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

Generación Mediterránea S.A.

FINANCIAL STATEMENTS
AT DECEMBER 31, 2018
PRESENTED IN COMPARATIVE FORMAT

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Contents

Generación Mediterránea S.A.

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
AISA	Albanesi Inversora S.A. (a company absorbed by ASA)
AJSA	Alba Jet S.A.
ASA	Albanesi S.A.
AFIP	Federal Administration of Public Revenue
AVRC	Alto Valle Río Colorado S.A.
BADLAR	Average interest rate paid by the average of financial institutions on time deposits for over one million pesos
BADCOR	Adjusted BADLAR rate
BDD	Bodega del Desierto S.A.
BCRA	Central Bank of Argentina
CAMMESA	Compañía Administradora del Mercado Mayorista Eléctrico S.A. (Wholesale Electricity Market Management Company)
CC	Combined cycle
IFRIC	International Financial Reporting Interpretations Committee
CNV	National Securities Commission
CTE	Central Térmica Ezeiza (Ezeiza Thermal Power Plant) located in Ezeiza, Buenos Aires.
CTF	Central Térmica Frías (Frías Power Plant) located in Frías, Santiago del Estero
CTI	Central Térmica Independencia (Independencia Thermal Power Plant) located in San Miguel de Tucumán, Tucumán.
CTLB	Central Térmica La Banda (La Banda Thermal Power Plant) located in La Banda, Santiago del Estero
CTMM	Central Térmica Modesto Maranzana (MM Power Plant) located in Río Cuarto, Córdoba
CTR	Central Térmica Roca S.A.
CTRi	Central Térmica Riojana (Riojana Thermal Power Plant) located in La Rioja, La Rioja
CVP	Variable Production Cost
Dam3	Cubic decameter. Volume equivalent to 1,000 (one thousand) cubic meters
DH	Historical Availability
Availability	Percentage of time in which the power plant or machinery, as applicable, is in operation (generating power) or available for power generation, but not called by CAMMESA
DMC	Minimum Availability Committed
DO	Target Availability
DR	Registered Availability
The Group	Albanesi S.A. Jointly with its subsidiaries and other related companies
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 Wholesale Electric Market
GE	General Electric
GECEN	Generación Centro S.A.

Generación Mediterránea S.A.

GLOSSARY OF TECHNICAL TERMS (Cont'd)

Terms	Definitions
GFSA	Generación Frías S.A. (company merged into GMSA)
GISA	Generación Independencia S.A. (company merged into GMSA)
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.
GUDIs	Large Demand from Distributors, with declared or demanded supplies of over 300kW.
GUMAs	Major Large Users
GUMEs	Minor Large Users
GUPAs	Large Users - Individuals
GW	Gigawatt Unit of power equivalent to 1,000,000,000 watts
GWh	Gigawatt-hour Unit of energy equivalent to 1,000,000,000 watts hour
IASB	International Accounting Standards Board
IGJ	Superintendency of Commercial Companies
kV	Kilovolt Unit of electromotive force which is equal to 1,000 (one thousand) volts
kW	Kilowatt Unit of power equivalent to 1,000 watts
kWh	Kilowatt-hour Unit of energy equivalent to 1,000 watts hour
LGS	General Companies Law
LVFVD	Sales liquidations with maturity date to be defined
MAT	Futures market
MAPRO	Major Scheduled Maintenance
WEM	Wholesale Electric Market
MMm3	Million cubic meters
MW	Megawatt Unit of power equivalent to 1,000,000 watts
MWh	Megawatt hour Unit of energy equivalent to 1,000,000 watts hour
MVA	Mega-volt ampere, unit of energy equivalent to 1 volt x 1 ampere x 106.
ARG GAAP	Argentine Generally Accepted Accounting Principles
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
ON	Negotiable Obligations
PWPS	Pratt & Whitney Power System Inc
RECPPC	Result of exposure to the change in the purchasing power of the currency
Resolution No. 220/07	Regulatory framework for the sale of electricity to CAMMESA through "WEM Supply Contracts" under Energy Secretariat Resolution No. 220/07
GR	General Resolution
RGA	Rafael G. Albanesi S.A.
RT	Technical Pronouncements
TRASNOA S.A.	Empresa de Transporte de Energía Eléctrica por Distribución Troncal del Noroeste Argentino S.A.
SADI	Argentine Interconnection System
ES	Energy Secretariat
CGU	Cash Generating Unit
USD	US Dollars

Generación Mediterránea S.A.

Annual Report for Fiscal Year 2018

Generación Mediterránea S.A.

Annual Report for Fiscal Year 2018

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Annual Report for Fiscal Year 2018

To the Shareholders of GMSA,

In compliance with current legal and regulatory provisions, the Board of Directors submits for your consideration this Annual Report, the Summary of Activity, the Financial Statements, Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, and Notes to the Financial Statements for the year ended, December 31, 2018.

1. ACTIVITY OF THE COMPANY

GMSA is a company engaged in the conventional thermal power generation and is controlled by Albanesi S.A., an investing and financing company, which holds 95% of its capital and votes.

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

At the date of these financial statements, Grupo Albanesi had a total installed capacity of 1,520 MW, accounting for 6.1% of the total installed thermal capacity in Argentina, which will be expanded with additional 375 MW considering all the new projects awarded and currently under way.

Modesto Maranzana Power Plant

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

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

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

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

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

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

One of those projects is the closure of the combined cycle of the TG06 and TG07 units at CTMM, located in Río Cuarto, Province of Córdoba. The project consists in the installation of a new Siemens SGT800 gas turbine of 54 MW power (47.5 MW guaranteed power) and the conversion to combined cycle of the three gas turbines (3x1 configuration). For such conversion, a heat recovery steam generator that will generate steam at two pressures will be installed at the outflow of the gas turbines to feed a steam turbine SST-600 that will supply an additional 65 MW to the network, as well as the necessary infrastructure for its operation and maintenance. The project for closure of the combined cycle at CTE will allow for an additional 112.5 MW to the SADI. The addition of the new gas turbine will demand more fuel for the system. The inclusion of the steam turbine machine will provide 65 MW, with no additional fuel consumption, with the full cycle reaching a specific consumption of 1,590 kcal/kWh in the closure of combined cycle (See Note 25).

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

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

Independencia Power Plant

Central Térmica Independencia (CTI, for its acronym in Spanish) is located in the city of San Miguel de Tucumán, province of Tucumán. CTI was out of service and during 2011, Albanesi Group performed all necessary works and tasks to install 120MW with PWPS technology as well as refurbish the existent auxiliary facilities. An authorization for commercial operation was obtained on November 17, 2011.

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

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

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

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

Riojana Power Plant

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

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

La Banda Power Plant

La Banda Power Plant (CTLB) is located in the Province of Santiago del Estero and has currently two power generating units Turmachinery Fiat TG21 of 16 MW and Turbomachinery Fiat TG22 of 16 MW.

Frías Power Plant

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

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

Ezeiza Power Plant

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

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

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

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

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

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

Another awarded project was the closure of combined cycle of CTE TG01, TG02 and TG03 units. The project related to this bidding process consists in i) the installation of a fourth Siemens SGT-800 gas turbine of 54 MW and ii) the conversion into combined cycle of the four gas turbines. For such conversion, a heat recovery steam generator that will generate steam at two pressures will be installed at the outflow of each gas turbine to feed two steam turbines (2x1 configuration) that will supply 44 MW each to the network.

The project for closure of the combined cycle at CTE will allow supplying an additional 138 MW to the SADI. The new gas turbine to be installed will generate additional fuel consumption; however, the incorporation of two steam turbines will add an additional 88 MW with no additional fuel consumption, and both complete cycles will reach specific consumption of 1,590 Kcal/KWh (See Note 25).

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

GMSA and CAMMESA signed the Wholesale Demand contract for the Project for closure of combined cycle of the Ezeiza Power Plant on December 14, 2017.

2. MACROECONOMIC CONTEXT

International context

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

World growth is project to reach 3.5% in 2019 and 3.6% in 2020.

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

Regional context

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

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

Argentina

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

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

The macroeconomic evolution for the third quarter of 2018 resulted in a -5.1% variation in global supply compared with the same period of the previous year, according to temporary estimates and measured at 2004 prices, as a result of a 3.5% decrease in GDP and a fall of 10.2% in actual imports of goods and services.

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

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

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

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

As regards foreign trade, a trade deficit of USD 3.820 million was posted during the twelve months of 2018. Total exports reached USD 61.621 million, while imports reached USD 65.441 million. Exports raised 5.1% compared with 2017. Exports of primary products decreased 5.4%, exports of Manufactures of Agricultural and Livestock origin decreased 1.5%, while exports of fuel and power grew by 69.2% and those of Industrial Manufactures by 9.3%. The value of imports in 2018 was 2.2% lesser than that of the previous year. Imports of fuel and lubricants increased 14.1%, imports of Intermediate goods grew 14.6%, while imports of capital assets decreased 17.9%, of Passenger Motorcar vehicles 16.2% and of Consumer goods 5.2% (Indec).

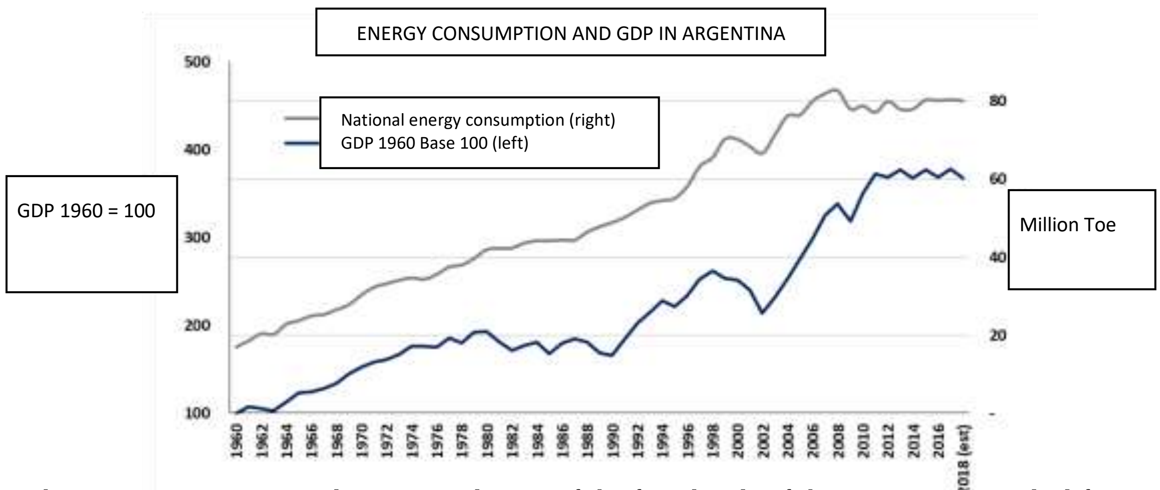
As from October 2018, the BCRA has adopted a new monetary policy scheme consisting in the strict control of monetary aggregates, and has undertaken not to raise the Monetary Base (MB) until June 2019. A 6.3% adjustment is expected in December reflecting the seasonal increase in demand for money for transactional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

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

Structure of the Energy Sector

The evolution of energy demand and consumption in Argentina is positively related to the evolution of the Gross Domestic Product, which implies that the greater the economic growth, the greater the consolidated demand for all energy products. In the last 59 years energy consumption has shown a historical annual average growth of 2.8%, with an annual median of 1.2% since 2002.

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

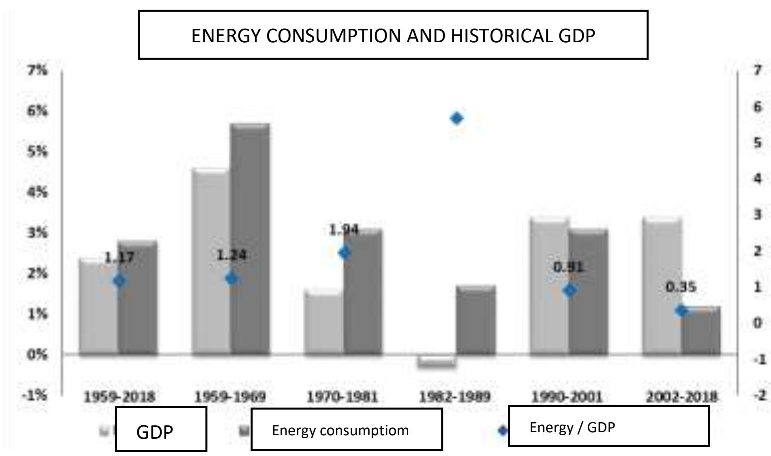


The growth in energy consumption during several years of the first decade of the 21st century resulted from strong economic growth, which was not driven by a growth in industrial sector consumption, rather by the demand from the commercial and residential sector for several energy products, as shown 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 CONSUMPTION	ENERGY/GDP ELASTICITY
1959-2018	2.4%	2.8%	1.17
1959-1969	4.6%	5.7%	1.24
1970-1981	1.6%	3.1%	1.94
1982-1989	-0.3%	1.7%	5.67
1990-2001	3.4%	3.1%	0.91
2002-2018	3.4%	1.2%	0.35

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



Argentine primary energy consumption is highly dependent on hydrocarbons, which accounted for 86.8% in 2016, 86.5% in 2017, and an estimated 86.1% estimated for 2018[2]. This percentage 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 fuels diesel and gasoline production.

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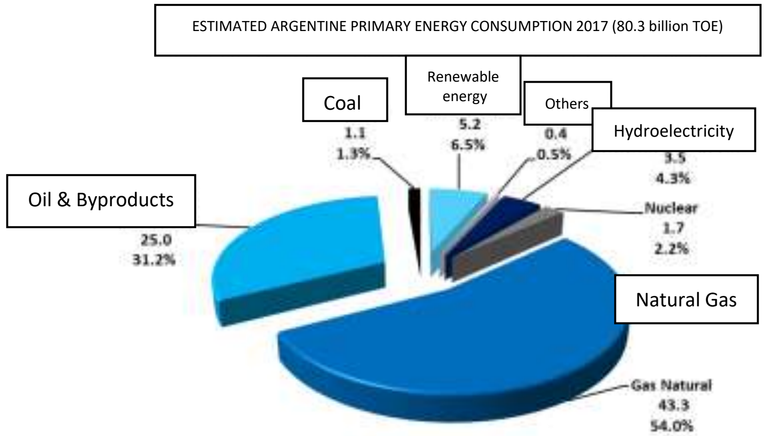
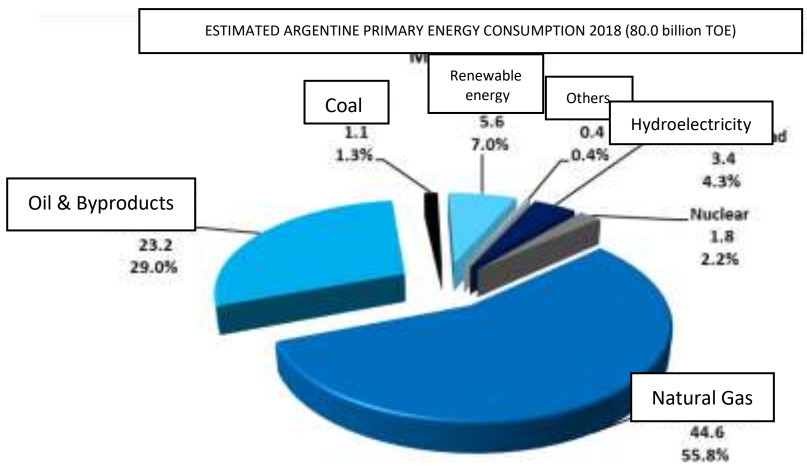
[1] From the analysis of a specific sector such as electricity, it may be observed that the demand growth rate for this energy product is higher than the GDP growth rate.

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

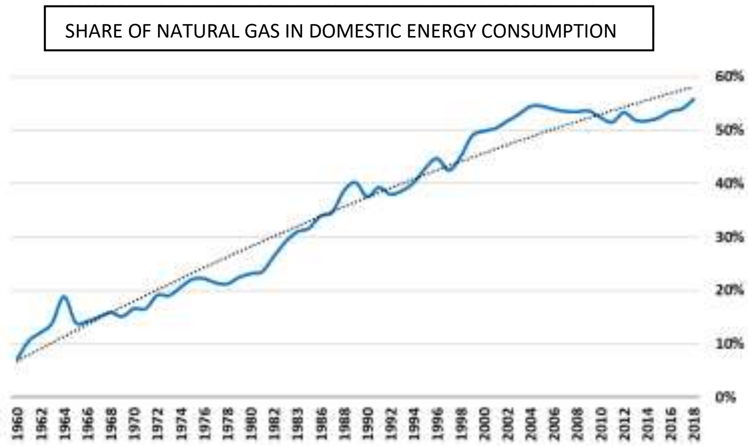




Few countries show this structure of heavy reliance on oil and natural gas byproducts, and typically only those with significant oil and gas reserves. Although Argentina does not have large conventional oil and natural gas reserves in relation to its domestic demand, it has relevant potential in terms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

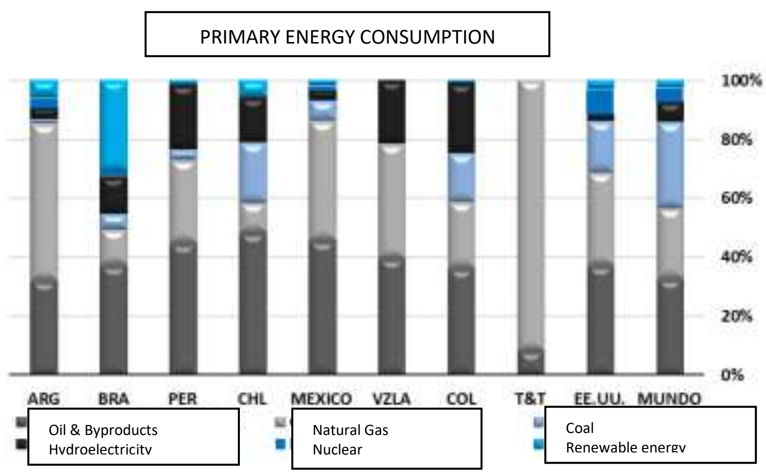
The high reliance on natural gas – an estimated 55.8% in 2018 as a result of greater supply of local gas, compared to 54.0% in 2017 and 53.6% in 2016 – fluctuates annually based on imports of natural gas, liquefied natural gas (LNG) and local production to meet the demand. Despite the increase in domestic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

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

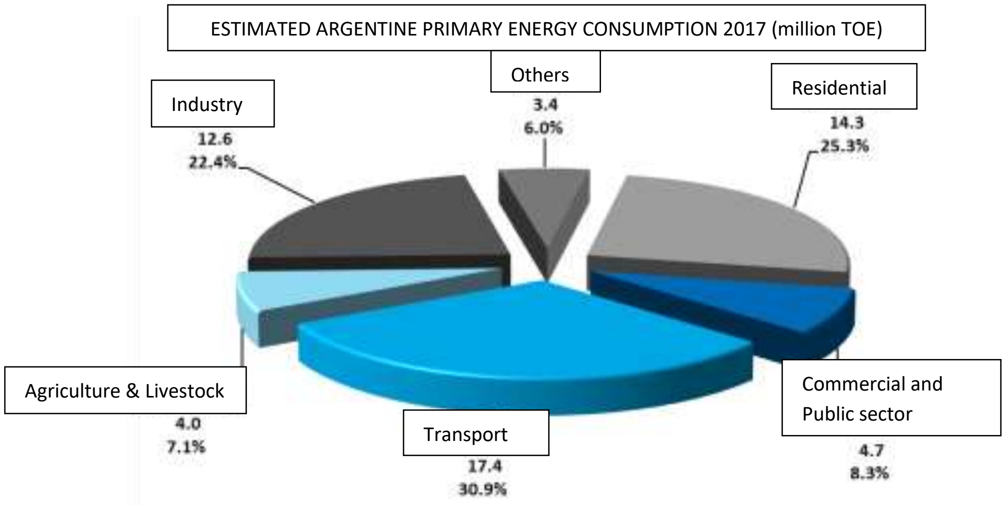


The main difficulty faced to modify the current energy consumption structure in the short term is the nature, characteristics and cost of the investments required; nevertheless, the current administration has set ambitious targets to increase the use of renewable energies in the power supply.

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



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



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

- An atypical breakdown featuring Oil and Gas as the predominant energy sources, typical only of large hydrocarbon exporters such as countries in the Middle East, Russia, African LNG exporters, or Venezuela.
- In addition, 55.8% of consumption relies on natural gas, with gas penetrating consumption, despite significant restrictions to discourage potential demand for this energy source, which lead to substitution with alternate fuel sources for electric power generation, and direct restrictions on industrial demand in certain branches of industry, which is surpassed by few countries with significant excess natural gas production.
- Stagnant local energy supply – which in recent years also affected the domestic energy demand, mitigating the relative scarcity; this is attributed to insufficient investments in recent years in the highly oil-and-gas-dependent energy sector in order to effectively increase the domestic productive supply to meet a demand that rises during periods of economic growth.
- Demand for natural gas and electricity driven in some specific segments by unreasonably low tariffs for the residential/commercial sector, encouraging unreasonable growth in residential energy consumption.

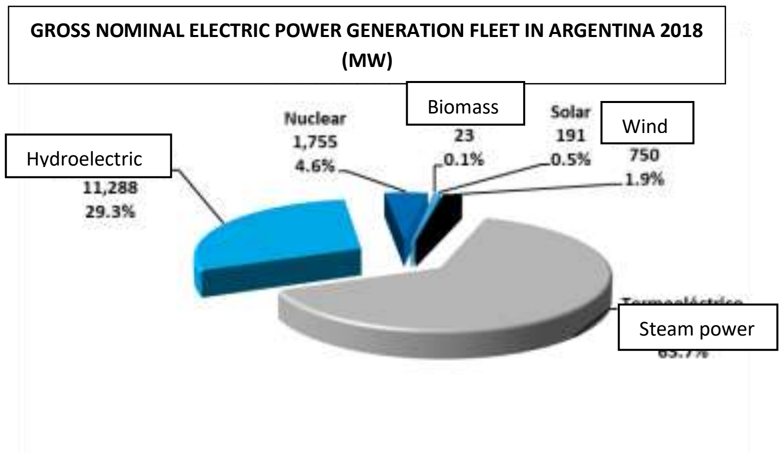
ELECTRICITY DEMAND AND SUPPLY STRUCTURE

The Argentine electricity generation fleet has evolved unevenly over the years, with periods of increased supply in response to the prevailing policies to meet electricity demand.

Although CAMMESA has preliminarily estimated a nominal power of 38,538 MW installed in late 2018 – a 2,357 MW or 6.5% net increase in nominal available power compared with 2017[4], representing effective available power because most of the equipment is new, available operating power in the 2018/2019 summer season is close to 29,500 MW plus a rotating reserve of approximately 1,800 MW, according to the analysis by G&G Energy Consultants. The difference between nominal and effective power in late 2018 was due to generation restrictions in certain units caused by insufficient supply of fuel, difficulties in reaching the nominal yield, but mainly due to recurrent maintenance tasks o technical limitations in some generating units.

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

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



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

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

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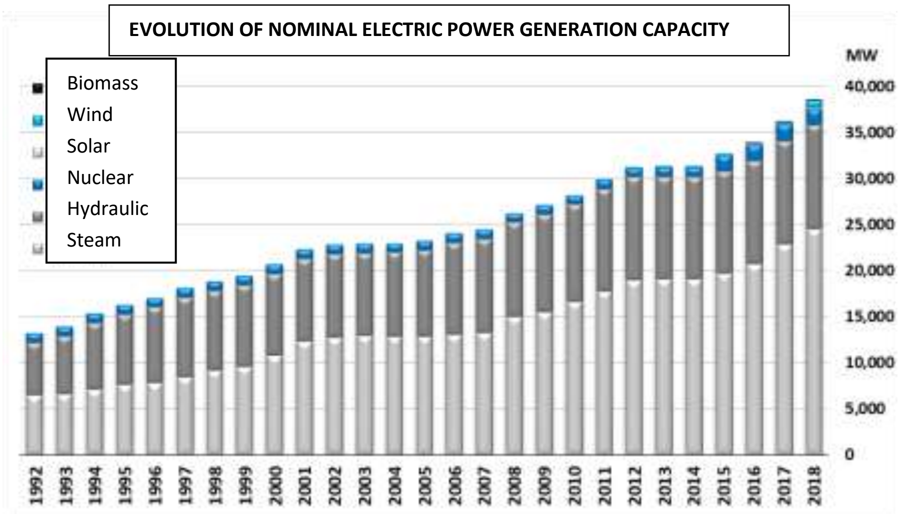
[5] In 2018, 201 MW from this type of units were withdrawn.



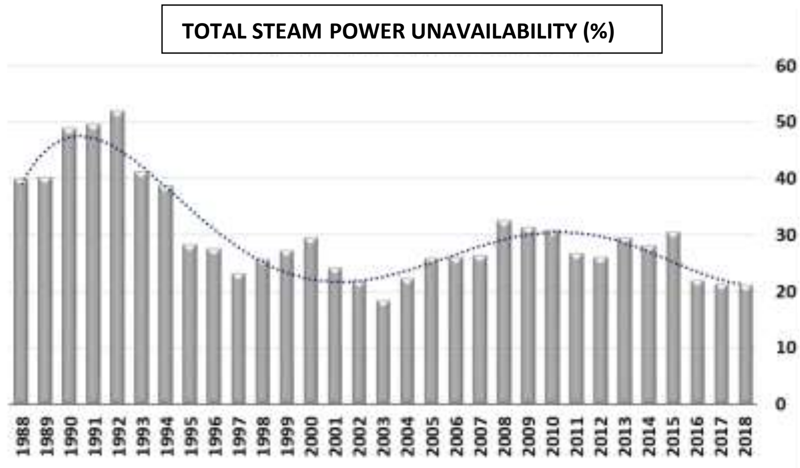
REGION	ST	GT	CC	DI	THERMAL POWER	NUCLEAR	HYDROELECTRIC	SOLAR	WIND	BIOGAS	TOTAL	%
CUYO	120	90	374	40	**624**	**0**	**1.129**	**92**			**1.845**	**4.8%**
COMAHUE	0	501	1.487	92	**2.080**	**0**	**4.769**				**6.849**	**17.8%**
NORTH-WESTERN	261	991	1.472	394	**3.118**	**0**	**220**	**52**	**58**		**3.448**	**8.9%**
CENTRAL	200	815	534	101	**1.650**	**648**	**918**	**47**	**48**	**4**	**3.314**	**8.6%**
GREATER BA-LITORAL-BA	3.870	4.536	6.867	895	**16.168**	**1.107**	**945**		**253**	**18**	**18.491**	**48.0%**
NORTH-EASTERN	0	33	0	286	**319**	**0**	**2.745**				**3.064**	**8.0%**
PATAGONIA	0	271	301	0	**572**	**0**	**563**		**391**		**1.526**	**4.0%**
MOBILE				0	**0**						**0**	**0.0%**
TOTAL	**4.451**	**7.237**	**11.035**	**1.808**	**24.531**	**1.755**	**11.289**	**191**	**750**	**22**	**38.538**	**100.0%**
% THERMAL TOTAL	18.1%	29.5%	45.0%	7.4%	100.0% **63.7%**	**4.6%**	**29.3%**	**0.5%**	**1.9%**	**0.1%**	**100.0%**	

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

RECENT CHANGES IN ELECTRICITY CONSUMPTION RECORDS						
DAY	**PREVIOUS RECORDS**		**CURRENT RECORDS**		**VARIATION**	**MW**
	POWER (MW)					
Saturday	25-Feb-17	22.390	30-Dec-17	22.543	0.7%	153
Sunday	27-Dec-15	21.973.	28-Feb-17	22.346	1.7%	373
Business day	24-Feb-17	25.628	8-Feb-18	26.320	2.7%	692
DAY	**ENERGY (GWh/d)**				**VARIATION**	**GWh**
Saturday	18-Jan-14	477.9	30-Dec-17	478.4	***0.1%***	***0.5***
Sunday	27-Dec-15	432.9.	26-Feb-17	437.6	1.1%	4.7
Business day	8-Feb-18	543.0	***29-Jan-19***	***544.4***	***0.3%***	***1.4***

6. On January 29, 2019, the energy demand record for a business day with 544 MWh was exceeded.

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



The increase in effective available power improved significantly in the past three years 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 2018 corresponds to the international public bidding called under ES Resolution No. 21/2016 of the Electricity Secretariat of the Ministry of Energy and Mining, in which Grupo Albanesi was the awardee of bids for 420 MW.

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

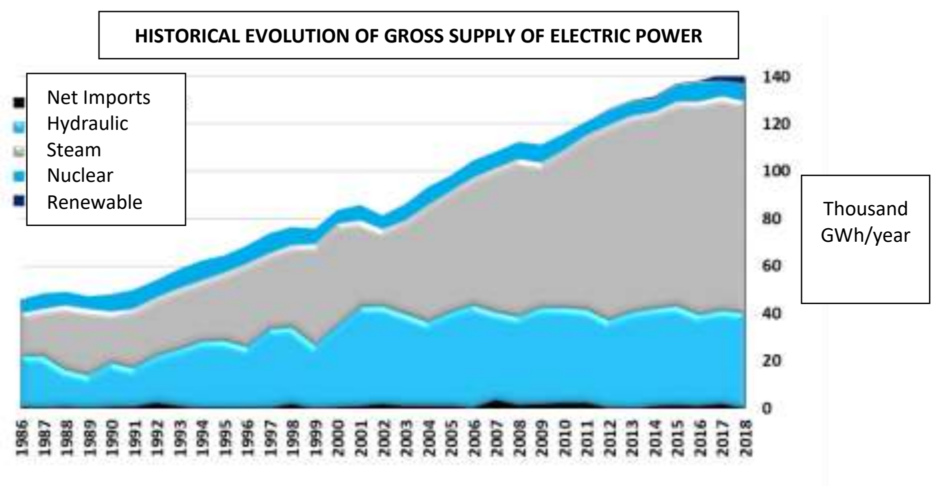
In addition, various companies making up Grupo Albanesi were awarded spot contracts with CAMMESA for expanding their capacity in the coming years. Within the framework of the international public bidding for closure of combined cycle and electricity cogeneration projects called under ES Resolution No. 287-E/2017 of the Energy

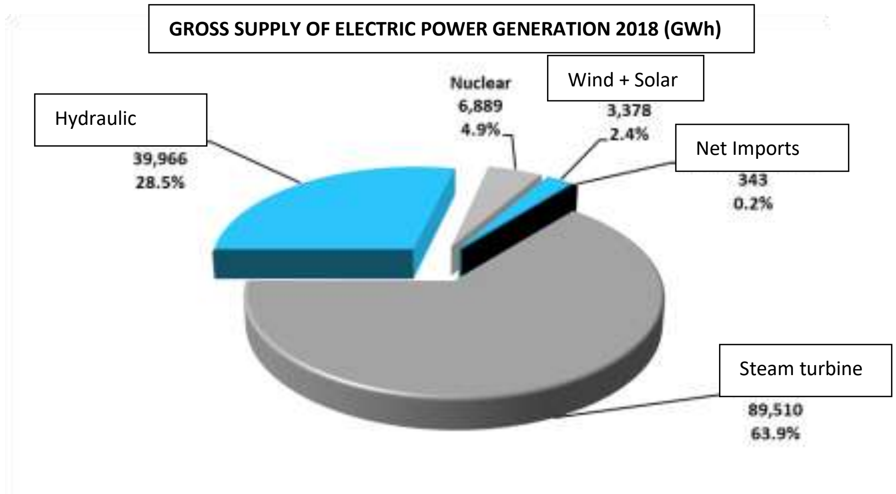
Secretariat of the Ministry of Energy and Mining, Grupo Albanesi was awarded three projects to install 351 MW of new capacity which are in full process of addition.

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

INCREASE IN NOMINAL SUPPLY (MW) - NOMINAL DATA							
PERIOD	THERMAL POWER	HYDROELECTRIC	NUCLEAR	BIOMASS	WIND/SOLAR	TOTAL PERIOD	DISTRIBUTION ACCORDING TO REGULATORY REGIME
1992-2018	17.736	5.027	750	23	941	**24.477**	
1992-2001	5.945	3.183	0	0	0	**9.128**	**37.3%**
2002-2015	6.948	1.734	750	0	195	**9.627**	**39.3%**
2016-2018	4.843	110	0	23	746	**5.722**	**23.4%**

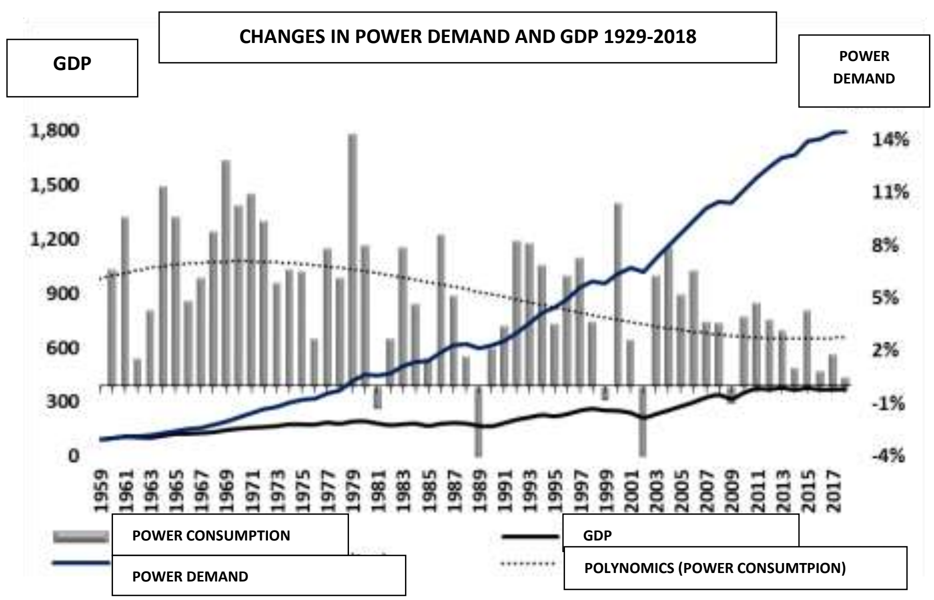
Gross Electricity Demand – including losses in the transmission and distribution system, and the company's own consumption at generating units – has shown a significant growth in steam electric power supply in recent decades, accompanied by a mild increase in the hydroelectric power supply due to the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





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

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.

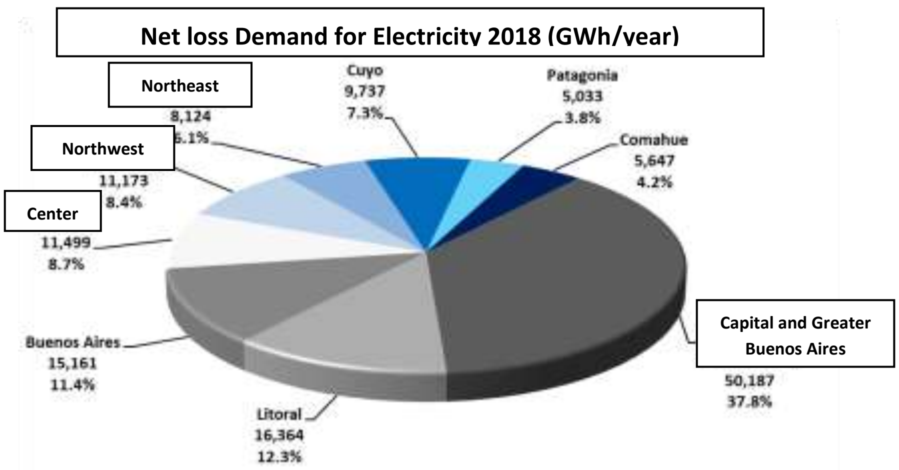


CAMMESA divides Argentina into regions with similar characteristics from the demand point of view, as well as on the basis of the socio-economic characteristics and the integration of each electricity subsystem.

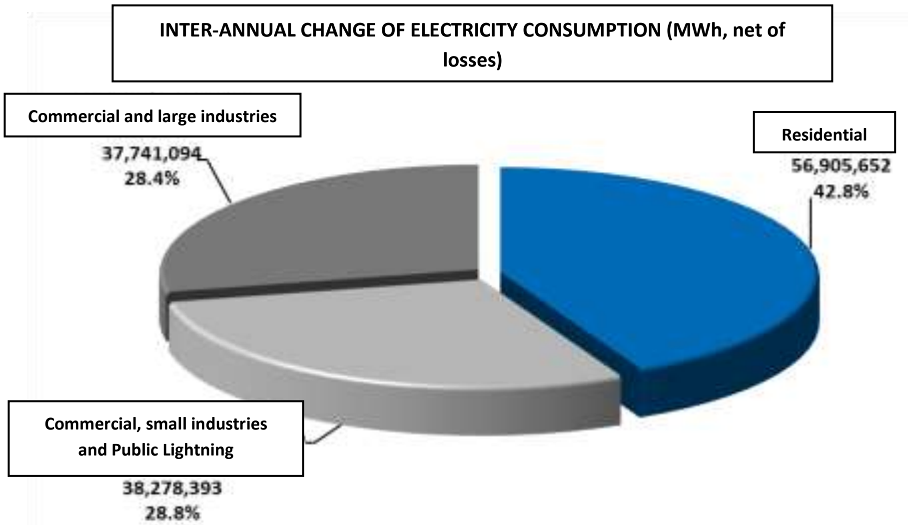
Demand is concentrated in the City of Buenos Aires- Greater Buenos Aires-Litoral region, which accounts for 61.5% of the total electricity demand of the country. Although growth rates in other regions, such as North-western area, Comahue and Patagonia are greater than in the remaining regions of the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

Energy demand by region, net of transmission losses

ENERGY DEMAND BY REGION, NET OF TRANSMISSION LOSSES - 2018							
REGION	**GWh/year**	**DISTRIBUTION**		**2018/2017 VARIATION**		**2018/2016 VARIATION**	
City of Buenos Aires and Greater Buenos Aires	50.187	37.8%	37.8%	36	0.1%	-1.567	-3.0%
Litoral	16.364	12.3%	50.1%	326	2.0%	1.388	9.3%
Buenos Aires	15.161	11.4%	61.5%	-25	-0.2%	-1.121	-6.9%
Center	11.499	8.7%	70.1%	23	0.2%	0	0.0%
Northwest	11.173	8.4%	78.5%	-295	-2.6%	-105	-0.9%
Cuyo	8.124	6.1%	84.6%	-1.239	-13.2%	23	0.3%
Northeast	9.737	7.3%	92.0%	1.454	17.6%	654	7.2%
Comahue	5.033	3.8%	95.8%	-370	-6.9%	-142	-2.8%
Patagonia	5.647	4.2%	100.0%	484	9.4%	683	13.8%
TOTAL	**132.924**	**100.0%**	**100.0%**	**394**	**0.3%**	**-187**	**-0.1%**



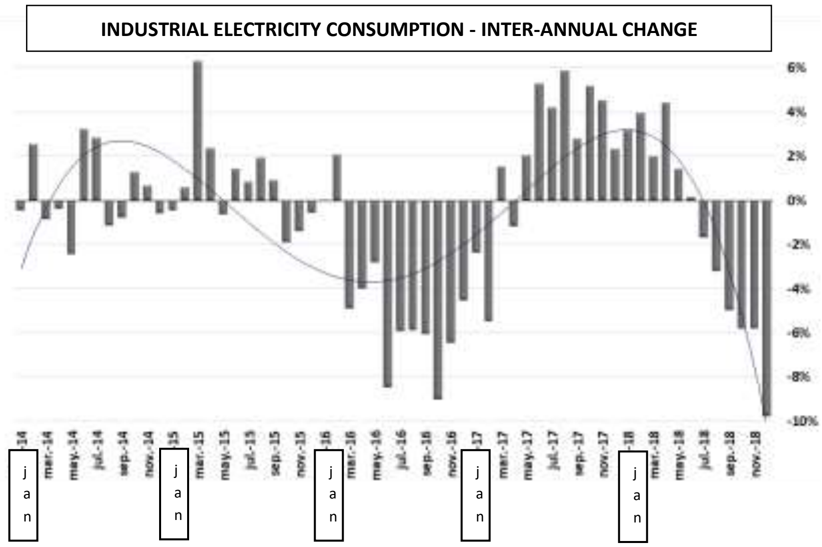
Gross energy demand -considering distribution and transmission losses, own consumption of thermal and nuclear power, and minor exports to Uruguay and Brazil- recorded a slight 0.5% increase in 2018, after a -2.4% fall in 2017. In 2017, due to the 2.8% economic expansion during the year, electricity demand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



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

The commercial electricity demand segment – which in the new classification of CAMMESA we understand includes Public Lightning and small industries - grew 3.2% in 2016 compared with 2015, higher than 0.2% in 2014, and lower than 3.8% in 2015. In 2017, this segment decreased by -0.4% and in 2018 a further -0.2%. The electricity tariff adjustments implemented in February 2016, followed by adjustments to natural gas in April 2016, may partly affect the demand of consumers.

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



The increasing electricity demand since 2000 has led to a greater need for fuel supply for dispatches to the thermal power generating plant. The demand for power at specific hours affected the available power generating plant to meet the maximum demand during winter night hours, or summer afternoon hours. To minimize the risk of untimely cutoffs to the residential and commercial segment, the previous Government resorted to electricity supply cutoffs previously agreed upon with large industries, as in the winters of 2010 and 2011– without reaching the extraordinary levels of the 2007 winter– which were not required in 2012. In 2013, reductions in industrial demand were necessary, mainly in December, to meet residential and commercial demand, as in January 2014. Neither in the 2015 summer nor in winter this year significant restrictions were to be applied to industrial consumers to meet residential/commercial electricity demand, despite 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 2018

3.1 Electricity

Modesto Maranzana Power Plant:

One of the main objectives of GMSA in 2018 was to renew contracts with large Users in the Forward Market. This was achieved by translating actual costs of fuel, operation and maintenance into prices plus a reasonable margin.

In compliance with the WEM Supply Contract executed with CAMMESA as per ES Resolution 220 / 2007 for 45 MW of the gas turbine unit 05, the availability targets stipulated in the contract were fulfilled, thus avoiding penalty charges due to significant unavailability events during the year.

The combined cycle fulfilled the availability targets agreed upon in the declaration of power established by ES Resolution 19/2017, thus maximizing remuneration per power. This was due, among other things, to the preventive work done and detailed in point 3. Towards the end of 2018, as a result of Resolution 70/2018, combined cycle started to record greater electricity dispatch.

The combined cycle availability was 93%. The open cycle MMARTG03 and MMARTG04 units recorded average annual availability of 88%. The availability of MMARTG05 unit was 96% and of MMARTG06 and MMARTG07 units was 94%, resulting in an annual average of 95%, the same level recorded in 2017.

Independencia Power Plant

In 2017, GT01 and GT02 units at the Independencia Power Plant operated normally, meeting the availability targets committed in the Supply Agreement under Resolution 220/2007. Therefore, no penalties were imposed for significant unavailability during the year.

The new units installed within the framework of Resolution 21/2016, GT03 and GT04, reached an annual availability average of 97%, and complied with the power agreed upon in the Contract for Wholesale Demand.

Lastly, the energy generated in 2018 by unit was 152,076 MWh.

Riojana Power Plant

In 2018, it had an average plant availability of 98%.

Since the addition of the new unit, the energy generated amounted to 23,439 MWh.

La Banda Power Plant

In 2018, the availability targets were met, achieving full remuneration for Fixed Cost power. The Plant had average plant availability of 99%.

Frías Power Plant

In 2018, the Frías Power Plant reached average availability of 95%, achieving full remuneration per power envisaged in the Contract for Demand. The Power Plant recorded generated power amounting to 198,822 MWh.

Ezeiza Power Plant

Since the beginning of its operation in October 2017, the availability of both units was of 98%, which easily allowed fulfilling the availability agreed upon in the Contracts for Demand signed within the framework of Resolution 21/2016.

Energy generated in 2018 amounted to 101,588 MWh.

3.2 Maintenance

Modesto Maranzana Power Plant

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

The minor predictive and preventive maintenance tasks scheduled were carried out during the year at the GU 03, 04 and 05 – PWPS Turbines, as recommended in the Manufacturer's manual as per hours run.

Further, the parts/spare parts for the new GU06 and 07, authorized to operate as from July 2017, acquired in view of the LTSA contract signed in 2017 with the SIEMENS manufacturer were received.

Independencia Power Plant

The objective of the maintenance tasks carried out during the year was to maintain the availability of the generating units. The maintenance plan comprised all the units and ancillary equipment.

The minor predictive and preventive maintenance tasks scheduled were carried out during the year at the GU 01 and 02 – PWPS Turbines, as recommended in the Manufacturer's manual as per hours run.

Maintenance and conservation routines and plans were implemented at the premises and water treatment plant, and the liquid fuel system was extended as part of the plant ancillary services; the installation of a Diesel centrifuge purifier and the new pipeline will allow increasing the availability of this fuel during winter.

Further, the parts/spare parts for the new GU03 and 04, authorized to operate as from August 2017, acquired in view of the LTSA contract signed in 2017 with the SIEMENS manufacturer were received.

Riojana Power Plant

The objective of the maintenance tasks carried out during the year was to maintain the availability of the generating units. The maintenance plan comprised the generating units as well as ancillary equipment.

The minor predictive and preventive maintenance tasks scheduled were carried out during the year at the GU 21, 22 and 23, as recommended in the Manufacturer's manual as per hours run.
The new gas plant became operative, and it will allow increasing the availability of this fuel during winter.

Quarterly maintenance tasks were carried out as recommended by the manufacturer at the GU24 – SIEMENS STG800. Further, the parts/spare parts for the new GU24 acquired in view of the LTSA contract signed in 2017 with the SIEMENS manufacturer were received.

La Banda Power Plant

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

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

The minor predictive and preventive maintenance tasks scheduled were carried out during the year at the GU 21, and 22, as recommended in the Manufacturer's manual and the good practices of the profession.

Ezeiza Power Plant

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

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

Further, the parts/spare parts for the units authorized to operate as from August 2017 and January 2018, acquired in view of the LTSA contract signed in 2017 with the SIEMENS manufacturer were received.

3.2 Environmental management

Corporate Environmental Management System

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

ISO 14001:2015 certification is corporate and covers the rest of the operating plants of Grupo Albanesi (Generación Rosario S.A., Central Térmica Roca S.A, Albanesi Energía S.A. Central Térmica Cogeneración Timbúes and Generación Mediterránea S.A. Thermal Power Plants: La Rioja, Independencia, La Banda, Frías and Ezeiza).

This shared system enables the execution of unified and coordinated procedures in all power plants, sharing criteria for addressing environmental aspects of the business, significant assessments and operational controls adopted in response to those matters. Supported by standardized documentation and implemented within a work framework based on joint and cooperative performance between the parties, sustained growth has been achieved over time, subject to regular performance reviews and ongoing improvement processes.

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

- Environmental awareness and the involvement of the personnel in the fulfillment of the objectives set.
- 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.

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

3.3 Human Resources

Human Capital management

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

Below we describe the main actions for the year by activity.

Structure of the organization

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

Employment opportunities

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

Compensation and benefits

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

The market practice monitored twice a year is still in place through general market surveys with specific cut-offs for the sector.

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

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

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

Training and development

The "Program for the Development of Leadership Skills" was launched to reinforce Human Capital management capabilities consisting of 10 modules, 8 hours each, bimonthly, where our managers address issues, such as effective communication, leadership, teamwork, and time management. In the transition from one module to another, managers have the possibility of attending coaching sessions with trainers, and thus apply the contents learned during the training to real situations while performing their duties.

This program will be available throughout 2019.

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

Internal communication and HR information systems

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

Work relations

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

Ratifying our decision of working on the Sustainable Development Goal No. 4 defined by the UN, in 2018 we launched our Sustainable Development Policy that includes 3 axes integrating all the actions we have been taken so far in the past years.

AXIS 1. Actions with the third sector aimed at developing skills for getting good employment opportunities.

AXIS 2. Actions with formal education institutions aimed at encouraging work habits and discovering the workplace environment through the coordination of contents.

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

3.4 Systems and Communications

During 2018, 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.

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

The projects and objectives achieved during 2018 are summarized below:

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

As a goal for 2019, the Systems and Information Technology Management will continue with the investment processes aimed at improving productivity and the efficiency of existing processes, as well as adding innovative technologies, thus allowing to continue with the process to improve the actions focused on ensuring security, confidentiality, completeness and availability of the information.

Some of the projects for 2019 include:

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

3.5 Integrity Program

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

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

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

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

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

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

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

3.6 **Financial Position**

In the fiscal year 2018, GMSA was aimed at improving the financial profile, extending financing terms and reducing the indebtedness cost, thus ensuring the need for funds to invest in the enlargement of the capacity and the correct operation of the power plants.

Foreign exchange hedging was done during the year for the payment of interest on the International Bonds made on January 27, 2019.

The bank and financial debt of the Company at December 31, 2018 was broken down as follows:

	Principal	Balances at 12.31.2018	Interest rate	Currency	Date of issue	Maturity date
		(Pesos)	(%)			
Loan agreement						
Cargill	USD 25,000,000	989,462,315	LIBOR + 4.25%	USD	February 16, 2018	January 29, 2021
Subtotal		**989,462,315**				
Debt securities						
International NO	USD 266,000,000	10,453,984,952	9,625%	USD	July 27, 2016	July 27, 2023
Class VI NO	USD 34,696,397	1,316,624,472	8.0%	USD	February 16, 2017	February 16, 2020
Class VII NO	$ 221,494,805	254,450,748	BADLAR + 4%	ARS	February 16, 2017	February 16, 2019
Class VIII NO	$ 312,884,660	377,847,266	BADLAR + 5%	ARS	August 28, 2017	August 28, 2021
Class I NO co-issuance	USD 20,000,000	763,673,167	6.68%	USD	October 11, 2017	October 11, 2020
Subtotal		**13,166,580,605**				
Syndicated						
ICBC / Hipotecario / Citibank	USD 26,000,000	980,975,782	10.50%	USD	December 27, 2018	December 31, 2019
Subtotal		**980,975,782**				
Other liabilities						
CAMMESA		6,072,034				
Chubut loan	USD 1,000,000	37,732,536	10.50%	USD	December 28, 2018	December 28, 2019
Chubut loan	USD 1,673,786	63,574,380	10.50%	USD	October 30, 2018	May 1, 2019
Supervielle Loan	USD 2,507,639	94,237,895	9.50%	USD	November 13, 2018	May 9, 2019
Macro loan	USD 5,000,000	192,946,534	7.00%	USD	August 30, 2018	January 2, 2019
Financial lease		93,282,656				
Subtotal		**487,846,035**				
Total financial debt		**15,624,864,737**				

<u>Brief description of the activities of the issuing company, including references to relevant situations subsequent to year end</u>:

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

	Fiscal year ended December 31:			
	2018	**2017**	**Variation**	**Variation %**
Sales by type of market	GWh			
Sales of Electricity Res. 95/529/482/22/19 plus Spot	537	664	(127)	(19%)
Sales under Energía Plus	673	744	(71)	(10%)
Sales to CAMMESA Res. No. 220	162	536	(374)	(70%)
Sale of Electricity Res. No 21	193	25	168	672%
Total	**1,565**	**1,969**	**(404)**	**(21%)**

Sales by type of market (in millions of pesos):

	Fiscal year ended December 31:			
	2018	**2017**	**Variation**	**Variation %**
	(in millions of pesos)			
Sales by type of market				
Sales of Electricity Res. 95/529/482/22/19 plus Spot	3,018.3	1,978.0	1,040.3	53%
Sales under Energía Plus	1,716.4	1,554.1	162.3	10%
Sales to CAMMESA Res. No. 220	584.2	447.6	136.6	31%
Sale of Electricity Res. No 21	1,682.0	269.9	1,412.1	523%
Total	**7,000.9**	**4,249.6**	**2,751.3**	**65%**

Income/loss for the year ended December 31, 2018 and 2017 (in millions of pesos):

	Fiscal year ended December 31:			
	2018	**2017**	**Variation**	**Variation %**
Sales of energy	7,000.9	4,249.6	2,751.3	65%
Net sales	**7,000.9**	**4,249.6**	**2,751.3**	**65%**
Purchase of electricity	(1,270.0)	(1,297.9)	27.9	(2%)
Gas and diesel consumption by the plant	(368.2)	(230.1)	(138.1)	60%
Salaries, social security charges and employee benefits	(191.4)	(176.6)	(14.8)	8%
Defined benefit plan	(13.9)	-	(13.9)	100%
Maintenance services	(455.8)	(286.0)	(169.8)	59%
Depreciation of property, plant and equipment	(901.3)	(444.3)	(457.0)	103%
Insurance	(48.3)	(42.7)	(5.6)	13%
Taxes, rates and contributions	(18.0)	(27.0)	9.0	(33%)
Others	(27.0)	(26.1)	(0.9)	3%
Cost of sales	**(3,294.0)**	**(2,530.7)**	**(763.3)**	**30%**
Gross income/(loss)	**3,707.0**	**1,718.9**	**1,988.1**	**116%**
Taxes, rates and contributions	(4.7)	(2.1)	(2.6)	124%
(Loss) Recovery of turnover tax	(21.5)	34.9	(56.4)	(162%)
Selling expenses	**(26.2)**	**32.8**	**(59.0)**	**(180%)**
Salaries, social security charges and employee benefits	(0.5)	(0.1)	0.4	400%
Fees and compensation for services	(138.5)	(62.1)	(76.4)	123%
Director´s fees	(0.3)	(22.7)	22.4	(99%)
Per diem, travel and representation expenses	(4.7)	(2.7)	(2.0)	0.74%
Leases	(6.1)	(6.7)	0.6	(9%)
Office expenses	(3.9)	(6.0)	2.1	(35%)
Donations	-	(1.9)	1.9	(100%)
Others	(6.2)	(6.2)	-	0%
Administrative expenses	**(160.1)**	**(108.4)**	**(51.7)**	**48%**
Other income	3.6	24.3	(20.7)	(85%)
Other expenses	(283.3)	-	(283.3)	100%
Operating income/(loss)	**3,240.9**	**1,667.5**	**1,573.4**	**94%**
Commercial interest earned	60.3	54.6	5.7	10%
Loan interest	(1,406.9)	(453.3)	(953.6)	210%
Tax and commercial interest paid	(37.1)	(71.4)	34.3	(48%)
Bank expenses and commissions	(13.5)	(5.5)	(8.0)	145%
Exchange differences, net	(11,137.6)	(460.1)	(10,677.5)	2,321%
RECPPC	5,610.9	1,206.9	4,404.0	365%
Depreciation of property, plant and equipment	2,145.2	(2,145.2)	4,290.4	(200%)
Other financial results	483.7	(68.5)	(552.2)	(806%)
Financial and holding results, net	**(4,295.0)**	**(1,942.5)**	**(2,353.5)**	**121%**
Profit/(loss) before tax	**(1,054.1)**	**(274.9)**	**(779.2)**	**283%**
Income tax	218.5	519.7	(301.2)	(58%)
Income/ (loss) for the year	**(835.5)**	**244.8**	**(1,080.3)**	**(441%)**
	2018	**2017**	**Variation**	**Variation %**
Other Comprehensive Income for the year				
Benefit plan	(1.1)	-	(1.1)	100%
Revaluation of property, plant and equipment of subsidiaries	4,584.3	-	4,584.3	100%
Impact on income tax	(1,145.8)	-	(1,145.8)	100%
Other comprehensive income for the year	**3,437.4**	**-**	**3,437.4**	**100%**
Total comprehensive income for the year	**2,601.8**	**244.8**	**2,357.0**	**963%**

Sales:

Net sales for the year ended December 31, 2018 amounted to $ 7,000.9 million, compared with $ 4,249.6 million for fiscal year 2017, showing an increase of $ 2,751.3 million (or 65%).

During the year ended December 31, 2018 energy dispatch reached 1,565 GWh, 21% lower than the 1,969 GWh in the year 2017.

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

(i) $1,716.4 million from sales under Energía Plus, up 10% from the $1,554.1 million sold in 2017. This variation is attributed to the favorable effect on prices due to a higher exchange rate.

(ii) $3,018.3 million for sales of electricity in the forward market to CAMMESA under the framework of Resolution No. No. 220/07, which accounted for an increase of 53% compared with $1,978 million for 2017. This variation is explained by the increase in prices due to a higher exchange rate, and an increase in sales volumes due to the start-up of the new turbines.

(iii) $584.2 million for sales of energy under Resolutions Nos. 95/529/482/22/19 and spot market, accounting for a 31% increase compared with $447.6 million for fiscal year 2017. This variation is attributed to the management of surplus volumes of electricity generation carried out by CAMMESA

(iv) $1,682.0 million for sales of energy under Resolution No. 21, accounting for a 523% increase. This variation is explained by the start-up of new turbines in fiscal 2017.

<u>Cost of sales:</u>

The total cost of sales for the year ended December 31, 2018 reached $ 3,294.0 million, compared with $ 2,530.7 million for fiscal year 2017, reflecting an increase of $ 763.3 million (or 30%).

Below is a description of the main costs of sales of the Company, in millions of pesos, and their performance during the year, compared with the previous fiscal year:

(i) $1,270 million from purchases of electricity, which accounted for a 2% drop compared with $1,297.9 million for fiscal year 2017, due to lower sales of GWh under Energía Plus.

(ii) $368.2 million for gas and gasoil consumption cost at the plant, accounting for an increase of 60% as against $230.1 million in fiscal 2017.

(iii) $455.80 million for maintenance services, a raise of 59% compared with $286 million in fiscal 2017. This increase is explained by the higher dollar exchange rate and the start-up of the new turbines.

(iv) Depreciation of property, plant and equipment of $901.3 million, which accounted for a 103% increase with regard to $444.3 million in fiscal year 2017. This variation resulted mainly from the higher depreciation value under the buildings, facilities and machinery captions due to their revaluation in 2018 and 2017.

(v) $191.4 million in salaries, wages and social security contributions, which accounted for an increase of 8% compared with $176.6 million in fiscal year 2017. This increase was mainly attributable to higher salaries and new hires.

(vi) $48.3 million in insurance, a 13% rise compared with $42.7 million in 2017 as a result of the exchange rate variation and the start-up of new turbines.

Gross profit/(loss):

Gross income recorded for the year ended December 31, 2018 was $3,707.0 million, compared with a profit of $1,718.9 million for the year 2017, accounting for a 116% increase. This was attributable to the exchange rate variation and the start-up of the new turbines.

Selling expenses:

Selling expenses for the year ended December 31, 2018 amounted to $26.2 million, compared with $32.8 million profit for fiscal year 2017, accounting for a variation of $59.0 million (or 180%).

Administrative expenses:

The administrative expenses for the year ended December 31, 2018 amounted to $160.1 million, compared with $108.4 million in fiscal year 2017, reflecting an increase of $51.8 million (or 48%).

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

(i) $138.5 million in fees and compensation for services, an increase of 123% compared with $62.1 million in the previous year.

(ii) $6.1 million in rental costs, which accounted for a decrease of 9% compared with $6.7 million in the previous year.

Operating profit/(loss):

Operating income for the year ended December 31, 2018 was $3,240.9 million, compared with a profit of $1,667.6 million for the year 2017, accounting for a 94% increase.

Financial results:

Financial results for the fiscal year ended December 31, 2018 amounted to a total loss of $4,295.0 million, compared with a loss of $1,942.5 million for the year 2017, which accounted for an increase of 121%.

The most salient aspects of this variation are as follows:

(i) $1,406.9 million loss corresponding to financial interest, an increase of 210% compared with $453.3 million loss in fiscal year 2017, as a result of an increase in the financial debt generated by investment projects.

(ii) $483.7 million gain generated by other financial results, compared with $68.5 million loss in fiscal year 2017.

(iii) $11,137.6 million loss due to net exchange differences, reflecting an increase of 2,321% compared with $460.1 million loss in the previous fiscal year.

(iv) $5,610.9 million gain for RECPAM, accounting for an increase of 365% compared with $1,206.9 million gain in the previous fiscal year.

Profit/(loss) before tax:

The Company reported loss before tax for $1,054.1 million for the fiscal year ended December 31, 2018, which accounted for a 283% increase compared with the loss of $274.9 million in the previous fiscal year.

Income tax determined for the current year amounted to $218.5 million, compared with $519.7 million in the previous fiscal year.

Net income/(loss):

The net loss for the year ended December 31, 2018 was $835.5 million, compared with a gain of $244.8 million in fiscal year 2017, accounting for a decrease of 441%.

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

	12.31.2018	12.31.2017
Non-current Assets	24,144.3	16,044.2
Current Assets	3,841.4	3,236.2
Total Assets	**27,985.7**	**19,280.4**
Shareholders' equity	6,543.6	3,941.8
Total Shareholders' equity	**6,543.6**	**3,941.8**
Non-Current Liabilities	16,327.9	12,045.4
Current Liabilities	5,114.1	3,293.1
Total Liabilities	**21,442.0**	**15,338.5**
Total Liabilities and Shareholders' equity	**27,985.7**	**19,280.3**

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

	12.31.2018	12.31.2017
Ordinary operating income	3,240.9	1,667.6
Financial and holding results	(4,295.0)	(1,942.5)
Ordinary net income/(loss)	**(1,054.1)**	**(274.9)**
Income tax	218.5	519.7
Net income/(loss)	**(835.5)**	**244.8**
Other comprehensive income	3,437.4	-
Total comprehensive income	**2,601.8**	**244.8**

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

	12.31.2018	12.31.2017
Cash flows provided by operating activities	2,550.0	3,671.0
Cash flows (used in) investment activities	(1,967.8)	(6,319.8)
Cash flows (used in) provided by financing activities	(485.6)	1,872.4
Increase/(Decrease) in cash and cash equivalents	**96.7**	**(776.4)**

5. Ratios compared with the previous year:

	12.31. 18	12.31. 17
Liquidity (1)	0.75	0.98
Solvency (2)	0.31	0.26
Tied-up capital (3)	0.86	0.83
Indebtedness ratio (4)	3.53	5.08
Interest coverage ratio (5)	3.12	4.60
Profitability (6)	(0.16)	0.07

(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 year (not including Other comprehensive income) / total net equity

(**) Figure not covered by the audit report.

6. Brief comment on the outlook for fiscal year 2019

Commercial and operating sector

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

Financial condition

In the current year, the Company has the objective of improving the financing structure to complete the projects described, as well as enhancing the financing structure and ensuring the progress of investment works according to the budgeted schedules.

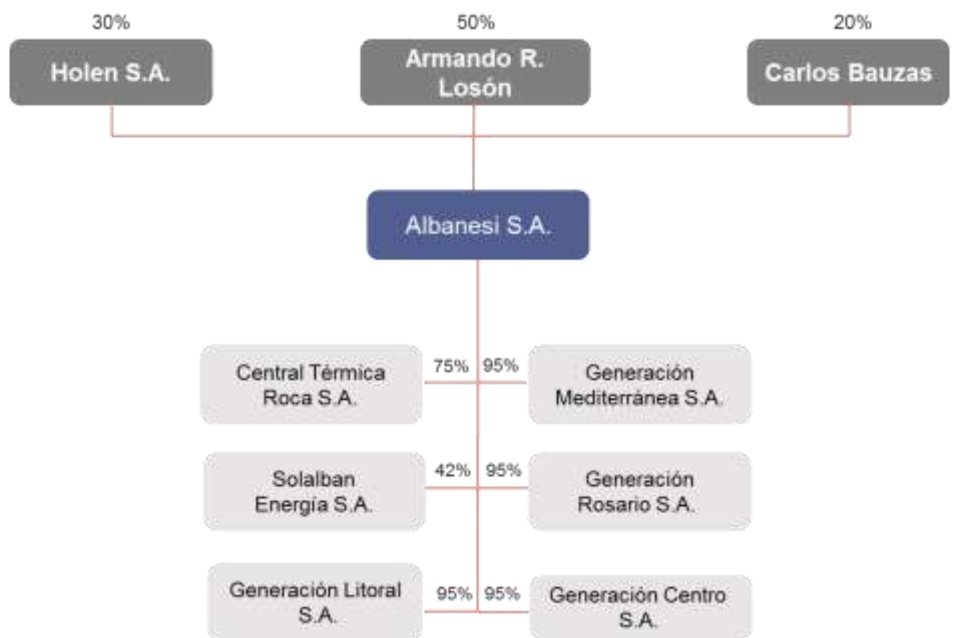
3.8 Statement of income in historical pesos

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

	12.31.2018
Sales revenue	5,872,093,764
Cost of sales	(2,710,757,209)
Gross income/(loss)	**3,161,336,555**
Selling expenses	(23,318,415)
Administrative expenses	(133,501,077)
Other income	3,106,756
Other expenses	(222,536,212)
Operating profit/(loss)	**2,785,087,607**
Financial income	193,745,351
Financial expenses	(1,344,174,217)
Other financial results	(8,573,868,888)
Financial results, net	**(9,724,297,754)**
Profit/(loss) before taxes	**(6,939,210,147)**
Income tax	1,716,840,885
Loss for the year	**(5,222,369,262)**
Benefit plans	(1,128,795)
Revaluation of property, plant and equipment	9,978,341,552
Impact on income tax	(2,494,303,189)
Other comprehensive income for the year	**7,482,909,568**
Total comprehensive income for the year	**2,260,540,306**
Loss per share	
Basic and diluted loss per share	(37.7961)

4. CORPORATE STRUCTURE

The structure of the organization is shown in this table.



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

Share Capital

At December 31, 2018, the Company's capital was made up of 138,172,150 ordinary, non-endorsable, book-entry shares of $1 par value each, and entitled to 1 vote per share, distributed as follows:

- Albanesi S.A. 95% (13,1263,542 shares)
- Armando Roberto Losón 3.7616% (5,197,434 shares)
- Holen S.A. 0.2384% (329,452 shares)
- Carlos Alfredo Bauzas 1% (1,381,722 shares)

Organization of the decision-making process

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

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

Remuneration of the Board of Directors

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 2019

5.1 Outlook for the Electricity Generation Market

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

Subsequent bids for renewable energies will contribute a nominal power of 2,400 MW in the coming years. Also, there is investor interest in the incorporation of new large scale projects in a potential bidding process to be carried out by the Government following the reception of Expressions of Interest from potential investors under the recent Resolution 421/2016.

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

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

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

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

The outlook for business operations is favorable for modern thermal generators located in regions with a high growth in demand, since their units will receive increasing dispatch requirements. It is likely that the drop in international prices of energy products, which narrow the gap between the cost of the electricity system and the income received from different consumers once the Government implements tariff adjustments, modify the current fuel supply by CAMMESA to encourage generators to seek their own sources of fuel supply and may execute spot contracts with industrial consumers and, eventually, with distributors.

The outlook for the Energy Sector is a gradual improvement after fulfilling the agreed-upon business conditions, even under the unfavorable situation faced in 2018 with decreasing fuel imports.

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

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

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

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

5.2 Company Outlook for Fiscal Year 2019

Electric power

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

Financial Position

In the current year, the Company has the objective of ensuring financing to make progress with the investment works described according to the budgeted schedules.

6. DISTRIBUTION OF PROFITS

In Compliance with the prevailing legal provisions, the Board of Directors of the Company states that the loss for the year amounts to $835,539,309. Since there are no accumulated losses and the Company does not fall with the scope of section 206 of Law No. 19550 on mandatory capital reduction, the Board of Directors proposes that accumulated losses be carried forward to the next fiscal year.

7. ACKNOWLEDGEMENTS

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

City of Buenos Aires, March 8, 2019

THE BOARD OF DIRECTORS

Generación Mediterránea S.A.

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

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

	Compliance		Noncompliance -- (1)	Report (2) or Explain (3)
	Total(1)	Partial(1)		
PRINCIPLE I. MAKE CLEAR THE RELATIONSHIP BETWEEN THE ISSUER, THE ECONOMIC GROUP THAT THE ISSUER HEADS AND/OR FORMS PART OF AND ITS RELATED PARTIES.				
Recommendation I.1: Ensuring the disclosure by the Governing Body of the policies applicable to the relationship between the Issuer and the Economic Group that the Issuer heads and/or forms part of and its related parties.	X			The acts and contracts the Company may perform and execute with a related party for a significant amount are approved by the Board of Directors. Further, if there are acts or contracts with a related party for significant amounts, they are reported as a Major Event to the National Securities Commission (“CNV”) and to the Stock Exchanges and Mercados Argentinos S.A. (“BYMA”). All transactions between related parties are reported in the financial statements.
Recommendation I.2: Ensuring the existence of mechanisms that prevent conflicts of interest.		X		Conflicts of interests are resolved by a decision of the Board of Directors by majority vote, as set forth in the bylaws, and the Director that might be involved in the conflict abstains from voting. Notwithstanding the above, the Code of Ethics and Conduct approved by Minutes of the Board of Directors' Meeting dated August 16, 2018 includes provisions in that regard in its Section 16. It also establishes that they should be reported, for which purpose a Record of Conflicts of Interest has been created on the Company’s intranet.
Recommendation I.3: Preventing the improper use of proprietary information.		X		The Company has a Code of Ethics and Conduct approved by Minutes of the Board of Directors' Meeting dated August 16, 2018 whose Section 18, “Prohibition of the use and/or disclosure of relevant information”, forbids the use and/or disclosure of relevant and/or confidential information. That Code is published on the

				Company's website at http://www.albanesi.com.ar/programa-integridad.php
PRINCIPLE II. PROVIDE THE BASIS FOR A SOLID ADMINISTRATION AND SUPERVISION OF THE ISSUER				
Recommendation II. 1: Ensuring that the Governing Body assumes the administration and supervision of the Issuer and its strategic goals.				
II.1.1				
II.1.1.1	X			The Board of Directors approves the Company's general strategies and policies, entrusting the directors and managerial staff, where applicable, with the executive business management.
II.1.1.2	X			The Board of Directors approves the investment and financing policies.
II.1.1.3		X		The Code of Corporate Governance was approved by Minutes of the Board of Directors' Meeting dated April 25, 2016. In addition, the Company has a Code of Ethics and Conduct approved by the Minutes of the Board of Directors' Meeting dated August 16, 2018.
II.1.1.4		X		The management structure is defined based on the organization's operating needs and confirmed by the Human Resources Strategic Committee which meets on a weekly basis. Such committee is formed by the president, CFO, the Energy and Gas Directors and the HR Corporate Manager who define the HR policies and practices in the medium and long term. To ensure internal equity and external competitiveness, remuneration of senior members is monitored through general market surveys with specific cut-off by sector.
II.1.1.5	X			The Board of Directors approves the policies on the assignment of responsibilities to senior managers.
II.1.1.6		X		The Board of Directors approves the supervision of the succession plans for senior managers. In addition, in the framework of the formalization of internal procedures, the Company approved by Minutes of the Board of Directors' Meeting dated April 25, 2016 a HR Policies and Procedures Manual.
II.1.1.7		X		The aspects referred to social corporate

				responsibility were addressed in the HR Policies and Procedures Manual approved by Minutes of the Board of Directors' Meeting dated April 25, 2016. It should be noted that as set out by current regulations, the Annual Report on the Financial Statements includes the measures taken in relation to corporate social responsibility.
II.1.1.8		X		Although the Company does not have a written policy on comprehensive risk management, which is to be implemented in due course, the matters relating to this instance are currently submitted to the consideration of the Board of Directors. The Company has a Code of Ethics and Conduct approved by Minutes of the Board of Directors' Meeting dated August 16, 2018, as well as a line for reports, an Integrity Program and an Anti-corruption Policy. Further, the Company has a scheme for the segregation of duties and approval of critical transactions.
II.1.1.9		X		Bearing in mind the professional qualities of the persons who have been or are members of the Board of Directors, the Company has a continuous training program for the directors and managerial executives. As part of the Company's usual management, the Board of Directors adopts actions for general and/or specific training and update according to the specific needs that may arise in the exercise of their functions and responsibilities under their charge.
II.1.2				There are no further policies implemented.
II.1.3		X		Although the Company does not have a specific policy, the Company has several mechanisms to provide information to its Directors and Managers well in advance, to keep them informed at the time of decision-making. These mechanisms basically include the drafting of the following reports in charge of the respective management divisions: i) report on operations, maintenance, the environment and safety of the plant, which is an integral part of the integrated management system adopted by the Company, and which details all the relevant events linked to the plant's activity; ii) monthly economic, financial and accounting reports, as well as reports on human resources, legal issues and information technology and systems. In addition, the Company worked on the establishment of regular procedures involving informative meetings on all

				these aspects to facilitate the Governing Body decision-making process. The Company will also continue evaluating the possibility of implementing the drafting of a formal policy establishing the procedures related to this issue.
II.1.4	X			For the different issues submitted to the consideration of the Board of Directors that in view of their magnitude require a specific analysis, presentations are made evaluating the different problems to be considered so that the level of risk to be assumed is acceptable to the Company. In addition, the Company worked on the establishment of regular procedures involving informative meetings on all the aspects mentioned above to facilitate the Governing Body decision-making process. The Company will also continue evaluating the possibility of implementing the drafting of a formal policy establishing the procedures related to this issue.
Recommendation II.2: Ensuring an effective corporate Management Control.				
II.2.1	X			The Board of Directors receives the monthly economic and financial report which shows the development of the budget and the business plan, and verifies compliance therewith based on information received.
II.2.2	X			Control by the Board of Directors is performed on a monthly basis. The relevant management division prepares the Operations, Maintenance, Environmental and Safety Report. It also prepares the Monthly Economic and Financial Report contemplating all the management aspects of the Issuer. There is a process in place for the assessment of senior managers and all employees; this assessment process is headed by the Human Rights Department and approved by the Board of Directors.
Recommendation II.3: Communicating the Governing Body's				

performance appraisal process and its impact.				
II.3.1	X			All members of the Board are fully in compliance with the provisions of the Company Bylaws regarding the Board membership and performance. The Company does not have Regulations on the Internal Functioning of the Board of Directors.
II.3.2	X			The Board of Directors prepares and issues the Annual Report jointly with the annual financial statements. These documents include sufficient information to assess the results obtained by the Board of Directors in the administration of the Company, considering the objectives originally proposed, and said information is considered by the Meeting of Shareholders when they deal with and resolve the issues contemplated in Section 234, sub-sections 1 and 2, of the General Companies Law, also taking into account all the information provided by the documents prepared for such purpose, as well as the additional reports that must be provided in compliance with applicable regulations on public offering and quotation of securities. The latest Meeting of Shareholders that dealt with this issue was held on Wednesday, April 18, 2018.
Recommendation II.4: The number of external and independent members in the Governing Body of the Issuer should be significant.				
II.4.1			X	On the basis of its ownership structure and as the Company does not make public offering of its shares, the Company does not consider it necessary to have independent Directors.
II.4.2			X	In conformity with the shareholders agreement entered into on April 26, 2012 and its amendment of March 30, 2015 between Armando R. Losón, Carlos Alfredo Bauzas and Holen S.A., the Board of Directors of GEMSA, a company belonging to Grupo Albanesi, must be composed of at least five (5) and a maximum of nine (9) regular directors. The Board of Directors of GEMSA, currently composed of nine members in conformity with the shareholders agreement, has been designated according to the following procedure: (i) seven (7) members were designated by Armando R.

				Losón, including the Chairman; (ii) one (1) member by Carlos Alfredo Bauzas; and (iii) one (1) member by Holen S.A. The shareholders agreement also sets out the number of directors that each shareholder must designate when the Board of Directors of GEMSA is composed of a higher or lower number of directors, and those proportions should be respected also in the case of the designation of deputy directors.
Recommendation II.5: Requiring the existence of regulations and procedures intended to select and propose members of the Governing Body and senior management of the Issuer.				
II.5.1			X	Based on its current structure, the Company does not deem necessary to have an Appointments Committee.
II.5.1.1			X	Not applicable
II.5.1.2			X	Not applicable
II.5.1.3			X	Not applicable
II.5.1.4			X	Not applicable
II.5.1.5			X	Not applicable
II.5.2			X	Not applicable
II.5.2.1.			X	Not applicable
II.5.2.2			X	Not applicable
II.5.2.3			X	Not applicable
II.5.2.4			X	Not applicable
II.5.2.5			X	Not applicable
II.5.2.6			X	Not applicable
II.5.2.7			X	Not applicable
II.5.3			X	Not applicable
Recommendation II.6: Evaluating the convenience that the members of the Governing Body and/or syndics and/or members of the surveillance committee perform functions at several Issuers.			X	The Company does not set limits on the participation of the governing body and/or surveillance committee members in bodies of other issuers.
Recommendation II.7: Ensuring training and career development for the members of the Governing Body and the senior management of the Issuer.				
II.7.1		X		The "Program for the Development of Leadership Skills" was launched to reinforce Human Capital management capabilities consisting of 10 modules, 8

				hours each, bimonthly, where our managers address issues, such as effective communication, leadership, teamwork, and time management. In the transition from one module to another, managers have the possibility of attending coaching sessions with trainers, and thus apply the contents learned during the training to real situations while performing their duties. This program will be available throughout 2019.
II.7.2	X			The Issuer recommends and encourages the ongoing training of its members through financing and the enrollment in training and refresher courses at universities and/or specific entities. Technical skills continued to be developed to ensure staff performance in view of the technological changes associated to the work positions, as well as their contents.
PRINCIPLE III. ENDORSE AN EFFECTIVE POLICY TO IDENTIFY, MEASURE, MANAGE AND COMMUNICATE CORPORATE RISK				
Recommendation III: The Governing Body must have a comprehensive corporate risk management policy and monitor its correct implementation.				
III.1	X			The Issuer has a CORPORATE ENVIRONMENTAL MANAGEMENT SYSTEM in conformity with ISO 14001:2015 Standard, covering all necessary issues for comprehensive management of the environmental risks. The Environmental Management System establishes procedures and controls compliance through periodic audits to verify that management tasks are being performed. The Issuer has programs relating to security, predictive and preventive maintenance to ensure proper management of the issues mentioned above. The Modesto Maranzana Power Plant is ISO 9001:2015 (Quality Management System) and OHSAS 18001:2007 (Occupational Health and Safety Management) certified. In addition, the Board of Directors addresses all risk management issues.
III.2		X		In view of its functioning and control over this matter, the Company does not consider it necessary to have a Risk Management Committee. The main risk factors of the activity are related to maintenance, hygiene, safety and the

				environment; the Environmental Management System establishes the necessary measures to prevent and, as the case may be, mitigate those risks. Performance results are evaluated by the Board of Directors, with the participation of the Plant Management. In addition, the Board of Directors addresses all risk management issues.
III.3	X			The Company has an area in particular that is dedicated to the administration of the Environmental Management System. In addition, the Issuer has specific areas for maintenance, environment and safety reporting to the Plant Management. In addition, the Board of Directors addresses all risk management issues.
III.4		X		The documentation for the Environmental Management System (planning, procedures, records) is defined by the area that administers the Environmental Management System. Its approval is the responsibility of the Management. The Environmental Management System is audited on an annual basis by entities authorized to re-validate its certification. At that moment, compliance with the procedures and the records supporting follow-up of the previously scheduled activities are controlled. The Electricity Regulatory Authority (ENRE) performs environmental audits periodically, verifying compliance with the Environmental Planning (EP) presented as required by regulations in effect for all power plants in the Wholesale Electric Market (WEM). In addition, the Board of Directors addresses all risk management issues.
III.5	X			This control is specifically mentioned in the Annual Report, with a detail of the different issues relating to the performance of control of the Company's comprehensive risk management. Likewise, the financial statements provide a detail of the points referred to the control of financial risks managed by the Company. In addition, the Board of Directors addresses all risk management issues.
PRINCIPLE IV. SAFEGUARD THE INTEGRITY OF FINANCIAL INFORMATION WITH INDEPENDENT AUDITS				
Recommendation IV: Guaranteeing				

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

				be noted that in the fiscal year 2018 all Shareholders' Meetings were unanimous, with shareholders representing 100% of capital in attendance, so it was not necessary to call for meetings under the terms of section 237 of Law 19550.
V.2.2			X	Although the Company does not have Regulations on the Internal Functioning of Shareholders' Meetings, the information to be considered by them is provided well in advance.
V.2.3	X			Minority shareholders have no restrictions on proposing matters to be dealt with at Shareholders' Meetings.
V.2.4			X	According to the Company's structure and considering that 100% of the shareholders are members of the Board of Directors, it is not deemed necessary to have a policy that encourages the participation of the shareholders in particular.
V.2.5			X	All Directors, before being proposed by the shareholders and further appointed, are committed to comply with the Code of Corporate Governance and the Code of Ethics and Conduct.
Recommendation V.3: Ensuring the principle of equality between share and vote.	X			The Company does not have different classes of shares. All of the shares that form part of capital are entitled to 1 vote per share.
Recommendation V.4: Establishing mechanisms to protect all shareholders from takeovers.	X			The Company does not make public offering of its shares.
Recommendation V.5: Encouraging the share dispersion of the Issuer.				It is not applicable because its shares are not publicly offered to investors and therefore are not listed for trading on the market.
Recommendation V.6: Ensuring that there is a transparent dividend policy.				
V.6.1		X		The Issuer does not have a specific policy for dividend distributions established by the bylaws and approved by the Shareholders' Meeting. It is established in article 19 of Bylaws that dividends must be paid in proportion to the shares paid up within the year in which dividends are approved. Evidence is left that the policy of Grupo Albanesi which permitted a significant growth in the last few years is the reinvestment of profits in the development of new projects.

V.6.2			X	The Company does not have specific procedures for the formulation of a proposal for allocation of retained earnings. Retained earnings are considered by the General Meeting of Shareholders held to deal with the annual financial statements, according to the parameters established by article 19 of Bylaws and Law No. 19550 and other related provisions, as regards the percentages of liquid profits for the year to be allocated to each account, and the treatment of losses, if any.
PRINCIPLE VI. MAINTAINING A DIRECT AND RESPONSIBLE RELATIONSHIP WITH THE COMMUNITY				
Recommendation VI: Disclosing to the community the matters related to the Issuer and providing a direct communications channel with the company.				
VI.1		X		The information concerning the Company merely consists of a general overview of the Company's business activities. In the website, the Company provides detailed information of the Issuer, as required by the CNV for each issuance of securities. The Company has developed a section within the website to include not only corporate information (by-laws, economic group, composition of the governing body, financial statements, annual report, among others) but also information important for users in general.
VI.2			X	Ratifying our decision of working on the Sustainable Development Goal No. 4 defined by the UN, in 2018 we launched our Sustainable Development Policy that includes 3 axes integrating all the actions we have been taken so far in the past years. AXIS 1. Actions with entities from the 3rd sector, aimed at developing competencies providing real work opportunities. AXIS 2 Actions with the formal education system, aimed at encouraging work culture and insights into the work environment through the articulation of contents. AXIS 3. Activity groups and training aimed at developing specialization skills to improve employment opportunities in job exchanges in each region.

PRINCIPLE VII. JUST AND RESPONSIBLE REMUNERATION				
Recommendation VII: Establishing clear remuneration policies for the members of the Governing Body and senior managers, with an emphasis on the limitations imposed under collective bargaining agreements or envisaged in the by-laws, on the existence or non-existence of profits.				
VII.1			X	Based on its usual operations, the Company does not deem necessary to form a Remunerations Committee.
VII.1.1			X	Not applicable
VII.1.2			X	Not applicable
VII.1.3			X	Not applicable
VII.1.4			X	Not applicable
VII.1.5			X	Not applicable
VII.2			X	Not applicable
VII.2.1			X	Not applicable
VII.2.2			X	Not applicable
VII.2.3			X	Not applicable
VII.2.4			X	Not applicable
VII.2.5			X	Not applicable
VII.2.6			X	Not applicable
VII.2.7			X	Not applicable
VII.3			X	Not applicable
VII.4		X		The creation of a compensation structure by salary levels was approved in the second half of 2018, which will be designed with an External Consultancy Firm. Led by Human Resources and with the participation of the line, the contents of work positions and their valuation will be defined to allow for the adequate payment practices in terms of internal equity and external competitiveness. The project was launched in November 2018 and a kick off meeting is expected for the second quarter of 2019. The Performance Management Program to assess the staff in terms of expected behavior and potential to support

				development of capabilities is maintained.
PRINCIPLE VIII. ENCOURAGE BUSINESS ETHICS				
Recommendation VIII: Ensuring ethical conduct at the Issuer.				
VIII.1		X		The Issuer has a Code of Ethics and Conduct approved by Board Meeting Minutes dated August 16, 2018 which establishes, among the main guidelines, performing daily activities with ethics and responsibly and the behaviors to be adopted in each case.
VIII.2		X		If there is any consultation about the Code of Ethics and Conduct as mentioned in point VIII.1, the immediate head should be initially contacted, then the HR Corporate Manager and lastly the Ethics Committee, following that order. However, in accordance with section 7. An “Ethics Line -Ethics Committee” was created for confidential reports which may be anonymous too. Section 8 describes how the possible violations of the Code, if any, will be investigated.
VIII.3		X		To receive and assess reports, Section 7 of the Code of Ethics and Conduct created a line for reports through the web page, by telephone or email which is confidential but, additionally, it may be anonymous and accessed by third parties. Those persons filing reports are protected against reprisals, and an internal investigation process led by the Ethics Committee is started, once the report for a possible violation of the Code is received.
PRINCIPLE IX: EXTEND THE SCOPE OF THE CODE				
Recommendation IX: Encouraging the incorporation of good governance practices in the by-laws.			X	The Company does not consider it necessary to include provisions related to good corporate governance practices in the wording of the Company Bylaws.

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Generación Mediterránea S.A.

Composition of the Board of Directors and Syndics' Committee

President
Armando Losón (h)

1st Vice President
Guillermo G. Brun

2nd Vice President
Julián P. Sarti

Full Directors
Carlos A. Bauzas
Sebastian A. Sánchez Ramos
Oscar C. De Luise
Roberto J. Volonté
Juan Carlos Collin
Jorge Hilario Schneider

Alternate Directors
José Leonel Sarti
Juan G. Daly
Maria de los Milagros D. Grande
Ricardo M. López
Romina S. Kelleyian

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

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

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Legal information

Company Name:	Generación Mediterránea S.A.
Legal address:	Av. L. N. Alem 855, Floor 14, City of Buenos Aires.
Main business activity:	Generation and sale of electric energy Development of energy projects, execution of projects, advisory services, provision of services, management, administration and performance of works of any kind. Investments and financial operations of any kind, except those established by Law No. 21526
Tax ID:	30-68243472-0
Date of registration with the Public Registry of Commerce:	
By-laws:	January 28, 1993
Latest amendment:	March 17, 2017
Registration with the Superintendency of Commercial Companies under number:	644 of Book 112, Volume A of Corporations
Expiration date of Company By-laws:	January 28, 2092
Parent company:	Albanesi S.A.
Legal address:	Av. L. N. Alem 855, Floor 14, City of Buenos Aires.
Main line of business of Parent Company:	Investment and financial activities
Percentage of equity interest held by Parent Company :	95%
Percentage of voting rights of Parent Company:	95%

CAPITAL STATUS (Note 13)	
Class of shares	**Subscribed, paid-in and registered**
	$
Ordinary, registered, non-endorsable shares of $1 par value each and entitled to 1 vote per share.	138,172,150

Generación Mediterránea S.A.

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Statement of Financial Position

At December 31, 2018, presented in comparative format

Stated in pesos

	Note	12.31.2018	12.31.2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	24,022,879,423	15,945,664,911
Investments in Companies		129,861	191,733
Other receivables	11	62,800,688	95,805,514
Trade receivables	10	58,450,284	2,508,132
Total non-current assets		**24,144,260,256**	**16,044,170,290**
CURRENT ASSETS			
Inventories	9	107,656,094	80,903,513
Other receivables	11	1,569,274,717	1,481,460,238
Other financial assets at fair value through profit or loss		252,359,000	14,220,416
Trade receivables	10	1,603,212,355	1,534,655,171
Cash and cash equivalents	12	308,911,000	124,930,766
Total current assets		**3,841,413,166**	**3,236,170,104**
Total Assets		**27,985,673,422**	**19,280,340,394**
EQUITY			
Share Capital	13	138,172,150	138,172,150
Capital Adjustment		733,468,255	733,468,255
Additional paid-in capital		795,936,792	795,936,792
Legal reserve		36,095,477	9,485,422
Optional reserve		600,909,432	95,318,397
Technical revaluation reserve		3,438,201,881	-
Special Reserve		2,350,398	2,350,398
Special Reserve GR No. 777/18		2,174,064,186	2,174,064,186
Other comprehensive income		(846,596)	-
Unappropriated retained earnings		(1,374,740,535)	(7,000,136)
TOTAL EQUITY		**6,543,611,440**	**3,941,795,464**
LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions	21	4,484,621	10,933,223
Deferred tax liabilities, net	20	2,113,222,577	1,185,961,704
Defined benefit plan	22	11,476,399	-
Loans	17	13,033,157,666	9,692,452,506
Trade payables	15	1,165,584,339	1,156,080,392
Total non-current liabilities		**16,327,925,602**	**12,045,427,825**
CURRENT LIABILITIES			
Other liabilities	16	947,716	226,789,780
Tax payables	19	12,321,000	29,444,158
Salaries and social security liabilities	18	45,714,188	16,571,986
Defined benefit plan	22	1,902,905	-
Loans	17	2,591,707,071	1,033,499,171
Trade payables	15	2,461,543,500	1,986,812,010
Total current liabilities		**5,114,136,380**	**3,293,117,105**
Total liabilities		**21,442,061,982**	**15,338,544,930**
Total liabilities and equity		**27,985,673,422**	**19,280,340,394**

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

Generación Mediterránea S.A.

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Statements of Comprehensive Income

For the fiscal years ended December 31, 2018 and 2017

Stated in pesos

	Note	12.31.2018	12.31.2017
Sales revenue	**23**	7,000,939,930	4,249,599,723
Cost of sales	**24**	(3,293,969,539)	(2,530,710,952)
Gross income/(loss)		**3,706,970,391**	**1,718,888,771**
Selling expenses	25	(26,177,241)	32,830,605
Administrative expenses	26	(160,126,673)	(108,365,713)
Other income	**27**	3,570,851	24,272,724
Other expenses	**28**	(283,300,316)	-
Operating income/(loss)		**3,240,937,012**	**1,667,626,387**
Financial income	**29**	219,604,055	96,916,647
Financial expenses	**29**	(1,616,800,851)	(572,546,348)
Other financial results	**29**	(2,897,803,747)	(1,466,896,523)
Financial results, net		**(4,295,000,543)**	**(1,942,526,224)**
Income/loss before tax		**(1,054,063,531)**	**(274,899,837)**
Income tax	20	218,524,222	519,700,444
(Loss) / income for the year		**(835,539,309)**	**244,800,607**
Benefit plan		(1,128,795)	-
Revaluation of property, plant and equipment		4,584,269,175	-
Impact on income tax		(1,145,785,095)	-
Other comprehensive income for the year		**3,437,355,285**	**-**
Total comprehensive income for the year		**2,601,815,976**	**244,800,607**
Earnings per share			
Basic and diluted (losses) / earnings per share	**30**	(6.0471)	1.7717

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

Generación Mediterránea S.A.

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Statement of Changes in Equity

For the fiscal years ended December 31, 2018 and 2017

Stated in pesos

	Share capital (Note 13)	Capital Adjustment	Additional paid-in capital	Legal reserve	Optional reserve	Special Reserve GR No. 777/18	Special Reserve	Technical revaluation reserve	Other comprehensive income for the year	Unappropriated retained earnings	Total equity
Balances at December 31, 2016	**125,654,080**	**702,021,854**	**205,470,759**	**9,155,545**	**89,050,721**	**2,174,064,186**	**2,350,398**	**-**	**-**	**-**	**3,307,767,543**
Addition due to merger through absorption at January 1, 2017	12,518,070	31,446,401	590,466,033	-	-	-	-	-	-	(245,203,190)	389,227,314
Shareholders' Meeting minutes of April 18, 2017											
- Setting up of legal reserve	-	-	-	329,877	-	-	-	-	-	(329,877)	-
- Setting up of optional reserve	-	-	-	-	6,267,676	-	-	-	-	(6,267,676)	-
Income for the year	-	-	-	-	-	-	-	-	-	244,800,607	244,800,607
Balances at December 31, 2017	**138,172,150**	**733,468,255**	**795,936,792**	**9,485,422**	**95,318,397**	**2,174,064,186**	**2,350,398**	**-**	**-**	**(7,000,136)**	**3,941,795,464**
Shareholders' Meeting minutes of April 18, 2018											
- Setting up of legal reserve	-	-	-	26,610,055	-	-	-	-	-	(26,610,055)	-
- Setting up of optional reserve	-	-	-	-	505,591,035	-	-	-	-	(505,591,035)	-
Other comprehensive income for the year	-	-	-	-	-	-	-	3,438,201,881	(846,596)	-	3,437,355,285
Loss for the year	-	-	-	-	-	-	-	-	-	(835,539,309)	(835,539,309)
Balances at December 31, 2018	**138,172,150**	**733,468,255**	**795,936,792**	**36,095,477**	**600,909,432**	**2,174,064,186**	**2,350,398**	**3,438,201,881**	**(846,596)**	**(1,374,740,535)**	**6,543,611,440**

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

Generación Mediterránea S.A.

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Statement of cash flows

For the fiscal years ended December 31, 2018 and 2017

Stated in pesos

Cash flow provided by operating activities:	Notes	12.31.2018	12.31.2017
(Loss) / income for the year			
Adjustments to arrive at net cash flows provided by operating activities:		(835,539,309)	244,800,607
Income tax		(218,524,222)	(519,700,444)
Accrued interest, net	**29**	1,383,671,136	470,113,638
Depreciation of property, plant and equipment	**7 and 24**	901,285,259	444,319,174
Proceeds from the sale of property, plant and equipment		-	(20,580,383)
Provision for directors' fees		315,030	22,707,281
Income/(Loss) from changes in the fair value of financial instruments (1)	**29**	(702,444,129)	(102,980,567)
(Decrease) in provision for contingencies	**21**	(2,920,448)	(2,554,974)
(Decrease) in provision for bad debts	**21**	-	(25,789)
Present value		49,163,567	(4,079,631)
Exchange differences, net	**29**	11,137,565,690	460,131,140
Employee benefit plans	**24**	13,862,753	-
RECPPC	**29**	(5,610,930,015)	(1,206,867,290)
Depreciation of property, plant and equipment	**29**	(2,145,174,484)	2,145,174,484
Changes in operating assets and liabilities:			
Decrease/ (Increase) in trade receivables		259,479,672	(99,393,376)
Decrease in other receivables (2)		555,740,209	53,263,215
(Increase) in inventories		(26,752,581)	(37,773,542)
(Decrease) / Increase in trade payables (3)		(1,978,653,209)	914,053,105
(Decrease)/Increase in other liabilities		(226,157,094)	199,010,150
Increase in salaries and social security liabilities		29,142,202	8,406,933
(Decrease) / Increase in tax payables		(32,043,573)	213,734,882
Net cash flow provided by operating activities		**2,549,957,659**	**3,181,758,613**
Cash flow provided by investing activities:			
Acquisition of property, plant and equipment (4)	**7**	(1,688,437,736)	(6,646,445,984)
Collection from the sale of property, plant and equipment		-	17,304,288
Payment of derivative instruments		-	(2,175,000)
Collection of financial instruments		261,128,179	29,224,783
(Subscription) Redemption of mutual funds, net		(24,262,990)	138,540,014
Addition of cash due to merger		-	159,425,303
Loans collected		65,409,582	-
Loans granted		(581,598,327)	(15,650,000)
Net cash flows used in investing activities		**(1,967,761,292)**	**(6,319,776,596)**
Cash flow from financing activities:			
Borrowings	**17**	5,026,357,581	9,852,052,279
Payment of loans	**17**	(4,097,391,013)	(6,438,363,739)
Payment of interest	**17**	(1,414,533,273)	(1,052,038,618)
Net cash flow (used in) provided by financing activities		**(485,566,705)**	**2,361,649,922**
NET INCREASE / (DECREASE) IN CASH		**96,629,662**	**(776,368,061)**
Cash and cash equivalents at the beginning of year		124,930,766	819,851,972
Financial results of cash and cash equivalents		33,078,476	79,215,544
RECPPC of cash and cash equivalents		54,272,096	2,231,311
Cash and cash equivalents at year end	**14**	308,911,000	124,930,766
		96,629,662	**(776,368,061)**

(1) Valuation difference corresponding to hedge contracts and Mutual Investment Funds.

(2) Includes payments to suppliers for the purchase of property, plant and equipment for $148,749,311 and $209,902,937 at December 31, 2018 and 2017, respectively.

(3) Includes commercial payments for works financing. See Note 37.

(4) Less cash expenditures due to conclusion of works.

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

Generación Mediterránea S.A.

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

Statements of Cash Flows (Cont'd)

For the fiscal years ended December 31, 2018 and 2017 Stated in pesos

	Notes	12.31.2018	12.31.2017
Material transactions not entailing changes in cash			
Acquisition of property, plant and equipment not yet paid	**7**	(4,125,930)	(3,940,049)
Increase in technical revaluation	**7**	(4,584,269,175)	-
Interest and exchange difference capitalized in property, plant and equipment	**7**	(530,811,640)	(1,394,799,694)
Loans granted		(445,388,476)	-
Loans to Directors, repaid		(19,994,649)	-
Advances to suppliers applied to the acquisition of property, plant and equipment	**7**	(25,680,806)	(891,719,090)
Addition of property, plant and equipment due to merger		-	1,305,532,667
Addition of trade receivables due to merger		-	110,913,573
Addition of other receivables due to merger		-	101,266,430
Addition of loans due to merger		-	(16,726,945)
Addition of trade payables due to merger		-	(380,686,608)
Addition of loans due to merger		-	(781,768,703)
Addition of salaries and social security liabilities due to merger		-	(1,258,577)
Addition of tax payables due to merger		-	(107,469,825)
Assignment of receivables with Directors to GROSA		-	20,785,080
Issuance of Negotiable Obligations paid up in kind	**17**	-	489,219,349
Assignment of ASA credit rights in guarantee		-	3,547,468

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

NOTE 1: GENERAL INFORMATION

GMSA is a company engaged in the conventional thermal power generation and is controlled by Albanesi S.A., an investing and financing company, which holds 95% of its capital and votes.

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

Albanesi Group 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 375 MW with all the new projects awarded and currently under way.

Central Térmica Modesto Maranzana

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

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

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

On March 28, 2016, GMSA signed an agreement with Siemens Industrial Turbomachinery AB for CTMM for the provision and assembly of two Siemens SGT-800 turbines of 50MW nominal each. This enlargement was made under an agreement signed pursuant to a Resolution of the Energy Secretariat No. 220/07. On July 6, 2017, the two Siemens SGT-800 turbines were put into commercial operation in the WEM. Thus, the installed capacity of the Power Plant increased from 250 MW to 350 MW.

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

GMSA participated as bidder and was awarded two projects for the closure phase in combined cycle power plants under EES Resolution 926 - E/2017.

NOTE 1: GENERAL INFORMATION (Cont’d)

Central Térmica Modesto Maranzana (Cont'd)

One of those projects is the closure of the combined cycle of the TG06 and TG07 units at CTMM, located in Río Cuarto, Province of Córdoba. The project consists in the installation of a new 54 MW Siemens SGT800 gas turbine (with a guaranteed power of 47.5 MW) and the conversion into combined cycle of the three gas turbines (3x1 configuration). For such conversion, a heat recovery steam generator that will generate steam at two pressures will be installed at the outflow of the gas turbines to feed a steam turbine SST-600 that will supply an additional 65 MW to the network, as well as the necessary infrastructure for its operation and maintenance. The project for the closure of CTMM combined cycle will enable contributing a further 112.5 MW to SADI. The addition of the new gas turbine will demand more fuel for the system. The addition of the turbo steam machine will contribute 65 MW, without additional consumption of fuel, with the complete cycle recording a specific consumption of 1,590 kcal/kWh in the closure of the combined cycle (see Note 36).

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

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

Central Térmica Independencia

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

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

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

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

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

NOTE 1: GENERAL INFORMATION

Central Térmica Riojana

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

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

Central Térmica La Banda

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

Central Térmica Frías

Central Térmica Frias (CTF) is located in the province of Santiago del Estero and has currently 60 MW of nominal thermal power generation capacity through one turbine with PWPS technology which consist of two gas turbines which transmit their mechanical power to only one generator of 60 MW. The machine transforms the chemical energy of the fuel (either liquid or gas, injected into the combustion chambers) into mechanical energy; this is transmitted to the generator, which in turn converts the energy into electricity.

The agreement for the purchase of the turbine established a 4-year financing for USD 12 million by PWPS, upon provisional acceptance. At December 31, the balance is disclosed under non-current trade payables for the equivalent to $ 452,400,000.

Central Térmica Ezeiza

Central Térmica Ezeiza (CTE) is situated in the province of Buenos Aires, and has 3 Siemens SGT-800 turbines of 50 MW each. This plant is built within the framework of EES Resolution No. 21/2016.

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

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

NOTE 1: GENERAL INFORMATION

Central Térmica Ezeiza (Cont'd)

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

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

GMSA participated as bidder and was awarded two projects for the closure phase in combined cycle power plants under EES Resolution 926 - E/2017.

One of the awarded projects was the closure of combined cycle of CTE TG01, TG02 and TG03 units. The project related to this bidding process consists in i) the installation of a fourth Siemens SGT-800 gas turbine of 54 MW and ii) the conversion into combined cycle of the four gas turbines. For the conversion into combined cycle, a steam recovery boiler will be installed at the gas exhaust of each of the gas turbines, which will produce steam in two pressures to feed two steam turbines (2x1 configuration) that will deliver 44 MW each to the network.

The project for the closure of CTE combined cycle will enable contributing a further 138 MW to SADI. Although the new gas turbine to be installed will consume additional fuel, the inclusion of two steam turbines will contribute a further 88 MW without additional fuel consumption, and the two full cycles will have a specific consumption of 1,590 Kcal/KWh (see Note 36).

This project was awarded under EES Resolution No. 926 - E/2017 on October 17, 2017 and its placing into service is planned for 2020.

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

NOTE 1: GENERAL INFORMATION (Cont'd)

Maintenance contract

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

In addition, GMSA signed with Siemens S.A. and Siemens Industrial Turbomachinery AB a global service and spare part agreement for the power plants CTRi, CTMM, CTI and CTE. As set forth in the agreements, Siemens must provide on-site technical assistance on a permanent basis, a remote monitoring system to follow up on the performance of the turbines, 24-hour assistance from the engineering department, original spare parts in a timely manner and repairs for planned and corrective maintenance. In addition, the agreement establishes that Siemens will make available for GMSA replacement equipment (engine gas generator), if necessary, for CTRi, CTMM, CTI and CTE. Siemens thus guarantees an average availability of not less than ninety six percent (96%) to the above mentioned power plants for each biannual measurement period. In addition, the power plants have their own repair shop with tools and spare parts in stock to make on-site repairs. Compliance with the energy sale agreement with CAMMESA under Resolution No. 220/07 (for power plants CTRi and CTMM) and Resolution No. 21/16 (for power plants CTI and CTE) is thus guaranteed.

The environment

CTMM has maintained certification of an Integrated Management System under ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007. The pertinent documentation has been updated in compliance with the new management requirements, as a result of the enlargement of its electric power generation process.

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 as planned.

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

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

NOTE 1: GENERAL INFORMATION (Cont'd)

The environment (Cont'd)

CTI, CTLB, CTRi and CTF have maintained certification of an Environmental Management System under ISO 14001:2015, developed and implemented within the corporation. The pertinent documentation has been updated in compliance with the new management requirements of the organization, as a result of the changes introduced with the updated version of the Standard and the field realities in view of the project development related to the expansion of the 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.

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

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

The Company's revenue from electricity generation activity is derived from sales to Large Users on the Forward Market (MAT), for surplus demand (ES Resolution No. 1281/06); from sales to CAMMESA under ES Resolution No. 220/07, and sales under ES Resolutions No. 21/16 and 19/17. In addition, the excess electricity generated under the modalities of ES Resolutions No. 1281/06 and 220/07 is sold on the Spot Market, in accordance with the regulations in force in the WEM administered by CAMMESA.

a) Energía Plus Regulations, ES Resolution 1281/06

This Resolution provides that the existing energy sold on the Spot Market has the following priorities:

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

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

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

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

(Cont'd) The resolution also establishes that:

• Large Users with demand over 300 KW (“GU300”) will be authorized to agree on their demand for electricity in the forward market with the generating agents existing in the WEM at the moment, only for the electricity consumption in 2005 (“Basic Demand”).

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

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

At the date of these financial statements, almost all the nominal power of 135 MW available is under contract. The duration of these contracts is from 1 to 2 years.

b) WEM Supply Contract (ES Resolution No. 220/2007)

In January 2007, the ES issued Resolution No. 220, which authorized the execution of Supply Contracts between CAMMESA and the generating agents that would like to install new generation capacity and related 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 were entered into between generating agents and CAMMESA, with a duration of 10 years or a shorter term that may exceptionally be established. The valuable consideration for availability of generation and the related electricity was established in each contract based on the costs accepted by the ES. 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.

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

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

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

b) WEM Supply Contract (ES Resolution No. 220/2007) (Cont'd)

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

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

Thermal power plant	Fixed charge for hired power USD/MW-month	Hired power MW
CTMM TG 5	USD 16,133	45
CTI TG 1 and 2	USD 17,155	100
CTF	USD 19,272	55.5
CTMM TG 6 and 7	USD 15,930	89.9
CTRi TG 24	USD 16,790	42

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

iv) 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:

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

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

vi) a discount for penalties.

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

Revenue recognition from power under Resolution No. 220/07 has been performed according to the guidelines of IAS 17.

c) Sales under EES Resolution No. 21/2016

EES Resolution No. 21 of March 22, 2016 called for bids for new thermal generation capacity and associated energy production by generating, co-generating and self-generating agents, with a commitment to be available in the WEM during the summer periods of (2016/2017 and 2017/2018) and for the 2017 winter season.

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

b) Sales under EES Resolution No. 21/2016 (Cont'd)

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

Finally, through ES Resolution No. 155/2016 the first projects awarded by ES Resolution No. 2172016 were reported among which were CTE and the enlargement of CTI.

These Supply Contracts were entered into between generating agents and CAMMESA for a term of 10 years. The valuable consideration for availability of power and energy generated was established in each contract based on the bids made by the generators and awarded by the ES. Sales under this modality are denominated in US dollars and paid by CAMMESA.

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

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

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

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

iii) the variable charge associated with the energy effectively prescribed under the contract and which purpose is to remunerate the operation and maintenance of the Plant:

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

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

c) Sales under EES Resolution No. 21/2016 (Cont'd)

iv) a variable charge for repayment of fuel costs, all of them at reference price; and
v) a discount for penalties. These penalties are applied to the hours in which 92% of the agreed upon power has not been reached and are valued on a daily basis and according to the operating condition of the machine and the market situation.

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

d) Sales under ES Resolution No. 19/2017

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

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

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

ES Resolution No. 482/15 was published on July 10, 2015, amending and extending application of ES Resolution No. 529/14. The main change is the increase in the remuneration payable to the generators, implemented through a price increase, as well as the creation of two new items: 2015-2018 Resource for FONINVEMEM investments" and "Incentives for Energy Production and Operating Efficiency".

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

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

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

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

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

MinEyM ES Resolution 19-E/17 was published on January 27, 2017, replacing ES Resolution No. 22/16. This resolution adapts certain remuneration criteria to economic conditions which are reasonable, foreseeable and efficient, through medium-term commitments. The Generating Agents under the framework of contracts governed by Resolutions No. 1281/2006, 220/2007, 21/2016, and any other type of WEM contract that has a differential system established or authorized by the competent authority of the WEM, have been excluded from this system.

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

The new resolution is effective as from February 1, 2017.

The remuneration system basically comprises the following items:

1. Remuneration per power: this is proportional to the available monthly power and a price in USD/MW-month that varies according to different conditions.
   - MINIMUM price of power per technology and scale.
   - BASE price according to the Offered Guaranteed Power. Valued as from May 2017 until October 2017 at 6,000 USD/MW-month and as from November 2017 onwards, 7,000 USD/MW-month.
   - ADDITIONAL price with maximum in accordance with additional availability Offered and allocated. Valued as from May 2017 until October 2017 at 1,000 USD/MW-month and as from November 2017 onwards, 2,000 USD/MW-month.

2. Remuneration per Energy: It is comprised by:
   2.1 Energy generated: It is the remuneration received for the energy effectively generated, valued according to the type of fuel at 5USD/MWh for Natural Gas and 8 USD/MWh for diesel or fuel oil.
   2.2 Energy operated: The generators will receive an additional remuneration of 2 USD/MWh, irrespective of the type of fuel, for the Energy Operated, represented by the integration of hourly powers in the period.

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

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

2.3 Additional remuneration incentive for efficiency:

2.3.1 Additional remuneration variable cots efficient thermal power generation: The generating agent may receive an additional remuneration if the fuel consumption objectives are accomplished.

2.3.2 Additional remuneration for thermal power generators of little use: An additional remuneration is established according to the frequency of starts based on the energy generated.

2.3.2.1 This price will be valued at 2.6 USD/MWh. It will be multiplied by the energy generated during the pertinent month, by the Use Factor (which is defined as the use factor of the nominal power recorded over the last twelve-month period. It will have a value of 0.5 for thermal units with Use factor < 30% and 1.0 for those with Use factor < 15%. For the rest of the cases it will be 0.

2.3.2.2 This price will be valued at 2.6 USD/MWh. It will be multiplied by the energy generated during the pertinent month, by the Start Factor (which is determined based on the starts recorded over the last twelve-month period. It will have a value of 0 for <= 74, 0.1 between 75 and 149 and 0.2 for more than 150 starts).

MinEyM SE Resolution 19-E/17 is still in force at December 31, 2018. SRRyME Resolution 01/2019 was published on February 28, 2019, which repeals ES Resolution 19-E/17 (See Note 43).

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

NOTE 3: BASIS FOR PRESENTATION

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 8, 2019.

Comparative information

Balances at December 31, 2017 disclosed for comparative purposes arise from financial statements at that date, restated in constant currency at December 31, 2018. Certain reclassifications have been included in the financial statement figures presented for comparative purposes to conform them to the current year presentation.

A final merger agreement was entered into on November 15, 2016 establishing a merger of GFSA through absorption into GMSA effective as from January 1, 2017. The increase in the variations is mainly due to this condition. The information is not comparative.

<u>NOTE 3</u>: BASIS FOR PRESENTATION

Financial reporting in hyperinflationary economies

IAS 29 "Financial Reporting in hyperinflationary economies" requires that the financial statements of an entity that reports in the currency of a highly inflationary economy be stated in terms of the measuring unit current at the closing of the reporting 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 should be 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, 2002 and its amendments, and delegated in the National Executive Branch , through its control agencies, the fixing of the date as from which the provisions mentioned in relation to the financial statements will become effective. Therefore, through General Resolution No. 777/2018 (Official Gazette 12/28/2018), the National Securities Commission (CNV) established that issuing entities subject to its inspection must apply the method for restatement of financial statements in constant currency for financial statements, annual, interim or for special periods, closing as from December 31, 2018 inclusive, as established by IAS 29.

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/at the closing date of.... 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.

NOTE 3: BASIS FOR PRESENTATION

Financial reporting in hyperinflationary economies

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

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

In the first period of application of this standard, the equity accounts were restated as follows:
- The capital was restated from the date it was contributed or the date of the last accounting adjustment for inflation, whatever 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 income/loss reserves have not been restated in the initial application.

NOTE 4: ACCOUNTING POLICIES

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

4.1 Changes in accounting policies

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

The 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.

NOTE 4: ACCOUNTING POLICIES

4.1 Changes in accounting policies

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

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, 2018 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	-	-	-	-	-	-	-	14%

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.

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, 2017. Further, in the year 2018, no impairment allowance has been set up.

At December 31, 2018, the Company has set up a provision for trade receivables of $2,655,764.

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

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.1 Changes in accounting policies (Cont'd)

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

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

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

4.2 Revenue recognition

a) Sale of electricity

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.

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

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

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.2 Revenue recognition (Cont'd)

b) Sale of services

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

c) Interest income

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

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

4.3 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 economic 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.

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 income statement during the financial year in which they are incurred.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.4 Property, plant and equipment (Cont'd)

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

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

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

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

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

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

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

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. The financial costs capitalized in the carrying value of property, plant and equipment amounted to $530,811,640 and $1,394,799,694 in the years ended December 31, 2018 and 2017, respectively. The average interest rate used for the year was 68%.

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

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

	12.31.2018	12.31.2017
Cost	19,943,563,310	17,691,709,437
Accumulated depreciation	(2,797,616,560)	(2,142,628,551)
Residual value	**17,145,946,750**	**15,549,080,886**

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.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

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).

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

At December 31, 2017, the Company has recorded an impairment on the value of machinery for $ 2,145,174,484 as a result of the application of IAS 29, as indicated in Note 3. As a result of the measurement at fair value made during the year 2018, the Company has recorded a revaluation on the value of machinery reversing the impairment recorded in the year 2017.

At December 31, 2018, 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.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.6 Financial assets

4.6.1 Classification (Cont’d)

a) Financial assets at amortized cost

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

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

b) Financial assets at fair value

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

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

4.6.3 Impairment of 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:

a) Significant financial difficulties of the debtor;
b) breach of contractual clauses, such as late payment of interest or principal; and
c) 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.

4.6.4 Offsetting of financial instruments

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

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.7 Inventories

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

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

Cost is determined applying the weighted average cost method.

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

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

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

The 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.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.9 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, 2018, the Company recorded an advance to suppliers balance of $148,749,311.

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 valued at amortized cost applying the effective interest rate method.

4.12 Loans

Loans are initially recognized at fair value, less direct transaction costs incurred. They are subsequently measured at amortized cost, and any difference between the funds received (net of transaction costs) and the amount payable at due date is recognized in the statement of income over the term of the loan, applying the effective interest rate method. The Company analyzes loan renegotiation terms to determine if as a result of the quantitative and qualitative changes to their conditions, they should be considered as amended or settled.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.13 Borrowing costs

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

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

4.14 Income tax and minimum notional income tax

a) Current and deferred income taxes

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

The current income tax expense is calculated as established by the tax laws enacted or to be enacted at the closing balance sheet date. 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.

Deferred tax is recognized according to the liability method, for the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. However, no deferred tax liability is recognized if the differences arise from the initial recognition of goodwill, or from the initial recognition of assets and liabilities in a transaction (different from a business combination) that did not affect accounting income nor tax income at the moment of being performed.

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

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

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

NOTE 4: ACCOUNTING POLICIES (Cont'd)

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

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

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

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

4.15 Provisions

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

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

4.16 Balances with related parties

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

4.17 Leases

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

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.17 Leases (Cont'd)

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

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

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 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 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.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.19 Derivative financial instruments (Cont'd)

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.

4.20 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 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 capital.

c) Optional reserve

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

d) Unappropriated retained earnings

Retained earnings comprise accumulated profits or losses without a specific appropriation; positive earnings can be distributable by the decision of the shareholders' meeting, as long as they are not subject to legal restrictions. These earnings comprise prior year earnings that were not distributed and prior year adjustments derived from application of the accounting standards. In case of existence of unappropriated losses to be absorbed at the end of the year under consideration by the shareholders' meeting, the following order for appropriation of balances must be followed:

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.20 Equity accounts (Cont'd)

d) Unappropriated retained earnings (Cont'd)

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

(ii) Capital contributions

(iii) Additional paid-in capital

(iv) Other equity instruments (if feasible from the legal and corporate point of view)

(v) Capital Adjustment

e) Distribution of dividends

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

f) Special Reserve

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

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

g) 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.

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. At December 31, 2018, the Company has used derivative instruments to cover financial risks, specifically exposure to the exchange rate 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 risk

Foreign exchange risk

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

On October 23, 2018, the Company arranged for hedging on the US dollar exchange rate, which gave it certainty as to the dollar exchange rate applicable to the interest on the international bond to be paid on July 22, 2019.

NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)

5.1 Financial risk factors (Cont'd)

a) Market risks (Cont'd)

Foreign exchange risk (Cont'd)

The following table shows the Company's exposure to the foreign exchange risk associated with the 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 12.31.2018	Amount recorded at 12.31.2017
				$	
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents					
Cash	USD	1,400	37.50	52,500	65,452
Banks	USD	1,641,911	37.50	61,571,660	6,945,034
Trade receivables					
Trade payables - Energía Plus	USD	6,303,099	37.50	236,366,196	182,490,950
Trade payables- Res. 220/07 - Res. 19/17 - Res. 21/17	USD	31,214,332	37.50	1,170,537,468	738,415,862
Trade payables - Rental of tanks	USD	641,404	37.50	24,052,634	11,897,395
Total current assets				**1,492,580,458**	**939,814,693**
Total Assets				**1,492,580,458**	**939,814,693**
LIABILITIES					
CURRENT LIABILITIES					
Trade payables					
Related parties	USD	12,653,009	37.60	475,753,125	226,100,347
Suppliers	USD	4,134,581	37.70	155,873,714	81,617,533
Suppliers	SEK	272,776,126	4.23	1,153,843,012	660,482,514
Financial debt					
Loans	USD	59,194,986	37.70	2,231,650,961	301,231,671
Total current liabilities				**4,017,120,812**	**1,269,432,065**
NON-CURRENT LIABILITIES					
Trade payables					
Suppliers	USD	21,921,266	37.70	826,431,714	223,788,000
Suppliers	SEK	80,177,926	4.23	339,152,625	559,224,955
Financial debt					
Loans	USD	335,850,426	37.70	12,661,561,074	6,023,045,441
Total non-current liabilities				**13,827,145,413**	**6,806,058,396**
Total liabilities				**17,844,266,225**	**8,075,490,461**

(1) Exchange rate prevailing at year end as published by Banco Nación. For balances with related parts, an average exchange rate is used.

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

5.1 Financial risk factors (Cont'd)

a) Market risks (Cont'd)

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

The Company considers that, if all other variables remain constant, a devaluation of 1% of each foreign currency compared to the Argentine peso would reduce income for the year in the following way:

	Argentine pesos	
Currency	**12.31.2018**	**12.31.2017**
US dollars	(149,498,650)	(59,159,683)
Swedish crowns	(14,929,956)	(12,197,075)
Variation in income for the year	**(164,428,606)**	**(71,356,758)**

<u>Price risk</u>

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

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

<u>Interest rate risk</u>

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, 2018, a small portion of the loans in effect had been taken out at floating rates, mainly BADLAR (plus an applicable 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.

NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)

5.1 Financial risk factors (Cont'd)

a) Market risks (Cont'd)

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

	12.31.2018	12.31.2017
Fixed rate		
Less than 1 year	1,805,173,508	430,979,862
Between 1 and 2 years	2,063,730,669	31,358,646
Between 2 and 3 years	2,572,468	1,567,708,058
More than 3 years	10,032,273,075	7,237,719,192
	13,903,749,720	**9,267,765,758**
Floating rate		
Less than 1 year	786,533,566	602,519,308
Between 1 and 2 years	392,534,282	356,613,199
Between 2 and 3 years	519,791,666	11,965,300
More than 3 years	22,255,503	487,088,112
	1,721,115,017	**1,458,185,919**
	15,624,864,737	**10,725,951,677**

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:

	12.31.2018	12.31.2017
Floating rate	17,211,150	14,581,859
Impact on the profit/(loss) for the year	**17,211,150**	**14,581,859**

b) Credit risks

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

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

The electricity generators with sales to the spot market, per Resolution No. 19/17 which replaced ES Resolution No. 22/16, and generators with contracts under Resolutions Nos. 220/07 and 21/16 receive through CAMMESA the payments for making available the power and energy supplied to the system.

NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)

5.1 Financial risk factors (Cont'd)

b) Credit risks (Cont'd)

CAMMESA is adequately complying its payment obligations, paying for its consumption. The corresponding due dates 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, 2018	Falling due within 3 months	Between 3 months and 1 year	Between 1 and 2 years	More than 2 years	Total
Trade and other payables	1,218,958,035	1,184,115,039	922,914,799	242,669,540	3,568,657,413
Loans	1,682,414,639	2,292,446,296	3,586,919,734	13,088,696,870	20,650,477,539
	2,901,372,674	**3,476,561,335**	**4,509,834,533**	**13,331,366,410**	**24,219,134,952**

At December 31, 2017	Falling due within 3 months	Between 3 months and 1 year	Between 1 and 2 years	More than 2 years	Total
Trade and other payables	1,756,343,939	479,581,793	850,937,800	358,427,715	3,445,291,247
Loans	541,782,618	936,641,159	677,062,877	9,764,237,672	11,919,724,326
	2,298,126,557	**1,416,222,952**	**1,528,000,677**	**10,122,665,387**	**15,365,015,573**

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).

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

	12.31.2018	12.31.2017
	15,624,864,737	10,725,951,677
Less: Cash and cash equivalents	(308,911,000)	(124,930,766)
Net debt	15,315,953,737	10,601,020,911
EBITDA	4,142,222,271	2,111,945,561
Net debt/ EBITDA	**3.698**	**5.020**

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.

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

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.

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.

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

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.

The allowance for bad debts was $2,655,764 at December 31, 2018 and $3,921,106 at December 31, 2017.

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.

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.

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

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

The following variables have been taken into account in relation to the estimates made: (i) exchange rate fluctuations; (ii) availability and dispatch of turbines associated with demand projections according to vegetative growth; (iii) operating and maintenance cost; (iv) number of employees; (v) discount rate used, among others. Each of these scenarios contemplate different assumptions regarding the critical variables used.

The discounted cash flows at September 30, 2018 consider two scenarios (pessimistic and basic scenarios) with different probabilities of occurrence. The two scenarios arise from current rate schedules and are combined with different turbine dispatch alternatives.

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

f) Fair value of property, plant and equipment

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 12% was used, which contemplates the future scenarios.

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

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

The Company cannot assure that the future behavior of those variables will be in li-ne 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 $2.9 billion, if it were favorable; or
- To reduce the fair value of land, buildings, facilities and machinery by $2.9 billion, if it were not favorable.

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	Original values							Depreciation						Net amount at end of year	
Type of asset	**At beginning of year**	**Addition due to merger**	**Increases**	**Transfers/ withdrawals**	**Technical revaluation (2)**	**Recovery / (Impairment)**	**At the end of the year**	**Accumulated at the beginning of year**	**Addition due to merger**	**For the year (1)**	**Technical revaluation**	**Recovery / (Impairment)**	**Accumulated at year end**	**At 12.31.2018**	**At 12.31.2017**
Land	322,205,496	-	61,819,924		196,543,119	18,716,206	599,284,745	-	-	-	-	-	-	599,284,745	322,205,495
Buildings	749,803,471	-	4,141,368	52,112,583	(602,755,249)	736,648,258	939,950,431	-	-	18,205,179	(26,265,199)	13,191,321	5,131,301	934,819,130	749,803,473
Facilities	1,636,230,351	-	1,018,935	25,280,897	710,170,718	134,158,282	2,506,859,183	-	-	113,519,265	(141,679,168)	62,010,100	33,850,197	2,473,008,986	1,636,230,354
Machinery	12,650,574,818	-	15,823,136	1,002,698,579	3,243,373,409	1,691,941,022	18,604,410,964	-	-	757,943,336	(868,992,811)	361,087,863	250,038,388	18,354,372,576	12,650,574,816
Works in progress - Extension of Plant	521,642,006	-	2,106,015,421	(1,080,092,059)	-	-	1,547,565,368	-	-	-	-	-	-	1,547,565,368	521,642,006
Computer and office equipment	26,033,989	-	8,189,937	-	-	-	34,223,926	15,396,944	-	7,741,849	-	-	23,138,793	11,085,133	10,637,043
Vehicles	17,484,471	-	4,715,919	-	-	-	22,200,390	6,363,433	-	3,875,630	-	-	10,239,063	11,961,327	11,121,038
Spare parts and materials	43,450,686	-	47,331,472	-	-	-	90,782,158	-	-		-	-	-	90,782,158	43,450,686
Total at 12.31.2018	**15,967,425,288**	**-**	**2,249,056,112**	**-**	**3,547,331,997**	**2,581,463,768**	**24,345,277,165**	**21,760,377**	**-**	**901,285,259**	**(1,036,937,178)**	**436,289,284**	**322,397,742**	**24,022,879,423**	**-**
Total at 12.31.2017	**8,334,504,762**	**1,305,566,669**	**8,936,904,817**	**(28,087,192)**	**-**	**(2,581,463,768)**	**15,967,425,288**	**13,696,484**	**34,003**	**444,319,174**	**-**	**(436,289,284)**	**21,760,377**	**-**	**15,945,664,911**

(1) Depreciation charges for the year ended December 31, 2018 and 2017 were allocated to the cost of sales.

(2) At December 31, 2018, it corresponds to the revaluation of $ 4,584,269,175, offset by the accumulated depreciation at the time of the revaluation of $ 436,289,284.

NOTE 8: FINANCIAL INSTRUMENTS

At December 31, 2018	Financial assets/liabilities at amortized cost	At fair value through profit or loss	Non-financial assets/ liabilities	Total
Assets				
Trade receivables, other receivables and investments	2,792,544,335	129,861	501,193,709	3,293,867,905
Other financial assets at fair value through profit or loss	-	252,359,000	-	252,359,000
Cash and cash equivalents	151,998,131	156,912,869	-	308,911,000
Non-financial assets	-	-	24,130,535,517	24,130,535,517
Total	**2,944,542,466**	**409,401,730**	**24,631,729,226**	**27,985,673,422**
Liabilities				
Trade and other payables	3,628,075,555	-	-	3,628,075,555
Loans (finance leases excluded)	15,531,582,081	-	-	15,531,582,081
Finance leases	93,282,656	-	-	93,282,656
Non-financial liabilities	-	-	2,189,121,690	2,189,121,690
Total	**19,252,940,292**	**-**	**2,189,121,690**	**21,442,061,982**

At December 31, 2017	Financial assets/liabilities at amortized cost	At fair value through profit or loss	Non-financial assets/ liabilities	Total
Assets				
Trade receivables, other receivables and investments	1,894,675,309	26,546,904	1,188,890,348	3,110,112,561
Other financial assets at fair value through profit or loss	-	14,220,416	-	14,220,416
Cash and cash equivalents	61,858,126	63,072,640	-	124,930,766
Non-financial assets	-	-	16,031,076,651	16,031,076,651
Total	**1,956,533,435**	**103,839,960**	**17,219,966,999**	**19,280,340,394**
Liabilities				
Trade and other payables	3,369,682,182	-	-	3,369,682,182
Loans (finance leases excluded)	10,627,344,318	-	-	10,627,344,318
Finance leases	98,607,358	-	-	98,607,358
Non-financial liabilities	-	-	1,242,911,072	1,242,911,072
Total	**14,095,633,858**	**-**	**1,242,911,072**	**15,338,544,930**

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

NOTE 8: FINANCIAL INSTRUMENTS (Cont'd)

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

At December 31, 2018	Financial assets at amortized cost	Financial assets at fair value through profit and loss	Financial liabilities at amortized cost	Non-financial instruments	Total
Interest earned	219,604,055	-	-	-	219,604,055
Interest paid	-	-	(1,603,275,191)	-	(1,603,275,191)
Exchange differences, net	1,803,492,755	-	(12,941,058,445)	-	(11,137,565,690)
Other financial costs	-	702,444,129	(232,312,345)	7,756,104,499	8,226,236,283
Total	**2,023,096,810**	**702,444,129**	**(14,776,645,981)**	**7,756,104,499**	**(4,295,000,543)**

At December 31, 2017	Financial assets at amortized cost	Financial assets at fair value through profit and loss	Financial liabilities at amortized cost	Non-financial instruments	Total
Interest earned	96,916,648	-	-	-	96,916,648
Interest paid	-	-	(567,030,285)	-	(567,030,285)
Exchange differences, net	473,146,134	-	(933,277,275)	-	(460,131,141)
Other financial costs	-	102,980,567	(176,954,819)	(938,307,194)	(1,012,281,446)
Total	**570,062,782**	**102,980,567**	**(1,677,262,379)**	**(938,307,194)**	**(1,942,526,224)**

Fair value estimates

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).

The following table shows the Company's financial assets and liabilities measured at fair value at December 31, 2018 and 2017.

NOTE 8: FINANCIAL INSTRUMENTS (Cont'd)

At 12.31.2018	Level 1	Level 2	Level 3	Total
Assets				
Shares	-	-	129,861	129,861
Derivative financial instruments	252,359,000	-	-	252,359,000
Mutual funds	156,912,869	-	-	156,912,869
Property, plant and equipment	-	-	22,361,485,437	22,361,485,437
Total	**409,271,869**	**-**	**22,361,615,298**	**22,770,887,167**

At 12.31.2017	Level 1	Level 2	Level 3	Total
Assets				
Shares	-	-	191,733	191,733
Trade receivables, other receivables and investments	26,355,169	-	-	26,355,169
Derivative financial instruments	11,994,887	-	-	11,994,887
Mutual funds	2,225,529	-	-	2,225,529
Mutual funds	63,072,640	-	-	63,072,640
Property, plant and equipment	-	-	15,945,664,911	15,945,664,911
Total	**103,648,225**	**-**	**15,945,856,644**	**16,049,504,869**

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

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.

NOTE 8: FINANCIAL INSTRUMENTS (Cont'd)

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

a) For the determination of the fair value of property and land, market quotations have been used requested from expert external appraisers. The values obtained, in the case of property, include the current status of assets.
b) The fair value of "Buildings", "Installations" and "Machinery" has been calculated through discounted cash flows (See Note 6).

NOTE 9: INVENTORIES

	12.31.2018	12.31.2017
Supplies and materials	107,656,094	80,903,513
	107,656,094	**80,903,513**

NOTE 10: TRADE RECEIVABLES

	Note	12.31.2018	12.31.2017
Non-Current	36	58,450,284	2,508,132
Net receivables from CAMMESA		**58,450,284**	**2,508,132**
Current		881,646,711	792,188,256
Trade receivables	36	38,930,257	113,729,256
Net receivables from CAMMESA		685,291,151	632,658,765
Energy sold to be billed	21	(2,655,764)	(3,921,106)
Allowance for bad debts		**1,603,212,355**	**1,534,655,171**

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

NOTE 10: TRADE RECEIVABLES (Cont'd)

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

The movements of the provision for trade receivables are as follow:

	12.31.2018	12.31.2017
Balance at the beginning of year	3,921,106	3,410,217
Unused amounts reversed	-	(76,869)
RECPPC	(1,265,342)	587,758
Balance at year end	**2,655,764**	**3,921,106**

The maximum credit risk exposure at the balance sheet date is the carrying amount of each type of trade and other receivables. The Company does not maintain any guarantee as collection security.

NOTE 11: Other receivables

	Note	12.31.2018	12.31.2017
Non-Current			
Minimum notional income tax credit		62,800,688	95,805,514
		62,800,688	**95,805,514**
Current			
Balances with related parties	**30**	1,115,725,805	337,368,208
Loans to Directors	**30**	15,155,891	20,143,799
Turnover tax withholdings and credit balance		21,163,405	43,470,136
Social security withholdings		12,855,951	9,950,484
Value added tax		114,107,910	815,217,626
Tax - Law No. 25413		42,752,641	-
Insurance to be accrued		15,961,288	1,402,693
Advances to suppliers		208,167,453	209,902,937
Guarantee deposits and derivative financial instruments		-	26,355,169
Sundry		23,384,373	17,649,186
		1,569,274,717	**1,481,460,238**

The carrying amount of other current receivables approximates fair value due to their short-term maturity.

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

NOTE 12: CASH AND CASH EQUIVALENTS

	12.31.2018	12.31.2017
Cash	489,049	614,901
Banks in local currency	89,937,422	54,261,501
Banks in foreign currency	61,571,660	6,945,034
Mutual funds	156,912,869	63,072,640
Checks to be deposited	-	36,690
	308,911,000	**124,930,766**

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

	12.31.2018	12.31.2017
Cash and cash equivalent	308,911,000	124,930,766
Cash and cash equivalents (bank overdraft included)	**308,911,000**	**124,930,766**

NOTE 13: SHARE CAPITAL

Share capital subscribed at December 31, 2018 amounted to $ 138,172,150.

NOTE 14: DISTRIBUTION OF SHARE CAPITAL

Dividends

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

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

Pursuant to General Companies Law No. 19550, 5% of the profit reported in the statement of comprehensive income for the year, net of prior year adjustments, transfers of other comprehensive income to unappropriated retained earnings and prior year accumulated losses, is to be allocated to the legal reserve, until it reaches 20% of the capital stock.

NOTE 15: TRADE PAYABLES

	Note	12.31.2018	12.31.2017
Non-Current		1,165,584,339	1,156,080,392
Suppliers		**1,165,584,339**	**1,156,080,392**
Current		1,838,356,006	1,360,497,546
Suppliers	**31**	476,062,561	333,826,121
Balances with related parties		147,124,933	292,488,343
Suppliers - purchases not yet billed		**2,461,543,500**	**1,986,812,010**

The carrying amount of current trade receivables approximates fair value due to their short-term maturity.

NOTE 16: OTHER LIABILITIES

Current	Note	12.31.2018	12.31.2017
Balances with related parties	**31**	947,716	862,809
Advances from customers		-	203,780,416
Provision for directors' fees		-	22,146,555
		947,716	**226,789,780**

NOTE 17: LOANS

Non-Current	12.31.2018	12.31.2017
International bond	10,037,418,012	7,307,484,907
Foreign loan debt	562,984,861	-
Negotiable obligations	2,369,635,897	2,275,676,675
CAMMESA	-	4,982,519
Other bank debts	-	31,304,049
Finance lease debts	63,118,896	73,004,356
	13,033,157,666	**9,692,452,506**
Current		
International bond	416,566,940	328,581,100
Foreign loan debt	426,477,454	-
Syndicated Loan	980,975,782	-
Negotiable obligations	342,959,756	574,364,197
CAMMESA	6,072,034	13,152,463
Other bank debts	388,491,345	91,798,409
Finance lease debts	30,163,760	25,603,002
	2,591,707,071	**1,033,499,171**

At December 31, 2018, the total financial debt amounts to $ 15,625 million. The following table shows the total debt at that date.

	Principal	Balances at December 31, 2018	Interest rate	Currency	Date of Issue	Maturity date
		(Pesos)	(%)			
Loan agreement						
Cargill	USD 25,000,000	989,462,315	LIBOR + 4.25%	USD	February 16, 2018	January 29, 2021
Subtotal		**989,462,315**				
Debt securities						
International Bond	USD 266,000,000	10,453,984,952	9.625%	USD	July 27, 2016	July 27, 2023
Class VI Negotiable Obligations	USD 34,696,397	1,316,624,472	8%	USD	February 16, 2017	February 16, 2020
Class VII Negotiable Obligations	$ 221,494,805	254,450,748	BADLAR + 4%	ARS	February 16, 2017	February 16, 2019
Class VIII Negotiable Obligations	$ 312,884,660	377,847,266	BADLAR + 5%	ARS	August 28, 2017	August 28, 2021
Class I Negotiable Obligation co-issuance	USD 20,000,000	763,673,167	6.68%	USD	October 11, 2017	October 11, 2020
Subtotal		**13,166,580,605**				
Syndicated loan						
ICBC / Hipotecario / Citibank	USD 26,000,000	980,975,782	10.50%	USD	December 27, 2018	December 27, 2019
Subtotal		**980,975,782**				
Other liabilities						
CAMMESA		6,072,034				
Chubut loan	USD 1,000,000	37,732,536	10.50%	USD	December 28, 2018	December 28, 2019
Chubut loan	USD 1,673,786	63,574,380	10.50%	USD	October 30, 2018	May 1, 2019
Supervielle loan	USD 2,507,639	94,237,895	9.50%	USD	November 13, 2018	May 9, 2019
Macro loan	USD 5,000,000	192,946,534	7.00%	USD	August 30, 2018	January 2, 2019
Financial lease		93,282,656				
Subtotal		**487,846,035**				
Total financial debt		**15,624,864,737**				

NOTE 17: LOANS (Cont'd)

a) Issuance of international bonds

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

The Bonds have a Moody's B2 rating.

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 No. 115/2016 dated June 14, 2016, and also the Co-issuers' projects under development, which in the aggregate represent works for installing 460 nominal MW. In addition, it allowed for improving the Co-issuers' financial profile with the early repayment of existing loans at the date of issue, obtaining a term for financing in accordance with the projects under financing and also a considerable decrease in financing costs, thus achieving greater financial efficiency and release of guarantees.

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

International Bond:

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

Interest: Fixed rate of 9.625%

Amortization term and method: Interest on the International Bond shall be paid every six-month period in arrears, on the following dates: January 27 and July 27 of each year, commencing on January 27, 2017 to maturity.

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

Principal balance on the International Bond outstanding at December 31, 2018 is USD 266,000,000.

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)

a) Issuance of international bonds (Cont'd)

On October 23, 2018, the Company arranged for hedging on the US dollar exchange rate, which gave it certainty as to the dollar exchange rate applicable to the interest on the international bond to be paid on July 22, 2019.

b) Negotiable obligations

On October 17, 2012, GMSA obtained, under Resolution 16942 of the CNV, authorization for: (i) incorporation of GMSA to the public offering system; and (ii) creation of a global program to issue simple NO (non-convertible into shares), for a total outstanding nominal value of up to USD 100,000,000 (one hundred million US dollars) or its equivalent in other currencies, in one or more classes or series.

In line with the preceding paragraph, on September 26, 2017, GMSA and CTR obtained under RESFC-2017-18947-APN-DIR#CNV Resolution authorization from the CNV for the creation of a program for the co-issuance in the local market of simple NO, not convertible into shares, for a total outstanding nominal value of up to USD 100 million (one hundred million United States dollars) or its equivalent in other currencies.

At December 31, 2018 there are outstanding Class VI, VII and VIII NO (GMSA) and Class I NO (GMSA-CTR Co-issuance), issued by the Company for the amounts and under the following conditions: In addition, Class V (GMSA) and Class III (GFSA) NO were redeemed during the current period.

Class VI NO:

Principal: Nominal value: USD 34,696,397

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

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

The NO were paid up in cash and in kind, in the latter case through a swap of Class V NO for USD 448,262.

The proceeds from the issue of Class VI NO were applied to investments in property, plant and equipment on various extension projects of GMSA and refinancing of liabilities, improving the Company's indebtedness profile.

Principal balance on those NO outstanding at December 31, 2018 is USD 34,696,397.

NOTE 17: LOANS (Cont'd)

b) Negotiable obligations (Cont'd)

Class VII NO:

Principal: Nominal value: $ 553,737,013

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

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

The NO were paid up in cash and in kind, in the latter case through a swap of Class II (GFSA) NO for $ 55,876,354, Class III (GFSA) NO for $ 51,955,592, Class IV NO for $ 1,383,920 and Class V NO for $ 60,087,834. The proceeds from the issue of Class VII NO were applied to investments in property, plant and equipment on the various extension projects of GMSA and refinancing of liabilities, improving the Company's indebtedness profile.

Principal balance on that Negotiable Obligation amounted to $ 221,494,805 at December 31, 2018.

Class VIII NO:

Class VIII NO were issued on August 28, 2017 and were fully subscribed in kind.

Principal: Nominal value: $ 312,884,660

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

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

The proceeds from the issue of Class VIII NO were fully applied to the refinancing of liabilities, improving the Company's indebtedness profile.

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

NOTE 17: LOANS (Cont'd)

Negotiable obligations (Cont'd)

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

Co-issuance of Class I NO took place on October 11, 2017 and were fully subscribed in cash.

Principal: total nominal value USD 30,000,000; amount assigned to GMSA: USD 20,000,000

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

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

NO were paid up in cash.

The proceeds from the issue of the Class I NO will be destined mainly to investments in property, plant and equipment on the various expansion projects at GMSA and CTR and, to a lesser extent, to working capital and refinancing liabilities.

Principal balance on those NO outstanding at December 31, 2018 is USD 20,000,000.

c) CAMMESA loan

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

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

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

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

d) Cargill loan

On February 16, 2018, the Company obtained a loan from Cargill Limited for USD 25,000,000 repayable in 36 installments, with a grace period of 12 months. Amortization will be in half-yearly installments of principal and interest at LIBOR 360 plus 4.25%.

NOTE 17: LOANS (Cont'd)

e) Syndicated Loan

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

Principal balance on that debt at December 31, 2018 is USD 26,000,000.

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

	12.31.2018	12.31.2017
Fixed rate		
Less than 1 year	1,805,173,508	430,979,862
Between 1 and 2 years	2,063,730,669	31,358,646
Between 2 and 3 years	2,572,468	1,567,708,058
More than 3 years	10,032,273,075	7,237,719,192
	13,903,749,720	**9,267,765,758**
Floating rate		
Less than 1 year	786,533,566	602,519,308
Between 1 and 2 years	392,534,282	356,613,199
Between 2 and 3 years	519,791,666	11,965,300
More than 3 years	22,255,503	487,088,112
	1,721,115,017	**1,458,185,919**
	15,624,864,737	**10,725,951,677**

The fair value of Company's international bonds at December 31, 2018 and December 31, 2017 amounts to approximately $ 8,917 and $ 5,767 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/period. The applicable fair value category would be Level 1.

The other loans at variable rates have been stated at fair value. Given the proximity of their issuance, fixed-rate loans do not differ significantly from their fair value.

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

NOTE 17: LOANS (Cont'd)

Company loans are denominated in the following currencies:

	12.31.2018	12.31.2017
Argentine pesos	731,652,702	1,388,465,346
US dollars	14,893,212,035	9,337,486,331
	15,624,864,737	**10,725,951,677**

Changes in Company loans were as follows:

	12.31.2018	12.31.2017
Loans at beginning of the period	10,725,951,678	6,896,756,097
Addition due to merger	-	753,100,671
Loans received	5,030,483,512	10,341,271,629
Loans paid	(4,097,391,013)	(6,902,664,637)
Accrued interest	1,832,628,932	1,211,209,607
Interest paid	(1,414,533,273)	(1,076,957,070)
Exchange difference	9,606,355,587	1,328,896,569
Capitalized expenses	(18,623,990)	122,727,192
RECPPC	(6,040,006,696)	(1,948,388,381)
Loans at year end	**15,624,864,737**	**10,725,951,677**

NOTE 18: SALARIES AND SOCIAL SECURITY LIABILITIES

Current	12.31.2018	12.31.2017
Social security charges payable	37,695,897	8,626,257
Salaries payable	83,261	213,795
Provision for vacation pay	7,935,030	7,731,934
	45,714,188	**16,571,986**

NOTE 19: Tax payables

Current	12.31.2018	12.31.2017
National Fund of Electric Energy	756,109	1,301,291
Income tax withholdings to be deposited	2,677,158	4,460,093
Turnover tax withholdings to be deposited	4,848,063	5,292,852
Minimum notional income tax credit	-	17,055,144
Provision for income tax withholding overruns	3,529,597	-
Sundry	510,073	1,334,778
	12,321,000	**29,444,158**

NOTE 20: INCOME TAX/ DEFERRED TAX

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

	12.31.2018	12.31.2017
Deferred tax assets:		
Deferred tax assets to be recovered over more than 12 months	2,066,821,979	424,605,919
	2,066,821,979	424,605,919
Deferred tax liabilities:		
Deferred tax liabilities to be settled over more than 12 months	(4,180,044,556)	(1,507,023,374)
	(4,180,044,556)	(1,507,023,374)
Addition due to merger	-	(103,544,249)
Deferred tax liabilities (net)	**(2,113,222,577)**	**(1,185,961,704)**

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

	12.31.2018	12.31.2017
Balances at beginning of year	**(1,185,961,704)**	**(1,602,117,899)**
Addition due to merger	-	(103,544,249)
Charge to income statement	218,524,222	519,700,444
Charge to technical revaluation reserve	(1,145,785,095)	-
Balance at year end	**(2,113,222,577)**	**(1,185,961,704)**

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

	Trade receivables and other receivables	Property, plant and equipment	Loans	Other liabilities	Investment plan	Tax loss	Mutual fund valuation
Balances at December 31, 2017	**4,281,456**	**(1,724,078,295)**	**1,880,111**	**(701,308)**	**-**	**533,070,096**	**(413,764)**
Charge to income statement	9,899,879	(19,391,504)	17,644,601	1,129,022	3,731,592	1,692,974,030	10,853,266
Charge to technical revaluation reserve	-	(1,146,067,294)	-	-	282,199	-	
RECPPC	(1,381,627)	(1,317,299,714)	(606,713)	(7,140,276)	-	(172,021,855)	133,521
Balances at December 31, 2018	**12,799,708**	**(4,206,836,807)**	**18,917,999**	**(6,712,562)**	**4,013,791**	**2,054,022,271**	**10,573,023**

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

The income tax charge is broken down as follows:

	12.31.2018	12.31.2017
Deferred tax	218,524,222	519,700,444
Income tax	**218,524,222**	**519,700,444**

NOTE 20: INCOME TAX/ DEFERRED TAX (Cont'd)

Tax reform in Argentina

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

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

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

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:

	12.31.2018	12.31.2017
Income/(loss) before income tax	(1,054,063,531)	(274,899,837)
Current tax rate	30%	35%
Income/(loss) at the tax rate	316,219,059	96,214,943
Other permanent differences	(17,717,616)	(100,301,244)
Non-computable income	267,227,321	441,759,603
Change in the income tax rate (a)	(337,081,762)	96,081,346
Expiration of tax losses	(10,122,780)	(14,054,204)
Total income tax charge	**218,524,222**	**519,700,444**

(a) Corresponds to the effect of the application of the changes in income tax rates on deferred tax assets and liabilities, in line with the tax reform detailed above, based on the expected year of realization. The impact of the change in the rate was recognized in income for the year, except in the case of the adjustment to deferred liabilities generated from application of the revaluation model for certain types of property, plant and equipment, as it is related to items previously recognized in other comprehensive income.

NOTE 20: INCOME TAX/ DEFERRED TAX (Cont'd)

Accumulated tax loss carry-forwards recorded by the Company which are pending use at December 31, 2018:

Year	$	Year of expiration
Tax loss for the year 2014	91,391,781	2019
Tax loss for the year 2015	175,535,054	2020
Tax loss for the year 2016	279,953,581	2021
Tax loss for the year 2017	840,419,804	2022
Tax loss for the year 2018	6,810,510,508	2023
Total tax losses at December 31, 2018	**8,197,810,728**	

NOTE 21: ALLOWANCES AND PROVISIONS

	For trade receivables	For contingencies
Balances at December 31, 2017	**3,921,106**	**10,933,223**
Decreases	-	(2,920,448)
RECPPC	(1,265,342)	(3,528,154)
Balances at December 31, 2018	**2,655,764**	**4,484,621**

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.

NOTE 22: DEFINED BENEFIT PLAN - LABOR COMMITMENTS WITH PERSONNEL

A detailed description of the estimated cost and liability for benefits after retirement granted to Company's employees 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 22: 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, 2018, 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.

	12.31.2018	12.31.2017
Defined benefit plan		
Non-current	11,476,399	-
Current	1,902,905	-
Total	**13,379,304**	-

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

	12.31.2018	12.31.2017
Present value of the obligations for benefits	13,379,304	-
Obligations for benefits at year end	**13,379,304**	-

The actuarial assumptions used were:

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

At December 31, 2018 and 2017, the Company does not have assets related to pension plans. The charge

recognized in the comprehensive statement of income is as follows:

	12.31.2018	12.31.2017
Cost of current services	13,862,753	-
Interest charges	2,040,966	-
Actuarial cost through Other comprehensive income	1,128,795	-
Total cost	**17,032,514**	**-**

NOTE 22: DEFINED BENEFIT PLANS - LABOR COMMITMENTS WITH STAFF (Cont'd)

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

	12.31.2018	12.31.2017
Balances at beginning of year	-	-
Cost of current services	13,862,753	-
Interest charges	2,040,966	-
Actuarial cost through Other comprehensive income	1,128,795	-
Payments of benefits	(64,323)	-
RECPPC	(3,588,887)	-
Balance at year end	**13,379,304**	-

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

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

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

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

NOTE 23: SALES REVENUE

	12.31.2018	12.31.2017
Sale of electricity Res. No. No. 95/529/482/22/19 plus Spot	584,199,035	447,610,910
Energía Plus sales	1,716,352,173	1,554,088,203
Sale of electricity Res. No. 220	3,018,349,590	1,978,000,539
Sale of electricity Res. No. 21	1,682,039,132	269,900,071
	7,000,939,930	**4,249,599,723**

NOTE 24: COST OF SALES

	12.31.2018	12.31.2017
Purchase of electricity	(1,269,980,235)	(1,297,933,767)
Gas and diesel consumption at the plant	(368,229,417)	(230,081,640)
Fees and compensation for services	(7,444,834)	(7,201,756)
Salaries and social security contributions	(178,798,851)	(164,467,966)
Defined benefit plan	(13,862,753)	-
Other employee benefits	(12,642,659)	(12,086,542)
Taxes, rates and contributions	(17,995,575)	(26,956,537)
Maintenance services	(455,835,227)	(286,025,256)
Depreciation of property, plant and equipment	(901,285,259)	(444,319,174)
Per diem, travel and representation expenses	(1,170,246)	(5,320,449)
Insurance	(48,296,516)	(42,747,939)
Communication expenses	(10,627,279)	(7,034,595)
Sundry	(7,800,688)	(6,535,331)
	(3,293,969,539)	**(2,530,710,952)**

NOTE 25: SELLING EXPENSES

	12.31.2018	12.31.2017
Taxes, rates and contributions	(4,725,128)	(2,062,499)
(Loss) Recovery of Turnover tax	(21,500,848)	34,867,315
Doubtful accounts	48,735	25,789
	(26,177,241)	**32,830,605**

NOTE 26: ADMINISTRATIVE EXPENSES

	12.31.2018	12.31.2017
Fees and compensation for services	(138,510,079)	(62,100,457)
Directors' fees	(315,030)	(22,707,281)
Other employee benefits	(452,993)	(62,386)
Taxes, rates and contributions	(2,535,105)	(2,448,010)
Travel and representation expenses	(4,651,416)	(2,730,292)
Insurance	(39,418)	(357,426)
Office expenses	(3,890,403)	(5,983,864)
Communication expenses	(674,967)	(359,066)
Leases	(6,064,562)	(6,735,119)
Gifts	(9,729)	(1,854,838)
Sundry	(2,982,971)	(3,026,974)
	(160,126,673)	**(108,365,713)**

NOTE 27: OTHER OPERATING INCOME

	12.31.2018	12.31.2017
Sale of land and extension of double circuit 132-kV transmission line	-	20,580,383
Other income	3,570,851	3,692,341
	3,570,851	**24,272,724**

NOTE 28: Other operating expenses

	Note	12.31.2018	12.31.2017
CAMMESA penalty	38	(283,300,316)	-
		(283,300,316)	-

NOTE 29: FINANCIAL RESULTS

	12.31.2018	12.31.2017
Financial income		
Commercial interest	60,312,018	54,613,699
Interest on loans granted	159,292,037	42,302,948
Total financial income	**219,604,055**	**96,916,647**
Financial expenses		
Loan interest	(1,566,206,507)	(495,633,390)
Commercial and other interest	(37,068,684)	(71,396,895)
Bank expenses and commissions	(13,525,660)	(5,516,063)
Total financial expenses	**(1,616,800,851)**	**(572,546,348)**
Other financial results		
Exchange differences, net	(11,137,565,690)	(460,131,140)
Changes in the fair value of financial instruments	702,444,129	102,980,567
RECPPC	5,610,930,015	1,206,867,290
Depreciation of property, plant and equipment	2,145,174,484	(2,145,174,484)
Other financial results	(218,786,685)	(171,438,756)
Total other financial results	**(2,897,803,747)**	**(1,466,896,523)**
Total financial results, net	**(4,295,000,543)**	**(1,942,526,224)**

NOTE 30: EARNINGS PER SHARE

Basic

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

	12.31.2018	12.31.2017
(Loss) / income for the year	(835,539,309)	244,800,607
Weighted average of outstanding ordinary shares	138,172,150	138,172,150
Basic (losses) / earnings per share	**(6.0471)**	**1.7717**

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

NOTE 31: TRANSACTIONS AND BALANCES BETWEEN RELATED PARTIES

	Gain / (loss)	
	$	
a) Sales of energy	**12.31.2018**	**12.31.2017**
Other related parties:		
Solalban Energía S.A.	7,559,682	151,354,827
RGA	85,495,505	110,146,385
	93,055,187	**261,501,212**
b) Purchase of gas and energy		
Other related parties:		
Solalban Energía S.A.	(345,613)	(103,292)
RGA (*)	(2,974,699,059)	(2,821,529,096)
	(2,975,044,672)	**(2,821,632,388)**
c) Administrative services and management		
Other related parties:		
RGA	(221,925,604)	(42,474,501)
	(221,925,604)	**(42,474,501)**
d) Rental		
Other related parties:		
RGA	(6,049,770)	(6,744,731)
	(6,049,770)	**(6,744,731)**
e) Other purchases and services received		
Other related parties:		
RGA - guarantee	-	(79,165,958)
BDD – Purchase of wines	(1,927,816)	(3,733,931)
AJSA - Flights made	(55,814,602)	(81,568,878)
ASA - guarantee	(4,781,134)	(3,968,765)
	(62,523,552)	**(168,437,532)**
f) Recovery of expenses		
Other related parties:		
RGA	(2,443,292)	(1,994,210)
GROSA	9,429,489	12,018,865
CTR	31,054,856	12,797,989
GECE	18,927,337	-
AESA	10,790,337	181,151
AJSA	798	1,081
AVRC	-	1,081
BDD	-	5,406
	67,759,525	**23,011,363**
g) Financial cost		
Other related parties:		
RGA	-	(45,177,720)
	-	**(45,177,720)**

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

NOTE 31: TRANSACTIONS AND BALANCES BETWEEN RELATED PARTIES (Cont'd)

h) Fees

	Gain / (loss) $ 12.31.2018	Gain / (loss) $ 12.31.2017
Other related parties:		
Directors	-	(22,707,280)
	-	**(22,707,280)**

i) Interest generated due to loans granted

Other related parties:		
CTR	22,278,126	-
GROSA	14,521,900	13,540,822
Directors	3,317,569	5,979,279
ASA	119,174,442	-
AISA (1)	-	22,654,929
	159,292,037	**42,175,030**

j) Gas pipeline works

Other related parties:		
RGA	(77,406,694)	(267,139,663)
	(77,406,694)	**(267,139,663)**

k) Work management services

Other related parties:		
RGA	(103,514,608)	(143,771,600)
	(103,514,608)	**(143,771,600)**

(1) Company absorbed by ASA as from January 1, 2018, by virtue of the merger through absorption process.

l) Remuneration of key managerial staff

The senior management includes directors (executive and non-executive). Managerial staff's fees at December 31, 2018 and 2017 amounted to $ 26,346,792 and $ 16,901,109, respectively.

	12.31.2018	12.31.2017
Salaries	(26,346,792)	(16,901,109)
	(26,346,792)	**(16,901,109)**

NOTE 31: TRANSACTIONS AND BALANCES BETWEEN RELATED PARTIES (Cont'd)

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

	12.31.2018	12.31.2017
Other current receivables with other related parties		
AESA	11,018,347	-
ASA	800,409,904	157,576,547
AISA (1)	-	119,388,797
AJSA	-	1,242
CTR	280,580,405	1,382,084
GROSA	23,717,149	59,019,538
Directors	15,155,891	20,143,799
	1,130,881,696	**357,512,007**
Other current trade payables with other related parties		
RGA	470,965,667	332,830,609
AJSA	4,787,458	995,512
Solalban Energía S.A.	309,436	-
	476,062,561	**333,826,121**
Other current debts with other related parties		
BDD	947,716	862,809
Provision for Directors' fees	-	22,146,555
	947,716	**23,009,364**

(1) Company absorbed by ASA as from January 1, 2018, by virtue of the merger through absorption process.

NOTE 31: TRANSACTIONS AND BALANCES BETWEEN RELATED PARTIES (Cont'd)

m) Balances at the date of the statements of financial position (Cont'd)

	12.31.2018	12.31.2017
Loans to Albanesi S.A. (Includes the balance of the AISA merger)		
Balances at beginning of year	119,388,797	123,080,069
Loans granted	700,088,080	-
Loans repaid	(27,045,175)	-
Accrued interest	119,174,442	22,782,847
RECPPC	(111,196,240)	(26,474,119)
Balance at year end	**800,409,904**	**119,388,797**

The loans are governed by the following terms and conditions:

Entity	Amount	Interest rate	Conditions
At 12.31.2018			
ASA	665,312,195	35%	Maturity date: 1 year, renewable automatically until 5 years.
Total in pesos	**665,312,195**		

	12.31.2018	12.31.2017
Loans to Directors		
Balances at beginning of year	20,143,799	27,845,173
Loans granted	17,706,400	25,704,462
Assignment (1)	-	(34,674,666)
Loans repaid	(19,994,649)	-
Accrued interest	3,317,569	6,096,848
RECPPC	(6,017,228)	(4,828,018)
Balance at year end	**15,155,891**	**20,143,799**

The loans are governed by the following terms and conditions:

Entity	Amount	Interest rate	Conditions
At 12.31.2018			
Directors	12,331,248	BADLAR + 3%	Maturity date: 1 year
Total in pesos	**12,331,248**		

(1) For assignment of receivables with Directors of GMSA to GROSA dated 06/30/2017.

NOTE 31: TRANSACTIONS AND BALANCES BETWEEN RELATED PARTIES (Cont'd)

m) Balances at the date of the statements of financial position (Cont'd)

	12.31.2018	12.31.2017
Loans to Generación Rosario S.A.		
Balances at beginning of year	59,019,538	-
Loans granted	16,631,921	15,507,878
Assignment (1)	-	31,465,144
Loans collected	(44,815,756)	-
Accrued interest	14,521,900	13,540,822
VAT	4,420,320	-
Interest collected	(1,189,556)	-
RECPPC	(24,871,218)	(1,494,306)
Balance at year end	**23,717,149**	**59,019,538**

The loans are governed by the following terms and conditions:

Entity	Amount	Interest rate	Conditions
At 12.31.2018			
GROSA	-	35%	Maturity date: 1 year
Total in pesos	-		

(2) For assignment of receivables with Directors of GMSA to GROSA dated 06/30/2017.

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

	12.31.2018	12.31.2017
Loans to Central Térmica Roca S.A.		
Balances at beginning of year	-	-
Loans granted	292,560,402	-
Accrued interest	22,278,126	-
RECPPC	(34,284,431)	-
Balance at year end	**280,554,097**	**-**

NOTE 31: TRANSACTIONS AND BALANCES BETWEEN RELATED PARTIES (Cont'd)

n) Balances at the date of the statements of financial position (Cont'd)

The loans are governed by the following terms and conditions:

Entity	Amount	Interest rate	Conditions
At 12.31.2018			
CTR	292,560,402	35%	Maturity date: 1 year
Total in pesos	**292,560,402**		

NOTE 32: WORKING CAPITAL

The Company reports at December 31, 2018 a deficit of $ 1,272,723,214 in its working capital (calculated as current assets less current liabilities), which means an increase of $ 1,215,776,213, compared to the deficit in working capital at December 31, 2017 ($ 56,947,001). The variation is mainly due to the application of funds due to the progress of investment projects developed by the Company.

With the aim of reversing the current deficit in its working capital, GMSA and its shareholders are expecting to execute a plan for refinancing liabilities in the short term.

NOTE 33: RESTRICTED ASSETS AND OTHER COMMITMENTS

Other commitments

Some of the contractual obligations relating to the supply of electric energy to large customers of the MAT at December 31, 2018 and periods in which those obligations must be fulfilled are detailed below. These commitments are originated in supply contracts (energy and power) entered into between the Company and large users on the Forward Market in accordance with regulations set forth by the Energy Secretariat under Resolution 1281/06 (Energía Plus). They are contracts denominated in United States dollars, entered into with private customers.

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

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

NOTE 34: STORAGE OF DOCUMENTATION

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

Entity responsible for warehousing of information - Domicile
Iron Mountain Argentina S.A. – Av. Amancio Alcorta 2482, 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 35: SEGMENT REPORTING

The information on exploitation segments is presented in accordance with the interim 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 36: PRESENTATION TO CAMMESA

On June 19, 2015 the Company submitted to CAMMESA a request for recognition of the remuneration for maintenance and investments, as set forth by Resolution No. 529/14 for CTMM. Since the effective date of that Resolution, in February 2014 and until June 2015, the Company has generated a total of 540,614MWh, equivalent to the amount of $14,268,553.

On August 26, 2015, the Company filed a new note to CAMMESA, updating the amount of the request detailed in the above paragraph of Resolution No. 529/14.

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

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

On June 10, 2016 the Company submitted to CAMMESA a request for recognition of the remuneration for maintenance and investments, as set forth by Resolution No. 529/14 for CTLB and CTRi. Since the effective date of that Resolution, in February 2014 up to and including April 2016, CTLB has generated a total of 60,166 MWh, equivalent to the amount of $2,935,346 and CTRi generated a total of 51,564 MWh, equivalent to the amount of $3,068,853.

In addition, a note about non-recurring maintenance was filed with CAMMESA by both CTLB and CTRi, for a total amount of USD 953,000 plus VAT. The technical team from CAMMESA completed the visits to the power plants and issued a report on CTLB and CTRi which is under economic assessment.

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

NOTE 36: PRESENTATION TO CAMMESA (Cont'd)

The new work plan for CTMM was submitted to CAMMESA on December 2, 2016. The work schedule included in the plan was as follows:

	Total 2015		Total 2016		Total 2017		Total 2018	
USD without VAT	311,142	5%	195,007	3%	5,242,017	75%	1,140,754	17%

Between November 2016 and December 2017, the Company made ten filings through note to CAMMESA for $ 53,132,921.

On August 29, 2017, through Note B-117397-1, the Undersecretariat for Thermal Energy, Transportation and Distribution of Electricity gave its consent to the request by the Company to apply the receivables corresponding to the Additional remuneration for trust funds (created by Section 5 of Resolution No. 95/2013 of the former ES), and the receivables from LVFVD (Sale Settlements with Maturity Dates to be Determined) still pending payment to settle the loans for major maintenance that the Company is currently performing.

At December 31, 2018, the total amount disbursed and received from CAMMESA was $19,626,033 and has been offset against receivables for the Remuneration of Non-recurring Maintenance and the Trust Additional Remuneration.

NOTE 37: EXECUTION OF CONTRACTS TO PURCHASE MACHINERY

BLC Asset Solutions B.V.

On February 21, 2018, GMSA signed an agreement with BLC Asset Solutions B.V. (BLC) for the purchase of 2 (two) gas turbines, 3 (three) steam turbines and 7 (seven) steam recovery boilers. Such equipment will be installed at the electric power generation plants located in Río Cuarto, province of Córdoba, and in Ezeiza, province of Buenos Aires, for expansion through cycle closures at the two power plants. The purchase agreement sets forth financing by BLC of the total price of the equipment agreed at USD 150,671,217, for a term of 5 years and 5 months.

Siemens Industrial Turbomachinery AB

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

<u>NOTE 37:</u> EXECUTION OF CONTRACTS TO PURCHASE MACHINERY (Cont'd)

Siemens Industrial Turbomachinery AB (Cont'd)

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

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

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

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

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

(1) The commitment is stated in US dollars, and considers the time of payment according to the specific conditions of the contract.

Pratt & Whitney Power System Inc

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

NOTE 37: EXECUTION OF CONTRACTS TO PURCHASE MACHINERY (Cont'd)

Pratt & Whitney Power System Inc (Cont'd)

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

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

	Total	2019	2020	2021	2022	2023
Commitments *(1)*	USD					
PWPS for the purchase of of the turbine FT4000™ SwiftPac®	**15,725,401**	750,000	3,743,495	3,743,495	3,743,495	3,744,916

(1) The commitment is stated in US dollars, and considers the time of payment according to the specific conditions of the contract.

NOTE 38: ALL-RISK INSURANCE COVERAGE

All-risk insurance policy with coverage for 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.

On October 15, 2017, the all-risk insurance policy of all generators of Albanesi Group was renewed for a further 18 months, with a reduction of 16% in the annual premium rate, an increase in the compensation limit from USD 150 MM to USD 200 MM and a 5% bonus for no loss ratio upon renewal.

Contractors' all-risk and assembly insurance

Works for installation or enlargement of the capacity developed by the Company are insured by a Contractors' all-risk and assembly insurance, which covers all accidental or unforeseeable damages occurred during the execution of a civil work, including damages caused by acts of God, provided that they are not expressly excluded from the policy.

<u>NOTE 38</u>: ALL-RISK INSURANCE COVERAGE (Cont'd)

Contractors' all-risk and assembly insurance (Cont'd)

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

Once all pieces of equipment are in operation, the new assets will be covered by the All-risk insurance that Albanesi Group has taken out, and which covers all power plants in operation.

<u>NOTE 39</u>: SUPPLY CONTRACT WITH CAMMESA: AGREED UPON DATE OF AUTHORIZATION FOR THE COMMERCIAL OPERATION OF THE POWER PLANTS

On June 30, 2016, GMSA –as seller– and CAMMESA –as buyer–, on behalf of the WEM, entered into the Supply Contracts for the available power and energy supplied by CTE and CTI. July 1, 2017 was the Agreed upon Date set for the commercial operation of the two power plants.

The commercial operation for CTE and CTI were granted on September 29 and August 10, 2017, respectively.

On June 28, 2017 GMSA made a filing before CAMMESA and the ES, to inform them that CTE and CTI had suffered certain facts that could be considered as a force majeure event or an act of God, which in turn adversely affected the possibility of obtaining the authorization for commercial operation by the Agreed upon Date set on the Supply Contract. In this regard, GMSA explained, argued, and produced the pertinent evidence supporting the existence of certain factors, not attributable to the Company, which implied that the commercial operation was not obtained at the Agreed upon Date set on the Supply Contract.

Under Resolution 264/2018 dated June 6, 2018, the Energy Ministry established that the penalties shall be discounted from the sum receivable by the penalized Generating Agent in 12 equal and consecutive monthly installments, and that the Generating Agent may opt to discount the penalty amount in up to 48 equal and consecutive installments, applying to the balance an effective annual rate of 1.7% in United States dollars, and the number of installments shall not exceed the contract term.

Without prejudice to the above, CAMMESA has rejected GMSA's arguments and has set the penalties in the amounts of USD 12,580,090 for CTE and USD 3,950,212 for CTI. The balance of these penalties at December 31, 2018, net of the present value, equivalent to $ 574,423,829, is disclosed under trade payables.

In this respect, July 11, 2018 CAMMESA notified through Note B.127925-7 the penalty amount mentioned above and urged GMSA to inform if it would make use of the option set out by Resolution 264/2018.

NOTE 39: SUPPLY CONTRACT WITH CAMMESA: AGREED UPON DATE OF AUTHORIZATION FOR THE COMMERCIAL OPERATION OF THE POWER PLANTS (Cont'd)

In view of the foregoing, on July 10 and July 23, 2018 GMSA made the pertinent presentations to CAMMESA making use of the option to discount the penalty amount in up to 48 monthly and consecutive installments, applying to the balance the effective annual rate of 1.7% in United States dollars; the number of installments should not exceed the contract term and the first installment payable shall be discounted as from the July 2018 transaction, maturing in September 2018.

The results of this transaction, as disclosed under Other expenses, in the Statement of Comprehensive Income, are exceptional, unique and do not relate to the Company's main line of business, therefore they are not considered to be within EBITDA.

NOTE 40: CHANGES IN THE ADMINISTRATIVE BODY. RESIGNATION INTERNAL REVIEW OF THE COMPANY

On August 1, 2018, Mr. Armando R. Losón was involved in a judicial investigation in the case entitled "Fernandez, Cristina Elisabet et al, illegal conspiracy", which is pending at the Federal Court of First Instance for Criminal and Minor Offenses No. 11, Clerk's Office No. 21. At present, the Federal Court of First Instance for Criminal and Minor Offenses resolved to modify the procedural status of Mr. Armando R. Losón, leaving without effect the accusation of illegal conspiracy and urging the First Instance Judge to delve deeply into the investigations to evaluate the possibility of a reclassification of the applicable type of offense. Further, on August 7, 2018, Mr. Armando Roberto Losón formally resigned as Director, and Mr. Armando Losón (Jr.) took office as Chairman of the Company.

It is worth mentioning that neither the Company nor any of the entities of the Albanesi Group is undergoing any process in relation to that investigation. Management of the Company understands that its acts are fully in compliance with applicable laws and regulations.

Additionally, during February 2019, the independent internal review entrusted by the management of the Albanesi Group companies came to an end, and no evidence was found which relates the Group companies to the facts under judicial investigation referred to above.

NOTE 41: AGREEMENT OF THE ARGENTINE FEDERATION OF ENERGY WORKERS WITH GMSA, CTR AND AESA

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

The collective bargaining agreement shall have a duration of 3 years counted as from January 1, 2018 and shall apply to the CTMM, CTI, CTRi, CTLB, CTF, CTR and CT Timbúes thermal power plants.

NOTE 42 SUBSEQUENT EVENTS

a) SRRyME Resolution No. 1/2019

SRRyME Resolution 1/2019 was published on February 28, 2019, replacing ES Resolution No. 19/2017. This resolution establishes new remuneration mechanisms for the generators, co-generators and self-generators in the WEM which do not have WEM Supply Contracts.

First, it establishes the Guaranteed Power Availability system to report on power availability on a quarterly basis.

Second, the resolution establishes a remuneration mechanism for power and energy.

The remuneration for power availability consists of a minimum price associated with the Real Power Availability (DRP, its Spanish acronym) and a price for guaranteed power, as per compliance with a Guaranteed Power Supply (DIGO, its Spanish acronym).

Remuneration for power will be affected depending on the use factor of the power generation equipment. The following table shows the Base Price for the Power, according to the technology and scale (PrecBasePot):

TECHNOLOGY/SCALE	PrecBasePot [USSMW-month]
CC large P > 150 MW	3,050
CC small P<150MW	3,400
TV large P >100 MW	4,350
TV small P < 100MW	5,200
TG large P >50 MW	3,550
TG small P < 50MW	4,600
Internal combustion engines	5,200

The following table shows the Price for Availability (DIGO):

Period	PrecPotDIGO [USSMW-month]
Summer: December - January - February	7,000
Winter: June - July - August	7,000
Rest of the year: March - April - May - September - October - November	5,500

These two prices will be affected by the Use Factor, which is the relation between the energy actually generated each year and the actual energy available at the power plant (without forced unavailability or maintenance).

NOTE 42 SUBSEQUENT EVENTS (Cont'd)

a) SRRyME Resolution No. 1/2019 (Cont'd)

The energy actually generated for conventional thermal power generation will be recognized at the most per type of fuel consumed by the power plant, nonfuel variable costs of 4 USD/MWh for natural gas and 7 USD/MWh for diesel or fuel oil. Only 50% of nonfuel variable costs will be remunerated for the Energy Generated in case a power plant that has opted to get its own fuel for power generation does not have the fuel required for such generation when called for dispatch. Lastly, generators will receive a monthly remuneration for the Energy Operated, represented by the integration of hourly powers in the period, valued at 1.4 USD/MWh for any type of fuel.

Section 8 of SRRyME Resolution provides that CAMMESA will convert the dollar-denominated prices into Argentine pesos, applying the "A" 3500 (Wholesale) Exchange Rate in effect on the day preceding the due date of the economic transactions.

The new resolution is effective from March 1, 2019.

b) Increased amount under the program for the co-issuance of simple negotiable obligations (not convertible into shares)

On February 4, 2019, the Board of Directors approved an increase to USD 300,000,000 in the maximum amount under the Program for the co-issuance of simple negotiable obligations (not convertible into shares) for up to USD 100,000,000 (or its equivalent in other currencies), as approved by Resolution No. RESFC-2017-18947-APN-DIR#CNV dated September 26, 2017 of the National Securities Commission (the "Program"), jointly with CTR/GMSA.

The proceeds from the placement shall be applied to (i) investments in physical assets and capital goods, mainly for the development of cycle closure projects for CTMM and CTE; (ii) working capital; (iii) financing of business activity; and (iv) for corporate purposes in general.

NOTE 43: FINANCIAL STATEMENTS TRASLATION INTO ENGLISH LANGUAGE

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

Summary of Activity at December 31, 2018 and 2017

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

Pursuant to the provisions of General Resolution No. 368/01, as amended, of the National Securities Commission (CNV), presented below is an analysis of the results of operations of GMSA and its equity and financial position, which should be read in conjunction with the accompanying financial statements.

	Fiscal year ended December 31:			
	2018	**2017**	**Variation**	**Variation %**
Sales by type of market	GWh			
Sale of Electricity Res. No. 95/529/482/22/19 plus Spot	537	664	(127)	(19%)
Sales under Energía Plus	673	744	(71)	(10%)
Sales CAMMESA 220	162	536	(374)	(70%)
Sale of Electricity Res. No 21	193	25	168	672%
Total	**1,565**	**1,969**	**(404)**	**(21%)**

Sales by type of market (in millions of pesos):

	Fiscal year ended December 31:			
	2018	**2017**	**Variation**	**Variation %**
	(in millions of pesos)			
Sales by type of market				
Sale of Electricity Res. No. 95/529/482/22/19 plus Spot	3,018.3	1,978.0	1,040.3	53%
Sales under Energía Plus	1,716.4	1,554.1	162.3	10%
Sales CAMMESA 220	584.2	447.6	136.6	31%
Sale of Electricity Res. No 21	1,682.0	269.9	1,412.1	523%
Total	**7,000.9**	**4,249.6**	**2,751.3**	**65%**

Income/loss for the year ended December 31, 2018 and 2017 (in millions of pesos):

	Fiscal year ended December 31: 2018	2017	Variation	Variation %
Sale of energy	7,000.9	4,249.6	2,751.3	65%
Net sales	**7,000.9**	**4,249.6**	**2,751.3**	**65%**
Purchase of electricity	(1,270.0)	(1,297.9)	27.9	(2%)
Gas and diesel consumption at the plant	(368.2)	(230.1)	(138.1)	60%
Salaries, social security charges and fringe benefits	(191.4)	(176.6)	(14.8)	8%
Defined benefit plan	(13.9)	-	(13.9)	100%
Maintenance services	(455.8)	(286.0)	(169.8)	59%
Depreciation of property, plant and equipment	(901.3)	(444.3)	(457.0)	103%
Insurance	(48.3)	(42.7)	(5.6)	13%
Taxes, rates and contributions	(18.0)	(27.0)	9.0	(33%)
Other	(27.0)	(26.1)	(0.9)	3%
Cost of sales	**(3,294.0)**	**(2,530.7)**	**(763.3)**	**30%**
Gross income/(loss)	**3,707.0**	**1,718.9**	**1,988.1**	**116%**
Taxes, rates and contributions	(4.7)	(2.1)	(2.6)	124%
(Loss) Recovery of turnover tax	(21.5)	34.9	(56.4)	(162%)
Selling expenses	**(26.2)**	**32.8**	**(59.0)**	**(180%)**
Salaries, social security charges and fringe benefits	(0.5)	(0.1)	0.4	400%
Fees and compensation for services	(138.5)	(62.1)	(76.4)	123%
Directors' fees	(0.3)	(22.7)	22.4	(99%)
Per diem, travel and representation expenses	(4.7)	(2.7)	(2.0)	0.74%
Rental	(6.1)	(6.7)	0.6	(9%)
Office expenses	(3.9)	(6.0)	2.1	(35%)
Gifts	-	(1.9)	1.9	(100%)
Other	(6.2)	(6.2)	-	0%
Administrative expenses	**(160.1)**	**(108.4)**	**(51.7)**	**48%**
Other income	3.6	24.3	(20.7)	(85%)
Other expenses	(283.3)	-	(283.3)	100%
Operating income	**3,240.9**	**1,667.5**	**1,573.4**	**94%**
Commercial interest earned	60.3	54.6	5.7	10%
Interest on loans	(1,406.9)	(453.3)	(953.6)	210%
Commercial and fiscal interest paid	(37.1)	(71.4)	34.3	(48%)
Bank expenses and commissions	(13.5)	(5.5)	(8.0)	145%
Exchange differences, net	(11,137.6)	(460.1)	(10,677.5)	2,321%
RECPPC	5,610.9	1,206.9	4,404.0	365%
Depreciation of property, plant and equipment	2,145.2	(2,145.2)	4,290.4	(200%)
Other financial results	483.7	(68.5)	(552.2)	(806%)
Financial and holding results, net	**(4,295.0)**	**(1,942.5)**	**(2,353.5)**	**121%**
Income before tax	**(1,054.1)**	**(274.9)**	**(779.2)**	**283%**
Income tax	218.5	519.7	(301.2)	(58%)
(loss) / Income for the year	**(835.5)**	**244.8**	**(1,080.3)**	**(441%)**

	2018	2017	Variation	Variation %
Other Comprehensive Income for the year				
Benefit plan	(1.1)	-	(1.1)	100%
Revaluation of property, plant and equipment of subsidiaries	4,584.3	-	4,584.3	100%
Impact on income tax	(1,145.8)	-	(1,145.8)	100%
Other comprehensive income for the year	**3,437.4**	**-**	**3,437.4**	**100%**
Total comprehensive income for the year	**2,601.8**	**244.8**	**2,357.0**	**963%**

Sales:

Net sales for the year ended December 31, 2018 amounted to $ 7,000.9 million, compared with $ 4,249.6 million for fiscal year 2017, showing an increase of $ 2,751.3 million (or 65%).

During the year ended December 31, 2018 energy dispatch reached 1,565 GWh, 21% lower than the 1,969 GWh in the year 2017.

The main sources of income of the Company and their performance during the fiscal year ended December 31, 2018 compared with the year 2017 are described below:

(i) $ 1,716.4 million from sales under Energía Plus, up 10% from the $ 1,554.1 million sold in 2017. This variation is attributed to the favorable effect on prices due to a higher exchange rate.

(ii) $3,018.3 million for sales of electricity in the forward market to CAMMESA under the framework of Resolution No. No. 220/07, which accounted for an increase of 53% compared with $1,978 million for 2017. This variation is explained by an increase in the price due to the increase in the exchange rate and in the sales volume as a result of the start-up of new turbines.

(iii) $584.2 million for sales of energy under Resolutions Nos. 95/529/482/22/19 and spot market, accounting for a 31% increase compared with $447.6 million for fiscal year 2017. This variation is attributed to the management of surplus volumes of electricity generation carried out by CAMMESA

(iv) $1,682.0 million for sales of energy under Resolution No. 21, accounting for a 523% increase. This variation is explained by the start-up of new turbines in fiscal year 2017.

Cost of sales:

The total cost of sales for the year ended December 31, 2018 reached $ 3,294.0 million, compared with $ 2,530.7 million for fiscal year 2017, reflecting an increase of $ 763.3 million (or 30%).

Below is a description of the main costs of sales of the Company, in millions of pesos, and their performance during the year, compared with the previous fiscal year:

(i) $1,270 million from purchases of electricity, which accounted for a 2% drop compared with $1,297.9 million for fiscal year 2017, due to lower sales of GWh under Energía Plus.

(ii) $368.2 million for gas and diesel consumption cost at the plant, accounting for an increase of 60% as against $230.1 million in fiscal 2017.

(iii) $455.80 million for maintenance services, a raise of 59% compared with $286 million in fiscal year 2017. This variation was due to the variation in the dollar exchange rate and the start-up of new turbines.

(iv) Depreciation of property, plant and equipment of $901.3 million, which accounted for a 103% increase with regard to $444.3 million in fiscal year 2017. This variation resulted mainly from the higher depreciation value under the buildings, facilities and machinery captions due to their revaluation in 2018 and 2017.

(v) $191.4 million in salaries, wages and social security contributions, which accounted for an increase of 8% compared with $176.6 million in fiscal year 2017. This increase was mainly attributable to higher salaries and new hires.

(vi) $48.3 million in insurance, a 13% rise compared with $42.7 million in 2017 as a result of the exchange rate variation and the start-up of new turbines.

Gross profit/(loss):

Gross income recorded for the year ended December 31, 2018 was $3,707.0 million, compared with a profit of $1,718.9 million for the year 2017, accounting for a 116% increase. This is due to the variation in the exchange rate and the commercial authorization of the new turbines.

Selling expenses:

Selling expenses for the year ended December 31, 2018 amounted to $26.2 million, compared with $32.8 million profit for fiscal year 2017, accounting for a variation of $59.0 million (or 180%).

Administrative expenses:

The administrative expenses for the year ended December 31, 2018 amounted to $160.1 million, compared with $108.4 million in fiscal year 2017, reflecting an increase of $51.8 million (or 48%).

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

(i) $138.5 million in fees and compensation for services, an increase of 123% compared with $62.1 million in the previous year.

(ii) $6.1 million in rental costs, which accounted for a decrease of 9% compared with $6.7 million in the previous year.

Operating profit/(loss):

Operating income for the year ended December 31, 2018 was $3,240.9 million, compared with a profit of $1,667.6 million for the year 2017, accounting for a 94% increase.

Financial results:

Financial results for the fiscal year ended December 31, 2018 amounted to a total loss of $4,295.0 million, compared with a loss of $1,942.5 million for the year 2017, which accounted for an increase of 121%.

The most salient aspects of this variation are as follows:

(i) $1,406.9 million loss corresponding to financial interest, an increase of 210% compared with $453.3 million loss in fiscal year 2017, as a result of an increase in the financial debt generated by investment projects.

(ii) $483.7 million gain generated by other financial results, compared with $68.5 million loss in fiscal year 2017.

(iii) $11,137.6 million loss due to net exchange differences, reflecting an increase of 2,321% compared with $460.1 million loss in the previous fiscal year.

(iv) $5,610.9 million gain for RECPAM, accounting for an increase of 365% compared with $1,206.9 million gain in the previous fiscal year.

Profit/(loss) before tax:

The Company reported loss before tax for $1,054.1 million for the fiscal year ended December 31, 2018, which accounted for a 283% increase compared with the loss of $274.9 million in the previous fiscal year.

Income tax determined for the current year amounted to $218.5 million, compared with $519.7 million in the previous fiscal year.

Net income/(loss):

The net loss for the year ended December 31, 2018 was $835.5 million, compared with a gain of $244.8 million in fiscal year 2017, accounting for a decrease of 441%.

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

	12.31.18	12.31.17
Non-current assets	24,144.3	16,044.2
Current assets	3,841.4	3,236.2
Total Assets	**27,985.7**	**19,280.4**
Equity	6,543.6	3,941.8
Total equity	**6,543.6**	**3,941.8**
Non-current Liabilities	16,327.9	12,045.4
Current Liabilities	5,114.1	3,293.1
Total liabilities	**21,442.0**	**15,338.5**
Total liabilities + equity	**27,985.7**	**19,280.3**

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

	12.31.18	12.31.17
Ordinary operating profit/(loss)	3,240.9	1,667.6
Financial and holding results	(4,295.0)	(1,942.5)
Ordinary net profit/(loss)	**(1,054.1)**	**(274.9)**
Income tax	218.5	519.7
Net profit/loss	**(835.5)**	**244.8**
Other comprehensive income	3,437.4	-
Total Comprehensive Income	**2,601.8**	**244.8**

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

	12.31.18	12.31.17
Cash flows provided by operating activities	2,550.0	3,671.0
Cash flows (used in) investment activities	(1,967.8)	(6,319.8)
Cash flows (used in) provided by financing activities	(485.6)	1,872.4
Increase/(Decrease) in cash and cash equivalents	**96.7**	**(776.4)**

5. Ratios compared with the previous year:

	12.31. 18	12.31. 17
Liquidity (1)	0.75	0.98
Creditworthiness (2)	0.31	0.26
Tied-up capital (3)	0.86	0.83
Indebtedness ratio (4)	3.53	5.08
Interest coverage ratio (5)	3.12	4.60
Profitability (6)	(0.16)	0.07

(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 year (it does not include Other comprehensive income)/total net equity

(*) Amount not covered by the Audit Report.

6. Brief comment on the 2019 outlook

Commercial and operating sectors

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

Financial situation

In the current year, the Company has the objective of improving the financing structure to complete the projects described, as well as enhancing the financing structure and ensuring the progress of investment works according to the budgeted schedules.

ADDITIONAL INFORMATION REQUIRED BY SECTION 12, CHAPTER III, TITLE IV, OF THE NATIONAL SECURITIES COMMISSION REGULATIONS, FOR THE YEAR ENDED DECEMBER 31, 2018

General matters referred to the activity of GMSA

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

   None.

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

   None.

3. Breakdown of balances receivable and debts according to their age and due date

	Trade receivables	Other financial assets at fair value through profit or loss	Other receivables	Trade payables	Loans	Salaries and social security liabilities	Tax payables and deferred tax liability	Defined benefit plan	Other liabilities
	$								
To be due									
First quarter	1,564,282,098	252,359,000	340,841,121	1,277,428,461	1,310,111,339	39,762,914	12,321,000	475,727	947,716
Second quarter	-	-	32,517,300	474,599,077	79,643,917	1,983,758	-	475,726	-
Third quarter	-	-	32,517,300	370,363,337	205,125,906	1,983,758	-	475,726	-
Fourth quarter	-	-	1,163,398,996	339,152,625	996,825,909	1,983,758	-	475,726	-
More than 1 year	58,450,284	-	62,800,688	1,165,584,339	13,033,157,666	-	2,113,222,577	11,476,399	-
Subtotal	**1,622,732,382**	**252,359,000**	**1,632,075,405**	**3,627,127,839**	**15,624,864,737**	**45,714,188**	**2,125,543,577**	**13,379,304**	**947,716**
Past due	-	-	-	-	-	-	-	-	-
Without stated term	38,930,257	-	-	-	-	-	-	-	-
Total at 12.31.2018	**1,661,662,639**	**252,359,000**	**1,632,075,405**	**3,627,127,839**	**15,624,864,737**	**45,714,188**	**2,125,543,577**	**13,379,304**	**947,716**
Non-interest bearing	1,622,732,382	252,359,000	512,238,364	2,678,826,829		45,714,188	2,125,543,577	13,379,304	947,716
At fixed rate	-	-	-	948,301,010	(1) 13,903,749,720	-	-	-	-
At floating rate	38,930,257	-	1,119,837,041		(1) 1,721,115,017	-	-	-	-
Total at 12.31.2018	**1,661,662,639**	**252,359,000**	**1,632,075,405**	**3,627,127,839**	**15,624,864,737**	**45,714,188**	**2,125,543,577**	**13,379,304**	**947,716**

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

Captions	Type and amount of foreign currency		Closing exchange rate (1)	Amount recorded at 12/31/2018	Amount recorded at 12/31/2017
			$		
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents					
Cash	USD	1,400	37.50	52,500	65,452
Banks	USD	1,641,911	37.50	61,571,660	6,945,034
Trade receivables					
Trade payables - Energía Plus	USD	6,303,099	37.50	236,366,196	182,490,950
Trade payables- Res. 220/07 - Res. 19/17 - Res. 21/17	USD	31,214,332	37.50	1,170,537,468	738,415,862
Trade payables - Rental of tanks	USD	641,404	37.50	24,052,634	11,897,395
Total current assets				**1,492,580,458**	**939,814,693**
Total Assets				**1,492,580,458**	**939,814,693**
LIABILITIES					
CURRENT LIABILITIES					
Trade payables					
Related parties	USD	12,653,009	37.60	475,753,125	226,100,347
Suppliers	USD	4,134,581	37.70	155,873,714	81,617,533
Suppliers	SEK	272,776,126	4.23	1,153,843,012	660,482,514
Financial debt					
Loans	USD	59,194,986	37.70	2,231,650,961	301,231,671
Total current liabilities				**4,017,120,812**	**1,269,432,065**
NON-CURRENT LIABILITIES					
Trade payables					
Suppliers	USD	21,921,266	37.70	826,431,714	223,788,000
Suppliers	SEK	80,177,926	4.23	339,152,625	559,224,955
Financial debt					
Loans	USD	335,850,426	37.70	12,661,561,074	6,023,045,441
Total non-current liabilities				**13,827,145,413**	**6,806,058,396**
Total liabilities				**17,844,266,225**	**8,075,490,461**

5. Intercompany Section 33, Law 19550:

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

There are no participations in companies Sect. 33, Law No. 19550:

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

See Note 31.m) to the financial statements at December 31, 2018.

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

See Note 17 to the financial statements at December 31, 2018.

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

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

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

Current values

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

See Note 4 to the financial statements at December 31, 2018.

Property, plant and equipment

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

There are none.

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

There are none.

Equity interest in other companies

11. Interests in other companies in excess of the limit authorized by Section 31 of Law No. 19550.

None.

Recoverable values

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

See Note 4 to the financial statements at December 31, 2018.

Insurance

Kind of Risk	Insured amount 2018	Insured amount 2017
Operational all risks - Material damage	USD 643,345,092	USD 597,345,092
Operational all risk - Loss of profit	USD 160,919,240	USD 136,584,860
Contractors' all-risk - enlargement of power plants - material damages	USD 341,000,000	USD 179,937,714
Contractors' all-risk - enlargement of power plants - advance loss of profit (alop)	USD 116,986,000	USD 69,400,838
Civil Liability (excess coverage)	USD 9,000,000	USD 9,000,000
Civil Liability (primary)	USD 6,000,000	USD 6,000,000
Directors and Officers (D&O) liability insurance	USD 15,000,000	USD 15,000,000
Automobile	$ 4,315,940	$ 1,606,000
Transport insurance, Argentine and international market	USD 10,000,000	USD 10,000,000
Turbines insurance transport	USD 133,000,000	-
Directors' bond	$ 450,000	$ 450,000
Customs bond	$ 327,515,905	$1,412,444,971
Financial bond	-	$ 175,150,000
Environmental insurance	$ 68,539,821	$ 18,262,245
Contract execution bond	$ 400,000	$ 10,716,549
ENES Bond	$ 377,863,470	$ 912,760,422
Bond for commercial authorization of projects	$ 414,485,316	$ 1,194,314,569
Bond to secure offer maintenance	-	$ 53,805,150
Judicial bond	$ 5,000,000	$ 5,000,000
Equipment technical insurance	USD 256,205	USD 208,807
Personal accidents	$ 750,000	$ 550,000
Personal accidents	USD 1,000,000	USD 500,000
Life insurance - mandatory life insurance	$ 55,000	$ 44,330
Life - mandatory group life insurance (LCT, employment contract law)	Disability: 1 salary per year	Disability: 1 salary per year
	Death: 1/2 salary per year	Death: 1/2 salary per year
Life - Additional group life insurance	24 salaries	24 salaries

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

Operational all-risk:

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

Contractors' all-risk and ALOP:

Contractors' all-risk insurance covers all accidental or unforeseeable damages occurred during the execution of a civil work, including damages caused by acts of God, provided they are not expressly excluded in the policy.

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

Civil liability:

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

They are structured as follows:

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

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

Directors and Officers (D&O) liability insurance

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

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.

Personal accidents insurance:

Covers death and disability risks and medical attention and pharmaceutical expenses resulting from work-related accidents.

Transport insurance:

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

Directors' qualification bond:

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

Customs Guarantees:

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

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

Financial bond:

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

Contract execution bond:

It guarantees the compliance with all the obligations established in the contract and in the specifications of the call for bids. This policy has unlimited duration; it is released when returned or upon the provisional reception of the work without observations.

ENES Bond

Staggered shipments: Import or export of merchandise through the staggered shipments system. Any difference that arises from the tax treatment of the parties in relation to the total is guaranteed.

Judicial bond:

Insurance bond for judicial guarantees provides litigants with an appropriate means to guarantee their procedural obligations when the respective Code so requires.

These coverages apply both in cases in which the judge hearing the case has ordered the lock of a provisional remedy, and in those in which the constitution of a counterbond has been arranged.

Replacement of provisional remedies: the provisional remedy can be substituted by the defendant in a lawsuit through this policy, thereby releasing the equity affected by such measure.

Counterbond: it is the guarantee that must be provided by the person who has requested the lock of a provisional remedy to guarantee the damages that may arise in case of having requested it without right.

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.

Technical insurance for contractor teams:

Covers damages suffered by machinery and equipment from the moment they are performing their specific function and / or in land storage, including their eventual transit and ground transportation.

Mandatory life insurance:

The employer must take out mandatory life insurance coverage for its employees. It covers the risk of death of worker in an employment relationship, for any cause, without limitations of any kind, 24 hours a day, in or outside the country.

The insured amount is $55,000, as established by the National Insurance Superintendence.

Life insurance (LCT, employment contract law):

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

Group Life insurance:

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

Positive and negative contingencies

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

    See Note 4.15 to the financial statements at December 31, 2018.

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

    See Note 17 to the financial statements at December 31, 2018.

Irrevocable advances on account of future subscriptions

15. Status of the capitalization procedure.

    None.

16. Unpaid cumulative dividends on preferred shares

    None.

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

    See Note 14 of the financial statements at December 31, 2018.

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INDEPENDENT AUDITORS' REPORT

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

Report on the financial statements

We have audited the financial statements of Generación Mediterránea S.A., which consist of the statement of financial position as of December 31, 2018, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, as well as a summary of the most significant accounting policies and other explanatory information.

The balances and other information corresponding to the fiscal year 2017 are an integral part of the audited financial statements mentioned above; therefore, they must be considered in connection with these financial statements.

Board's responsibility

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

Auditors' responsibility

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

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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 Generación Mediterránea S.A. as of December 31, 2018, as well as the comprehensive income and cash flows for the fiscal year then ended, in accordance with International Financing Reporting Standards.

Report on compliance with regulations in force

In accordance with current regulations, we report, in connection with Generación Mediterránea S.A., that:

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

b) the condensed interim financial statements of Generación Mediterránea S.A. arise from accounting records carried in all formal aspects in accordance with legal requirements. Accounting records that are carried through the optical disk system, under authorization DI-2018-43-APN-GRC#CNV of the National Executive Branch dated October 5, 2018, are carried in all formal respects in conformity with legal provisions which maintain the security and integrity conditions based on which they were authorized in accordance with article 23, section VII, Chapter IV, Title II of the 2013 restated text of the National Securities Commission and amendments.

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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 field of competence, we have no observations to make;

d) at December 31, 2018 the debt accrued by Generación Mediterránea S.A. in favor of the Argentine Integrated Social Security System according to the Company's accounting records amounted to $5,582,848 , none of which was claimable at that date;

e) as required by section 21, subsection e), Chapter III, Part IV, Title II of the rules issued by the National Securities Commission, we report that total fees for auditing and related services billed to the Company during the fiscal year ended December 31, 2018 account for:

   e.1) 76% of the total fees for services billed to the Company for all items during that fiscal year;
   e.2) 40% of the total fees for services for auditing and related services billed to the Company, its parent companies, subsidiaries and related companies during that year;
   e.3) 27% of the total fees for services billed to the Company, its parent companies, subsidiaries and related companies for all items during that year;

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

City of Buenos Aires, March 8, 2019

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Raúl Leonardo Viglione

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Report of the Syndics' Committee

To the Shareholders of
Generación Mediterránea 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 Generación Mediterránea S.A. at December 31, 2018, and the related statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and complementary notes. We have also examined the Annual Report of the Board of Directors for that fiscal year. The preparation and issuance of these financial statements are the responsibility of Generación Mediterránea 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, issued their unqualified opinion the same date of this report. An audit requires that the auditor plan and perform the work to obtain reasonable assurance that the financial statements are free of material misstatements or significant errors. An audit includes examining, on a selective test basis, the judgmental elements supporting the disclosures in the financial statements, assessing the accounting standards used, the significant estimates made by the Company, and the overall financial statement presentation. We have not assessed the administrative, financing, marketing and operating business criteria as these matters fall within the exclusive competence of the Board of Directors and Shareholders' meeting.

3. Furthermore, with regard to the Annual Report for the fiscal year ended December 31, 2018, we have verified that it contains the information required by Section 66 of the General Companies Law No. 19550, Law 26831 and amendments, and as regards those matters that are within our field of competence, the figures shown therein agree with the Company's accounting records and other relevant documentation.

4. We have verified compliance by the Directors in office with the qualification bonds as of the date of presentation of the financial statements at December 31, 2018, as called for by item 1.4 of Appendix I to Technical Pronouncement No. 16 issued by the Argentine Federation of Professional Councils in Economic Sciences.

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

   a. In our opinion, the financial statements of Generación Mediterránea S.A. present fairly, in all material respects, its financial position at December 31, 2018, its comprehensive income, changes in its equity and the cash flow for the year then ended, in conformity with professional accounting standards in force in the Autonomous City of Buenos Aires, and CNV regulations;

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

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

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

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

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

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

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

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

City of Buenos Aires, March 8, 2019

For the Syndics' Committee
Marcelo P. Lerner
Full Syndic