 27, 2023
Class II Negotiable Obligations	$ 108,000,000	109,334,756	BADLAR + 2%	ARS	November 17, 2015	November 17, 2020
Class IV Negotiable Obligations	$ 291,119,753	354,258,487	BADLAR + 5%	ARS	July 24, 2017	July 24, 2021
GMSA-CTR Class I Bond	USD 1,507,000	112,029,379	6.68%	USD	October 11, 2017	October 11, 2020
Class II Negotiable Obligations GMSA-CTR	USD 8,000,000	478,384,717	15.00%	USD	August 5, 2019	May 5, 2023
Class II Negotiable Obligations GMSA-CTR	USD 8,576,928	510,750,011	8.00% until the first amortization date.	USD	December 4, 2019	April 12, 2021
Subtotal		**5,898,241,152**	13.00% until the second amortization date.			
Other liabilities						
Banco Ciudad loan	USD 5,018,181	307,701,313	7.90%	USD	August 4, 2017	May 4, 2021
BAPRO Loan	USD 10,600,000	655,705,255	4.00%	USD	January 3, 2018	July 15, 2020
ICBC Loan	$ 75,250,259	75,250,259	TM20 + 8% spread	ARS	December 27, 2018	December 27, 2020
Banco Macro loan	USD 1,666,667	100,418,322	9.00%	USD	December 28, 2018	December 12, 2020
Finance lease		30,917,443				
Subtotal		**1,169,992,592**				
Total financial debt		**7,068,233,744**				

1. **Brief description of the activities of the issuing company, including references to relevant situations subsequent to year end** (in million pesos)

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

Fiscal year ended December 31:

	2019	2018	Variation	Variation %
	MWh			
Sales by type of market				
Sale of Electricity Res. 220	1,085,564	266,309	819,255	308%
Sale of Electricity Res. No No. 95, as amended, plus Spot	15,256	-	15,256	100%
	1,100,820	**266,309**	**834,511**	**313%**

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

	Fiscal year ended December 31:			
	2019	2018	Variation	Variation %
	(in millions of pesos)			
Sales by type of market				
Sale of Electricity Res. 220	2,781.0	1,380.0	1,401.0	102%
Sale of Electricity Res. No No. 95, as amended, plus Spot	6.1	29.5	(23.4)	(79%)
	2,787.10	**1,409.60**	**1,377.50**	**98%**

Income/loss for the fiscal years ended December 31, 2019 and 2018 (in millions of pesos):

	Fiscal year ended December 31			
	2019	**2018**	**Variation**	**Variation %**
Sales of energy	2,787.1	1,409.6	1,377.5	98%
Net sales	**2,787.1**	**1,409.6**	**1,377.5**	**98%**
Purchase of electric energy	(7.0)	(2.4)	(4.6)	192%
Gas and diesel consumption at the plant	(73.9)	(57.3)	(16.6)	29%
Salaries, social security charges and fringe benefits	(88.9)	(73.4)	(15.5)	21%
Defined benefit plans	(1.1)	(5.6)	4.5	(80%)
Maintenance services	(71.2)	(57.7)	(13.5)	23%
Depreciation of property, plant and equipment	(551.8)	(427.4)	(124.4)	29%
Security guard and porter	(5.9)	(6.6)	0.7	(11%)
Insurance	(21.7)	(17.1)	(4.6)	27%
Taxes, rates and contributions	(8.3)	(9.3)	1.0	(11%)
Other	(8.5)	(17.8)	9.3	(52%)
Cost of sales	**(838.2)**	**(674.6)**	**(163.6)**	**24%**
Gross profit/(loss)	**1,948.90**	**735**	**1,213.90**	**165%**
Taxes, rates and contributions	(81.1)	(21.8)	(59.3)	272%
Selling expenses	**(81.1)**	**(21.8)**	**(59.3)**	**272%**
Fees and compensation for services	(162.9)	(69.8)	(93.1)	133%
Directors' fees	-	(0.3)	0.3	(100%)
Leases	(3.3)	(4.0)	0.7	(18%)
Per diem, travel and representation expenses	(1.5)	-	(1.5)	100%
Gifts	(0.1)	-	(0.1)	100%
Sundry	(1.3)	(1.4)	0.1	(7%)
Administrative expenses	**(169.2)**	**(75.5)**	**(93.7)**	**124%**
Operating income	**1,698.6**	**637.9**	**1,060.7**	**166%**
Gain/loss on purchasing power parity (RECPAM)	2,831.0	2,407.7	423.3	18%
Impairment of assets	-	54.2	(54.2)	(100%)
Commercial interest	34.3	8	26.3	329%
Interest on loans	(791.6)	(644.1)	(147.5)	23%
Bank expenses and commissions	(3.7)	(1.9)	(1.8)	95%
Exchange difference, net	(2,961.5)	(4,163.8)	1,202.3	(29%)
Other financial results	(3.5)	144.4	(147.9)	(102%)
Financial and holding results, net	**(895.1)**	**(2,195.5)**	**1,300.4**	**(59%)**
Pre-tax profit/(loss)	**803.5**	**(1,557.6)**	**2,361.1**	**(152%)**
Income tax	(896.2)	368.1	(1,264.3)	(343%)
Income/loss for the year	**(92.7)**	**(1,189.5)**	**1,096.8**	**(92%)**

Fiscal year ended December 31:

	2019	2018	Variation	Variation %
Other Comprehensive Income for the year				
Benefit plan	(0.8)	(1.0)	0.2	(20%)
Revaluation of property, plant and equipment	(81.7)	1,117.2	(1,198.9)	(107%)
Impact on income tax	20.6	(279.0)	299.6	(107%)
Other comprehensive income for the year	**(61.9)**	**837.1**	**(899.0)**	**(107%)**
Total comprehensive income for the year	**(154.6)**	**(352.3)**	**197.7**	**(56%)**

Sales:

Net sales for the year ended December 31, 2019 amounted to $2.787 billion, compared with the amount of $1.409 billion for fiscal year 2018, showing an increase of $1.377 billion, or 98%.

During the fiscal year ended December 31, 2019, the dispatch of electricity was 1,100,820 MWh, accounting for a 313% increase, compared with 266,309 MWh for fiscal year 2018.

Below is a description of the Company's main revenues, and their variation during the year ended December 31, 2019, as against the previous year:

(i) $2.787 billion from energy sales on the forward market to CAMMESA under the framework of Resolution No. 220/07, representing a 98% increase compared with the $1.409 billion for fiscal year 2018. This variation is basically attributable to the effect between an increase in the energy dispatched, due to the closing to the combined cycle in the plant as from August 4, 2018, a higher exchange rate and the result of applying SRRyME Resolution No. 01/2019 that establishes new remuneration mechanisms.

Cost of sales:

The total cost of sales for the year ended December 31, 2019 reached $838.2 million, compared with $674.6 million for fiscal year 2018, thus accounting for an increase of $ 163.6 million, or 24%.

Below is a description of the Company's main revenues, and their variation during the year ended December 31, 2019, as against the previous year:

(i) $73.9 million for gas and diesel consumption at the plant, representing an increase of 29% as against the $57.3 million recorded in fiscal 2018.
Such change is due to the variation in the exchange rate and the increase in diesel consumption for the fiscal year.

(ii) $88.9 million for salaries, social security charges and employee benefits, which accounted for an increase of 21% compared with the $73.4 million recorded in 2018; a variation due to salary rises net of capitalized remuneration, whose tasks were affected to the closure of the cycle.

(iii) $551.8 million for fixed asset depreciation, which accounted for a 29% increase compared with the $427.4 million for fiscal year 2018. This variation is mainly due to the depreciation of fixed assets added during the last year.

Gross income/(loss):

Gross income/(loss) for the year ended December 31, 2019 amounted to $1.948 billion, compared with the $735.0 million recorded in fiscal year 2018, accounting for an increase of $1.213 billion or 165%. This variation is mainly due to the increase in the dispatch of energy and in the exchange rate.

Selling expenses:

Total selling expenses for the year ended December 31, 2019 amounted to $81.1 million, compared with the $21.8 million recorded in fiscal year 2018, accounting for an increase of $59.3 million or 272%)

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

(i) $81.1 million for taxes, rates and contributions, which accounted for a 272% increase compared with the $21.8 million recorded in fiscal year 2018. This increase is in line with the variation in sales for the present fiscal year as against the previous year.

Administrative expenses:
Total administrative expenses for the fiscal year ended December 31, 2019 amounted to $169.2 million, showing a 124% increase from the $75.5 million recorded in 2018.

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

(i) $162.9 million of fees and compensation for services, which accounted for an increase of 133% from the $69.8 million recorded in 2018. Such variation is due to the billing of administrative services rendered by RGA.

(ii) $3.3 million in rental costs, accounting for a decrease of 18% compared with the $4 million recorded in 2018. Although in 2019 there was an increase in the administrative office rental cost, the application of the CPI restatement of office rental costs for the 2018 period had more significant effects.

Operating income/(loss):

Operating income/(loss) for the year ended December 31, 2019 amounted to $1.698 billion compared with the $637.9 million recorded in fiscal year 2018, accounting for an increase of $1.060 billion or 166%.

Financial and holding results, net:

Financial and holding results for the fiscal year ended December 31, 2019 amounted to a total loss of $895.1 million compared with the loss of $2.195 billion recorded in fiscal year 2018, which accounted for a decrease of 59%. This variation is primarily due to the effect of the adjustment for inflation, the exchange rate fluctuation, changes in fair value of financial instruments, and the variation in interest on loans.

The most noticeable aspects of the variation are:

(i) $2.961 billion loss due to net exchange differences, accounting for a decrease of 29% compared with the $4.163 billion loss recorded in fiscal year 2018. Despite the exchange rate rise in fiscal year 2019 compared with the previous fiscal year, there is a decrease in holding results mainly due to the effects of the restatement of exchange gains/losses for fiscal year 2018 by applying the CPI.

(ii) $791.6 million loss for interest on loans, accounting for an increase of 23% compared with the $644.1 million loss for 2018 due to the new financial instruments taken between both periods and the exchange rate variation.

(iii) $2.831 billion gain on PPP (RECPAM), accounting for an increase of 18% compared with the $2.407 billion gain or loss on PPP recorded in the previous fiscal year.

(iv) $34.3 million gain on commercial interest, accounting for an increase of 329% compared with the $8 million gain recorded in the previous fiscal year.

(v) $3.7 million loss due to bank expenses and commissions, accounting for an increase of 95% compared with the $1.9 million loss recorded in the previous fiscal year.

Net income/loss:

The Company reported pre-tax income of $803.5 million for the fiscal year ended December 31, 2019, which accounted for a 152% increase compared with the loss of $1.557 billion recorded in the previous fiscal year. The change is mainly due to the variation in the exchange rate, changes in the fair value of financial instruments and in interest on loans.

Income tax loss for the fiscal year ended December 31, 2019 amounted to $896.2 million compared with the $368.1 million recorded in the previous fiscal year, thus resulting in a loss after income tax of $92.7 million compared with the income/loss of $1.189 billion recorded in fiscal year 2018.

Comprehensive income for the year:

Other comprehensive income/(loss) for the fiscal year ended December 31, 2019 was worth $61.9 million, accounting for a 107% decrease compared with the previous fiscal year, and included the revaluation of property, plant and equipment performed at March 31, 2019, June 2019 and December 2019 and its effect on income tax.

Total comprehensive loss for the period amounted to $154.6 million, representing a 56% decrease compared with the comprehensive loss of $352.3 million for fiscal year 2018.

2. **Balance sheet figures presented comparatively with the previous year** (in million pesos)

	12/31/2019	12/31/2018	12/31/2017
Non-Current Assets	9,000.3	9,593.2	7,171.5
Current assets	2,617.2	996.9	1,611.5
Total assets	**11,617.5**	**10,590.2**	**8,783.1**
Equity	1,750.8	1,905.4	2,257.8
Total equity	**1,750.8**	**1,905.4**	**2,257.8**
Non-current liabilities	7,032.7	5,997.9	5,425.5
Current liabilities	2,833.9	2,686.8	1,099.9
Total liabilities	**9,866.7**	**8,684.7**	**6,525.3**
Total liabilities and equity	**11,617.5**	**10,590.2**	**8,783.1**

3. Income statement figures presented comparatively with the previous fiscal year (in million pesos)

	12/31/2019	12/31/2018	12/31/2017
Ordinary operating income	1,698.6	637.9	593.3
Financial and holding results	(895.1)	(2,195.5)	63.5
Ordinary net income/(loss)	**803.5**	**(1,557.6)**	**656.9**
Income tax	(896.2)	368.1	(13.1)
Net income/loss	**(92.7)**	**(1,189.5)**	**643.8**
Other comprehensive income	(61.9)	837.1	-
Total comprehensive income	**(154.6)**	**(352.3)**	**643.8**

4. Cash flow figures presented comparatively with the previous fiscal year (in million pesos)

	12/31/2019	12/31/2018	12/31/2017
Funds generated by (applied to) operating activities	1,737.7	357	(146.3)
Cash (applied to) investment activities	(381.4)	(835.7)	(1,938.9)
Cash (applied to) generated by financing activities	(1,266.5)	485.6	607.2
Increase (Decrease) in cash and cash equivalents	**89.8**	**6.9**	**(1,478.0)**

5. Comparative ratios:

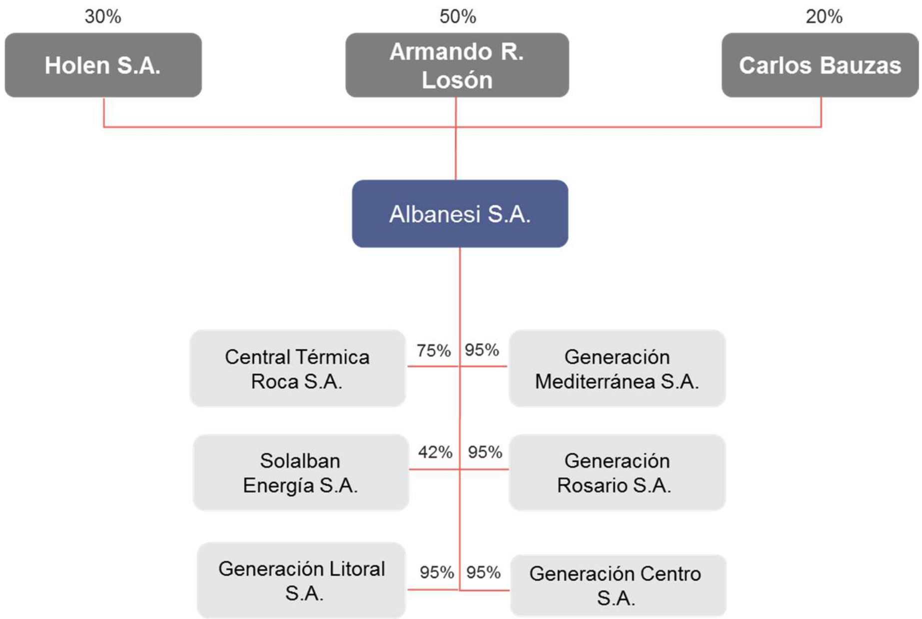
	12/31/2019	12/31/2018	12/31/2017
Liquidity (1)	0.92	0.37	1.47
Creditworthiness (2)	0.18	0.22	0.35
Tied-up capital (3)	0.77	0.91	0.82
Indebtedness ratio (4)	2.46	5.05	7.32
Interest coverage ratio (5)	2.84	1.65	3.30
Return on equity (6)	(0.05)	(0.57)	0.33

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

(*) Amount not covered in the Review Report

4. OWNERSHIP STRUCTURE

The structure of the organization is shown in the following table



Holen S.A., Armando Losón y Carlos Bauzas hold the remaining 5% in GMSA, GROSA, GLSA, and GECEN.

Share Capital

At December 31, 2019, the Company's capital was made up of 73,070,470 ordinary, non-endorsable, book-entry shares of $1 par value each, and entitled to 1 vote per share, there being no changes in capital or shareholdings during 2019.

In the fiscal year ended December 31, 2019, the ownership structure was as follows:

ASA (Parent Company)	75 %
TEFU S.A.	25 %

Organization of the decision-making process

As indicated in the various sections of Annex IV, Heading IV, of the Rules of the CNV that are attached to this Annual Report relating to the degree of compliance with the Code of Corporate Governance, the Company’s policies and strategies are defined by the Board of Directors to be executed by each of the sectors under the supervision of the corresponding Management divisions 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. All the decisions by the Shareholders’ Meeting on the events that took place in 2019 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 YEAR 2020

5.1 Outlook for the Electricity Generation Market

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.

However, with the change of administration that took place in December 2019, Resolution 12/19 repealed Resolution 70/18 of the former Government Secretariat of Energy of the former Ministry of Treasury, which allowed generators to manage their own fuel supply.

According to the Government, this change would result in the saving of the subsidies paid by the Argentine Treasury, assuming that the centralization of natural gas purchases will enable to obtain a lower price.

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 generation 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 1/2019 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 Electricity Emergency declared by the Government in early 2016 ended on December 31, 2017. However, the electricity sector still requires that some outstanding tasks be completed to regularize operations, and wholesale price increases need to continue to provide economic sustainability without subsidies to the sector.

The international financing restrictions on Argentina will delay the entry of new investments in electricity generation units compared with the pace of investments committed in 2016 to 2019, thus revaluing the existing plants and the projects in the process of final construction. 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 to these units by thermal units seems essential.

In February of this year, the current Secretariat of Energy published Resolution No. 31/2020 that repeals Resolution No. 1/19 issued by the previous administration. This new resolution modifies the conditions for the remuneration of generators who have not executed contracts. Capacity and generation prices are pesified, with a reduction of the previous price, and monthly updates will be made subject to changes in the CPI and the IPIM. This change would represent a saving for the Government in terms of energy costs via subsidies.

After years of deterioration of the various Energy Sector variables, the present scenario and the outlook are auspicious despite the difficult challenges in 2018 and the existing financial restrictions. It is expected that the Government will issue policies that complete the normalization of the electricity sector, to maintain the operating conditions and financial health of the generating sector.

5.2 Company outlook for the year 2020

Electric power

The generation unit is expected to continue operating normally in accordance with the dispatch defined by CAMMESA. The main objective is to maintain the Plant's high level of availability, a fact that ensures the Company's level of profitability. To this end, an exhaustive preventive maintenance plan is carried out for generation units that guarantees the high availability of the Plant's turbomachinery.

Financial Position

In the following fiscal year, the Company expects to continue optimizing its financing structure and to keep a level of indebtedness in line with the Power Plant's operational needs, taking into account that as from 2018, it operates as a closed-cycle power plant.

6. DISTRIBUTION OF INCOME/LOSS

In compliance with the prevailing legal provisions, the Board of Directors of the Company informs that a loss of $92,685,728 has been recorded for the year. Since there are no accumulated losses and the Company does not fall within 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 customers 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 10, 2020

THE BOARD OF DIRECTORS

CENTRAL TÉRMICA ROCA S.A.

REPLIES - EXHIBIT IV - Annual report for the fiscal year ended 12.31.19

A) THE BOARD OF DIRECTORS

1. *The Board of Directors has an ethical work culture and establishes the Company's vision, mission and values.*

Central Térmica Roca S.A. (the "Company") is controlled by Albanesi S.A., one of the companies of Grupo Albanesi (the "Group"), engaged in the generation and sale of electric power. As a result, we share the Group's vision, mission and value.

On August 16, 2018, the Company's Board of Directors approved the Group's Integrity Program (the "Program") and policies, among others, the Code of Ethics and Conduct. In addition, the Company's Board of Directors is the body responsible for generating an ethical work culture by establishing the pillars of the Group's vision, mission and values, which can be accessed via web www.albanesi.com.ar.

The Company offers a wide range of products and services that show the ability to develop and execute new projects to strengthen its presence in the energy market, as well as to explore new businesses generating constant growth. It also offers a proposal that adds value based on a relationship of trust and quality with all its customers, providing not only an excellent product but also a high-quality service based on its excellence standards.

The mission of the Company's Board of Directors is to provide reliable and sustainable access to energy for both the industry and the national interconnected system, through the generation of thermal and steam electricity, and the commercialization of gas. Thus, the Board understands and is responsible for optimizing the energy needs of customers and seeks that the Company be chosen for the value proposition that we offer.

Values serve as guiding principles of our behavior and rule our individual and group actions. They are the Company's DNA and govern day-to-day and short- and long-term decisions; we consider ourselves guardians of values, such as respect, responsibility, transparency, proactivity, and innovation. These values were consolidated in the Code of Ethics and Conduct approved through the Minutes of the Board of Directors' Meeting dated August 16, 2018.

2. *The Board of Directors devises the Company's general strategy and approves the strategic plan developed by Management. In doing so, the Board of Directors takes into account environmental, social and corporate governance factors. The Board of Directors supervises its implementation by using key performance indicators and taking into account the best interest of the Company and all its shareholders.*

The Board of Directors, together with the different management divisions of the Company - structured based on the relevant areas -, sets the goals and objectives, as well as the process to monitor compliance with the Company's policies and general strategies.

The executive business management is entrusted to the Executive Officers and Managers, as appropriate. In addition, the Board of Directors approves the investment and financing policies.

The participation of the management divisions is key when establishing the general strategy, since they are directly and immediately aware of the specific needs of each sector.

The Company's general strategies are also established taking into account the vision and mission, as well as internal and external risk factors. The Board of Directors is the body responsible for monitoring compliance with and application of the strategy in accordance with the values that govern the Company's business.

Usual practices include periodic work meetings of the members of the Board of Directors and the Corporate Management, meetings of those responsible for the different areas reporting to the Board, discussion by the Board of Directors of relevant and strategic issues.

3. *The Board supervises the Management and ensures that it develops, implements, and maintains an adequate internal control system with clear reporting lines.*

The Company has various mechanisms to provide information to its Directors and Managers well in advance, to keep them updated at the time of making a decision. The Board of Directors has worked on the establishment of regular procedures for informative meetings in all the aforementioned aspects to facilitate the decision-making of the management body, especially periodic meetings with the Management Committee made up of the Corporate Managers of each area and also, the meetings of the Board of Directors with the point persons of each area.

4. *The Board of Directors designs the corporate governance structures and practices, appoints the person responsible for their implementation, monitors their effectiveness and suggests changes, if necessary.*

The Board of Directors has led the development and creation process of the Integrity Program, which was approved through the Minutes of the Board of Directors' Meeting, dated August 16, 2018 ,and which was initially based on the following pillars: (i) a Code of Ethics and Conduct (the "Code"), (ii) an Anti-corruption Policy, (iii) a Policy on the Submission of Tenders and Bids, (iv) a Policy on Relationships with Government Officials; and (v) an Ethics Line for anonymous reports from third parties (the "Line"), managed by PricewaterhouseCoopers, and is constantly receiving advice on best practices on this regard.

Among Corporate Governance Policies, the Corporate Governance Code is a resource that helps us act ethically and responsibly in our daily activities. It is a guide to provide information on how to deal with the most frequent problems related to business conduct. Good corporate governance is essential to guarantee the growth and soundness of Grupo Albanesi, optimize its transparency, professionalize administrative practices, and protect the rights of shareholders and investors. The main objective of the Board of Directors is to ensure that the value delivered to shareholders and other stakeholders is channeled through the growth of the organization and its business, as well as through an adequate internal control framework.

To monitor compliance with existing policies, (i) the Human Resources Committee and (ii) the Ethics Committee are in operation, the creation of which was established by the Code.

These committees are made up of the Corporate Human Resources Manager, the Corporate Legal & Compliance Manager and an advisor, independent from the shareholders; they both hold regular meetings that are sufficient according to the current Company's structure.

5. *The members of the Board of Directors have sufficient time to perform their duties in a professional and efficient manner. The Board and its committees have clear and formal rules for their operation and organization, which are disclosed through the Company's website.*

The Company's Board of Directors is the highest management body. Given the Company's structure, all the members of the Board of Directors work full-time for the Company, so that they have sufficient time to perform their duties. Regarding its operation, and considering the Company's structure, it is governed in accordance with the Company's bylaws, management is entrusted to the Board of Directors, which is made up of a minimum of one and a maximum of five regular directors and the Shareholders' Meeting may elect the same number of deputy directors. Directors will hold office for three fiscal years and must have the knowledge and competencies necessary to clearly understand their responsibilities and functions within Corporate Governance, and act with the loyalty and diligence of a good businessperson.

All members of the Board are fully in compliance with the provisions of articles 7 and 8 of the Company's Bylaws, regarding the Board membership and performance. For the adequate operation of the Board of Directors, the General Shareholders' Meeting determines the number of directors and appoints them. Responsibilities of the Board include, among others, accounting and finance, internal control, business evaluation, risk management, leadership, business vision and strategy.

The Board meets periodically in compliance with the legal provisions and whenever required by any of the directors; furthermore, it is responsible for the general administration of the Company, making all the necessary decisions for that purpose.

B) THE CHAIR OF THE BOARD OF DIRECTORS AND THE CORPORATE SECRETARIAT

6. *The Chairman of the Board is responsible for the good organization of Board meetings, prepares the agenda guaranteeing the collaboration of the other members and ensures that they receive the necessary materials sufficiently in advance to participate in the meetings in an informed and efficient manner. The chairpersons of the committees have the same responsibilities for their meetings.*

The business to be transacted at Board meetings is previously discussed in the meetings of the relevant areas, be them with the Corporate Management or point persons and committees. The members of the Board of Directors are previously informed of the business to be transacted at meetings, and the calls to said meetings are coordinated through the Legal Department (responsible for preparing the relevant minutes) and the secretariats of the Board, all under the supervision of the Chairman of the Board of Directors.

The Chairman of the Board is the person who presides over the Company's Board of Directors' Meetings. Decisions are made after deliberation by all the members attending the meeting.

Likewise, the Chairman ensures that the Shareholders' Meetings are called sufficiently in advance and proposes the agenda.

7. *The Chairman of the Board of Directors ensures the correct internal operation of the Board of Directors by implementing formal annual evaluation processes.*

As this is a closed entity, in which the Directors are executives who work full-time for the Company and proportionally represent the shareholder families, we understand that an evaluation process different from the one that applies to the rest of the payroll is not required.

8. *The Chairman creates a positive and constructive workspace for all the members of the Board of Directors and ensures that they receive continuous training to stay up-to-date and to correctly fulfill their functions.*

At Grupo Albanesi, we believe that a continuous training process is required to properly perform the functions within the Board of Directors - directors must obtain the knowledge and skills that allow them to efficiently and effectively manage the risks of the organization.

Bearing in mind the professional skills of the people who have served and are currently serving on the Board of Directors, as part of the Company's regular management, the Board of Directors, at the request of the Chairman, adopts update and general and/or particular training sessions depending on the specific needs that may arise in the exercise of the functions and responsibilities of each of the members of the Board of Directors or the executives.

9. *The Corporate Secretariat provides support to the Chairman of the Board in the effective administration of the Board and collaborates in the communication among shareholders, Board of Directors and the Management.*

Given the Company's structure, where all directors are executives, the function described in the Corporate Secretariat regulations is performed by all the members of the Corporate Management that make up the Management Committee. By meeting, they guarantee the efficiency and effectiveness of the subsequent Board meetings, in which all attendees are informed, since they have already participated in the previous meetings with the leaders of each area.

10. *The Chairman of the Board ensures the participation of all its members in the development and approval of a succession plan for the Managing Director of the Company.*

Given the Company's structure and way in which the Board of Directors acts (already explained in the previous paragraphs), there is no specific position of Managing Director. Succession of the Chairman is expressly regulated by the Company's bylaws.

C) COMPOSITION, APPOINTMENT AND SUCCESSION OF THE BOARD OF DIRECTORS.

11. *The Board of Directors has at least two members who are independent in accordance with the current criteria established by the National Securities Commission (CNV).*

On the basis of its ownership structure, and as the Company does not make public offering of its shares, the Company does not consider it necessary to have independent Directors.

12. *The Company has a Nominations Committee that is made up of at least three (3) members and is chaired by an independent director. If the Chairman of Board of Directors is also the Chairman of the Nominations Committee, he/she will refrain from participating in the discussions over the appointment of his/her own successor.*

Notwithstanding the fact that at present, the Company does not have a Nominations Committee, Directors are elected by the Shareholders' Meeting at the proposal of the acting Board members, and according to suitability criteria, based on the Company's needs, business and strategy.

13. *The Board, through the Nominations Committee, develops a succession plan for its members that rules the pre-selection process for candidates to fill vacancies, and takes into account the non-binding recommendations made by its members, the Managing Director and the shareholders.*

As mentioned in point 12 of section c) hereof, and without prejudice to the fact that at present, the Company does not have a Nominations Committee and a formal pre-selection process for candidates for the Board of Directors, the Board of Directors may, based on its experience and knowledge of the needs of the Company's management, propose candidates to fill the vacancies to the Shareholders' Meeting, on a non-binding basis.

14. *The Board implements a training program for its newly elected members.*

Given that the Company is a closed entity and there have been no changes in the composition of the Board of Directors, making it extremely stable, the implementation of a training program is not considered necessary as long as this trend in the composition of the Board of Directors continues.

D) REMUNERATION.

15. *The Company has a Remunerations Committee that is made up of at least three (3) members. The members are entirely independent or non-executive.*

Considering its structure, the Company understands that the existence of a Compensation Committee is not necessary, as most of the tasks set forth in the standard and related tasks are carried out by Corporate Human Resources Management and the Human Resources Committee.

16. *The Board, through the Remunerations Committee, establishes a remuneration policy for the Managing Director and members of the Board.*

As previously stated, the Board's remuneration policy does not differ from the parameters established for the Group's payroll as a whole and is aligned with the provisions of the General Companies Law, as appropriate.

E) CONTROL ENVIRONMENT.

17. *The Board of Directors determines the Company's risk appetite and also supervises and guarantees the existence of a comprehensive risk management system that identifies, evaluates, decides the course of action and monitors the risks that the Company faces, including, but not limited to, environmental, social and business risks in the short and long term.*

Both the Board of Directors and the different management divisions of the Company have vast experience in the business. In periodic meetings with the Management, the managers disclose the risks identified and Management determines the risk appetite.

The main risks of the activity are related to maintenance, hygiene, safety and environmental factors. Work programs include the necessary measures to prevent and, where appropriate, mitigate these risks. Performance results are evaluated by the Board of Directors, with the participation of the Plant Management.

18. *The Board of Directors monitors and reviews the effectiveness of the independent internal audit and guarantees the resources for the implementation of an annual risk-based audit plan and a direct report line to the Audit Committee.*

The Company's Internal Audit Department reports to the Chairman of the Board of Directors, which provides the independence necessary to perform its duties.

An annual risk-based audit plan is developed which is presented to the Board for approval.

The Board of Directors periodically monitors the evolution of the Plan and the effectiveness of the work carried out.

19. *The internal auditor or members of the Internal Audit Department are independent and highly trained.*

The members of the Internal Audit Department are university graduates, including Public Accountants, Bachelors of Business Administration and of Information Technology. They have sufficient audit experience and business knowledge. An annual training plan is contemplated for team members.

20. *The Board of Directors has an Audit Committee that acts based upon regulations. The committee is mostly made up of and chaired by independent directors and does not include the Managing Director. Most of its members have professional experience in financial and accounting areas.*

The Company does not have an Audit Committee. The Board actively participates in matters relating to:

- Financial reporting
- Fraud risks
- Independent internal audit
- Appointment of the external auditor
- Ethics and Compliance Program

21. *The Board of Directors, following the opinion of the Audit Committee, approves a policy for selecting and monitoring external auditors, which sets the indicators that must be considered when making a recommendation to the Shareholders' Meeting on the retention or replacement of the external auditor.*

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.

F) ETHICS, INTEGRITY AND COMPLIANCE.

22. *The Board of Directors approves a Code of Ethics and Conduct that reflects the values and ethical principles of integrity, as well as the culture of the Company. The Code of Ethics and Conduct is communicated and applicable to all Company directors, managers and employees.*

In February 2018, Grupo Albanesi began the process of strengthening its Code of Ethics as part of the implementation of an Integrity Program to ensure its effectiveness in connection with the different related risks. The new Integrity Program was approved through the Board of Directors' Meeting dated August 16, 2018, the date on which the new Code was also approved, which reflects the valuesand culture of the Company and which applies to all shareholders, directors and employees in general in all locations where Grupo Albanesi operates.

23. *The Board of Directors establishes and periodically reviews, based on the risks, size and financial capacity, an Ethics and Integrity Program. Management supports the plan in a clear and unequivocal manner, and appoints an internal manager to develop, coordinate, supervise and evaluate periodically the program for its effectiveness. The program sets forth: (i) periodic training for directors, managers and employees on ethics, integrity and compliance; (ii) internal channels for reporting irregularities, open to third parties and adequately disclosed; (iii) a policy to protect whistleblowers from retaliation; and an internal investigation system that safeguards the rights of the investigated persons and imposes effective sanctions for violations of the Code of Ethics and Conduct; (iv) integrity policies relating to bidding processes; (v) mechanisms for periodic risk analysis, monitoring and evaluation of the Program; and (vi) procedures that verify the integrity and track record of third parties or business partners (including due diligence to verify irregularities, illegal acts or vulnerabilities during the processes of corporate transformation and acquisitions), including suppliers, distributors, service providers, agents and intermediaries.*

The Board of Directors approves the reviews and proposals made by the Ethics Committee regarding the Company's Integrity Program, implementing the pertinent modifications to the policies and measures already in place, as well as reinforcing and creating new ones. All this considering the related risks, as well as the size and economic capacity of the Company. Modifications are then communicated to the Company's employees, directors and shareholders.

Regarding the aforementioned actions, and under the Integrity Program, the Company implemented a Training Plan that began with the plant managers, trustees, directors, shareholders, department managers and key employees, who received classroom-based courses.

In September 2019, the Group launched a mandatory e-learning to train all employees, guaranteeing and facilitating access in all the country locations where the Company operates.

As previously stated, the Integrity Program created an Ethics Line for anonymous reports by third parties, managed by PricewaterhouseCoopers. The four channels available may be consulted in the following web site: http://www.albanesi.com.ar/linea-etica.php

The Code of Ethics establishes that whistleblowers should not be retaliated against, but protected, and may remain anonymous, if they so decide.

Furthermore, the Company 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 Company. In addition, an Anti-corruption and Ethics clause was included in the bidding terms and conditions and in the contracts to which the Company is a party.

24. *The Board ensures the existence of formal mechanisms to prevent and manage conflicts of interest. In the case of transactions between related parties, the Board of*

Directors approves a policy that establishes the role of each corporate body and defines how to identify, manage and disclose transactions causing damage to the Company or only to certain investors.

In compliance with the provisions of the Code, a mandatory registry of Conflicts of Interest was created, which can be accessed by all members of the Company. The Ethics Committee reviews the registry, analyzes the reported conflicts, and reports them to the Company's Board of Directors.

G) PARTICIPATION OF SHAREHOLDERS AND STAKEHOLDERS.

25. *The Company's website discloses financial and non-financial information, providing timely and equal access to all Investors. The website has a specialized area for dealing with inquiries from Investors.*

In the website of Grupo Albanesi (www.albanesi.com.ar), the Company provides specific information for investors. In the website, the Company provides detailed information, as required by the CNV for each securities issue. The Company has developed a section within the website to include not only corporate information but also information important for users in general.

Without prejudice to the fact that it does not have an Investor Relations Officer, the tasks detailed in the regulation regarding contact with and information to investors are carried out by the Management of Financial Structuring, and the Legal and Compliance Department updates the information related to Corporate Governance Policies.

26. *The Board of Directors must ensure that there is a procedure in place for identifying and classifying stakeholders and a communication channel for them.*

In the website of Grupo Albanesi (www.albanesi.com.ar), the Company has a communication channel with stakeholders to clear all general doubts. Stakeholders may send an e-mail to the Company at inversores@albanesi.com.ar, specifying the Company in connection with which they are requiring information.

27. *Prior to Shareholders' Meetings, the Board of Directors sends to the shareholders a "provisional information package" that allows them - through a formal communication channel - to make non-binding comments and share dissenting opinions on the recommendations made by the Board of Directors. When sending the final information package, the Board must expressly reply to the comments received, as it deems necessary.*

The Board of Directors sends to the shareholders in advance all the information necessary to discuss the relevant matters at the Shareholders' Meeting. It is worth mentioning that, being a closed entity, it is quite simple for the Company to send information and different reports, which is reflected in the participation and unanimous decision of all resolutions made at Shareholders' Meetings so far.

28. *Under the Company's by-laws, shareholders can receive information packages for the Shareholders' Meeting through virtual means and participate in the meetings through electronic means of communication that allow the simultaneous transmission of sound, images and words, thus ensuring the principle of equal treatment of all participants.*

Since the Company does not make public offering of its shares, at present, it does not require the implementation of electronic means of communication for the transmission of information. The provision of information by the Board of Directors to the shareholders is guaranteed.

29. *The Dividend Distribution Policy is aligned with the strategy and clearly establishes the criteria, frequency and conditions under which dividend distribution will be performed.*

The Issuer does not have a specific policy on dividend distribution established by the bylaws and approved by the Shareholders' Meeting. Article 12 of the Company's Bylaws establishes that dividends must be paid in proportion to the shares paid-up within the year in which dividends are approved.

Armando Losón (Jr.)
President

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

Central Térmica Roca S.A.

Composition of the Board of Directors and Syndics' Committee at December 31, 2019

President
Armando Losón (Jr.)

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

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

Alternate Syndics
Juan Cruz Nocciolino
Carlos I. Vela
Marcelo Barattieri

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

Legal information

Business name: Central Térmica Roca S.A.

Legal address: Av. Leandro N. Alem 855, 14th floor, City of Buenos Aires.

Main business activity: Generation and sale of electric energy

Tax ID: 33-71194489-9

Date of registration with the Public Registry of Commerce:

By-Laws: July 26, 2011
Latest amendment: May 15, 2014

Registration number with the Legal Entities Regulator: No. 14,827 of Book 55, Volume of Companies by shares

Expiration date of the Company: July 26, 2110

Name of Parent Company: Albanesi S.A.

Legal domicile of Parent Company: Av. Leandro N. Alem 855, 14th floor, City of Buenos Aires.

Main line of business of Parent Company: Investment on the entity's own behalf, or on behalf of or associated to third parties

Percentage of participation of Parent Company in equity: 75%

Percentage of voting rights of Parent Company: 75%

CAPITAL STATUS (Note 14)			
Shares			
Number	**Type**	**Number of votes per share**	**Subscribed, paid-in and registered**
			$
73,070,470	Ordinary of $1 par value	1	73,070,470

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

Central Térmica Roca S.A.

Statement of Financial Position

At December 31, 2019

presented in comparative format

Stated in pesos

	Note	12.31.2019	12.31.2018
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	**7**	8,972,323,283	9,550,244,391
Other receivables	**9**	27,935,521	42,973,883
Total non-current assets		**9,000,258,804**	**9,593,218,274**
CURRENT ASSETS			
Inventories	**10**	27,024,503	17,944,804
Other receivables	**9**	401,903,776	276,381,658
Other financial assets at fair value through profit or loss	**11**	-	83,815,584
Trade receivables	**12**	1,552,430,550	291,775,834
Cash and cash equivalents	**13**	635,842,423	327,013,981
Total current assets		**2,617,201,252**	**996,931,861**
Total Assets		**11,617,460,056**	**10,590,150,135**
EQUITY			
Share Capital	**14**	73,070,470	73,070,470
Capital Adjustment		446,856,140	446,856,140
Legal reserve		12,295,818	12,295,818
Optional reserve		231,746,814	231,746,814
Special reserve General Resolution No. 777/18		914,457,878	974,189,581
Technical revaluation reserve		725,264,551	837,936,277
Other comprehensive income/loss		(1,393,771)	(786,596)
Unappropriated retained earnings		(651,488,205)	(669,901,605)
TOTAL EQUITY		**1,750,809,695**	**1,905,406,899**
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax liabilities, net	**16**	1,484,555,499	609,024,394
Defined benefit plan	**20**	6,780,542	5,946,224
Loans	**17**	5,541,411,197	5,382,961,744
Total non-current liabilities		**7,032,747,238**	**5,997,932,362**
CURRENT LIABILITIES			
Tax payables	**19**	69,935,346	-
Salaries and social security liabilities	**21**	13,868,038	12,900,710
Defined benefit plan	**20**	103,461	-
Loans	**17**	1,526,822,547	2,303,530,136
Trade payables	**22**	1,223,173,731	370,380,028
Total current liabilities		**2,833,903,123**	**2,686,810,874**
Total liabilities		**9,866,650,361**	**8,684,743,236**
Total liabilities and equity		**11,617,460,056**	**10,590,150,135**

The accompanying notes form an integral part of these Financial Statements.

Central Térmica Roca S.A.

Statements of Comprehensive Income

For the fiscal years ended December 31, 2019 and 2018.

Stated in pesos

	Note	12.31.2019	12.31.2018
Sales revenue	23	2,787,059,971	1,409,607,228
Cost of sales	24	(838,187,622)	(674,593,066)
Gross income/(loss)		**1,948,872,349**	**735,014,162**
Selling expenses	25	(81,111,435)	(21,823,025)
Administrative expenses	26	(169,202,267)	(75,456,636)
Other income and expenses		-	141,018
Operating income		**1,698,558,647**	**637,875,519**
Financial income	27	170,534,791	14,864,328
Financial expenses	27	(931,528,084)	(652,800,817)
Other financial results	27	(134,096,152)	(1,557,523,085)
Financial results, net		**(895,089,445)**	**(2,195,459,574)**
Income/(loss) before taxes		**803,469,202**	**(1,557,584,055)**
Income tax	16	(896,164,930)	368,089,744
(Loss) for the year		**(92,695,728)**	**(1,189,494,311)**
Benefit plan	20	(809,567)	(1,048,796)
Revaluation of property, plant and equipment	7	(81,725,734)	1,117,248,371
Impact on deferred tax	16	20,633,825	(279,049,894)
Other comprehensive income for the year		**(61,901,476)**	**837,149,681**
Total comprehensive income for the year		**(154,597,204)**	**(352,344,630)**
Earnings/(losses) per share			
Basic and diluted (loss) per share	28	(1.27)	(16.28)

The accompanying notes form an integral part of these Financial Statements.

Central Térmica Roca S.A.

Statement of Changes in Equity
For the fiscal years ended December 31, 2019 and 2018.
Stated in pesos

	Share capital (Note 14)	Capital Adjustment	Legal reserve	Optional reserve	Special Reserve GR No. 777/18	Technical revaluation reserve	Other comprehensive income/loss	Unappropriated retained earnings	Total equity
Balances at December 31, 2017	**73,070,470**	**446,856,140**	**2,169,501**	**39,346,793**	**974,189,581**	**-**	**-**	**722,119,044**	**2,257,751,529**
Minutes of Shareholders' Meeting dated April 18, 2018									
- Setting up of legal reserve	-	-	10,126,317	-	-	-	-	(10,126,317)	-
- Setting up of optional reserve	-	-	-	192,400,021	-	-	-	(192,400,021)	-
Other comprehensive income for the year	-	-	-	-	-	837,936,277	(786,596)	-	837,149,681
Loss for the year	-	-	-	-	-	-	-	(1,189,494,311)	(1,189,494,311)
Balances at December 31, 2018	**73,070,470**	**446,856,140**	**12,295,818**	**231,746,814**	**974,189,581**	**837,936,277**	**(786,596)**	**(669,901,605)**	**1,905,406,899**
Other comprehensive income for the year	-	-	-	-	-	(61,294,301)	(607,175)	-	(61,901,476)
Reversal of technical revaluation reserve	-	-	-	-	(59,731,703)	(51,377,425)	-	111,109,128	-
Loss for the year	-	-	-	-	-	-	-	(92,695,728)	(92,695,728)
Balances at December 31, 2019	**73,070,470**	**446,856,140**	**12,295,818**	**231,746,814**	**914,457,878**	**725,264,551**	**(1,393,771)**	**(651,488,205)**	**1,750,809,695**

The accompanying notes form an integral part of these Financial Statements.

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

Central Térmica Roca S.A.

Statement of Cash Flows

For the fiscal years ended December 31, 2019 and 2018.

Stated in pesos

	Notes	12.31.2019	12.31.2018
Cash flow provided by operating activities:			
(Loss) for the year		(92,695,728)	(1,189,494,311)
Adjustments to arrive at net cash flow provided by operating activities:			
Income tax	**16**	896,164,930	(368,089,744)
Accrued interest, net	**27**	757,340,533	636,046,687
Depreciation of property, plant and equipment	**7 and 24**	551,789,857	427,357,481
Provision for directors' fees		-	325,037
Provision for defined benefit plans	**20**	1,058,034	5,618,079
Exchange differences and other financial results	**27**	3,008,224,553	4,192,071,829
Income/(Loss) from changes in the fair value of financial instruments	**27**	(43,152,108)	(172,619,763)
Recovery impairment of property, plant and equipment	**27**	-	(54,196,295)
Gain/loss on purchasing power parity (RECPAM)	**27**	(2,830,976,293)	(2,407,732,686)
Changes in operating assets and liabilities:			
(Increase)/Decrease in trade receivables		(573,776,160)	654,482,128
Decrease in other receivables (1)		234,290,005	172,377,607
(Increase)/ Decrease in inventories		(5,836,905)	28,213,509
Increase / (Decrease) in trade payables (2)		(168,342,690)	(1,523,712,854)
(Decrease) in other liabilities		-	(8,025,056)
Defined benefit plans		-	(720,649)
Increase in salaries and social security charges		967,328	8,467,389
Increase/(Decrease) in trade payables		2,605,612	(43,339,324)
Net cash flow provided by operating activities		**1,737,660,968**	**357,029,064**
Cash flow from investment activities:			
Acquisition of property, plant and equipment	**7**	(32,545,574)	(862,058,086)
Subscription of mutual funds, net		-	35,745,946
Loans collected	**29**	686,318,906	-
Loans granted	**29**	(1,035,139,673)	(9,402,876)
Net cash flows (used in) investment activities		**(381,366,341)**	**(835,715,016)**
Cash flow from financing activities:			
Borrowings	**17**	509,235,673	2,756,156,311
Payment of loans	**17**	(1,022,794,696)	(1,675,079,912)
Payment of interest	**17**	(823,886,971)	(703,659,683)
Collection of financial instruments		70,915,408	108,200,904
Net cash flow (used in) / provided by financing activities		**(1,266,530,586)**	**485,617,620**
INCREASE OF CASH AND CASH EQUIVALENTS		**89,764,041**	**6,931,668**
Cash and cash equivalents at the beginning of year	**13**	327,013,981	220,826,344
Financial results of cash and cash equivalents		70,788,756	27,995,260
Gain/loss on PPP (RECPAM) of cash and cash equivalents		148,275,645	71,260,709
Cash, cash equivalents at year end	**13**	635,842,423	327,013,981
		89,764,041	**6,931,668**
Significant transactions not entailing changes in cash			
Acquisition of property, plant and equipment not yet paid	**7**	(8,387,419)	(81,247,640)
Advance to suppliers applied to the purchase of property, plant and equipment	**7**	(17,904,284)	(138,077,238)
(Decrease)/Increase in technical revaluation, net		61,294,301	(837,936,278)
Net benefit plan		607,175	786,597
Interest and exchange difference capitalized in property, plant and equipment	**7**	-	(617,654,158)
Issue of negotiable obligations paid up in kind	**17**	513,972,370	-
Loans to Directors, repaid	**29**	(5,525,522)	(6,898,396)

(1) Includes advance payments to suppliers for the purchase of property, plant and equipment for $16,143,020 and $18,261,389 at December 31, 2019 and 2018, respectively.

(2) Includes commercial payments for the cycle closure project at the Power Plant at December 31, 2018.

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

Central Térmica Roca S.A.

Notes to the Financial Statements:
For the fiscal years ended December 31, 2019 and 2018.
Stated in pesos

NOTE 1: GENERAL INFORMATION

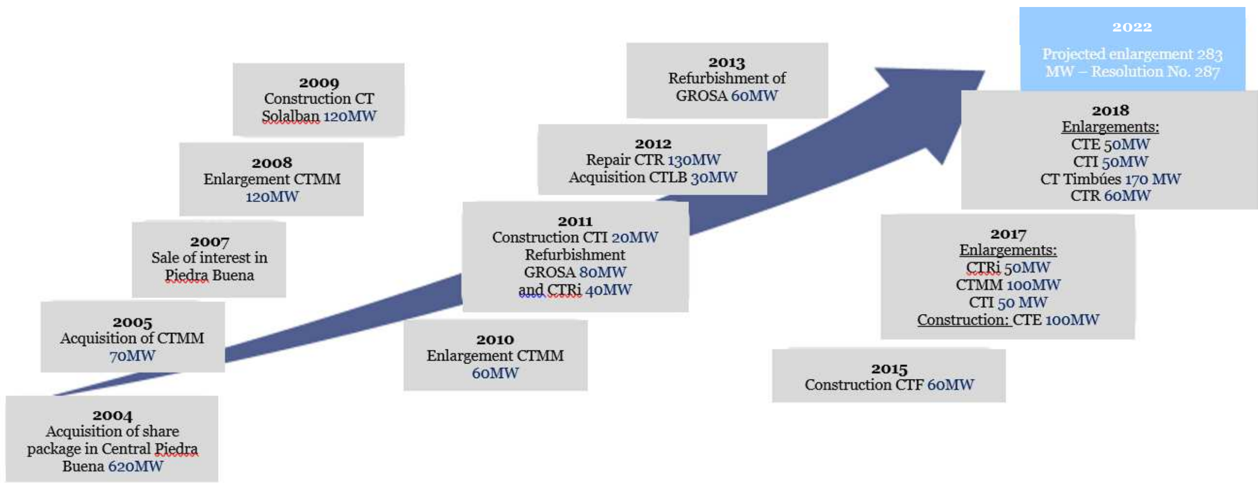
CTR's main line of business is the generation and sale of electric energy. Nominal installed capacity is 190 MW under ES Resolution No. 220/07 and SRRyME Resolution No. 01/2019.

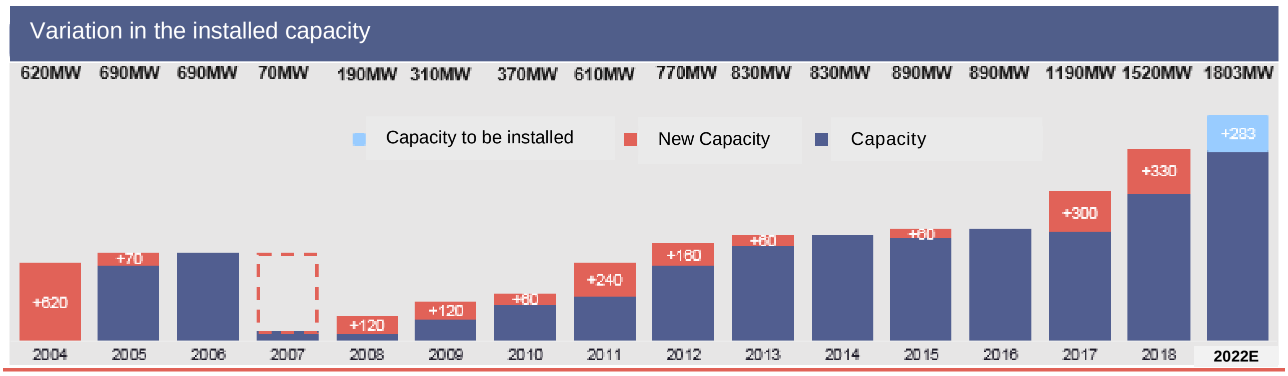
In 2011, Grupo Albanesi acquired through CTR a power plant located in the outskirts of the city of General Roca, province of Río Negro, on Provincial Road No. 6, km 11.1 (the "Power Plant"), which had been unavailable since 2009.

ASA holds a 75% interest in the capital stock of CTR, and Tefu S.A., the remaining 25%.

Grupo Albanesi had at the date these 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 283 MW with all the new projects awarded and currently under way.

Grupo Albanesi entered the electricity market in 2004 with the purchase of the power plant Luis Piedra Buena S.A. In this way the development of the electricity segment became one of the main purposes of the Group.





NOTE 1: GENERAL INFORMATION (Cont'd)

Maintenance contract

CTR signed a global Long Term Service Agreement for the power plant with the companies GE International INC and GE Energy Parts International, LLC. As set forth in the agreement, GE must provide on-site technical assistance on a permanent basis, as well as a remote monitoring system to follow up on the efficient performance of the turbines, 24-hour assistance from the engineering department, original spare parts in a timely manner and repairs for planned and corrective maintenance. GE thus guarantees average availability of not less than ninety five percent (95%) to the Power Plant per contractual year. In addition, the Power Plant has its own repair workshop with tools and spare parts in stock to make on-site repairs. Compliance with the power sale agreement with CAMMESA under Resolution 220/07 is thus guaranteed.

Environmental management

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

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

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

In October-November 2018, a new external audit on the corporate Environmental Management System was conducted by IRAM personnel, which resulted in the renewal of ISO certifications for all Power Plants for three years.

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

The generated energy by the two units belonging to the Plants enters the SADI and is remunerated by CAMMESA under the energy and power Supply Contract entered into with CAMMESA, as set forth by ES Resolution No. 220/2007. The sale of energy in excess of the amount agreed in the Supply Contract is paid as set forth by SRRyME Resolution No. 19/2019.

WEM Supply Contracts (ES Resolution 220/07)

In January 2007, the Energy Secretariat issued Resolution No. 220 authorizing Supply Contracts between CAMMESA and the generating agents in the WEM to promote the incorporation of new electric power and associated energy. In this regard, the execution of Supply Contracts was foreseen as another way to generate incentives for the development of additional energy projects. These Supply Contracts are entered into between generating agents and CAMMESA, with a duration of 10 years. The prices of the available power and energy were established in each contract based on the costs accepted by the Energy Secretariat. The contracts also establish that the machines and power plants used to cover the Supply Contracts will generate energy as they are dispatched by CAMMESA.

Further, as envisaged with respect to the Supply Commitment Contracts and for the purpose of mitigating the collection risk of the generating agents, priority was given to the payment of obligations assumed by CAMMESA under those Supply Contracts.

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

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

The agreement sets forth a remuneration made up of 5 components:

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

Turbines	Fixed charge for hired power	Hired power
	USD/MW-month	MW
TG01	USD 12,540	116.7
TV01	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 effectively prescribed under the contract and which purpose is to remunerate the operation and maintenance of the Plant:

Turbines	Variable charge in USD/MWh	
	Gas	Diesel
TG01	USD 10.28	USD 14.18
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.

The TV01 contract began on August 4, 2018, starting from the conversion of the current gas turbine generator into a combined cycle. To this end, equipment was installed, so that the exhaust fume recovery of the existing gas turbine generates an amount of steam such that when expanded through a steam turbine, additional power of up to 60-MW may be generated.

The energy generated in excess of the energy undertaken under the WEM Supply Contracts is sold to the Spot Market, pursuant to regulations in effect in the WEM, and paid as established by SRRyME Resolution No. 01/2019.

Sales under SRRyME Resolution 01/2019

SRRyME Resolution No. 01/19 was published on February 28, 2019, replacing EES 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.

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

Sales under SRRyME Resolution 01/2019 (Cont’d)

The resolution maintains a remuneration comprising a payment for minimum power or basis for generators without availability commitments and another per availability of guaranteed power reducing the values established by EES Resolution No. 19/2017.

The following table shows the Base Price for the Power, according to the technology and scale (PrecBasePot):

TECHNOLOGY/SCALE	PrecBasePot [USD/MW-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 are 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).

For the energy actually generated for conventional thermal power generation, nonfuel variable costs of up to 4 USD/MWh for natural gas and 7 USD/MWh for diesel or fuel oil are recognized per type of fuel consumed by the power plant. Only 50% of nonfuel variable costs are paid 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 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.

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

Sales under SRRyME Resolution 01/2019 (Cont'd)

SRRyME Resolution No. 01/2019 was enforced on March 1, 2019.

NOTE 3: BASIS FOR PRESENTATION

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

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

The fiscal year commences on January 1 and ends December 31 of each year. Economic and financial results are presented on the basis of the fiscal year.

These Financial Statements are stated in pesos.

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 6.

These Financial Statements were approved for issuance by the Company's Board of Directors on March 10, 2020.

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 year (period), irrespective of whether they are based on the historical cost or current cost methods. To this end, in general terms, non-monetary items include inflation from the acquisition date of the item or the restatement date, as applicable. These requirements also comprise the comparative information contained in 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, as set forth by IAS 29, the Argentine economy must have been considered as highly inflationary as from 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,

NOTE 3: BASIS FOR PRESENTATION (Cont'd)

Financial reporting in hyperinflationary economies (Cont'd)

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 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. Therefore, these Financial Statements ended December 31, 2019 have not been restated.

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. All the 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.

Restatement of opening balances was calculated considering the indexes established by FACPCE in accordance with the 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), under the heading "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.
- Other comprehensive income items were restated as from each date of accounting allocation.
- Other reserves were not restated in the first application of the standard.

To determine the net taxable income, an adjustment for inflation computed according to Sections 95 to 98 of Income Tax Law must be deducted from or added to the tax result of the fiscal period being calculated. This will be applicable in the fiscal year in which the variation percentage of the General Consumer Price Index (CPI) accumulated over the 36 months prior to the year end is higher than 100%. These provisions are applicable for fiscal years commencing on or after January 1, 2018. For the first, second and third fiscal years following its effective date, it will be applicable when the index variation, calculated from the beginning to the end of each year, exceeds 55%, 30% and 15% in the first, second and third year of application, respectively. The inflation adjustment for the fiscal year under calculation will have effect either as a negative or positive adjustment; 1/6 will be allocated in the relevant fiscal period and the remaining 5/6, in two equal parts, in the two immediately following fiscal years.

The Company has estimated that the CPI variation by December 31, 2019 will exceed the index mentioned in the above paragraph, so the Company included this adjustment in the determination of the taxable income for the current period.

NOTE 3: BASIS FOR PRESENTATION (Cont'd)

Going concern

As of the date of these Financial Statements, there are no uncertainties regarding events or conditions that may lead to doubts about the possibility that the Company will continue to operate normally as a going concern.

Comparative information

Balances at December 31, 2018, disclosed in these Financial Statements for comparative purposes, arise from Financial Statements at that date, restated in constant currency at December 31, 2019. Certain reclassifications have been included in the financial statement figures presented for comparative purposes to conform them to the current year presentation.

NOTE 4: ACCOUNTING POLICIES

The main accounting policies used in the preparation of these 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

The main accounting policies used in the preparation of these Financial Statements are explained below.

1. New accounting standards, amendments and interpretations issued by IASB effective at December 31, 2019 adopted by the Company

The Company has applied the following standards and/or amendments for the first time as from January 1, 2019.

- IFRS 16 - *Leases* (issued in January 2016)
- IFRIC 23 - *Uncertainty over income tax treatments* (issued in June 2017)
- IFRS 9 - *Financial Instruments* (application guide amended in October 2017).
- IAS 28 - *Investment in associates and joint ventures* (amended in October 2017).
- Annual improvements to IFRS - Cycle 2015-2017 (issued in December 2017)
- IAS 19 - *Employee benefits* (amended in February 2018)

Below is a detail of the impact of the initial application of IFRS 16 to the Company's results of operations and financial position as from January 1, 2019.

The application of the remaining standards, amendments or interpretations did not generate any impact on the Company's results of operations or financial position.

IFRS 16 application impacts

The Company opted for the application of IFRS 16 retrospectively and using a simplified approach, in relation to leases identified as such under IAS 17, thus, recognizing the accumulated effect of the application as adjustment to the opening balance of accumulated profits as from January 1, 2019, without restating the comparative information.

Until December 31, 2018, the Company only capitalized those leases classified as financial under IAS 17, that is, those leases that substantially transfer all risks and rewards incidental to

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.1 Changes in accounting policies (Cont'd)

1. New accounting standards, amendments and interpretations issued by IASB effective at December 31, 2019 adopted by the Company (Cont'd)

IFRS 16 application impacts (Cont'd)

ownership of the leased property to the Company. At the commencement of the financial lease, the Company recognized finance leases as assets and liabilities equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. Pertinent rent obligations -net of finance charges- were included in Other Liabilities. Each lease payment was allocated between capital and financial cost. The financial cost was allocated to results during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under financial leases were depreciated during the useful life of the asset, or if lower, the lease term. Leases that do not transfer substantially all risks and rewards incidental to ownership to the Company 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 lease term.

Management has reviewed its lease contracts in effect and has recognized an asset for rights of use (disclosed under Property, plant and equipment) for a total of $8.1 million, for liabilities from leases at the adoption date (equivalent to the present value of payments for remaining leases).

The rest of lease commitments identified correspond to contracts that end within 12 months from adoption and continue to be recognized by the Company on a straight-line basis.

At the adoption date, the Company kept the amount recorded in books for the assets for rights of use and liabilities for leases classified as financial under IAS 17.

Finally, no transition adjustments have been made for leases in which the Company acts as lessor.

Accordingly, the Company did not recognize any adjustment to unallocated profit or loss at the beginning due to the initial application of IFRS 16.

2. New accounting standards, modifications and interpretations issued by the IASB not yet effective and not early adopted

- IFRS 17 - *Insurance contracts:* Issued in May 2017. It 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 applicable for annual reporting periods beginning on or after January 1, 2021. Earlier application is permitted if both IFRS 15 and IFRS 9 have also been applied. The Company estimates that the application thereof will not have a significant impact on the results of operations or the financial position of the Company.

- Conceptual framework: in March 2018, IASB published a reviewed conceptual framework that will replace the current framework. However, the framework will not be considered as a standard will replace any existent standard. Concepts from the reviewed conceptual framework are considered in the issue of future standards by IASB and Interpretations Committee immediately. Those preparing Financial Statements under IFRS will consider the reviewed conceptual framework to develop accounting policies on issues not addressed specifically by IFRS in annual reporting periods as from January 1, 2020.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.1 Changes in accounting policies (Cont'd)

- IFRS 3 - *Business combinations*: amended in October 2018. It clarifies the definition of business and establishes guides to determine whether a transaction must be accounted for as a business combination or an acquisition of assets. It applies to acquisition transactions as from January 1, 2020. Earlier application is permitted.

- IAS 1 - *Presentation of Financial Statements* and IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors: amended in October 2018.* They clarify the definition of materiality and add the concept of "obscuring information" when there is a similar effect to that of omitting or misstating information. It applies on a prospective basis to annual reporting periods as from January 1, 2020. Earlier application is permitted.

- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial instruments: Presentation* and IFRS 7 *Financial Instruments: Disclosures*: adds temporary exemptions in case of hedging relations directly affected by interest rate benchmark reform, pursuant to recommendations published by the Financial Stability Board (FSB) in July 2014. Amendments are applicable for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

4.2 Revenue recognition

a) Sale of energy

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

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

b) 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.

4.3 Effects of the foreign exchange rate fluctuations

a) Functional and presentation currency

These Financial Statements are presented in pesos (legal currency in Argentina for all the companies domiciled in this country), which is also the Company's functional currency. The functional currency is the currency of the primary environment in which the Company operates.

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.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.3 Effects of the foreign exchange rate fluctuations (Cont'd)

b) Transactions and balances (Cont'd)

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.

4.4 Property, plant and equipment

In general, property, plant and equipment, excluding land, buildings, installations and machinery are recognized at cost restated at constant currency net of accumulated depreciation and/or accumulated impairment losses, if any.

Depreciation of property, plant and equipment begins when available for use. Repair and maintenance expenses of property, plant and equipment are recognized in the Statement of Comprehensive Income during the financial year in which they are incurred.

The Company measures facilities, machinery and buildings at 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 make sure that the fair value of a revalued asset does not differ significantly from its carrying amount.

On December 31, 2019, the Company revalued the land, buildings, fixtures and machinery, for there have been important changes in the fair values of those assets caused by macroeconomic fluctuations.

Effective September 30, 2018, the Company 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 Company 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.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.4 Property, plant and equipment (Cont'd)

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, a portion of the revaluation reserve will 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.

According to IAS 23 "Borrowing costs", financial costs must be capitalized in the cost of an asset when it is in the process of production, construction, assembly or finishing, and those processes are not interrupted due to their long-term nature; the term for production, construction, assembly or finishing does not exceed the period technically required; the activities needed for the asset to be ready for its intended use or sale are not substantially complete; and the asset is not in condition to be used in the production of other assets or placed into service, according to the purpose of its production, construction, assembly or finishing. Financial costs capitalized in the carrying amount of property, plant and equipment during the fiscal year ended on December 31, 2018 totaled $617,654,158. The average interest rate applied was 43% in 2018.

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

If land, building, installation and machinery had been measured using the cost model restated in constant currency, the carrying amounts would have been the following:

	12.31.2019	12.31.2018
Cost	9,145,893,191	9,087,055,914
Accumulated depreciation	(1,066,225,379)	(613,488,201)
Residual value	**8,079,667,812**	**8,473,567,713**

In accordance with the technical evaluation made by expert appraisers of property, plant and equipment, reclassifications have been made within the class of elements to disclose them adequately.

4.5 Impairment of non-financial assets

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

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.4 Property, plant and equipment (Cont'd)

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

At December 31, 2019, the Company considered that the carrying amount of land, buildings, installations and machinery does not exceed their recoverable value.

4.6 Financial assets

4.6.1 Classification

The Company classifies its financial assets in the following categories: assets subsequently measured at fair value and assets measured at amortized cost. This classification depends on whether the financial asset is an investment in a debt or equity instrument. 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 give rise on specified dates to cash flows that are only payments of the principal and interest on the principal.

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.

All the investments in equity instruments are measured at fair value. The Company may irrevocably opt at initial recognition of investments not held for trading to disclose the changes in fair value under other comprehensive income. The Company has decided to recognize the changes in fair value in income.

4.6.2. 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.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.6 Financial assets (Cont'd)

4.6.2. Recognition and measurement (Cont'd)

Financial assets at amortized cost

The Company 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 Company 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; and
- 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 Company may calculate the value of impairment based on the fair value of the financial asset using an observable market price.

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

4.6.3. 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.

4.7 Advances to suppliers

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

At December 31, 2019, the Company recorded an advance to suppliers' balance of $16,143,020.

4.8 Inventories

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

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.8 Inventories (Cont'd)

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

Cost restated in constant currency is determined applying the restated weighted average price method.

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

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

4.9 Trade receivables and other receivables

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

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

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

The Company 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.

The Company 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 financial assets.

Further, in connection with the new hedge accounting model, the Company has not opted for designating any hedging relationship at the date of initial adoption of the revised IFRS 9; therefore, this adoption did not have an impact on the Company’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 Company has applied the simplified approach of IFRS 9 for trade receivables and other receivables with similar risk characteristics. To measure expected credit losses, credits have been grouped by segment and, based on shared credit risk characteristics and the number of days past due.

Expected losses at January 1, 2019 were determined based on the following ratios calculated for the numbers of days past due:

RATIO PCE	Not yet due	30 days	60 days	90 days	120 days	150 days	180 days	+180 days
CAMMESA	-	-	-	-	-	-	-	-
Interco	-	-	-	-	-	-	-	-
Other debtors	-	-	-	-	-	-	-	-

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.9 Trade receivables and other receivables (Cont'd)

For the application of the expected loss model as regards trade receivables, no impairment allowance adjustment has been made at January 1, 2018 as against the allowance recorded at December 31, 2018. Further, in the year ended December 31, 2019, no allowance for impairment was set up.

Trade receivables are written off when there is no reasonable expectation of their recovery. The Company understands that the following are signs of non-compliance: i) reorganization proceedings, bankruptcy or commencement of litigation, ii) insolvency that implies a high degree of impossibility of collection and iii) balances in arrears for more than 180 business days from the first expiration date of the invoice.

In addition, and in the event of similar and/or exception situations, the Company's management may redefine the amounts for setting up provisions to support and justify the criteria adopted.

4.10 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.

4.11 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 measured at amortized cost applying the effective interest rate method.

4.12 Borrowings

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.

4.13 Borrowing costs

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

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

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.14 Income tax and minimum notional income tax

a) Current and deferred income taxes

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

Deferred tax is recognized, according to the liability method, on the basis of the temporary differences arising between the tax bases of assets and liabilities and their respective carrying amounts shown 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.

Deferred tax assets and liabilities are offset when the Company has 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 Company 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 Minimum Notional Income Tax 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 Company has recognized the Minimum Notional Income Tax 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.

4.15 Balances with related parties

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

4.16 Leases

As mentioned in Note 4.1 to the Financial Statements, the Company adopted IFRS 16 - Leases and applied the following options established by the standard:

- For leases classified as financial due to the application of IAS 17 and IFRIC 4, book values were computed for assets for rights of use and lease liabilities prior to the initial application of IFRS 16, as provided for by item 11 of the Appendix C of the standard. Those values are disclosed under Property, plant and equipment and Loans.
- Finance charges generated for lease liabilities are disclosed under Loan interest in Note 26.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.16 Leases (Cont'd)

- The rest of lease commitments identified are related to contracts ending within 12 months as from adoption and which continue to be recognized on a straight-line basis by the Company.

Consequently, the Company did not change the accounting for assets recorded for operating and financial leases as a result of the adoption of IFRS 16.

4.17 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.

The method for recognizing the resulting loss or profit depends on whether the derivative has been designated as a hedging instrument and, if so, on the nature of the item it is covering. The Company has executed 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. However, the Company 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 Company applies critical judgment to select the most appropriate methods and to determine assumptions that are based mainly on the market conditions existing at the end of each year.

In the year ended December 31, 2018, the Company executed ROFEX forward purchase contracts of US dollars against Argentine pesos through Banco SBS and Banco Facimex, for a nominal value of USD 2 million and USD 1.4 million, respectively, at an average exchange rate of 22.12 and 21.41 pesos per dollar, expiring in July 2018.

Additionally, in the year ended December 31, 2018, the Company executed NDF forward purchase contracts of US dollars against Argentine pesos through Banco Supervielle, for a nominal value of USD 3.4 million, at an average exchange rate of 23.64 pesos per dollar, expiring in January 2019.

At December 31, 2019, the economic impact of these transactions shows net loss in the amount of $12,900,176, which is shown under Other financial results from the Statement of comprehensive income.

4.18 Defined benefit plan

The Company offers 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

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.18 Defined benefit plan (Cont'd)

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.

4.19 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.

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) Special Reserve GR No. 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.

e) Unappropriated 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.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.19 Equity accounts (Cont'd)

f) Unappropriated retained earnings (Cont'd)

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) Retained earnings
- 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 year in which dividends are approved by the meeting of shareholders.

NOTE 5: FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

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

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

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

a) Market risks

Foreign exchange risk

Sales made by the company are denominated in US dollars, but due to the fact that they are performed under Resolution No. 220/07, they are converted into pesos at the exchange rate per BCRA Communication A 3500 (Wholesale) corresponding to the business day preceding the due date. The financial debt for working capital and a portion of the debt applied to the investment in the project for cycle closing is denominated in pesos, while the debt under the foreign loan and part of the operating expenses are denominated in and/or calculated through reference to dollars.

At December 31, 2019 the largest debt in foreign currency is the principal of the international bond issued in prior fiscal year, mentioned in Note 17 b), and amounting to USD 70,000,000.

NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)

5.1 Financial risk factors (Cont'd)

a) Market risk **(Cont'd)**

Foreign exchange risk (Cont'd)

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

Captions	Type and amount of foreign currency		Closing exchange rate (1)	Amount recorded at 12.31.2019	Amount recorded at 12.31.2018
				$	
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents					
Banks	USD	8,056,800	59.690	480,910,403	1,009,284
Trade receivables					
Trade receivables - Res. 220/07 - Res. No. 19/17	USD	26,008,218	59.690	1,552,430,550	291,775,834
Total current assets				**2,033,340,953**	**292,785,118**
Total Assets				**2,033,340,953**	**292,785,118**
NON-CURRENT LIABILITIES					
Trade payables					
Related parties	USD	19,604,721	59.790	1,172,166,245	174,286,274
Suppliers	USD	299,881	59.890	17,959,894	9,535,152
Financial debt					
Other bank debts	USD	15,612,331	59.890	935,022,500	1,386,956,376
Negotiable obligations	USD	9,651,351	59.890	578,019,433	7,885,666
International Bond	USD	2,686,276	59.890	160,881,093	151,078,066
Total current liabilities				**2,864,049,165**	**1,729,741,534**
NON-CURRENT LIABILITIES Financial debts					
Other bank debts	USD	2,150,649	59.890	128,802,390	145,514,266
Negotiable obligations	USD	8,735,092	59.890	523,144,674	579,426,361
International Bond	USD	69,671,109	59.890	4,172,602,709	4,017,364,614
Total non-current liabilities				**4,824,549,773**	**4,742,305,241**
Total liabilities				**7,688,598,938**	**6,472,046,775**

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

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

	Argentine pesos	
Currency	**12.31.2019**	**12.31.2018**
US dollars	(56,552,580)	(61,792,617)
Variation in income for the year	**(56,552,580)**	**(61,792,617)**

NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)

5.1 Financial risk factors (Cont'd)

***a) Market risk* (Cont'd)**

Price risk

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

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

Interest rate risk

Interest rate risk arises from the Company's debt at floating rate. Indebtedness at floating rate exposes the Company to interest rate risk on their cash flows. At December 31, 2019 the main loan in force had a fixed rate in US dollars of 9.625% while most of them had fixed rates in US dollars of 15% and 8% and floating rates equal to Badlar plus margin.

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

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

	12.31.2019	**12.31.2018**
Fixed rate	6,498,472,799	6,719,808,366
Floating rate	569,760,945	966,683,514
	7,068,233,744	**7,686,491,880**

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

	12.31.2019	**12.31.2018**
Floating rate	5,697,609	9,666,835
Decrease in income for the year	**5,697,609**	**9,666,835**

NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)

5.1 Financial risk factors (Cont’d)

b) Credit risk

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

The electricity generators with sales to the spot market and with contracts under Resolution 220/07 collect through CAMMESA the payments for making available the power and energy supplied to the system.

In the last quarter of 2019, CAMMESA paid its past due obligations, recognizing interest and exchange difference as agreed in the pertinent contracts.

c) Liquidity risk

The Management of the Company monitors the updated projections on liquidity requirements to ensure that the Company has enough cash to cover the operational needs while maintaining an adequate level of credit facilities available. In this way, the Company 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 Company 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 Company's financial liabilities classified according to the due dates, considering the remaining period from the respective balance sheet date to their contractual due date. The amounts shown in the table are the non-discounted contractual cash flows.

At December 31, 2019	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	After 2 years	Total
Trade and other payables	842,491,534	380,682,197	-	-	1,223,173,731
Loans	1,401,335,940	2,092,119,163	3,052,355,512	7,521,617,934	14,067,428,549
Total	**2,243,827,474**	**2,472,801,360**	**3,052,355,512**	**7,521,617,934**	**15,290,602,280**

At December 31, 2018	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	After 2 years	Total
Trade and other payables	140,688,963	229,691,065	-	-	370,380,028
Loans	1,868,458,729	1,323,184,950	1,664,422,866	6,217,455,451	11,073,521,996
Total	**2,009,147,692**	**1,552,876,015**	**1,664,422,866**	**6,217,455,451**	**11,443,902,024**

NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)

5.2 Management of capital risk

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

Consistently with the industry, the Company monitors its capital based on the Consolidated Debt to Adjusted EBITDA ratio. This ratio is calculated dividing the net loans by 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).

The Company started business operations by the end of June 2012. At December 31, 2019 the Debt/EBITDA ratio amounts to 2.86 while the ratio at the end of the prior fiscal year was 6.91.

The decrease recorded in the Debt/EBIDTA ratio at December 31, 2019 compared to December 31, 2018, is mainly due to the project to close the Power Plant cycle in August 2018, which implied expanding 60 MW the capacity by installing a steam turbine and a boiler, among other equipment.

Consolidated Debt to Adjusted EBITDA ratios were as follows:

	12.31.2019	**12.31.2018**
Total loans	7,068,233,744	7,686,491,880
Less: Cash and cash equivalents	(635,842,423)	(327,013,981)
Net debt	6,432,391,321	7,359,477,899
EBITDA (*)	2,250,348,504	1,065,233,000
Net debt/EBITDA	**2.86**	**6.91**

(*) Amount not covered by the Audit Report.

NOTE 6: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

These estimates and judgments are continually evaluated and are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual future results may differ from 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).

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

a) Impairment of assets (Cont'd)

Electricity production plants of the Company 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:

- First, to reduce the carrying value of goodwill allocated to the cash generating unit, and
- 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.
- The amount of the impairment loss that would otherwise have been allocated to the asset shall be allocated pro rata to the other assets of the CGU.

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.

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

b) Current and deferred income tax/Minimum Notional Income Tax (Cont'd)

There are many transactions and calculations according to which the latest tax determination is uncertain. The Company early recognizes tax liabilities based on the estimates as to whether additional taxes must be paid in the future. When the final tax result differs from the amounts initially recognized, any such differences will have an impact on the current and deferred income tax assets and liabilities in the period in which such determination was made.

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.

c) 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.

At the date of issue of these Financial Statements, the Company Management 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.

d) 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.

At December 31, 2019 and 2018, there were no allowance for bad debts.

e) Defined benefit plans

The Company determines 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 year 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 6: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Cont'd)

f) Fair value of property, plant and equipment

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

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 December 31, 2019 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 Company 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 Company 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 11.51% 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 may differ from estimates, so the projected cash flows may be badly affected if one of the above-mentioned factors change in the near future.

The Company 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.

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

To increase the fair value of land, buildings, facilities and machinery by $891 million, if it were favorable; or

NOTE 6: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

f) Fair value of property, plant and equipment

To reduce the fair value of land, buildings, facilities and machinery by $891 million, if it were not favorable.

At March 31, 2019, the fair values of revalued property, plant and equipment amounted to $9,563,908,193, representing an increase in their value for $140,184,560 which was recorded in Other comprehensive income.

The Company performed an analysis of the recoverable value of property, plant and equipment at June 30, 2019 and concluded that due to the macroeconomic variations in inflation and the US dollar exchange rate, assets decreased by $991,872,497 and recognized its effect in Other comprehensive income.

At December 31, 2019, the Company performed an analysis of the variables that are considered for the calculation of the recoverable value of property, plant and equipment, thus obtaining an increase in their value for $769,962,203 with its effects being recognized in Other comprehensive income. Fair values of Property, plant and equipment were revalued at $8.909.710.112.

Central Térmica Roca S.A.

Notes to the Financial Statements (Cont'd)

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	Original values						Depreciation					Net amount at end of year	
Type of asset	**At beginning of year**	**Increases (2)**	**Transfers/ Withdrawals**	**Technical revaluation (1)**	**(Impairment)/ Recovery**	**At year end**	**Value at beginning of year**	**For the year**	**Technical revaluation (1)**	**(Impairment)/ Recovery**	**Accumulated at year end**	**At 12.31.2019**	**At 12.31.2018**
Land	31,913,470	-	-	-	-	31,913,470	-	-	-	-	-	31,913,470	31,913,470
Buildings	478,313,615	-	23,288,424	(18,536,932)	-	483,065,107	4,651,693	13,885,240	(18,536,933)	-	-	483,065,107	473,661,922
Facilities	1,089,994,223	826,805	4,015,065	110,647,756	-	1,205,483,849	25,784,850	72,691,542	(98,476,392)	-	-	1,205,483,849	1,064,209,373
Machinery	8,246,837,246	20,825,375	8,140,728	(1,086,555,663)	-	7,189,247,686	332,919,259	462,786,521	(795,705,780)	-	-	7,189,247,686	7,913,917,987
Works in progress - Extension of Plant	-	35,444,217	(35,444,217)	-	-	-	-	-	-	-	-	-	-
Computer and office equipment	6,322,341	1,740,880	-	-	-	8,063,221	3,197,082	1,776,775	-	-	4,973,857	3,089,364	3,125,259
Vehicles	6,149,915	-	-	-	-	6,149,915	4,085,949	649,779	-	-	4,735,728	1,414,187	2,063,966
Spare parts and materials	61,352,414	-	(3,242,794)	-	-	58,109,620	-	-	-	-	-	58,109,620	61,352,414
Total at 12.31.2019	**9,920,883,224**	**58,837,277**	**(3,242,794)**	**(994,444,839)**	**-**	**8,982,032,868**	**370,638,833**	**551,789,857**	**(912,719,105)**	**-**	**9,709,585**	**8,972,323,283**	**-**
Total at 12.31.2018	**7,111,695,695**	**1,699,037,122**	-	**945,231,150**	**164,919,257**	**9,920,883,224**	**4,575,611**	**427,357,481**	**(172,017,221)**	**110,722,962**	**370,638,833**	-	**9,550,244,391**

(1) At December 31, 2019, corresponds to a decrease of $81,725,734 resulting from a revaluation, net of accumulated depreciation at the time of revaluation for $912,719,105.

(2) Financial costs capitalized during the fiscal year ended on December 31, 2018 totaled $617,654,158. The average interest rate applied was 43% in 2018.

Central Térmica Roca S.A.

Notes to the Financial Statements (Cont'd)

NOTE 8: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES

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

At December 31, 2019	Financial assets/liabilities at amortized cost	At fair value through profit and loss	Non-financial assets/liabilities	Total
Assets				
Trade and other receivables	1,882,009,061	-	100,260,786	1,982,269,847
Cash and cash equivalents	555,842,423	80,000,000	-	635,842,423
Non-financial assets	-	-	8,999,347,786	8,999,347,786
Total	**2,437,851,484**	**80,000,000**	**9,099,608,572**	**11,617,460,056**
Liabilities				
Trade and other payables	1,223,173,731	-	-	1,223,173,731
Loans (finance leases excluded)	7,037,316,301	-	-	7,037,316,301
Finance leases	30,917,443	-	-	30,917,443
Non-financial liabilities	-	-	1,575,242,886	1,575,242,886
Total	**8,291,407,475**	**-**	**1,575,242,886**	**9,866,650,361**

At December 31, 2018	Financial assets/liabilities at amortized cost	Financial assets/liabilities at fair value through profit and loss	Non-financial assets/liabilities	Total
Assets				
Trade receivables and other receivables	314,917,284	-	296,214,091	611,131,375
Other financial assets at fair value through profit or loss	-	83,815,584	-	83,815,584
Cash and cash equivalents	39,277,108	287,736,873	-	327,013,981
Non-financial assets	-	-	9,568,189,195	9,568,189,195
Total	**354,194,392**	**371,552,457**	**9,864,403,286**	**10,590,150,135**
Liabilities				
Trade and other payables	370,380,028	-	-	370,380,028
Financial liabilities	7,647,467,958	-	-	7,647,467,958
Financial leases	39,023,922	-	-	39,023,922
Non-financial liabilities	-	-	627,871,328	627,871,328
Total	**8,056,871,908**	**-**	**627,871,328**	**8,684,743,236**

Central Térmica Roca S.A.

Notes to the Financial Statements (Cont'd)

NOTE 8: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES (Cont'd)

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

At December 31, 2019	Financial assets at amortized cost	Financial assets at fair value through profit and loss	Financial liabilities at amortized cost	Non-financial instruments	Total
Interest earned	170,534,791	-	-	-	170,534,791
Interest paid	-	-	(927,875,324)	-	(927,875,324)
Exchange differences, net	745,418,003	-	(3,706,955,623)	-	(2,961,537,620)
Other financial results	-	43,152,108	(50,339,693)	2,830,976,293	2,823,788,708
Total	**915,952,794**	**43,152,108**	**(4,685,170,640)**	**2,830,976,293**	**(895,089,445)**

At December 31, 2018	Financial assets at amortized cost	Financial assets at fair value through profit and loss	Financial liabilities at amortized cost	Non-financial instruments	Total
Interest earned	14,864,328	-	-	-	14,864,328
Interest paid	-	-	(650,911,015)	-	(650,911,015)
Exchange differences, net	210,252,203	-	(4,374,093,145)	-	(4,163,840,942)
Other financial results	-	172,619,763	(30,120,689)	2,461,928,981	2,604,428,055
Total	**225,116,531**	**172,619,763**	**(5,055,124,849)**	**2,461,928,981**	**(2,195,459,574)**

Determination of fair value

The Company classifies fair value measurements of financial instruments using a three-level hierarchy, which gives priority to the inputs used in making such measurements: 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 measured at fair value at December 31, 2019 and 2018 and their allocation to the different hierarchy levels:

Central Térmica Roca S.A.

Notes to the Financial Statements (Cont'd)

NOTE 8: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES (Cont'd)

Determination of fair value (Cont'd)

At December 31, 2019	Level 1	Level 3	Total
Assets			
Cash and cash equivalents	80,000,000	-	80,000,000
Mutual funds			
Property, plant and equipment	-	8,909,710,112	8,909,710,112
Total	**80,000,000**	**8,909,710,112**	**8,989,710,112**
At December 31, 2018	**Level 1**	**Level 3**	**Total**
Other financial assets at fair value through profit or loss			
Mutual funds	83,815,584	-	83,815,584
Cash and cash equivalents Mutual funds	287,736,873	-	287,736,873
Property, plant and equipment	-	9,483,702,752	9,483,702,752
Total	**371,552,457**	**9,483,702,752**	**9,855,255,209**

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

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

As for Land and Buildings, they have been adjusted by a method using coefficients that comprise changes in the purchasing power of the currency to conform a fair value at December 31, 2019.

Central Térmica Roca S.A.

Notes to the Financial Statements (Cont'd)

NOTE 8: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES (Cont'd)

Determination of fair value (Cont’d)

b) The fair values of “Facilities” and “Machinery” were calculated by means of the discounted cash flows (See Note 6.f).

NOTE 9: OTHER RECEIVABLES

	Note	12.31.2019	12.31.2018
Non-Current			
Minimum notional income tax credit		27,935,521	42,973,883
		27,935,521	**42,973,883**
Current			
Value added tax		-	211,393,267
Turnover tax withholdings and credit balance		-	2,084,371
Social security withholdings		6,761,853	-
Tax Law No. 25413		27,982,179	15,660,771
Sundry tax credits		68,488	725,223
Sub-total tax credits		34,812,520	229,863,632
Balance with related parties	**29**	309,174,881	-
Loans to Directors - Shareholders	**29**	20,403,630	23,141,450
Insurance to be accrued		20,995,323	2,359,475
Advances to suppliers		16,143,020	18,261,389
Sundry		374,402	2,755,712
		401,903,776	**276,381,658**

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

NOTE 10: INVENTORIES

	12.31.2019	12.31.2018
Supplies and materials	27,024,503	17,944,804
	27,024,503	**17,944,804**

NOTE 11: OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	12.31.2019	12.31.2018
Current		
Derivative financial instruments	-	83,815,584
	-	**83,815,584**

NOTE 12: TRADE RECEIVABLES

	12.31.2019	12.31.2018
Current		
Trade receivables	1,080,726,545	183,699,092
Energy sold to be billed	471,704,005	108,076,742
	1,552,430,550	**291,775,834**

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

NOTE 13: CASH AND CASH EQUIVALENTS

	12.31.2019	12.31.2018
Cash	70,000	116,850
Banks in local currency	74,862,020	38,150,974
Banks in foreign currency	480,910,403	1,009,284
Mutual funds	80,000,000	287,736,873
	635,842,423	**327,013,981**

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

	12.31.2019	12.31.2018
Cash and cash equivalents	635,842,423	327,013,981
Cash and cash equivalents	**635,842,423**	**327,013,981**

NOTE 14: CAPITAL STATUS

Subscribed and registered capital at December 31, 2019 amounted to $ 73,070,470.

NOTE 15: DISTRIBUTION OF PROFITS

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, 2020 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, 2021 will be subject to tax at a rate of 13%.

NOTE 15: DISTRIBUTION OF PROFITS (Cont'd)

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).

As established by 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 corporate capital.

NOTE 16: INCOME TAX - DEFERRED TAX

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

Deferred tax assets:	**12.31.2019**	**12.31.2018**
Deferred tax assets to be recovered over more than 12 months	854,688,780	1,024,422,999
	854,688,780	1,024,422,999
Deferred tax liabilities:		
Deferred tax liabilities payable in more than 12 months	(2,339,244,279)	(1,633,447,393)
	(2,339,244,279)	(1,633,447,393)
Deferred tax liabilities (net)	**(1,484,555,499)**	**(609,024,394)**

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

	12.31.2019	**12.31.2018**
Balances at beginning of year	(609,024,394)	(698,064,244)
Charge to income statement	(896,164,930)	368,089,744
Charge to other comprehensive income	20,633,825	(279,049,894)
Closing balance	**(1,484,555,499)**	**(609,024,394)**

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

Items	**Balances at December 31, 2018**	Charge to income statement	Charge to other comprehensive income	**Balances at December 31, 2019**
		$		
Other receivables	5,160,626	(5,128,458)	-	32,168
Mutual funds	3,533,546	(908,986)	-	2,624,560
Property, plant and equipment	(1,560,461,328)	(212,328,010)	20,431,433	(1,752,357,905)
Loans	(78,006,167)	22,364,217	-	(55,641,950)
Employee benefit plans	1,486,557	(201,695)	202,392	1,487,254
Tax adjustment for inflation	-	(535,356,238)	-	(535,356,238)
Tax loss	1,019,262,372	(164,605,760)	-	854,656,612
Total	**(609,024,394)**	**(896,164,930)**	**20,633,825**	**(1,484,555,499)**

<u>NOTE 16</u>: INCOME TAX - DEFERRED TAX (Cont'd)

Accumulated tax losses pending use at December 31, 2019 and which may be offset against taxable income for the year ended on that date are the following:

Year	$	Year of expiration
Tax losses for the year 2015	48,635,021	2,020
Tax losses for the year 2016	79,550,052	2,021
Tax losses for the year 2017	173,197,149	2,022
Tax losses for the year 2018	2,304,267,848	2,023
Tax losses for the year 2019	803,249,376	2,024
Total accumulated tax losses at December 31, 2019	**3,408,899,446**	

<u>Tax Reform and Law on Social Solidarity and Productive Reactivation</u>

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:

<u>Income tax rate:</u> 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.

<u>Tax on dividends:</u> 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).

As established by 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 corporate capital.

<u>Index-adjustments to deductions:</u> 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.

On December 27, 2019, the National Executive Branch enacted Law 27541 on Social Solidarity and Productive Reactivation.

As for Income tax applicable to companies, the following amendments introduced by the law are highlighted:

- It maintains the tax rate at 30% for 2020 (this rate should have been reduced to 25% in accordance with the 2017 Tax Reform).

- Tax inflation adjustment: The allocation of the tax inflation adjustment for the first and second year commenced as from January 1, 2019 must be allocated in equal parts during six fiscal years.

- Tax on personal property, shares and equity interests: Tax rate rises from 0.25% to 0.50%.

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Notes to the Financial Statements (Cont'd)

NOTE 16: INCOME TAX - DEFERRED TAX (Cont'd)

The reconciliation between income tax charged to income and that resulting from the application of the tax rate to the accounting profit before taxes is shown below:

	12.31.2019	12.31.2018
Income before income tax	803,469,202	(1,557,584,055)
Current tax rate	30%	30%
Income/(loss) at the tax rate	(241,040,761)	467,275,217
Other permanent differences	(22,831,050)	(232,322)
Tax adjustment for inflation	(658,899,986)	-
Accounting inflation adjustment	(27,990,048)	67,308,260
Change in the income tax rate (a)	63,332,415	(152,693,638)
Variation in tax losses	(8,735,500)	(13,567,773)
Total income tax charge	**(896,164,930)**	**368,089,744**
Deferred tax for the year	(896,164,930)	368,089,744
Total income tax charge - (Loss)/Profit	**(896,164,930)**	**368,089,744**

(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 17: LOANS

Non-Current	12.31.2019	12.31.2018
International bond	4,172,602,709	4,017,364,614
Negotiable obligations	1,219,440,512	1,190,490,610
Other bank debts	128,802,390	145,514,264
Finance lease debts	20,565,586	29,592,256
	5,541,411,197	**5,382,961,744**
Current		
International bond	160,881,093	151,078,066
Related companies (Note 29)	-	431,583,106
Negotiable obligations	345,316,838	324,480,922
Other bank debts	1,010,272,759	1,386,956,376
Finance lease debts	10,351,857	9,431,666
	1,526,822,547	**2,303,530,136**

NOTE 17: LOANS (Cont'd)

At December 31, 2019, the total financial debt amounts to $7,068 million. Total financial debt at that date is disclosed in the table below:

	Principal	Balances at December 31, 2019	Interest rate	Currency	Date of Issue	Due date
		(Pesos)	(%)			
Debt securities						
International Bonds	USD 70,000,000	4,333,483,802	9.63%	USD	July 27, 2016	July 27, 2023
Class II Negotiable Obligations	$ 108,000,000	109,334,756	BADLAR + 2%	ARS	November 17, 2015	November 17, 2020
Class IV Negotiable Obligations	$ 291,119,753	354,258,487	BADLAR + 5%	ARS	July 24, 2017	July 24, 2021
Class I Negotiable Obligations GMSA-CTR	USD 1,507,000	112,029,379	6.68%	USD	October 11, 2017	October 11, 2020
Class II Negotiable Obligations GMSA-CTR	USD 8,000,000	478,384,717	15.00%	USD	August 5, 2019	May 5, 2023
Class III Negotiable Obligations GMSA-CTR	USD 8,576,928	510,750,011	8.00% until the first date of amortization, 13.00% until the second date of amortization	USD	December 4, 2019	April 12, 2021
Subtotal		**5,898,241,152**				
Other debts						
Banco Ciudad loan	USD 5,018,181	307,701,313	7.90%	USD	May 4, 2017	May 4, 2021
BAPRO Loan	USD 10,600,000	655,705,255	4.00%	USD	January 3, 2018	July 15, 2020
ICBC Loan	$ 74,725,000	75,250,259	TM20 + Spread 8%	ARS	December 27, 2018	December 27, 2020
Banco Macro loan	USD 1,666,667	100,418,322	9.00%	USD	December 28, 2018	December 12, 2020
Financial lease		30,917,443				
Subtotal		**1,169,992,592**				
Total financial debt		**7,068,233,744**				

a) ***Negotiable Obligations***

On August 8, 2014, CTR obtained, under Resolution 17,413 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 or its equivalent in other currencies, in one or more classes or series.

Also, 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 or its equivalent in other currencies.

At December 31, 2019 there are Class II and Class IV negotiable obligations outstanding, issued by the Company, and the Class I Negotiable Obligation, Class II Negotiable Obligation and Class III Negotiable Obligation co-issued by the Company and GMSA, for the amounts and under the following conditions:

Class II Negotiable Obligations:

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

Principal: nominal value: $270,000,000

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

Interest: Private Banks BADLAR rate plus 2%

NOTE 17: LOANS (Cont'd)

a) Negotiable obligations (Cont'd)

Class II Negotiable Obligations (Cont'd)

Payment term and method:

Amortization: Principal on negotiable obligations will be amortized in ten (10) consecutive installments payable on a quarterly basis, equivalent to 10% of the nominal value of the negotiable obligations, on the following dates: August 17, 2018, November 17, 2018, February 17, 2019, May 17, 2019, August 17, 2019, November 17, 2019, February 17, 2020, May 17, 2020, August 17, 2020 and November 17, 2020.

Principal balance on that Negotiable Obligation outstanding amounted to $ 108,000,000 at December 31, 2019.

Class IV Negotiable Obligations:

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

Principal: nominal value: $ 291,119,753

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

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

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

Principal balance on that Negotiable Obligation outstanding amounted to $ 291,119,753 at December 31, 2019.

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

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

Principal: nominal value: USD 30,000,000; amount assigned to CTR: USD 10,000,000

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

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

The proceeds from the issue of the Class I Negotiable Obligations were 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.

NOTE 17: LOANS (Cont'd)

a) Negotiable obligations (Cont'd)

Class I Negotiable Obligation (GMSA and CTR co-issuance): (Cont'd)

With the co-issue GMSA-CTR Class III a swap of 84.93% of the principal issued under Co-issue GMSA-CTR Class I was achieved.

After the swap, principal balance on those negotiable obligations outstanding at December 31, 2019 is USD 1,507,000.

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

Under Resolution No. RESFC-2019-20111-APN-DIR#CNV dated March 8, 2019, GMSA and CTR obtained authorization from the CNV to increase the International Bond co-issuance program by an amount of up to USD 300,000,000.

Co-issuance of Class II negotiable obligations took place on August 5, 2019 and were fully subscribed in cash.

Principal: total nominal value USD 80 million; amount assigned to CTR: USD 8 million.

Interest: 15% annual nominal, paid quarterly as from November 5, 2019 to maturity.

Maturity date: May 5, 2023

Amortization method: in ten equal and consecutive quarterly installments from February 5, 2021 to maturity.

The proceeds from the issuance of Class II Negotiable Obligations will be mainly applied to the refinancing of liabilities and investment in fixed assets and, to a lesser extent, to the financing of working capital.

Class II Negotiable Obligations will be: (i) secured by ASA with suretyships; and (ii) guaranteed with pledges on operating turbines, a mortgage on Central Térmica Independencia (Tucumán), a reserve account with funds from two interest periods and an assignment of rights to collect debts on contracts with CAMMESA under ES Resolutions Nos. 220/07 and 21/17.

At December 31, 2019, principal due amounted to USD 8,000,000.

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

On December 4, 2019, the Company and GMSA issued NO Class III for the amount detailed below, fully integrated by the swap of the Co-Issue GMSA-CTR Class I under the following conditions:

Principal: nominal value: USD 25,730,782
Amount assigned to CTR: USD 8,576,928

Interest: 8% annual nominal, payable on a quarterly basis until October 13, 2020 inclusive and then 13% annual nominal, payable on a quarterly basis until its maturity on April 12, 2021.

Payment term and method:
Amortization: NO principal will be amortized in two installments, the first one on October 13, 2020 for 10% of the principal and the second on April 12, 2021 for 90% of principal.

NOTE 17: LOANS (Cont'd)

a) Negotiable obligations (Cont'd)

Class III Negotiable Obligations (GMSA and CTR co-issuance): (Cont'd)

The issue allowed the swap of 84.93% of the amount timely issued under Co-Issue GMSA-CTR Class I, improving the financial debt maturities of the Company.

At December 31, 2019, principal due amounted to USD 8,576,928.

The Negotiable Obligations have a Fitch B+ rating and a Moody's B3 rating.

b) International bonds Issuance

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

This issuance allowed financing investments under the Company's expansion plans, as a result of the award by the ES of Wholesale Demand Contracts through Resolution 115/2016 dated June 14, 2016, and also the Group's projects under development, which in the aggregate represent works for installing 460 nominal MW. It has also improved the Group's financial profile with the early repayment of existing loans, obtaining a term for financing in accordance with the projects and also a considerable decrease in financing costs, which implies 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 International Bond reopening. On December 5, 2017, Negotiable Obligations were issued for USD 86,000,000, reaching a nominal value of USD 336,000,000. These Negotiable Obligations are issued under the same conditions as the original issuance.

International Bond:

Principal: Total nominal value: USD 336,000,000; nominal value assigned to CTR: USD 70,000,000

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 NO shall be amortized in a lump sum payment at maturity, that is, on July 27, 2023.

The International Bond has been rated as CCC (Moody's).

The remaining balance of principal corresponding to the negotiable obligation at December 31, 2019 amounts to USD 70,000,000.

As a result of the issue of International Bonds, the Company has undertaken standard commitments for this type of issue, whose specific conditions are detailed in the pertinent public prospectus. At the date of these Financial Statements, the Company is in compliance with all commitments undertaken.

NOTE 17: LOANS (Cont'd)

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

	12.31.2019	12.31.2018
Fixed rate		
Less than 1 year	1,268,250,700	1,977,503,129
Between 1 and 2 years	769,652,298	713,083,723
Between 2 and 3 years	178,544,948	-
After 3 years	4,282,024,853	4,029,221,514
	6,498,472,799	**6,719,808,366**
Floating rate		
Less than 1 year	258,571,847	326,027,006
Between 1 and 2 years	301,364,885	173,211,982
Between 2 and 3 years	9,824,213	456,503,288
After 3 years	-	10,941,238
	569,760,945	**966,683,514**
	7,068,233,744	**7,686,491,880**

The fair value of Company's international bonds at December 31, 2019 and December 31, 2018 amounts to approximately $2,662 million and $3,609 million, respectively. Fair value was calculated based on the estimated market price of the Company's international bonds 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. Fixed rate loans do not differ significantly from their fair value, as they were issued at a near date.

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

Company loans are denominated in the following currencies:

	12.31.2019	12.31.2018
Argentine pesos	569,760,945	1,398,266,531
US dollars	6,498,472,799	6,288,225,349
	7,068,233,744	**7,686,491,880**

Changes in loans during the fiscal year ended December 31, 2019 and 2018 were as follow:

	12.31.2019	12.31.2018
Loans at beginning of the period	7,686,491,880	5,167,442,625
Loans received	1,023,208,043	2,756,156,311
Loans paid	(1,531,737,721)	(1,675,079,912)
Accrued interest	869,528,039	649,760,922
Interest paid	(828,916,316)	(703,659,683)
Exchange difference	2,943,575,071	3,932,274,581
Capitalized expenses/present values	(24,996,879)	27,979,779
Gain/loss on purchasing power parity (RECPAM)	(3,068,918,373)	(2,468,382,743)
Loans at year end	**7,068,233,744**	**7,686,491,880**

NOTE 18: LEASES

This note provides information on leases in which the Company acts as lessor.

Amounts recognized in the statement of Financial Position:

	31.12.2019
Right of use of assets	
Machinery	7,842,710
Vehicles	295,537
	8,138,247
Lease liabilities	
Current	10,351,857
Non-current	20,565,586

Changes in Company financial leases were as follows:

	12.31.2019
Financial lease at the beginning	39,023,922
Payments made for the year	(14,578,465)
Interest paid	(90,429)
Accrued interest and exchange difference	20,987,621
Gain/loss on purchasing power parity (RECPAM)	(14,425,206)
Financial lease at the year-end	**30,917,443**

NOTE 19: TAX PAYABLES

Current	12.31.2019	12.31.2018
Income tax withholdings to be deposited	1,142,823	-
Provision for Turnover Tax, net	1,612,915	-
Payment-in-installment plan	13,036,873	-
Value added tax	54,095,861	-
Sundry	46,874	-
	69,935,346	**-**

NOTE 20: DEFINED BENEFIT PLAN - LABOR COMMITMENTS WITH PERSONNEL

A detailed description of the estimated cost and liability for benefits after retirement granted to employees of the Company 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).

NOTE 20: DEFINED BENEFIT PLANS - LABOR COMMITMENTS WITH STAFF (Cont'd)

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, 2019, 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.

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

	12.31.2019	12.31.2018
Non-current	6,780,542	5,946,224
Current	103,461	-
Total	**6,884,003**	**5,946,224**

Changes in the Company's obligations for benefits at December 31, 2019 and 2018 are as follows:

	12.31.2019	12.31.2018
Present value of the obligations for benefits	6,884,003	5,946,224
Obligations for benefits at year end	**6,884,003**	**5,946,224**

The actuarial assumptions used were:

	12.31.2019	12.31.2018
Obligations for benefits at year end	5.5%	5.5%
Salary growth rate	1%	1%
Inflation	41.7%	28%

At December 31, 2019 and 2018, the Company does not have assets related to pension plans.

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

	31.12.2019	12.31.2018
Cost of current services	1,058,034	5,618,079
Interest charges	1,661,975	870,852
Actuarial loss through Other comprehensive income	809,567	1,048,796
Total cost	**3,529,576**	**7,537,727**

NOTE 20: DEFINED BENEFIT PLANS - LABOR COMMITMENTS WITH STAFF (Cont'd)

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

	12.31.2019	12.21.2018
Balances at beginning of year	5,946,224	-
Cost of current services	1,058,034	5,618,079
Interest charges	1,661,975	870,852
Actuarial loss through Other comprehensive income	809,567	1,048,796
Payments of benefits	-	-
Gain/loss on purchasing power parity (RECPAM)	(2,591,797)	(1,591,503)
Closing balance	**6,884,003**	**5,946,224**

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, 2019.

NOTE 21: SALARIES AND SOCIAL SECURITY LIABILITIES

Current	12.31.2019	12.31.2018
Social security charges payable	11,932,024	11,784,971
Provision for vacation pay	1,936,014	1,115,739
	13,868,038	**12,900,710**

NOTE 22: TRADE PAYABLES

Current	Note	12.31.2019	12.31.2018
Suppliers in local currency		14,391,238	113,870,944
Suppliers in foreign currency		17,959,894	9,535,152
Balances with related parties, in local currency	**29**	8,764,917	17,282,867
Balances with related companies, in foreign currency	**29**	1,172,166,245	174,286,274
Suppliers - purchases not yet billed		9,891,437	55,404,791
		1,223,173,731	**370,380,028**

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Notes to the Financial Statements (Cont'd)

NOTE 23: SALES REVENUE

	12.31.2019	12.31.2018
Sale of electricity Res. 220	2,780,952,229	1,380,086,097
Sale of electricity, as per Res. No. 95, as amended, plus Spot	6,107,742	29,521,131
	2,787,059,971	**1,409,607,228**

NOTE 24: COST OF SALES

	12.31.2019	12.31.2018
Purchase of electricity	(6,955,728)	(2,365,035)
Gas and diesel consumption at the plant	(73,942,260)	(57,346,755)
Salaries and social security contributions	(84,783,078)	(68,208,601)
Defined benefit plan	(1,058,034)	(5,618,079)
Other employee benefits	(4,099,260)	(5,207,408)
Fees for professional services	(2,337,022)	(13,110,929)
Maintenance services	(71,150,929)	(57,739,281)
Depreciation of property, plant and equipment	(551,789,857)	(427,357,481)
Security guard and porter	(5,871,145)	(6,621,100)
Per diem, travel and representation expenses	(843,933)	(144,998)
Leases	(33,000)	-
Insurance	(21,693,130)	(17,058,181)
Communication expenses	(2,353,539)	(1,847,470)
Snacks and cleaning	(2,336,701)	(1,129,628)
Taxes, rates and contributions	(8,302,374)	(9,308,951)
Sundry	(637,632)	(1,529,169)
	(838,187,622)	**(674,593,066)**

NOTE 25: SELLING EXPENSES

	12.31.2019	12.31.2018
Taxes, rates and contributions	(81,111,435)	(21,823,025)
	(81,111,435)	**(21,823,025)**

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Notes to the Financial Statements (Cont'd)

NOTE 26: ADMINISTRATIVE EXPENSES

	12.31.2019	12.31.2018
Fees and remunerations for services	(162,907,625)	(69,755,193)
Directors’ fees	-	(325,037)
Taxes, rates and contributions	(417,579)	(423,551)
Leases	(3,305,876)	(3,987,519)
Per diem, travel and representation expenses	(1,535,404)	(9,338)
Communication expenses	-	(50,942)
Insurance	(162,886)	(5,290)
Office expenses	(567,733)	(864,500)
Donations	(118,295)	-
Sundry	(186,869)	(35,266)
	(169,202,267)	**(75,456,636)**

NOTE 27 FINANCIAL RESULTS

	12.31.2019	12.31.2018
Financial income		
Commercial and other interest	92,637,613	9,180,924
Interest on loans granted	77,897,178	5,683,404
Total financial income	**170,534,791**	**14,864,328**
Financial expenses		
Loan interest	(869,528,039)	(649,760,922)
Commercial and other interest	(58,347,285)	(1,150,093)
Bank expenses and commissions	(3,652,760)	(1,889,802)
Total financial expenses	**(931,528,084)**	**(652,800,817)**
Other financial results		
Exchange differences, net	(2,961,537,620)	(4,163,840,942)
Gain/loss on purchasing power parity (RECPAM)	2,830,976,293	2,407,732,686
Recovery impairment of property, plant and equipment	-	54,196,295
Changes in the fair value of financial instruments	43,152,108	172,619,763
Other financial results	(46,686,933)	(28,230,887)
Total other financial results	**(134,096,152)**	**(1,557,523,085)**
Total financial results, net	**(895,089,445)**	**(2,195,459,574)**

NOTE 28: 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 year.

	12.31.2019	**12.31.2018**
(Loss) for the year	(92,695,728)	(1,189,494,311)
Weighted average of outstanding ordinary shares	73,070,470	73,070,470
Basic earnings (loss) per share	**(1.27)**	**(16.28)**

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

NOTE 29: TRANSACTIONS AND BALANCES WITH RELATED PARTIES

	Income / (Loss)	
	$	
	12.31.2019	**12.31.2018**
a) Purchase of gas and energy		
Other related parties:		
RGA (*)	(3,255,345,861)	(2,825,534,830)
	(3,255,345,861)	**(2,825,534,830)**

(*) Correspond to purchase of gas. consumed for dispatch of the power plant.

b) Administrative services		
Other related parties:		
RGA	(142,265,460)	(115,463,467)
	(142,265,460)	**(115,463,467)**
c) Leases		
Other related parties:		
RGA	(3,305,876)	(3,987,519)
	(3,305,876)	**(3,987,519)**
d) Other purchases and services received		
Other related parties:		
BDD – Purchase of wines	-	(141,060)
AJSA - Flights made	(1,451,597)	(38,684,231)
ASA - Suretyships received	(1,106,966)	(1,698,540)
	(2,558,563)	**(40,523,831)**

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

	Income / (Loss)	
	$	
	12.31.2019	**12.31.2018**
e) Expense reimbursement		
Other related parties:		
RGA	(4,618,918)	-
GMSA	(83,266,114)	(47,772,428)
	(87,885,032)	**(47,772,428)**
f) Interest generated due to loans granted		
Other related parties:		
Directors - Shareholders	3,637,403	5,683,404
GMSA	74,146,027	-
	77,783,430	**5,683,404**
g) Interest accrued on loans received		
Other related parties:		
GMSA	(51,421,722)	(34,270,976)
	(51,421,722)	**(34,270,976)**

h) Remuneration of key managerial staff

The senior management includes directors (executive and non-executive). Managerial staff's fees at December 31, 2019 and 2018 amounted to $9,414,894 and $9,537,700, respectively.

	12.31.2019	**12.31.2018**
Salaries	(9,414,894)	(9,537,700)
	(9,414,894)	**(9,537,700)**

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

	12.31.2019	**12.31.2018**
Other current receivables from related parties		
GMSA	309,174,881	-
Directors - Shareholders	20,403,630	23,141,450
	329,578,511	**23,141,450**

Central Térmica Roca S.A.

Notes to the Financial Statements (Cont'd)

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

i) Balances at the date of the Statements of financial position (Cont'd)

	12.31.2019	12.31.2018
Current trade payables with related parties		
RGA	1,172,166,245	174,286,274
GMSA	8,764,917	40,472
AJSA	-	17,242,395
	1,180,931,162	**191,569,141**

Current financial debts with related parties		
GMSA	-	431,583,106
	-	**431,583,106**

j) Loans granted related parties

	12.31.2019	12.31.2018
Loans to Directors - Shareholders		
Balances at beginning of year	23,141,450	23,059,386
Loans granted	9,633,534	9,402,876
Loans repaid	(5,525,522)	(6,898,396)
Accrued interest	7,624,372	5,683,404
Interest forgiven	(3,986,969)	-
Gain/loss on purchasing power parity (RECPAM)	(10,483,235)	(8,105,820)
Closing balance	**20,403,630**	**23,141,450**

Entity	Principal	Interest rate	Conditions
At 12.31.2019			
Directors - Shareholders	17,579,089	BADLAR + 3%	Maturity date: 1 year
Total in pesos	**17,579,089**		

	12.31.2019	12.31.2018
Loans from GMSA		
Balances at beginning of year	(431,583,106)	-
Loans received	(11,960,529)	(450,052,694)
Loans paid	347,095,881	-
Loans granted	1,025,506,139	-
Loans collected	(686,318,906)	-
Accrued interest	22,724,305	(34,270,976)
Paid interest	62,778,250	-
Gain/loss on purchasing power parity (RECPAM)	(19,067,153)	52,740,564
Closing balance	**309,174,881**	**(431,583,106)**

Entity	Principal	Interest rate	Conditions
At 12.31.2019			
GMSA	235,900,900	35%	Maturity date: 1 year
Total in pesos	**235,900,900**		

NOTE 30: WORKING CAPITAL

The Company reported a deficit of $216,701,872 in its working capital (calculated as current assets less current liabilities) at December 31, 2019. The deficit in working capital amounted to $1,689,879,013 at December 31, 2018.

The Board of Directors and the Shareholders will implement measures to improve the working capital.

NOTE 31: SEGMENT REPORTING

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

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

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

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

NOTE 32: STORAGE OF DOCUMENTATION

On August 14, 2014, the CNV adopted General Resolution No. 629 introducing amendments to its regulations on storage and preservation of corporate books, accounting records and business documents. 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 33 OPERATIONAL ALL-RISK COVERAGE - LOSS OF PROFIT

All-risk insurance with advance loss of profit (ALOP) coverage

The Company has taken out all-risk insurance coverage for all the risks of loss or physical damage, whether it is accidental or unforeseeable, including machinery failures and loss of profit as a result, up to 12 months, directly and totally attributable to any cause. The aim of this policy is to cover the losses caused by the interruption of the activities as a result of the accident, both as regards the profit that is no longer obtained and the expenses the Company continues to bear despite its inactivity, such that the insured may be in the same financial situation as if the accident had not occurred.

NOTE 33 OPERATIONAL ALL-RISK COVERAGE - LOSS OF PROFIT (Cont'd)

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 April 15, 2019, the all-risk insurance policy of all generators of Grupo Albanesi was renewed for a further 18 months, with a reduction of 5% in the annual premium rate for no loss ratio upon renewal.

NOTE 34: AGREEMENT FOR THE REGULARIZATION AND SETTLEMENT OF RECEIVABLES WITH THE WEM

As instructed by the Government Secretariat of Energy to CAMMESA, through Note NO-2019-66843995 APN-SGE#MHA, the Company and CAMMESA entered into an Agreement for the Regularization and Settlement of Receivables with the WEM ("the Agreement").

Whereby CAMMESA settled the Sale Settlements With Maturity Dates to be Determined (Liquidaciones de Venta con Fecha de Vencimiento a Definir - LVFVD) pending payment, after discounting the debts incurred with the WEM under financing agreements, mutuum agreement and assignment of credits agreements executed by the generators, and applying a 18 % reduction to the remaining balance.

In this regard, the parties agreed on a net amount for all items corresponding to the pending LVFVD, considering the restatement of interest at December 31, 2019 as well as the discount mentioned above, which amounts to $38,626,126, before applying withholdings, if any. Lastly, on October 4, 2019, the offsetting was performed and the LVFVD's outstanding balance was collected.

In compliance with the commitments undertaken, the Company abandoned all claims filed and irrevocably waived to file any (administrative or legal) claims against the national government, the Government Secretariat of Energy and/or CAMESSA in connection with the pending LVFVD.

NOTE 35: ECONOMIC ENVIRONMENT IN WHICH THE COMPANY OPERATES

The Company has been operating in a complex economic environment whose main variables have recently been affected by a strong volatility, both nationally and internationally.

The following circumstances occurred locally in 2019:

- GDP dropped 2.5% in the first half of the year versus the same period last year
- Cumulative inflation between January 1, 2019 and December 31, 2019 was 53.8% (General Consumer Price Index).
- The significant peso devaluation since August has led to an unexpected withdrawal of deposits in dollars from the financial system, thereby eroding the Central Bank reserves, and to an increase in the reference interest rate, which during the year reached over 80%. At year end, the reference interest rate was close to 60%.

On December 10, 2019, a new national government administration took office. In view of these circumstances, the government decided to implement certain measures, which are summarized below:

- Set up of a regularization system for tax, social security and customs debts for micro, small and medium-sized enterprises.
- Suspension of the employers' contributions rate unification schedule.
- Power to the National Executive Branch to determine mandatory minimum salary increases to workers in the private sector (with temporary exemption of the employer's and employees' contributions to the Argentine Integrated Social Security System of the salary increases resulting from this power or collective bargaining).

NOTE 35: ECONOMIC CONTEXT IN WHICH THE COMPANY OPERATES (CONT'D)

- Suspension, for the financial years starting on or after January 1, 2021, inclusive, of the tax rate reduction stated by Law No. 27430, keeping the 30% rate and the 7% rate for the dividends for those years.
- Regarding the tax inflation adjustment, it was decided that the amount determined for the first and second year starting on or after January 1, 2019 has to be allocated as follows: 1/6 during those fiscal years and the remaining 5/6 in equal parts in the immediate next five fiscal years. Likewise, such provision does not prevent the calculation of the remaining thirds corresponding to previous years, calculated pursuant to the previous version of Section 194 of the Income Tax Law.
- Decree on the increase in the withholding tax on exports (except for hydrocarbons and mining) and in the Personal Property Tax.
- The Value Added Tax on basic food basket products was re-established and the variability of pension benefits was suspended.

  Additionally, the national government is preparing a Bill to be sent to the National Congress with a proposal for the renegotiation of the external debt with international creditors.

This context of volatility and uncertainty still persists at the date of issuance of these Financial Statements.

Company Management permanently monitors the performance of variables affecting its business, to define the course of action and identify the potential impact on its economic and financial position. The Company's Financial Statements must be read in light of these circumstances.

NOTE 36 SUBSEQUENT EVENTS

a) ES Resolution No. 31/2020

ES Resolution No. 31/2020 was published on February 27, 2020, which repeals SRRYME Resolution No. 1/19 (See Note 2).

Firstly, the Guaranteed Availability for Power of thermal generators is maintained and adds that the operation of the generating park will be evaluated during 50 hours each month in which the maximum thermal requirement is recorded, that is, in the 50 hours in which the highest dispatch of thermal generation is recorded in the month.

Secondly, it maintains the same remuneration items until now in effect: available power (actual power availability and DIGO) and energy (energy generated, operated energy and energy generated in the maximum thermal requirement hours).

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Notes to the Financial Statements (Cont'd)

NOTE 36 SUBSEQUENT EVENTS (Cont'd)

The following table shows the Base Price for the Power, according to the technology and scale (PrecBasePot):

1. Power prices:
   a. Base Power (for those generators not guaranteeing any availability)

Technology/Scale	PrecBasePot [$/MW-month]
CC large P > 150 MW	100,650
CC small P≤150 MW	112,200
TV large P >100 MW	143,500
TV small P ≤ 100MW	171,600
TG large P >50 MW	117,150
TG small P ≤ 50MW	151,800
Internal combustion engines > 42 MW	171,600
CC small P≤15 MW	204,000
TV small P ≤ 15 MW	312,000
TG small P ≤ 15MW	276,000
Internal combustion engines ≤ 42 MW	312,000

   b. DIGO Guaranteed Power

Period	PrecPotDIGO [$/MW-month]
Summer: December - January - February	360,000
Winter: June - July - August	360,000
Rest of the year: March - April - May - September - October - November	270,000

Further, they add a DIGO power remuneration for Internal Combustion Engines < 42 MW.
All thermal units will be remunerated in accordance with their average monthly availability when not under maintenance. The DIGO unavailability will be recorded for any own flaw or due to the failure to consume fuel allocated in the economic dispatch.

In addition, power remuneration will be affected by the use factor. If the use factor of the generation unit is lower than 30%, the remuneration of the Base Power or DIGO will be affected by 60%.

NOTE 36 SUBSEQUENT EVENTS (Cont'd)

Finally, generators will receive a monthly remuneration for the average power effectively delivered in the Maximum Thermal Requirement hours at the price of the Power in Hours of Maximum Thermal Requirement: 37,500 $/MW (590 USD/MW).

2. Energy prices
    a. Operation and maintenance

Technology/Scale	Natural gas $/MWh	Fuel Oil/ Gas Oil $/MWh
CC large P > 150 MW	240	420
CC small P≤150 MW	240	420
TV large P >100 MW	240	420
TV small P ≤ 100MW	240	420
TG large P >50 MW	240	420
TG small P ≤ 50MW	240	420
Internal combustion engines	240	420

    b. It will receive $ 84/MWh for Operated Energy.

Resolution applied as from the transaction in February 2020. All values stated in Argentine Pesos in this Resolution are updated every month 60% CPI /40% IPIM, taking the March transaction as basis.

NOTE 37: FINANCIAL STATEMENTS TRANSLATION INTO ENGLISH LANGUAGE

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

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

Summary of activity at December 31, 2019 and 2018

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

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

	Fiscal year ended December 31:			
	2019	2018	Variation	Variation%
	MWh			
Sales by type of market				
Sale of Electricity Res. 220	1,085,564	266,309	819,255	308%
Sale of Electricity Res. No No. 95, as amended, plus Spot	15,256	-	15,256	100%
	1,100,820	**266,309**	**834,511**	**313%**

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

	Fiscal year ended December 31:			
	2019	2018	Variation	Variation %
	(in millions of pesos)			
Sales by type of market				
Sale of Electricity Res. 220	2,781.0	1,380.1	1,400.9	102%
Sale of Electricity Res. No. 95, as amended, plus Spot	6.1	29.5	(23.4)	(79%)
	2,787.1	**1,409.6**	**1,377.5**	**98%**

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Summary of activity at December 31, 2019 and 2018

Income/loss for the fiscal years ended December 31, 2019 and 2018 (in millions of pesos):

	Fiscal year ended December 31:			
	2019	**2018**	**Variation**	**Variation %**
Sales of energy	2,787.1	1,409.6	1,377.5	98%
Net sales	**2,787.1**	**1,409.6**	**1,377.5**	**98%**
Purchase of electric energy	(7.0)	(2.4)	(4.6)	192%
Gas and diesel consumption at the plant	(73.9)	(57.3)	(16.6)	29%
Salaries, social security charges and fringe benefits	(88.9)	(73.4)	(15.5)	21%
Defined benefit plans	(1.1)	(5.6)	4.5	(80%)
Maintenance services	(71.2)	(57.7)	(13.5)	23%
Depreciation of property, plant and equipment	(551.8)	(427.4)	(124.4)	29%
Security guard and porter	(5.9)	(6.6)	0.7	(11%)
Insurance	(21.7)	(17.1)	(4.6)	27%
Taxes, rates and contributions	(8.3)	(9.3)	1.0	(11%)
Other	(8.5)	(17.8)	9.3	(52%)
Cost of sales	**(838.2)**	**(674.6)**	**(163.6)**	**24%**
Gross profit/(loss)	**1,948.9**	**735.0**	**1,213.9**	**165%**
Taxes, rates and contributions	(81.1)	(21.8)	(59.3)	272%
Selling expenses	**(81.1)**	**(21.8)**	**(59.3)**	**272%**
Fees and compensation for services	(162.9)	(69.8)	(93.1)	133%
Directors' fees	-	(0.3)	0.3	(100%)
Leases	(3.3)	(4.0)	0.7	(18%)
Per diem, travel and representation expenses	(1.5)	-	(1.5)	100%
Gifts	(0.1)	-	(0.1)	100%
Sundry	(1.3)	(1.4)	0.1	(7%)
Administrative expenses	**(169.2)**	**(75.5)**	**(93.7)**	**124%**
Operating income	**1,698.6**	**637.9**	**1,060.7**	**166%**
Gain/loss on purchasing power parity (RECPAM)	2,831.0	2,407.7	423.3	18%
Recovery of property, plant and equipment impairment	-	54.2	(54.2)	(100%)
Commercial interest	34.3	8.0	26.3	329%
Loan interest	(791.6)	(644.1)	(147.5)	23%
Bank expenses and commissions	(3.7)	(1.9)	(1.8)	95%
Exchange difference, net	(2,961.5)	(4,163.8)	1,202.3	(29%)
Other financial results	(3.5)	144.4	(147.9)	(102%)
Financial and holding results, net	**(895.1)**	**(2,195.5)**	**1,300.4**	**(59%)**
Pre-tax profit/(loss)	**803.5**	**(1,557.6)**	**2,361.1**	**(152%)**
Income tax	(896.2)	368.1	(1,264.3)	(343%)
Income/loss for the year	**(92.7)**	**(1,189.5)**	**1,096.8**	**(92%)**

Summary of activity at December 31, 2019 and 2018

	Fiscal year ended December 31:			
	2019	**2018**	**Variation**	**Variation %**
Other Comprehensive Income for the year				
Benefit plan	(0.8)	(1.0)	0.2	(20%)
Revaluation of property, plant and equipment	(81.7)	1,117.2	(1,198.9)	(107%)
Impact on income tax	20.6	(279.0)	299.6	(107%)
Other comprehensive income for the year	**(61.9)**	**837.1**	**(899.0)**	**(107%)**
Total comprehensive income for the year	**(154.6)**	**(352.3)**	**197.7**	**(56%)**

Sales:

Net sales for the year ended December 31, 2019 amounted to $2.787 billion, compared with the amount of $1.409 billion for fiscal year 2018, showing an increase of $1.377 billion, or 98%.

During the fiscal year ended December 31, 2019, the dispatch of electricity was 1,100,820 MWh, accounting for a 313% increase, compared with 266,309 MWh for fiscal year 2018.

Below is a description of the Company's main revenues, and their variation during the year ended December 31, 2019, as against the previous year:

(i) $2.787 billion from energy sales on the forward market to CAMMESA under the framework of Resolution No. 220/07, representing a 98% increase compared with the $1.409 billion for fiscal year 2018. This variation is basically attributable to the effect between an increase in the energy dispatched, due to the closing to the combined cycle in the plant as from August 4, 2018, a higher exchange rate and the result of applying SRRyME Resolution No. 01/2019 that establishes new remuneration mechanisms.

Cost of sales:

The total cost of sales for the year ended December 31, 2019 reached $838.2 million, compared with $674.6 million for fiscal year 2018, thus accounting for an increase of $ 163.6 million, or 24%.

Below is a description of the Company's main revenues, and their variation during the year ended December 31, 2019, as against the previous year:

(i) $73.9 million for gas and diesel consumption at the plant, representing an increase of 29% as against the $57.3 million recorded in fiscal 2018.
Such change is due to the variation in the exchange rate and the increase in diesel consumption for the fiscal year.

(ii) $88.9 million for salaries, social security charges and employee benefits, which accounted for an increase of 21% compared with the $73.4 million recorded in 2018; a variation due to salary rises net of capitalized remuneration, whose tasks were affected to the closure of the cycle.

(iii) $551.8 million for fixed asset depreciation, which accounted for a 29% increase compared with the $427.4 million for fiscal year 2018. This variation is mainly due to the depreciation of fixed assets added during the last year.

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Summary of activity at December 31, 2019 and 2018

Gross income/(loss):

Gross income/(loss) for the year ended December 31, 2019 amounted to $1.948 billion, compared with the $735.0 million recorded in fiscal year 2018, accounting for an increase of $1.213 billion or 165%. This variation is mainly due to the increase in the dispatch of energy and in the exchange rate.

Selling expenses:

Total selling expenses for the year ended December 31, 2019 amounted to $81.1 million, compared with the $21.8 million recorded in fiscal year 2018, accounting for an increase of $59.3 million or 272%.

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

(i) $81.1 million for taxes, rates and contributions, which accounted for a 272% increase compared with the $21.8 million recorded in fiscal year 2018. This increase is in line with the variation in sales for the present fiscal year as against the previous year.

Administrative expenses:

Total administrative expenses for the fiscal year ended December 31, 2019 amounted to $169.2 million, showing a 124% increase from the $75.5 million recorded in 2018.

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

(i) $162.9 million of fees and compensation for services, which accounted for an increase of 133% from the $69.8 million recorded in 2018. Such variation is due to the billing of administrative services rendered by RGA.

(ii) $3.3 million in rental costs, accounting for a decrease of 18% compared with the $4 million recorded in 2018. Although in 2019 there was an increase in the administrative office rental cost, the application of the CPI restatement of office rental costs for fiscal year 2018 had more significant effects.

Operating income/(loss):

Operating income/(loss) for the year ended December 31, 2019 amounted to $1.698 billion compared with the $637.9 million recorded in fiscal year 2018, accounting for an increase of $1.060 billion or 166%.

Financial and holding results, net:

Financial and holding results for the fiscal year ended December 31, 2019 amounted to a total loss of $895.1 million compared with the loss of $2.195 billion recorded in fiscal year 2018, which accounted for a decrease of 59%. This variation is primarily due to the effect of the adjustment for inflation, the exchange rate fluctuation, changes in fair value of financial instruments, and the variation in interest on loans.

Summary of activity at December 31, 2019 and 2018

Financial and holding results, net (Cont'd)

The most noticeable aspects of the variation are:

(i) $2.961 billion loss due to net exchange differences, accounting for a decrease of 29% compared with the $4.163 billion loss recorded in fiscal year 2018. Despite the exchange rate rise in fiscal year 2019 compared with the previous fiscal year, there is a decrease in holding results mainly due to the effects of the restatement of exchange gains/losses for fiscal year 2018 by applying the CPI.

(ii) $791.6 million loss for interest on loans, accounting for an increase of 23% compared with the $644.1 million loss for 2018 due to the new financial instruments taken between both fiscal years and the exchange rate variation.

(iii) $2.831 billion gain on PPP (RECPAM), accounting for an increase of 18% compared with the $2.407 billion gain or loss on PPP recorded in the previous fiscal year.

(iv) $34.3 million gain on commercial interest, accounting for an increase of 329% compared with the $8 million gain recorded in the previous fiscal year.

(v) $3.7 million loss due to bank expenses and commissions, accounting for an increase of 95% compared with the $1.9 million loss recorded in the previous fiscal year.

Net income/loss:

The Company reported pre-tax income of $803.5 million for the fiscal year ended December 31, 2019, which accounted for a 152% increase compared with the loss of $1.557 billion recorded in the previous fiscal year. The change is mainly due to the variation in the exchange rate, changes in the fair value of financial instruments and in interest on loans.

Income tax loss for the fiscal year ended December 31, 2019 amounted to $896.2 million compared with the $368.1 million recorded in the previous fiscal year, thus resulting in a loss after income tax of $92.7 million compared with the income/loss of $1.189 billion recorded in fiscal year 2018.

Comprehensive income for the year:

Other comprehensive income/(loss) for the fiscal year ended December 31, 2019 was worth $61.9 million, accounting for a 107% decrease compared with the previous fiscal year, and included the revaluation of property, plant and equipment performed at March 31, 2019, June 2019 and December 2019 and its effect on income tax.

Total comprehensive loss for the year amounted to $154.6 million, representing an increase of 56% compared with the comprehensive loss of $352.3 million for fiscal year 2018.

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Summary of activity at December 31, 2019 and 2018

2. Balance sheet figures presented comparatively with the previous fiscal year:

(in millions of pesos)

	12/31/2019	12/31/2018	12/31/2017
Non-Current Assets	9,000.3	9,593.2	7,171.5
Current assets	2,617.2	996.9	1,611.5
Total assets	**11,617.5**	**10,590.2**	**8,783.1**
Equity	1,750.8	1,905.4	2,257.8
Total equity	**1,750.8**	**1,905.4**	**2,257.8**
Non-current liabilities	7,032.7	5,997.9	5,425.5
Current liabilities	2,833.9	2,686.8	1,099.9
Total liabilities	**9,866.7**	**8,684.7**	**6,525.3**
Total liabilities and equity	**11,617.5**	**10,590.2**	**8,783.1**

3. Comparative income statement figures:

(in millions of pesos)

	12/31/2019	12/31/2018	12/31/2017
Ordinary operating income	1,698.6	637.9	593.3
Financial and holding results	(895.1)	(2,195.5)	63.5
Ordinary net income/(loss)	**803.5**	**(1,557.6)**	**656.9**
Income tax	(896.2)	368.1	(13.1)
Net income/loss	**(92.7)**	**(1,189.5)**	**643.8**
Other comprehensive income	(61.9)	837.1	-
Total comprehensive income	**(154.6)**	**(352.3)**	**643.8**

Summary of activity at December 31, 2019 and 2018

4. Comparative cash flow figures:

(in millions of pesos)

	12/31/2019	12/31/2018	12/31/2017
Funds generated by (applied to) operating activities	1,737.7	357.0	(146.3)
Cash (applied to) generated by investment activities	(381.4)	(835.7)	(1,938.9)
Funds (applied to) generated by financing activities	(1,266.5)	485.6	607.2
Increase (Decrease) in cash and cash equivalents	**89.8**	**6.9**	**(1,478.0)**

5. Comparative ratios:

	12/31/2019	12/31/2018	12/31/2017
Liquidity (1)	0.92	0.37	1.47
Creditworthiness (2)	0.18	0.22	0.35
Tied-up capital (3)	0.77	0.91	0.82
Indebtedness ratio (4)	2.46	5.05	7.32
Interest coverage ratio (5)	2.84	1.65	3.30
Return on equity (6)	(0.05)	(0.57)	0.33

(1) Current Assets / Current Liabilities
(2) Equity /Total Liabilities
(3) Non-current Assets / Total Assets
(4) Financial debt / annual EBITDA (*)
(5) Annual EBITDA (*) / accrued annual financial interest
(6) Net income/(loss) for the period (without OCI) / Total average Shareholders' Equity

(*) Amount not covered in the Review Report.

6. Brief remarks on the outlook for fiscal year 2020:

Electric power

The Company 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 and a 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.

Summary of activity at December 31, 2019 and 2018

On August 4, 2018, the Company 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. Energy is sold to CAMMESA under a WEM Supply Contract for 55 MW, under ES Resolution No. 220/07.

Financial Position

In the following fiscal year, the Company expects to continue optimizing its financing structure and to keep a level of indebtedness in line with the Power Plant's operational needs.

The strategy implemented ensures the Company's compliance with its commitments, as well as the correct and efficient operation of the Power Plant.

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ADDITIONAL INFORMATION REQUIRED BY SECTION 12, CHAPTER III, TITLE IV, OF THE NATIONAL SECURITIES COMMISSION REGULATIONS, FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

   There are none.

2. Significant changes in the Company's activity and other circumstances similar occurred during the terms comprised by the Financial Statements that affect their comparability with those presented in prior periods, or that could affect it with those to be presented in future periods.

   None.

	Trade receivables	Other receivables	Trade payables	Loans	Salaries and social security liabilities	Tax payables/Deferred tax liabilities	Defined benefit plans
				$			
Falling due within							
First quarter	887,699,127	169,954,128	41,116,049	1,122,572,766	11,932,024	69,935,346	-
2nd quarter	-	77,293,720	380,682,197	87,542,778	1,936,014	-	-
Third quarter	-	77,362,208	-	87,542,778	-	-	-
Fourth quarter	-	77,293,720	-	229,164,225	-	-	103,461
More than 1 year	-	27,935,521	-	5,541,411,197	-	1,484,555,499	6,780,542
Subtotal	**887,699,127**	**429,839,297**	**421,798,246**	**7,068,233,744**	**13,868,038**	**1,554,490,845**	**6,884,003**
Past due	664,731,423	-	801,375,485	-	-	-	-
Total at 12.31.2019	**1,552,430,550**	**429,839,297**	**1,223,173,731**	**7,068,233,744**	**13,868,038**	**1,554,490,845**	**6,884,003**
Non-interest bearing	887,699,127	100,260,786	421,798,246	-	13,868,038	1,541,453,972	6,884,003
At fixed rate	-	309,174,881	-	(1) 6,498,472,9	-	13,036,873	-
At floating rate	664,731,423	20,403,630	801,375,485	(1) 569,760,945	-	-	-
Total at 12.31.2019	**1,552,430,550**	**429,839,297**	**1,223,173,731**	**7,068,233,744**	**13,868,038**	**1,554,490,845**	**6,884,003**

(1) See Note 17 to the Financial Statements at December 31, 2019.

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

Captions	Type and amount of foreign currency		Closing exchange rate (1)	Amount recorded at 12/31/2019	Amount recorded at 12/31/2018
				$	
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents					
Banks	USD	8,056,800	59.690	480,910,403	1,009,284
Trade receivables					
Trade receivables - Res. No. 220/07 - Res. No. 19/17	USD	26,008,218	59.690	1,552,430,550	291,775,834
Total current assets				**2,033,340,953**	**292,785,118**
Total Assets				**2,033,340,953**	**292,785,118**
LIABILITIES					
CURRENT LIABILITIES					
Trade payables					
Related parties	USD	19,604,721	59.790	1,172,166,245	174,286,274
Suppliers	USD	299,881	59.890	17,959,894	9,535,152
Financial debt					
Other bank debts	USD	15,612,331	59.890	935,022,500	1,386,956,376
Negotiable obligations	USD	9,651,351	59.890	578,019,433	7,885,666
International bond	USD	2,686,276	59.890	160,881,093	151,078,066
Total current liabilities				**2,864,049,165**	**1,729,741,534**
NON CURRENT LIABILITIES					
Financial debts					
Other bank debts	USD	2,150,649	59.890	128,802,390	145,514,266
Negotiable obligations	USD	8,735,092	59.890	523,144,674	579,426,361
International bond	USD	69,671,109	59.890	4,172,602,709	4,017,364,614
Total non-current liabilities				**4,824,549,773**	**4,742,305,241**
Total liabilities				**7,688,598,938**	**6,472,046,775**

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

4. Intercompany:

Participation percentage in intercompany

There are no interests in intercompany.

Accounts payable and receivable with intercompany:

See Note 29 to the financial statements at December 31, 2019.

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

   See Note 28 to the financial statements at December 31, 2019.

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

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

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

Current values

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

   See Note 4 to the financial statements at December 31, 2019.

Property, plant and equipment

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

   There are none.

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

   There are none.

Equity interest in other companies

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

    There are none.

Recoverable values

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

    See Note 4 to the financial statements at December 31, 2019.

Insurance

Insured items:

Kind of Risk	Insured amount 2019		Insured amount 2018	
Operational all risks - Material damage		USD 140,800,000		USD 156,801,886
Operational all risk - Loss of profit		USD 43,827,223		USD 43,496,470
Civil Liability (primary)		USD 1,000,000		USD 1,000,000
Civil Liability (excess coverage)		USD 9,000,000		USD 9,000,000
Directors and Officers (D&O) liability insurance		USD 15,000,000		USD 15,000,000
Automobile	$	4,544,000	$	2,170,000
Transport insurance, Argentine and international market		USD 10,000,000		USD 10,000,000
Directors' bond	$	200,000	$	200,000
Customs bond	$	-	$	1,092,100
ENES Bond	$	110,670,576	$	91,067,320
Environmental insurance	$	12,592,014	$	5,751,789
Equipment technical insurance		USD 63,530		USD 49,340
Life insurance - mandatory life insurance	$	68,750	$	55,000
Life - mandatory group life insurance (LCT, employment contract law)		Disability: 1 salary per year Death: 1/2 salary per year		Disability: 1 salary per year Death: 1/2 salary per year
Life - Additional group life insurance		24 salaries		24 salaries

Operational all-risk coverage - Loss of profit

The Company has taken out all-risk insurance coverage for all the risks of loss or physical damage, whether it is accidental or unforeseeable, including machinery failures and loss of profit as a result, up to 12 months, directly and totally attributable to any cause. The aim of this policy is to cover the losses caused by the interruption of the activities as a result of the accident, both as regards the profit that is no longer obtained and the expenses the Company continues to bear despite its inactivity, such that the insured may be in the same financial situation as if the accident had not occurred.

This insurance covers all physical assets of any type and description, 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.

Contractors' all-risk insurance

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

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

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

Civil liability

The Company has taken on insurance policies that 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, subject to the terms, conditions, limitations and exclusions contained in the policy.

This coverage is structured as follows:

Individual policies were taken out for each of the Grupo Albanesi companies, with a maximum compensation of USD 1,000,000 per event 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 limit reinstatements.

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, hiring, financial decisions, advertising and marketing, merger or acquisitions, shareholders' statements, accounting records, which may be performed with negligence or fault, error or imprudence and cause an economic damage to an employee, shareholder or third party. It does not cover fraudulent activities.

It also covers the company in case of stock-exchange claims or from holders of bonds or securities.
It covers the personal equity of present, past or future directors and/or executives, and the company's exposure to capital market issues.

Automobile insurance

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

Transport insurance:

The Company has an insurance policy that covers transportation of all generators of Grupo Albanesi under the modality of sworn statement to be presented monthly in arrears.

It covers national transportation, as well as imports and exports.

Customs Bonds

Temporary imports: this guarantee avoids the payment of pertinent duties for the entry of goods into the country, provided that they are exported in a term determined, at which time the guarantee is released.

Temporary export: the amount of pertinent duties are guaranteed for the export of those exported goods which will be re-imported.

Directors' qualification bond:

It is the guarantee required by the General Companies Law (Law No. 19550, Section 256, paragraph 2) from directors of corporations and members of the administrative bodies of other companies (LLC, joint stock company). This bond protects the Company against non-compliance with obligations by Directors or Managing partners while performing their duties.

Mandatory life insurance:

In addition to Workers' compensation insurance and mandatory life insurance, the Company has the following coverages:

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:

A Group Life insurance policy has been bought, on behalf of all the Group employees, which offers protection for an amount equivalent to 24 times the employee’s gross monthly salary (with a maximum insured amount of $4,000,000). It grants compensation in case of death, double severance pay in case of accidental death, partial losses due to accident, advances for terminal diseases, organ transplant and birth of child after death.

Environmental bond:

The environmental bond for damage with group incidence covers the environmental bond established by the General Environmental Law No. 25675, Section 22, as required by the enforcement authorities.

Positive and negative contingencies

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

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

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

    The following allowances and provisions have been set up:

    a) Allowances from assets:

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

    b) Provisions included in liabilities:

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

13. Contingent situations not accounted for at the date of the Financial Statements.

    There are none.

Irrevocable advances on account of future subscriptions

14. Status of the capitalization procedure.

There are none.

15. Unpaid cumulative dividends on preferred shares

There are none.

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

See Note 15 to the financial statements at December 31, 2019.

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INDEPENDENT AUDITORS' REPORT

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

Report on the financial statements

We have audited the attached financial statements of Central Térmica Roca S.A.(the Company), which consist of the statement of financial position as of December 31, 2019, 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 2018 are an integral part of the audited financial statements mentioned above; therefore, they must be considered in connection with these financial statements.

Board's responsibility

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements mentioned the first paragraph of this report present fairly, in all material respects, the financial position of Central Térmica Roca S.A. at December 31, 2019, as well as the comprehensive income and cash flows for the fiscal year then ended, in accordance with International Financial Reporting Standards.

Report on compliance with current regulations

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

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

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

c) we have read the Summary of Activity and the additional information to the Notes to the condensed interim Financial Statements required by Section 12, Chapter III, Title IV of the National Securities Commission regulations, on which, as regards those matters that are within our competence, we have no observations to make;

d) at December 31, 2019 the debt accrued by Central Térmica Roca S.A. in favor of the Argentine Integrated Social Security System according to the Company's accounting records amounted to $ 1,775,378, none of which was claimable at that date;

e) as required by section 21, subsection b), Chapter III, Part VI, 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, 2019 account for:

- e.1) 79% of the total fees for services billed to the Company for all items during that fiscal year;
- e.2) 14% of the total fees for auditing services and related services billed to the Company, its parent companies, subsidiaries and related companies during that year;
- e.3) 9% 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 for the City of Buenos Aires.

City of Buenos Aires, March 10, 2020

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Raúl Leonardo Viglione

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Report of the Syndics' Committee

To the Shareholders of
Central Térmica Roca S.A.

1. In accordance with Section 294 of Law No. 19550, the standards issued by the National Securities Commission (CNV) and Regulations of the Buenos Aires Stock Exchange, we have examined the statement of financial position of Central Térmica Roca S.A. at December 31, 2019, and the related statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and complementary notes. Further, we have examined the Annual Report of the Board of Directors for that fiscal year. The preparation and issuance of these financial statements are the responsibility of Central Térmica Roca S.A.

2. Our examination was carried out in accordance with standards applicable to syndics. These standards require that the examinations of the financial statements be performed in accordance with current auditing standards, and include the verification of the fairness of the significant information contained in the documents examined and their consistency with the information on corporate decisions, which are known to us, as disclosed in the Board and Shareholders' meeting minutes, as well as the conformity of those decisions with the law and by-laws insofar as concerns formal and documentary aspects. To fulfill our professional duties, we have reviewed the work done by the external auditors, Price Waterhouse & Co. S.R.L., who issued their unqualified report on the same date of this report. An audit requires that the auditors 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, 2019, we have verified that it contains the information required by Section 66 of the General Companies Law No. 19550, and as regards those matters that are within our field of competence, the figures shown therein agree with the Company's accounting records and other pertinent documentation.

4. We have verified compliance by the Directors in office with the qualification bonds as of the date of presentation of the financial statements at December 31, 2019, as called for by item 1.4 of Appendix I to Technical Pronouncement No. 16 issued by the Argentine Federation of Professional Councils in Economic Sciences.

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

a. In our opinion, the financial statements of Central Térmica Roca S.A. present fairly, in all material respects, its financial position at December 31, 2019, 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 Central Térmica Roca S.A., the report of the external auditors includes the representation of having applied auditing standards in effect in Argentina, which comprise independence requirements, and has no qualifications as regards the application of such standards or professional accounting standards in force in Argentina, and we have no observations to make in connection with the accounting policies mentioned above.

d. The provisions of CNV Resolution No. 797/2019, referred to the presentation of the report on compliance with the Code of Corporate Governance, have been duly fulfilled.

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

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

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

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

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

City of Buenos Aires, March 10, 2020

For the Syndics' Committee
Marcelo P. Lerner
Full Syndic