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

Albanesi S.A.

Consolidated financial statements

At December 31, 2019
presented in comparative format

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Contents

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GLOSSARY OF TECHNICAL TERMS

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

Terms	Definitions
/day	Per day
AESA	Albanesi Energía S.A.
AFIP	Federal Administration of Public Revenue
AJSA	Alba Jet S.A.
ASA	Albanesi S.A.
AVRC	Alto Valle Río Colorado S.A.
BADCOR	Adjusted BADLAR rate
BADLAR	Interest rate paid by financial institutions on average on time deposits for over one million pesos.
BCRA	Central Bank of the Argentine Republic
BDD	Bodega del Desierto S.A.
CAMMESA	Compañía Administradora del Mercado Mayorista Eléctrico S.A. (Wholesale Electricity Market Management Company)
CC	Combined cycle
IFRIC	International Financial Reporting Interpretations Committee
CNV	National Securities Commission
CTE	Central Térmica Ezeiza, located in Ezeiza, Buenos Aires
CTF	Central Térmica Frías, located in Frías, Santiago del Estero
CTI	Central Térmica Independencia, located in San Miguel de Tucumán, Tucumán
CTLB	Central Térmica La Banda, located in La Banda, Santiago del Estero
CTMM	Central Térmica Modesto Maranzana, located in Río IV, Córdoba
CTR	Central Térmica Roca S.A.
CTRi	Central Térmica Riojana, located in La Rioja, La Rioja
CVP	Variable Production Cost
Dam3	Cubic Decameter Volume equivalent to 1,000 (one thousand) cubic meters
DH	Historical availability
DIGO	Offered guaranteed Availability
Availability	Percentage of time in which the power plant or machinery, as applicable, is in operation (generating power) or available for power generation, but not called by CAMMESA
DMC	Minimum Availability Committed
DO	Target availability
DR	Registered availability
The Group	Albanesi S.A. jointly with its subsidiaries and other related companies
ENARSA	Energía Argentina S.A.
Energía Plus	Plan created under ES Resolution No. 1281/06
ENRE	National Electricity Regulatory Authority
EPEC	Empresa Provincial de Energía de Córdoba
FACPCE	Argentine Federation of Professional Councils in Economic Sciences
FONINVEMEM	Fund for investments required to increase the electric power supply in the WEM
GE	General Electric
GECEN	Generación Centro S.A.
GLSA	Generación Litoral S.A.
GMSA	Generación Mediterránea S.A.
Large Users	WEM agents classified according to their consumption into: GUMAs, GUMEs, GUPAs and GUDIs
GROSA	Generación Rosario S.A.
GUDIs	Large Demand from Distributors' customers, with declared or demanded supply of over 300kW
GUMAs	Major Large Users

GLOSSARY OF TECHNICAL TERMS (Cont'd)

Terms	Definitions
GUMAs	Major Large Users
GUMEs	Minor Large Users
GUPAs	Large Users - Individuals
GW	Gigawatt Unit of power equivalent to 1,000,000,000 watts
GWh	Gigawatt-hour Unit of energy equivalent to 1,000,000,000 watts hour
HRSG	Heat recovery steam generator
IASB	International Accounting Standards Board
IGJ	Legal Entities Regulator
CPI	Consumer Price Index
WPI	Wholesale Price Index
kV	Kilovolt Unit of electromotive force which is equal to 1,000 (one thousand) volts
kW	Kilowatt Unit of power equivalent to 1,000 watts
kWh	Kilowatt hour Unit of energy equivalent to 1,000 watts hour
The Company/The Group	Albanesi S.A. and its subsidiaries
LGS	General Companies Law
LVFVD	Sales liquidations with maturity date to be defined
MAPRO	Major Scheduled Maintenance
MAT	Futures market
WEM	Wholesale Electric Market
MMm3	Million cubic meters
MVA	Mega-volt ampere, unit of energy equivalent to 1 volt x 1 ampere x 106
MW	Megawatt Unit of power equivalent to 1,000,000 watts
MWh	Megawatt hour Unit of energy equivalent to 1,000,000 watts hour
ARG GAAP	Argentine Generally Accepted Accounting Principles
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
NAUDCO	New Agreed Upon Date for Commercial Operation
ODS	Sustainable Development Objectives
ON	Negotiable obligations
GDP	Gross Domestic Product
PWPS	Pratt & Whitney Power System Inc
RECPAM	Gain/loss on purchasing power parity
Resolution No. 220/07	Regulatory framework for the sale of energy to CAMMESA through the "WEM Supply Contracts" under Energy Secretariat Resolution No. 220/07
GR	General Resolution
RGA	Rafael G. Albanesi S.A.
Corporate social responsibility	Corporate social responsibility
RT	Technical Pronouncements
SADI	Argentine Interconnection System
ES	Energy Secretariat
SEK	Swedish crowns
GSE	Government Secretariat of Energy
SHCT	Health, Safety and Hygiene at work
TRASNOA S.A.	Empresa de Transporte de Energía Eléctrica por Distribución Troncal del Noroeste Argentino S.A.
GU	Generating unit
CGU	Cash Generating Unit
USD	US dollars

ALBANESI

Albanesi S.A.

Annual Report for Fiscal Year 2019

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Albanesi S.A.

Annual Report for Fiscal Year 2019

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Annual Report for Fiscal Year 2019

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

1. ACTIVITY OF THE COMPANY

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

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

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

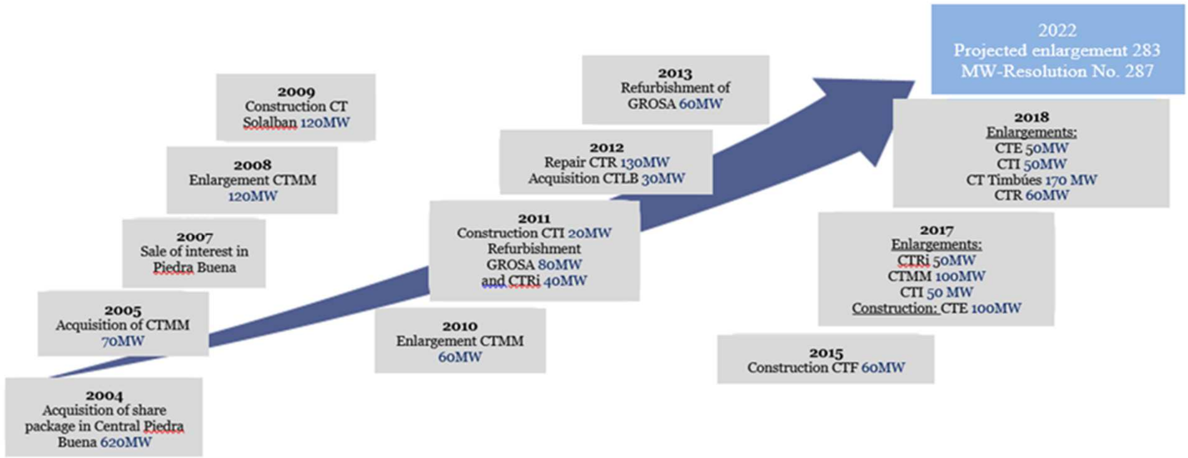
Below is a detail of the participation of ASA in each company.

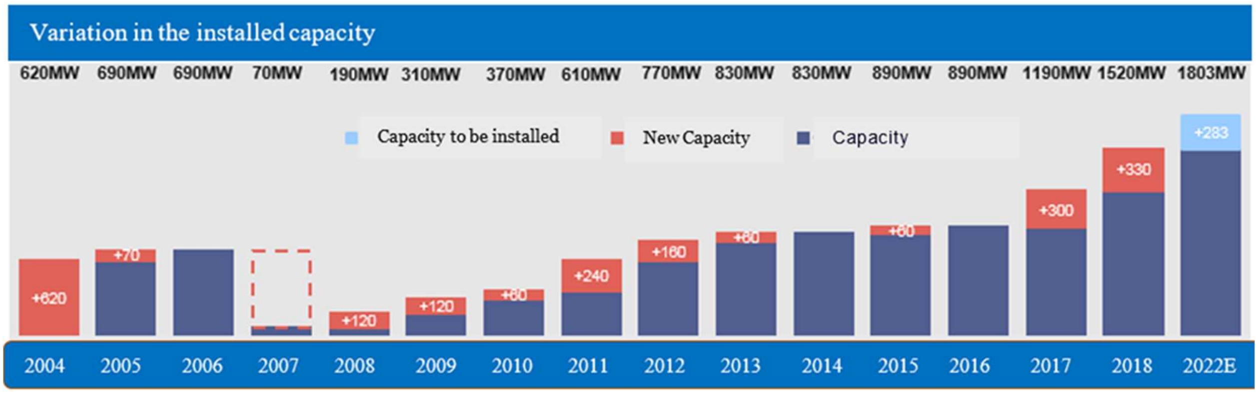
Companies	Country of creation	Main activity	% participation	
			12/31/2019	12/31/2018
CTR	Argentina	Electric power generation	75%	75%
GECEN	Argentina	Electric power generation	95%	95%
GLSA	Argentina	Electric power generation	95%	95%
GMSA	Argentina	Electric power generation	95%	95%
GROSA	Argentina	Electric power generation	95%	95%
Solalban Energía S.A.	Argentina	Electric power generation	42%	42%

Grupo Albanesi had at the date these separate financial statements were signed a total installed capacity of 1,520 MW, representing 6.1% of the total installed thermoelectric capacity in Argentina, it being expanded with additional 283 MW with all the new projects awarded and currently under way.

Power Plant	Company	Nominal installed capacity	Resolution	Location
Central Térmica Modesto Maranzana (CTMM)	GMSA	350 MW	E.S. Nos. 220/07, 1281/06 Plus and SRRyME 01/2019	Río Cuarto, Córdoba
Central Térmica Independencia (CTI)	GMSA	220 MW	E.S. Nos. 220/07, 1281/06 Plus, SEE 21/16 and SRRyME 01/2019	San Miguel de Tucumán, Tucumán
Central Térmica Frías (CTF)	GMSA	60 MW	E.S. Nos. 220/07 and SRRyME 01/2019	Frías, Santiago del Estero
Central Térmica Riojana (CTRi)	GMSA	90 MW	E.S. Nos. 220/07 and SRRyME 01/2019	La Rioja, La Rioja
Central Térmica La Banda (CTLB)	GMSA	30 MW	SRRyME 01/2019	La Banda, Santiago del Estero
Central Térmica Ezeiza (CTE)	GMSA	150 MW	EES No. 21/16	Ezeiza, Buenos Aires
Central Térmica Roca (CTR)	CTR	190 MW	E.S. Nos. 220/07 and SRRyME 01/2019	Gral Roca, Río Negro
Central Térmica Sorrento	GROSA	140 MW	SRRyME Resolution No. 01/2019	Rosario, Santa Fé
Solalban Energía S.A.		120 MW	No.1281/06 Plus	Bahía Blanca, Buenos Aires
Total nominal installed capacity (Participation of ASA)		**1,350 MW**		
Central Térmica Cogeneración Timbúes	AESA	170 MW	EES No. 21/16	Timbúes, Santa Fé
Total nominal installed capacity Albanesi Group		**1,520 MW**		

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





Through EES Resolution No. 287/2017 dated May 10, 2017, the Electric Energy Secretariat instructed CAMMESA to call for tenders for new thermal generation of closure of the combined cycle technology and co-generation, with the commitment to be available to meet the demand in WEM. GMSA participated in that call and was awarded two projects for closure of combined cycles through SEE Resolution 926 – E/2017.

One of those projects is the closure of the combined cycle of the TG06 and TG07 units at CTMM, located in Río Cuarto. The project consists in the installation of a new 50 MW Siemens SGT800 gas turbine (with a guaranteed power of 47.5 MW) and the conversion into combined cycle of the three gas turbines (3x1 configuration). For such conversion, a recovery boiler will be installed at the gas turbines exit, which will produce steam in two pressures to feed an SST-600 steam turbine that will deliver a further 65 MW to the network; also, the necessary infrastructure will be installed for its operation and maintenance. The project for the closure of CTMM combined cycle will enable contributing a further 112.5 MW to SADI. The addition of a new gas turbine will cause an additional demand for fuel to the system. The addition of the turbo steam machine will contribute 65 MW, without additional consumption of fuel, with the complete cycle recording a specific consumption of 1590 Kcal/kWh in the closure of the combined cycle.

One of them is the closure of the combined cycle of units TG01, TG02 and TG03 of CTE, located in the province of Buenos Aires. The project consists of: i) the installation of a fourth 50 MW Siemens SGT-800 gas turbine, and ii) the conversion into combined cycle of the four gas turbines. For the conversion into combined cycle, a recovery boiler will be installed at the gas turbines exit, which will produce steam in two pressures to feed two steam turbines (2x1 configuration), each of them delivering 44 MW to the network. The project for the closure of CTE combined cycle will enable contributing a further 138 MW to Argentine Interconnection System (SADI). Although the new gas turbine to be installed will consume additional fuel, the inclusion of two steam turbines will contribute a further 88 MW without additional fuel consumption, and the two full cycles will have a specific consumption of 1,590 Kcal/KWh.

On September 2, 2019, the SRRYME Resolution No. 25/2019 was published whereby the generating agents awarded projects under ESS Resolution No. 287/2017 were authorized to extend the commercial authorization term.

On October 2, 2019, the Company used the option established in the Resolution to formally state a New Date for the Commercial Authorization Committed (NFHCC) under the wholesale demand agreements entered into in accordance with ESS Resolution No. 287/2017 belonging to CTE and CTMM, respectively.

For this purpose, the Company has stated as NFHCC December 6, 2022, for both agreements.

Co-generation Project Arroyo Seco

Through Resolution SE 287/2017, the Secretariat of Energy requested bids for the installation of generation projects by closing open cycles and cogeneration. Within this framework, GECEN presented a cogeneration project in Arroyo Seco, Province of Santa Fe, for 100 MW power.

The installation of three projects including the project presented by GECEN was awarded through Resolution SE 820/2017 by the Energy Secretariat. The selected projects comply with the criteria of installing efficient generation and/or improve the thermal units of the current power generation plants. This means an economic benefit for the electric system in all scenarios.

The project consists in the installation of two SGT800 Siemens gas turbines with a nominal capacity of 50 MW and two recovery steam boilers which will generate steam using exhaust fumes from the turbine. The Company will thus generate (i) electricity that will be sold under a contract signed with CAMMESA within the framework of a public bidding under EES Resolution No. 287/2017 and awarded under EES Resolution No.820/2017 for a term of 15 years, and (ii) steam, to be supplied to LDC Argentina S.A. for its plant in Arroyo Seco, by means of a steam and electric power generation contract, renewable and for a term of 15 years.

On August 9, 2017, a contract was signed with the supplier Siemens for the purchase of the turbines for a total amount of SEK 270,216,600 million. The contract is for the purchase of two gas turbines SGT800 Siemens Industrial Turbomachinery AB, including whatever is necessary for their installation and start-up.

On January 12, 2018, a contract was signed with the supplier Vogt Power International Inc. for the provision of two recovery steam boilers for a total amount of USD 14,548,000.

In turn, on March 26, 2018, a contract was signed with the supplier Siemens Ltda. for the purchase of a steam turbine for a total amount of USD 5,370,500. The contract comprises the purchase of an SST-300 steam turbine, including whatever is necessary for its installation and start-up.

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

On September 2, 2019, the SRRYME Resolution No. 25/2019 was published whereby the generating agents awarded projects under ESS Resolution No. 287/2017 were authorized to extend the commercial authorization term.

On October 2, 2019, the Company used the option established in the Resolution to formally state a New Date for the Commercial Authorization Committed (NFHCC) under the wholesale demand agreements entered into in accordance with ESS Resolution No. 287/2017.

For this purpose, the Company has stated as NFHCC July 11, 2022.

On November 5, 2019, through the minutes of the Board of Directors' Meeting, it was decided to set aside the sale of the Company's assets in view of the NFHCC mentioned in the preceding paragraph, and, accordingly, to devote all necessary efforts to finance the thermal power co-generation project at Arroyo Seco. Such situation might give rise to substantial doubts as to the Company's capacity to continue operating as a going concern in the event it is not able to obtain sufficient financing to complete the project, even more so considering the economic context in which the Company operates, as described in Note 10.

Appointment of GECEN as Non-Restricted Subsidiary

On August 27, 2018, the board of ASA, the controlling company of GECEN, has appointed it as a Non-Restricted Subsidiary under the terms of the Indenture under the International Bond.

It should be mentioned that GECEN is a Non-Restricted Subsidiary of ASA under the terms of the international bond, which means that its creditors have no recourse against ASA or its subsidiaries.

2. MACROECONOMIC CONTEXT

International context

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

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

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

Regional context

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

Argentina

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

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

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

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

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

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

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

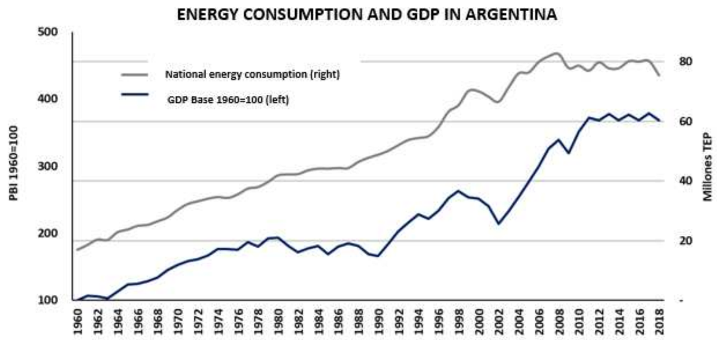
In the eleven-month period of 2019, exports reached 59.702 billion dollars, and imports, 45.992 billion dollars. International trade (exports plus imports) decreased by 10.4% and reached 105.694 billion dollars. The trade balance registered a trade surplus of 13.710 billion dollars. In the eleven-month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

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

Structure of the energy sector

Energy demand and consumption in Argentina is positively related to Gross Domestic Product (GDP), which means that the greater the economic growth, the greater the consolidated demand for all energy products. In the last 59 years, energy consumption has shown a historical annual average growth of 2.7%, with an annual median of 0.8% since 2002.

The reduction in energy consumption recorded in 2018 and the weak recovery shown in 2019 take place in an unprecedented context of almost 9 years of economic stagnation, with a reduced growth of primary energy consumption. In the last four years, this economic stagnation was also influenced by the strong gas and electricity rate rebuilding process. This rate readjustment process has resulted in reduced growth of energy consumption, a probably temporary effect until the country resumes the path of sustained economic growth.

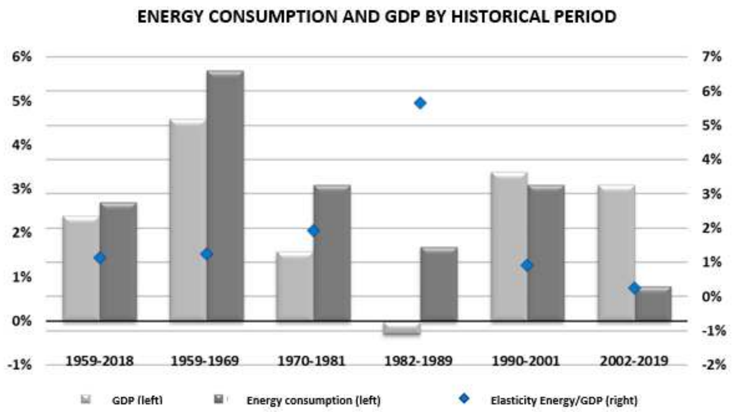


The growth in energy consumption during several years of the first decade of the 21st century resulted from high economic growth, which was driven mainly by the demand of energy products from the Residential and Commercial sectors, and to a lesser extent by the growth in Industrial sector consumption,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

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

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

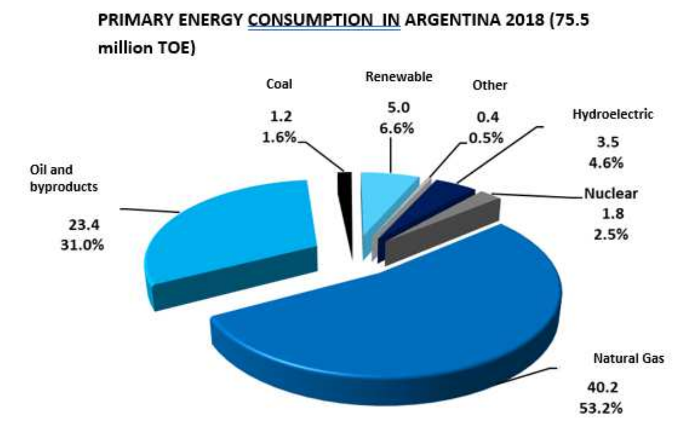
The restrictions on the supply of energy products, such as natural gas, in the last cycle of economic growth through to 2011 and the relatively moderate growth in energy demand in broad terms[1] are due to problems in the supply of these energy products, and to the growth in demand from the Residential-Commercial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

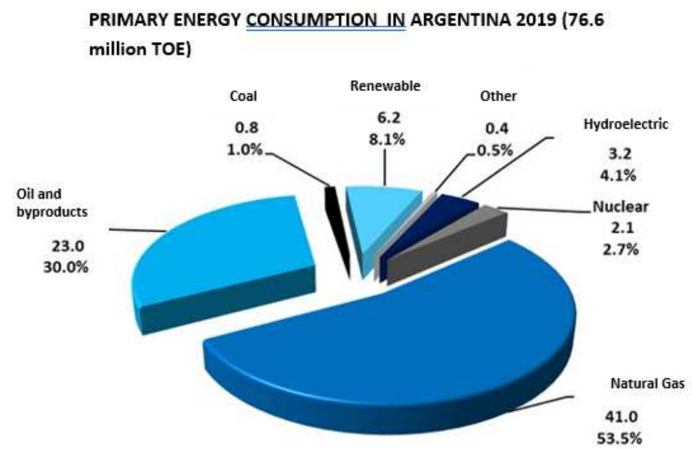


Argentine primary energy consumption is dependent upon hydrocarbons, which accounted for 86.8% in 2016, 86.5% in 2017, and 85.8% in 2018. Few changes are estimated for 2019, probably, 84.6%, due to the increase in renewable energy generation plants[2]. This percentage of fossil-fuel sources has dropped slightly in the last years as a result of the obligation imposed on fuel supplying refineries to incorporate increasing ratios of biodiesel and bioethanol in their production of fossil fuels, such as diesel and gasoline.

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

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

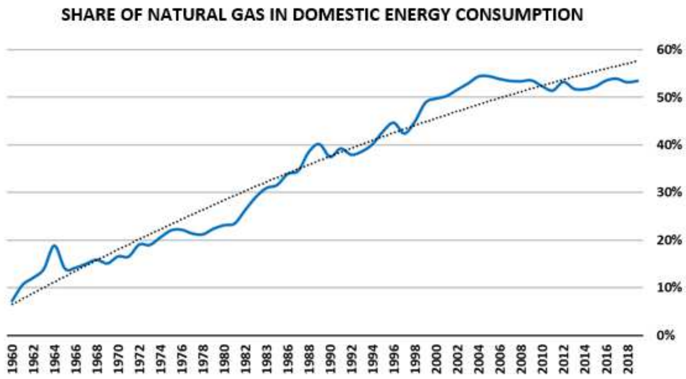




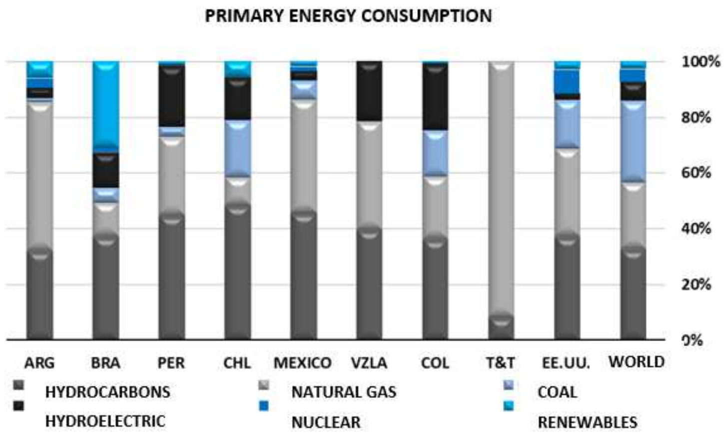
Few countries show this structure of heavy reliance on oil and natural gas byproducts, and typically only those with significant oil and gas reserves. Although Argentina does not have large conventional oil and natural gas reserves in relation to its domestic demand, it has relevant potential in terms of unconventional gas and oil resources. Due to the nature, features and costs of the investments required, there are difficulties in modifying the current energy primary consumption structure in the short term; nevertheless, the government has set ambitious targets to increase the use of renewable energies in power supply.

The high reliance on natural gas – an estimated 53.2% in 2018 – fluctuates annually based on imports of natural gas and liquefied natural gas (LNG) and on local production to meet the demand. Despite the increase in domestic production that was observed in the 2018 winter season and, particularly, in 2019, and the imports of gas and LNG from Bolivia, the potential demand of natural gas is partially unsatisfied in winter in the industrial segment and in the thermoelectric generation segment[3].

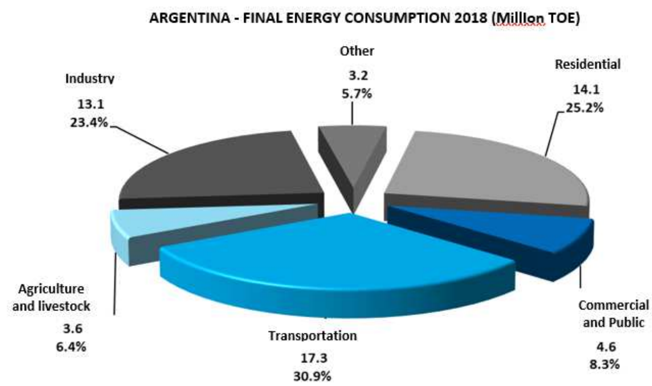
[3] In the absence of restrictions on gas demand, the share of this product in the primary matrix would be even higher.



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 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, between 53% and 54% of internal primary energy consumption relies on natural gas with penetrating consumption, despite restrictions to discourage potential demand for this energy source in winter, which lead to substitution with alternate fuel sources for electric power generation, and to direct restrictions on industrial demand in certain branches of industry, surpassed by few countries with significant excess natural gas production.
- The domestic energy supply shows a recovery trend in line with the ongoing stagnation of domestic demand, which in 2018 and 2019 mitigated unmet demand issues, since the increase in investments in recent years allowed for an improvement in the supply due to the greater domestic supply.
- Both natural gas and electric energy demand is lower than the historical trend in some specific segments, such as residential and commercial, due to significant adjustment to the rates charged to consumers. Consequently, the growth rates of energy consumption in these segments are now lower than the historical rates due to the greater relative weight in general consumption. The new gas and electricity rate freeze imposed since December 2019 might revert this trend again, bringing it closer to that shown in 2002 and 2015.

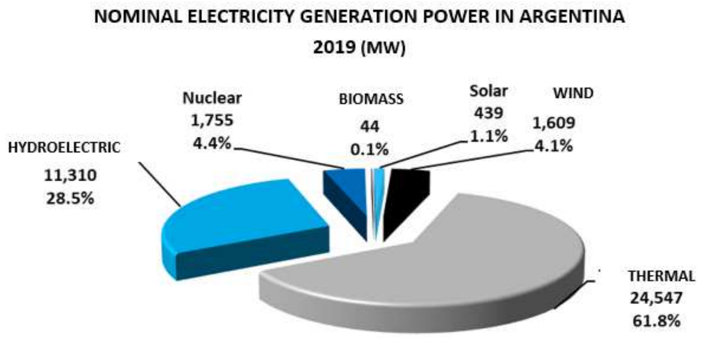
ELECTRICITY DEMAND AND SUPPLY STRUCTURE

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

Although CAMMESA has reported there was a nominal power of 39,704 MW installed and commercially authorized in late 2019 – a net increase in nominal availability of 1,166 MW or 3.0% with respect to 2018[4], representing effective available power because most of the equipment is new, available operating power in the 2019/2020 summer season was close to 33,000 MW, including a rotating reserve of approximately 1,800 MW, according to estimates by G&G Energy Consultants. The difference between nominal and effective power in late 2019 was due to restrictions on certain units caused by insufficient supply of fuel, difficulties in reaching the nominal yield, but mainly due to recurrent maintenance tasks or technical limitations in some generating units. It must also be considered that renewable units do not operate at their nominal power at all times but rather respond to erratic parameters.

Unlike 2017 and 2018, when a significant number of small engine units[5] and GT units were incorporated in response to the contracts entered into under Resolution 21/2016, in 2019, closing to combined cycle or ST units in co-generation cycles, such as AESA's, started to be incorporated. In 2019, GT units of 159 MW only were incorporated compared with the 1,207 MW incorporated in 2018. In addition, 2010 MW were incorporated at closing to combined cycle compared with the 598 MW incorporated in 2018, and renewable units – mainly wind – of 1,128 MW compared to the 709 MW incorporated in 2018. No nuclear power generation capacity was incorporated, and availability from hydroelectric power plants improved by 22 MW.

[4] 1,154 MW were incorporated in 2016, 2,210 MW, in 2017 and 2,357 MW, in 2018.
[5] In 2018, 201 MW from this type of units were withdrawn. In 2019, diesel engines of 155 MW and ST units of 198 MW were withdrawn.

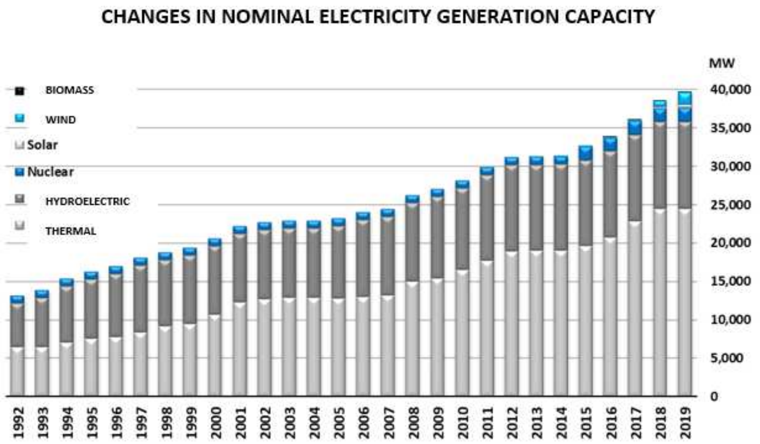


The financial restrictions of the Government have an impact on the rate of incorporation of hydroelectric and nuclear power plants as a result of the large investments required and the extended execution terms. The recurrent fiscal crises of the Government result in delays and/or suspension of these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

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

Nominal Electricity Generation Capacity

The nominal installed capacity is concentrated on thermoelectric generation, although its unavailability is relatively high in relation to other sources of generation, except for nuclear energy. An important number of thermoelectric power generating units show unavailability on a recurrent basis, being unable to generate electricity in particular during the winter season, when fuel restrictions cause a reduction in available effective power.



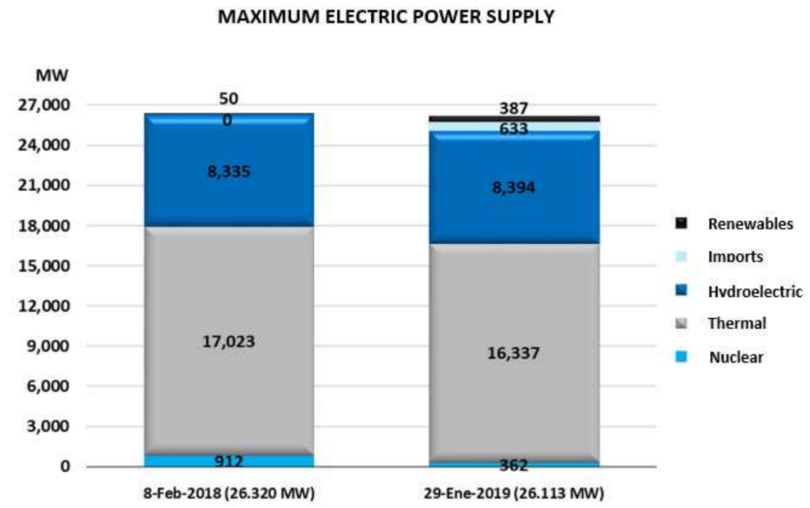
NOMINAL ELECTRICITY GENERATION CAPACITY (MW)- MAY 2019													
REGION	**ST**	**GT**	**CC**	**DI**	**THERMAL**	**NUCLEAR**	**HYDROELECTRIC**	**SOLAR**	**WIND**	**BIOGAS**	**TOTAL**	**%**
CUYO	120	87	413	40	660	0	1.129	194			1.983	5.0%
COMAHUE	0	501	1.487	81	2.069	0	4.769		153		6.991	17.6%
NORTH-WESTERN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

G&G Energy Consultants estimates that by the end of 2019, available effective power -which is lower than declared nominal power for the reasons explained above- reached approximately 33,000 MW, including a rotating reserve of 1,800 MW, which was not necessary to be fully used due to limited demand in 2019 as in 2018, and the fact that available power was sufficient to meet demand. In February 2018, the demand for power on a business day exceeded the historical record, reaching 26,320 MW[6], with no changes to date.

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

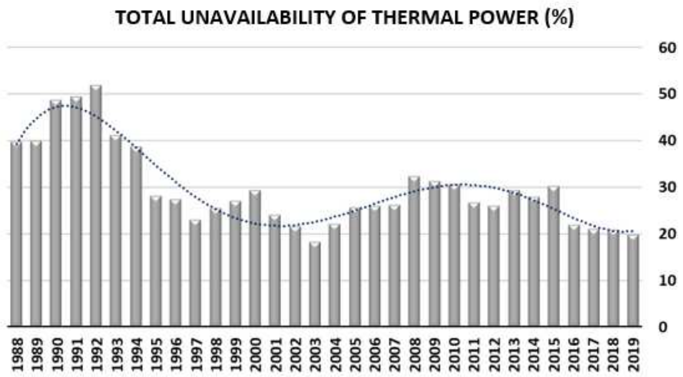
In early 2020, maximum demand for electric power has not yet exceeded the levels recorded in 2018 and there is greater excess generation capacity, with thermoelectric capacity playing a leading role as it reached a maximum of 16,337 MW, compared with 17,023 MW when the highest level was reached, i.e. February 8, 2018

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



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

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



The increase in effective available power improved significantly in the last three years, and will continue to improve in 2020 and 2021 with the power plants under construction, after increases in remuneration to electricity generators, which sped up the repair of units that were recurrently unavailable, in addition to the incorporations indicated earlier. The companies making up Grupo Albanesi continued to invest in various power plants, with the incorporation of power in general over terms agreed with the new units about to be incorporated to the National Interconnected System in the coming months.

The new generation capacity incorporated in 2019 corresponds in a minimum portion to the international public bidding called under SEE Resolution No. 21/2016 of the Ministry of Energy and Mining, in which Grupo Albanesi was the awardee of bids for 420 MW. All awards under SEE Resolution No. 21 have been completed. Grupo Albanesi actively participated in the bidding process with the following power plants:

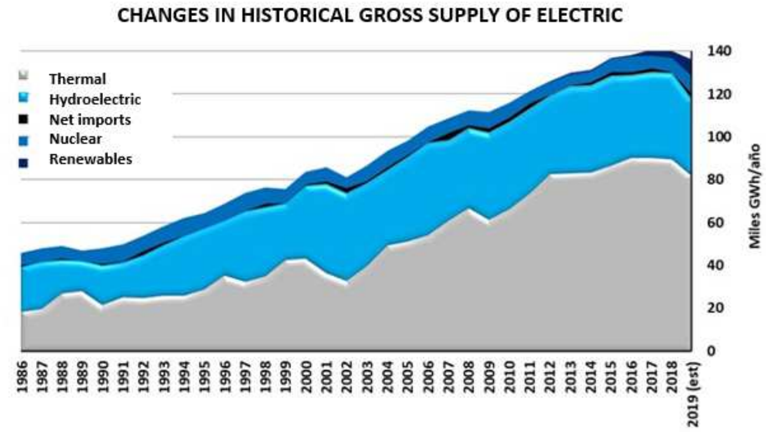
- The **CTE** owned by GMSA received commercial authorization in September 2017, with two Siemens SGT800 turbines of 50 MW each, and in September 2018, with a third turbine of 50 MW.
- In August 2017, the **CTI** owned by GMSA obtained authorization to operate a SGT800 Siemens turbine of 50 MW, and in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

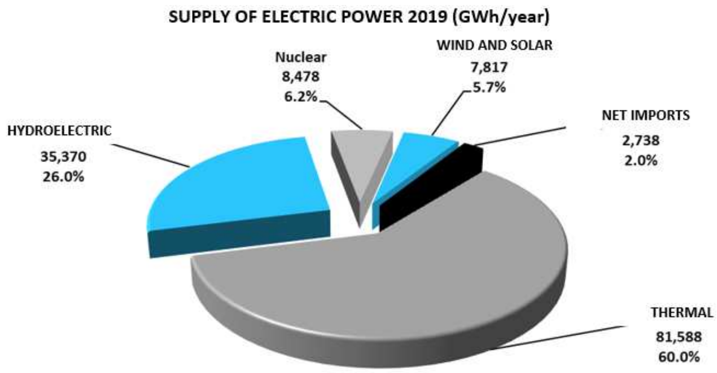
In addition, various companies making up Grupo Albanesi were awarded spot contracts with CAMMESA for expanding their capacity in the coming years. Within the framework of the international public bidding for closing to combined cycle and co-generation projects called for under ES Resolution No. 287-E/2017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

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

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

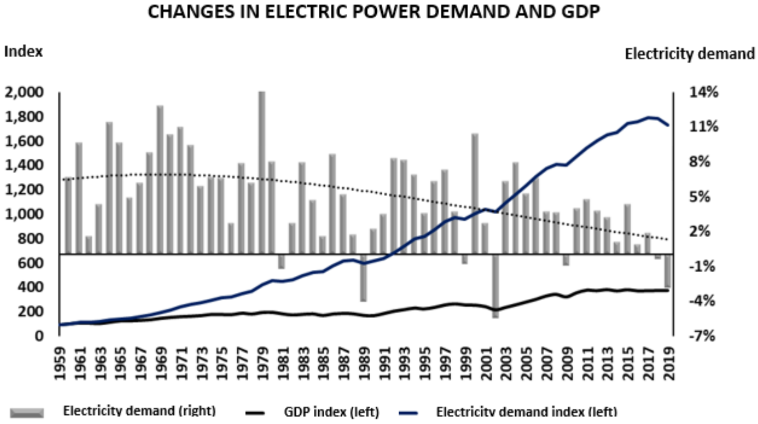
Gross Electricity Demand – including losses in the transmission and distribution system, and the company's own consumption at generating units in rotating generation– has shown a significant growth in thermal electric power supply in recent decades, accompanied by a mild increase in the hydroelectric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





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

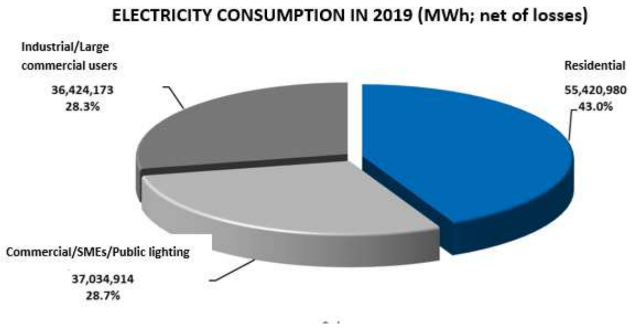
The correlation between evolution of GDP and electricity demand shows a significant dispersion; however, it may be concluded that when there is a significant reduction in GDP, the electricity demand falls relatively moderately. It should also be considered that, in a context of low economic growth, electricity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



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

Demand is highly concentrated in CABA - Greater Buenos Aires area-Litoral region, which accounts for 61.4% of the total electricity demand of the country in 2019. Although growth rates in other regions, such as North-western area, Comahue and Patagonia are greater than in the remaining regions of the country and the demand in CABA-Greater Buenos Aires area is influenced by rate adjustments, the changes in this structure are not expected to be material in the future.

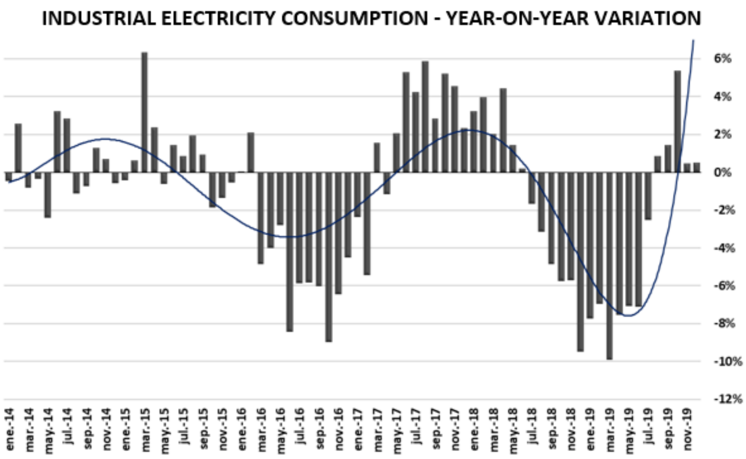
Gross energy demand -considering distribution and transmission losses, own consumption of thermal and nuclear power, and minor exports to Uruguay and Brazil- recorded a slight 0.5% increase in 2018, after a -2.4% fall in 2017. In 2017, due to the 2.8% economic expansion during the year, electricity demand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



In 2019, there was a strong reduction of -2.9% in annual electricity demand. The residential electricity demand segment fell by -2.9% in 2019 following the 2.0% increase recorded in 2018 as a result of winter and summer temperatures. In 2017, electricity demand from this segment decreased by -2.0% as a result of rate adjustments and moderate temperatures in summer and winter, after 3.0% in 2016 compared with 2015, higher than 2.1% recorded in the recessionary 2014 compared to 2013, but lower than 7.7% recorded in 2015.

The commercial electricity demand segment grew 3.2% in 2016 compared with 2015, a growth higher than the 0.2% recorded in 2014, and lower than the 3.8% recorded in 2015. In 2017, this segment decreased by -0.4% and in 2018 a further -0.4%. In 2019, this trend increased to -3.1%. The electricity tariff adjustments implemented in February 2016, followed by adjustments to natural gas in April 2016, partly affect the demand of consumers.

The industrial activity stopped falling at the beginning of 2017, and the activity growth lasted until early 2018, when once again, a significant slowdown began. An accelerated growth rate was observed in the last months of the year. In 2016, the Industrial segment had shown a -4.7% reduction in electricity demand after a modest +0.8% in 2015. In 2017, the industrial reactivation showed a 2.0% increase in electricity demand, while 2018 ended at –1.3%, with very negative year-on-year figures of -5.8% and -9.7% in November and December 2018. In 2019, the recessive trend grew until the first half of the year, with an annual contraction of -3.5% and a recovery in some months.



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

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

3. HIGHLIGHTS FOR FISCAL YEAR 2019

3.1 Environmental management

Corporate Environmental Management System

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

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

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

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

- Environmental awareness and the involvement of the personnel in the fulfillment of the objectives set.
- The priority given to preventive management actions.
- Absence of environmental incidents.
- Optimum order and cleaning conditions at the premises.
- Efficient treatment of corrective actions as well as of those derived from addressing risks and opportunities.
- Attention given in due time and manner to comply with legal requirements.
- Improved management of environmental issues with special attention to its life cycles and the interests related to environmental sustainability.
- Efforts expended, with satisfactory results, to the care and aesthetic of natural spaces.

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

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

3.2 Human Resources

Human Capital management

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

Below we describe the main actions undertaken during the year by activity:

Structure of the organization

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

Employment opportunities

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

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

Compensation and benefits

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

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

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

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

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

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

Training and development

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

Internal communication and HR information systems

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

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

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

Work relations

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

Corporate social responsibility

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

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

3.3 Systems and Communications

During 2019, the Systems and Communications areas continued to provide maintenance, development, implementation, innovation and solutions relating to applications, technology, telecommunications, information and process security, guaranteeing a suitable service level and covering the Company’s business needs.

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

The projects and objectives achieved during 2019 are summarized below:

- The installation of the fire extinguishing system for the corporate data center was completed.

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

The new Systems and Information Technology Management will continue in 2020, with the investment processes aimed at improving productivity and efficiency of existing processes, as well as adding innovative technologies, thus allowing to continue with the process to improve the actions focused on ensuring security, confidentiality, completeness and availability of the information.

Projects for 2020 include the following:

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

3.3 Integrity Program

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

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

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

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

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

3.4 Financial Position

The table below includes a detail of the Company's consolidated indebtedness at December 31, 2019:

	Borrower	Principal	Balances at 12/31/2019	Interest rate	Currency	Date of Issue	Maturity date
			(Pesos)	(%)			
Loan agreement							
Cargill	GMSA	USD 15,000,000	976,718,615	LIBOR + 4.25%	USD	2/16/2018	1/29/2021
Credit Suisse AG London Branch	GECEN	USD 24,848,563	1,506,999,470	13.09%	USD	4/25/2018	3/20/2023
Credit Suisse AG London Branch	GECEN	USD 24,383,333	1,463,775,957	7.75%	USD	4/25/2018	3/20/2023
Subtotal			**3,947,494,042**				
Syndicated loan							
ICBC / Hipotecario / Citibank	GMSA	$ 396,500,000	399,189,285	TM20 + 8.00%	ARS	12/27/2019	12/27/2020
			399,189,285				
Debt securities							
International NO	GMSA/CTR	USD 336,000,000	20,927,319,319	9.625%	USD	7/27/2016	7/27/2023
Class I Negotiable Obligation co-issuance	GMSA/CTR	USD 4,521,000	319,603,030	6.68%	USD	10/11/2017	10/11/2020
Class II Negotiable Obligation co-issuance	GMSA/CTR	USD 80,000,000	4,728,705,163	15.00%	USD	8/5/2019	5/5/2023
Class III Negotiable Obligation co-issuance	GMSA/CTR	USD 25,730,783	1,516,165,641	8.00% until the first amortization date 13.00% until the second amortization date.	USD	12/4/2019	4/12/2021
Class VI Negotiable Obligations	GMSA	USD 6,640,279	401,513,510	8.00%	USD	2/16/2017	2/16/2020
Class VIII Negotiable Obligations	GMSA	$ 312,884,660	327,337,502	BADLAR + 5%	ARS	8/28/2017	8/28/2021
Class X Negotiable Obligations	GMSA	USD 28,148,340	1,668,374,179	8.50% until the first amortization date, 10.50% until the second amortization date, and 13.00% until the third amortization date.	USD	12/4/2019	2/16/2021
Class II Negotiable Obligations	CTR	$ 108,000,000	109,334,756	BADLAR + 2%	ARS	11/17/2015	11/17/2020
Class IV Negotiable Obligations	CTR	$ 291,119,753	354,258,487	BADLAR + 5%	ARS	7/24/2017	7/24/2021
Class III Negotiable Obligations	ASA	$ 255,826,342	270,110,184	BADLAR + 4.25%	ARS	6/15/2017	6/15/2021
Subtotal			**30,622,721,771**				
Other liabilities							
Supervielle loan	GMSA	USD 1,015,426	61,259,205	9.90%	USD	8/7/2019	2/4/2020
Banco Macro loan	GMSA	USD 3,333,333	200,672,521	9.00%	USD	8/30/2018	1/12/2021
Banco Chubut loan	GMSA	USD 170,340	10,239,812	10.50%	USD	7/18/2019	1/18/2020
Banco Chubut loan	GMSA	USD 672,850	40,454,888	11.00%	USD	10/18/2019	4/16/2020
Banco Chubut loan	GMSA	USD 836,993	50,203,017	11.00%	USD	11/25/2019	5/25/2020
Banco Chubut loan	GMSA	USD 1,000,000	60,034,392	11.00%	USD	12/23/2019	6/23/2020
Supervielle Loan	GMSA	$ 135,000,000	139,532,671	64.50%	ARS	11/15/2019	2/7/2020
Banco Ciudad loan	CTR	USD 5,018,181	307,701,313	7.90%	USD	8/4/2017	8/4/2021
BAPRO loan	CTR	USD 10,600,000	655,705,255	4.00%	USD	1/3/2018	7/15/2020
ICBC loan	CTR	$ 74,725,000	75,250,259	TM20 + 8% spread	ARS	12/27/2018	12/27/2020
Banco Macro loan	CTR	USD 1,666,667	100,418,322	9.00%	USD	12/28/2018	12/12/2020
Finance lease	GMSA/CTR		133,794,222				
Sub-total			**1,835,265,877**				
Total financial debt			**36,804,670,975**				

1. Analysis of the results of operations:

In accordance with the provisions of CNV General Resolution No. 368/01 and subsequent amendments, we present below an analysis of the results of operations of Albanesi S.A. (the Company) and its financial position, which must be read together with the attached interim condensed consolidated financial statements.

Fiscal year ended December 31:

GW

	2019	2018	Variation	Variation %
Sales by type of market				
Sale of electricity Res. No. No. 95, as amended, plus spot	243	233	10	4%
Energía Plus sales	566	673	(107)	(16%)
Sale of electricity Resolution No. 220	1,421	803	618	77%
Sale of electricity Res. No. 21	580	193	387	201%
	2,809	**1,902**	**907**	**48%**

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

Fiscal year ended December 31:

(in millions of pesos)

	2019	2018	Variation	Variation %
Sales by type of market				
Sale of electricity Res. No. No. 95, as amended, plus spot	920.8	1,486.1	(565.3)	(38%)
Energía Plus sales	2,355.0	2,640.3	(285.3)	(11%)
Sale of electricity Resolution No. 220	6,663.5	5,547.7	1,115.8	20%
Sale of electricity Res. No. 21	4,260.2	3,063.1	1,197.1	39%
Total	**14,199.5**	**12,737.2**	**1,462.3**	**11%**

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

	Fiscal year ended December 31: 2019	2018	Variation	Variation %
Sales of energy	14,199.5	12,737.2	1,462.3	11%
Net sales	**14,199.5**	**12,737.2**	**1,462.3**	**11%**
Cost of purchase of electric energy	(1,531.1)	(1,956.1)	425.0	(22%)
Gas and diesel consumption at the plant	(184.6)	(627.2)	442.6	(71%)
Salaries and social security charges	(507.2)	(447.1)	(60.1)	13%
Defined benefit plan	(6.8)	(8.8)	22.0	(76%)
Maintenance services	(931.9)	(794.7)	(137.2)	17%
Depreciation of property, plant and equipment	(2,319.9)	(2,078.8)	(241.1)	12%
Insurance	(107.2)	(99.6)	(7.6)	8%
Sundry	(153.2)	(168.5)	15.3	(9%)
Cost of sales	**(5,742.1)**	**(6,201.0)**	**458.9**	**(7%)**
Gross income/(loss)	**8,457.4**	**6,536.2**	**1,921.2**	**29%**
Rates and taxes	(89.5)	(37.5)	(52.0)	139%
Bad debts	(0.1)	0.1	(0.2)	(100%)
Provision for Turnover tax	-	(33.1)	33.1	100%
Selling expenses	**(89.6)**	**(70.5)**	**(19.1)**	**27%**
Salaries and social security charges	(80.5)	(39.8)	(40.7)	100%
Fees for professional services	(434.6)	(420.0)	(14.6)	3%
Directors' fees	-	(0.1)	0.1	(100%)
Travel and per diem	(14.5)	(7.2)	(7.3)	101%
Rates and taxes	(14.9)	(5.9)	(9.0)	153%
Sundry	(24.2)	(36.6)	12.4	(34%)
Administrative expenses	**(568.7)**	**(509.7)**	**(59)**	**12%**
Income/(Loss) from interest in associates	(144.6)	(447.9)	303.3	(68%)
Other operating income	10.8	391.7	(380.9)	(97%)
Other operating expenses	-	(544.6)	544.6	(100%)
Operating income	**7,665.3**	**5,355.2**	**2,310.1**	**43%**
Commercial interest, net	(232.1)	83.2	(315.3)	(379%)
Interest on loans, net	(3,461.5)	(3,294.4)	(167.1)	5%
Bank expenses and commissions	(20.5)	(36.8)	16.3	(44%)
Exchange differences, net	(14,500.1)	(22,754.5)	8,254.4	(36%)
Impairment / Recovery of assets	(47.3)	3,230.2	(3,277.5)	100%
Gain/loss on purchasing power parity (RECPAM)	15,983.5	12,112.0	3,871.5	32%
Other financial results	(355.0)	900.0	(1,255.0)	(139%)
Financial results, net	**(2,633.1)**	**(9,760.1)**	**7,127.0**	**(73%)**
Pre-tax profit/(loss)	**5,032.2**	**(4,404.9)**	**9,437.1**	**(214%)**
Income tax	(4,386.0)	717.5	(5,103.5)	(711%)
Net profit/(loss) for the year	**646.2**	**(3,687.4)**	**4,333.6**	**(118%)**
Other Comprehensive Income for the year				
Revaluation of property, plant and equipment in subsidiaries	(2,671.1)	8,169.3	(10,840.4)	(133%)
Impact on income tax	669.8	(2,042.0)	2,711.8	(133%)
Defined benefit plan	(8.2)	(1.5)	(6.7)	447%
Other comprehensive income for the year	**(2,009.4)**	**6,125.9**	**(8,135.3)**	**(133%)**
Total comprehensive income for the year	**(1,363.3)**	**2,438.5**	**(3,801.8)**	**(156%)**

Sales:

Net sales for the year ended December 31, 2019 amounted to $14.199 billion, compared with $12.737 billion for fiscal year 2018, showing an increase of $1.462 billion (11%).

During the fiscal year ended December 31, 2019, 2,809 GW of electricity were sold, thus accounting for a 48% increase compared with the 1,902 GW sold in 2018.

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

(i) $2.355 billion from sales under Energía Plus, accounting for a decrease of 11% compared to the $2.640 billion sold in 2018.

(ii) $ 6.663 billion for sales of electricity in the forward market to CAMMESA under the framework of Resolution No. 220/07, representing a 20% increase with regard to the $5.547 billion for 2018. This variation is basically attributable to the effect between an increase in the energy dispatched, due to the closing to the combined cycle in the CTR's plant as from August 4, 2018, a higher exchange rate and the result of applying SRRyME Resolution No. 01/2019 that establishes new remuneration mechanisms.

(iii) $920.8 million for sales of energy under Resolution No. 95, as amended, plus Spot, accounting for a 38% decrease with regard to the $1,486 billion for fiscal year 2018, as a result of the application of SRRyME Resolution No. 01/2019 which established new remuneration mechanisms.

(iv) $4.260 billion from sales under Resolution No. 21, up 39% from the $3.063 billion sold in fiscal year 2018. This variation is explained by the greater sale of electricity, in GW.

Cost of sales:

The total cost of sales for the year ended December 31, 2019 reached $5.742 billion, compared with $6.201 billion for fiscal year 2018, thus accounting for a decrease of $458.9 million (or 7%).

Below is a description of the main costs of sales of the Company, in millions of pesos, and their performance during fiscal year 2019.

(i) $1.531 billion from purchases of electricity, which accounted for a 22% drop compared with the $1.956 billion for fiscal year 2018, due to lower sales of GW under Energía Plus.

(ii) $184.6 million for gas and diesel consumption at the plant, representing a decrease of 71% as against the $627.2 million recorded in fiscal 2018.

(iii) $931.9 million for maintenance services, a rise of 17% compared with the $794.7 million recorded in fiscal year 2018. This change was due to the variation in the dollar exchange rate and the start-up of new turbines.

(iv) $2.319 billion for depreciation of PP&E, up 12% from the $2.078 billion recorded in fiscal year 2018. This variation resulted mainly from the higher depreciation value under the buildings, facilities and machinery headings due to their revaluation in 2019 and 2018.

(v) $570.2 million for salaries and social security contributions, up 13% from the $447.1 million recorded in 2018.

Gross income/(loss):

Gross income for the year ended December 31, 2019 was $8.457 billion, compared with income of $6.536 billion for fiscal year 2018, accounting for an increase of 29%. This is due to the variation in the exchange rate and power and energy income from the new turbines authorized.

Selling expenses:

Selling expenses for the year ended December 31, 2019 amounted to $89.6 million, compared with the $89.6 million for fiscal year 2018, accounting for an increase of $19.1 million (27%).

Administrative expenses:

Administrative expenses for the year ended December 31, 2019 amounted to $568.7 million, compared with the $509.7 million recorded in fiscal year 2018, accounting for an increase of $59.0 million (12%).

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

(i) $434.6 million in fees and compensation for services, accounting for an increase of 3% compared with the $420.0 million recorded in fiscal year 2018.

(ii) $14.9 million in rates and taxes, which accounted for a 153% increase compared with the $5.9 million for fiscal year 2018.

Operating income/(loss):

Operating income for the year ended December 31, 2019 was $7.665 billion, compared with income of $5.355 billion for the year 2018, accounting for a 43% increase.

Financial results:

Financial results for the fiscal year ended December 31, 2019 amounted to a total loss of $2.633 billion, compared with the loss of $9.760 billion recorded in fiscal year 2018, which accounted for a decrease of $7,127 billion.

The most noticeable aspects of the variation are:

(i) $3.461 billion loss corresponding to financial interest, up 5% from the $3.294 billion loss recorded in 2018 as a result of an increase in the financial debt generated by investment projects.

(ii) $15.983 billion gain on PPP (RECPAM) as a result of the application of adjustment for inflation, representing an increase of $3.871 billion compared with $12.112 billion gain for fiscal year 2018, as consequence of the higher inflation recorded in 2019 compared with 2018.

(iii) $14.500 billion loss due to net exchange differences, accounting for a decrease of $8,254 billion compared with the $22.754 billion loss recorded in the previous fiscal year. Despite the exchange rate rise in fiscal year 2019 compared with the previous fiscal year, there is a decrease in holding results mainly due to the effects of the restatement of exchange gains/losses for fiscal year 2018 by applying the CPI.

Pre-tax profit/(loss):

The Company reported pre-tax income of $5.032 billion for the fiscal year ended December 31, 2019, which accounted for a $9.437 billion increase compared with the loss of $4.404 billion recorded in the previous fiscal year.

The income tax charge was a $4.386 billion loss for the fiscal year ended December 31, 2019, representing a loss of $5.103 billion compared with the 717.5 million income for the previous fiscal year.

Net income/loss:

For the year ended December 31, 2019, the Company recorded net income amounting to $646.2 million, accounting for an increase of $4.333 billion considering the loss of $3.686 billion recorded in fiscal year 2018.

Comprehensive income:

Other comprehensive loss for fiscal year 2019 was worth $2.009 billion, accounting for a 133% decrease compared with fiscal year 2018, and included the revaluation of property, plant and equipment and its effect on income tax as well as the pension plan.

Total comprehensive loss for the year amounted to $1,363 billion, representing a 156% decrease compared to comprehensive income of $2.438 billion recorded in fiscal year 2018.

Adjusted EBITDA

	Fiscal year ended December 31:
	2019
Adjusted EDITA in millions of pesos (1) (2)	**10,222.6**
Adjusted EDITA in millions of US dollars (1) (2)	**208.9**

(1) Figures not covered by the Auditors' Report
(2) Figures do not include the Group's share in GECEN's income/loss, which has been excluded from the calculation, as mentioned in paragrpah 7.

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

	12.31.2019	12.31.2018	12.31.2017
Non-current Assets	51,849.0	48,005.7	26,387.0
Current assets	9,689.5	8,358.0	5,447.7
Total assets	**61,538.4**	**56,363.7**	**31,834.7**
Equity attributable to the owners	8,319.0	10,095.0	6,207.6
Equity of non-controlling interest	881.1	964.1	324.6
Total equity	**9,200.1**	**11,059.2**	**6,532.2**
Non-current liabilities	40,621.3	34,350.3	19,720.5
Current liabilities	11,717.1	10,954.2	5,582.0
Total liabilities	**52,338.4**	**45,304.6**	**25,302.5**
Total equity and liabilities	**61,538.4**	**56,363.7**	**31,834.7**

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

	12.31.2019	12.31.2018	12.31.2017
Ordinary operating profit/(loss)	7,665.3	5,355.2	2,500.2
Financial result	(2,633.1)	(9,760.1)	(2,888.4)
Ordinary net income/(loss)	**5,032.2**	**(4,404.9)**	**(388.3)**
Income tax	(4,386.0)	717.5	813.9
Income/loss for the year	**646.2**	**(3,687.4)**	**425.7**
Other comprehensive income/(loss)	(2,009.4)	6,125.9	(2.9)
Total comprehensive income	**(1,363.3)**	**2,438.5**	**422.7**

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

	12.31.2019	12.31.2018	12.31.2017
Cash flows provided by operating activities	5,895.1	1,447.8	5,121.5
Cash flows (used in) investment activities	(2,899.3)	(5,060.7)	(10,016.0)
Cash flows (used in) / provided by financing activities	(2,014.1)	4,125.2	3,482.2
Increase/(decrease) in cash and cash equivalents	**981.8**	**512.3**	**(1,412.3)**

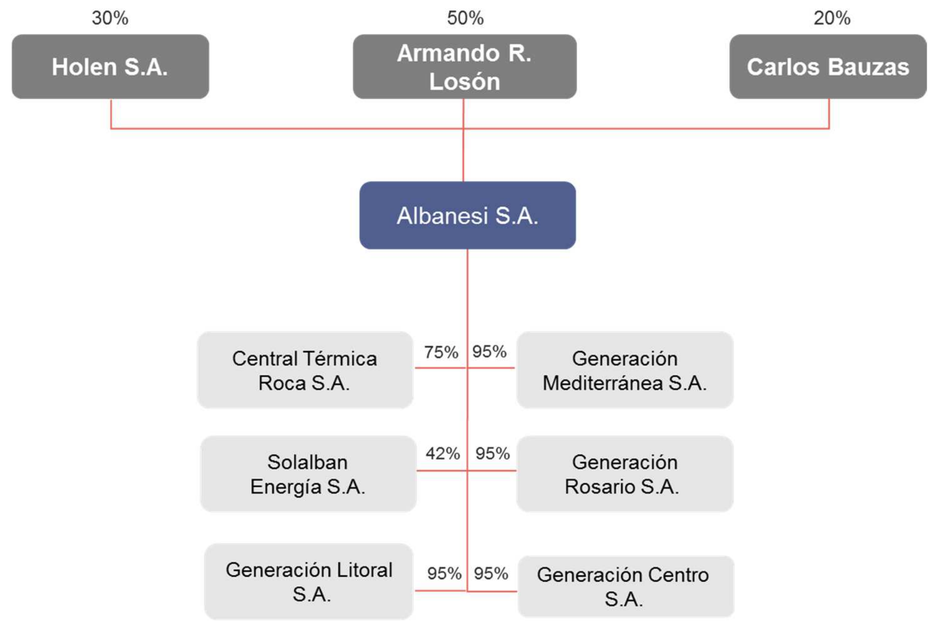
5. Ratios presented comparatively with the previous year:

	12.31.2019	12.31.2018	12.31.2017
Liquidity (1)	0.83	0.76	0.98
Creditworthiness (2)	0.16	0.22	0.25
Tied-up capital (3)	0.84	0.85	0.83
Return on equity (4)	0.06	(0.42)	0.11

(1) Current assets / Current liabilities
(2) Shareholders' Equity / Total liabilities
(3) Non-current assets / Total assets
(4) Net income/loss for the year (without other comprehensive income) / Average Shareholders' Equity

4. OWNERSHIP STRUCTURE

The structure of the organization is shown in the following table



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

Share Capital

At December 31, 2019, the Company's capital was made up of 64,451,745 ordinary, non-endorsable, book-entry shares of $1 par value each, and entitled to 1 vote per share, distributed as follows:

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

Organization of the decision-making process

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

Decisions that are considered significant and/or relevant in terms of their magnitude and/or amount involved relating to the administration of the Company's activities are made directly by the Board of Directors in a meeting specially convened for this purpose. 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 2019 have been taken unanimously, while those related to the Board have been taken holding the majority as set forth in the Bylaws.

Directors' fees

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

5. OUTLOOK FOR THE YEAR 2020

5.1 Outlook for the Electricity Generation Market

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

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

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

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

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

Despite the significant reduction in value of the Argentine peso of over 50%, CAMMESA honored all its long-term contracts meeting the economic and financial conditions, and making the payments at the free exchange rate for prices agreed upon in dollars. The same occurred with the payments fixed by Resolution 1/2019 to generators without contracts. The fact of having strictly fulfilled the contractual conditions and made the payments in accordance with prevailing regulations is not a minor detail in such a complex year as 2019.

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

The international financing restrictions on Argentina will delay the entry of new investments in electricity generation units compared with the pace of investments committed in 2016 to 2019, thus revaluing the existing plants and the projects in the process of final construction. The absence of a greater hydroelectric power supply over the next 5 years provides a favorable outlook in terms of thermal unit dispatches, mitigated by the addition of new units for the generation of renewable energy sources in a context of potential growing demand for electricity by 2020, once economic growth has been resumed, following the impact in 2018 and 2019.

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

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

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

5.2 Company outlook for the year 2020

Electricity

Company's management expects to continue operating and normally maintaining the various generating units to maintain high levels of availability in 2020. The fact of introducing more efficient group machines to the Electricity System would imply obtaining higher levels of dispatch, and thus, increasing the generation of electricity with fuel provided by CAMMESA, and in some cases with its own fuel.

Financial Position

During the current year, the Company's objective is ensuring financing to make progress with the investment works described according to the budgeted schedules. Meanwhile, the financing structure will continue to be strengthened, ensuring the Company's gradual debt reduction.

6. DISTRIBUTION OF INCOME/LOSS

In compliance with the prevailing legal provisions, the Board of Directors of the Company informs that income of $646,187,502 has been recorded for the year. At December 31, 2019, accumulated profits amount to $127,289,572, and the optional reserve to $603,150,717. The General Shareholders' Meeting will discuss and decide on the final destination of such accumulated profits.

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 10, 2020

THE BOARD OF DIRECTORS

ALBANESI S.A.

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

A) THE BOARD OF DIRECTORS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

To monitor compliance with existing policies, (i) the Human Resources Committee and (ii) the Ethics Committee are in operation, the creation of which was established by the Code. These committees are made up of the Corporate Human Resources Manager, the Corporate Legal & Compliance Manager and an advisor, independent from the shareholders; they both hold regular meetings that are sufficient according to the current Company's structure.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

D) REMUNERATION.

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

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

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

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

E) CONTROL ENVIRONMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company does not have a rotation policy for the members of the Surveillance Committee. Price Waterhouse & Co. SRL served as independent external auditor of the Company during the last few fiscal years. The Company will adjust the rotation of the External Auditor in due course, as established by current regulations.

F) ETHICS, INTEGRITY AND COMPLIANCE.

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

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

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

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

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

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

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

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

Furthermore, the Company is implementing a Due Diligence process for third parties, which will require the previous analysis of any third party willing to do business with the Company. In addition, an Anti-corruption and Ethics clause was included in the bidding terms and conditions and in the contracts to which the Company is a party.

24. *The Board ensures the existence of formal mechanisms to prevent and manage conflicts of interest. In the case of transactions between related parties, the Board of Directors approves a policy that establishes the role of each corporate body and*

defines how to identify, manage and disclose transactions causing damage to the Company or only to certain investors.

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

G) PARTICIPATION OF SHAREHOLDERS AND STAKEHOLDERS.

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

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

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

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

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

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

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

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

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

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

The Issuer does not have a specific policy on dividend distribution established by the bylaws and approved by the Shareholders' Meeting. Article 10 of the Company's Bylaws establishes that dividends must be paid in proportion to the shares paid-up within the year in which dividends are approved.

Armando Losón (Jr.)
President

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Albanesi S.A.

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

President
Armando Losón (Jr.)

1st Vice President
Guillermo G. Brun

2nd Vice President
Julián P. Sarti

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

Alternate Directors
José L. Sarti
Juan G. Daly
Ricardo M. Lopez
Romina S. Kelleyian

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

Alternate Syndics
Carlos I. Vela
Juan Cruz Nocciolino
Marcelo C. Barattieri

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Albanesi S.A.

Consolidated financial statements

Corporate name:	Albanesi S.A.
Legal address:	Av. L.N. Alem 855, 14th floor - City of Buenos Aires
Main business activity:	Investing and financial activities
Tax Registration Number:	30-68250412-5
Dates of registration with the Public Registry of Commerce:	
Bylaws or incorporation agreement:	June 28, 1994
Latest amendment:	February 23, 2018
Registration with the Legal Entities Regulator under number:	6,216 of Book 115, Volume A of Corporations
Expiration of bylaws or incorporation agreement:	June 28, 2093

CAPITAL STATUS (see Note 14)			
Shares			
Number	**Type**	**Number of votes per share**	**Subscribed, paid-in and registered**
			$
64,451,745	Common, registered, non-endorsable FV $1	1	64,451,745

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Albanesi S.A.

Consolidated statement of financial position
At December 31, 2019 and 2018
Stated in pesos

	Notes	12.31.2019	12.31.2018
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	**7**	51,348,463,503	47,098,732,054
Investments in associates	**8**	243,021,429	387,612,546
Investments in other companies		129,863	199,768
Deferred tax assets	**23**	190,186	117,434,131
Income tax credit balance		1,921,448	2,351,907
Other receivables	**11**	255,231,007	173,816,039
Trade receivables	**12**	-	225,561,717
Total non-current assets		**51,848,957,436**	**48,005,708,162**
CURRENT ASSETS			
Inventories	**9**	248,121,145	201,798,357
Income tax credit balance, net		2,637,064	603,903
Available-for-sale assets	**10**	-	2,379,470,603
Other receivables	**11**	3,054,438,326	1,562,121,041
Trade receivables	**12**	4,679,611,245	2,897,187,632
Other financial assets at fair value through profit or loss		-	472,025,496
Cash and cash equivalents	**13**	1,704,681,676	844,807,968
Total current assets		**9,689,489,456**	**8,354,015,000**
Total Assets		**61,538,446,892**	**56,363,723,162**

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

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Albanesi S.A.

Consolidated Statement of Financial Position (Cont'd)
At December 31, 2019 and 2018
Stated in pesos

	Notes	12.31.2019	12.31.2018
EQUITY			
Share Capital	**14**	64,451,745	64,451,745
Capital Adjustment		235,598,680	235,598,680
Legal reserve		32,651,836	32,651,836
Optional reserve		603,150,717	1,090,335,897
Special Reserve GR No. 777/18		3,742,263,129	3,907,836,586
Technical revaluation reserve		3,532,641,050	5,653,270,670
Other comprehensive income		(19,044,371)	(13,554,554)
Unappropriated retained earnings		127,289,572	(875,556,713)
Equity attributable to the owners		**8,319,002,358**	**10,095,034,147**
Non-controlling interest		**881,091,503**	**964,119,796**
Total Equity		**9,200,093,861**	**11,059,153,943**
LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions	**20**	-	6,898,800
Deferred tax liabilities	**23**	7,540,697,515	3,957,112,327
Other liabilities	**17**	1,930,096	1,785,382
Defined benefit plan	**24**	42,337,837	35,882,643
Loans	**18**	31,570,185,395	28,555,603,466
Trade payables	**16**	1,466,099,378	1,793,046,386
Total non-current liabilities		**40,621,250,221**	**34,350,329,004**
CURRENT LIABILITIES			
Other liabilities	**17**	661,995	48,058,619
Social security debts	**21**	108,241,255	81,674,462
Defined benefit plan	**24**	10,518,317	9,888,894
Loans	**18**	5,234,485,580	6,160,486,375
Income tax, net		-	51,225,044
Tax payables	**22**	259,908,999	27,909,856
Trade payables	**16**	6,103,286,664	4,554,026,838
Total current liabilities		**11,717,102,810**	**10,954,240,215**
Total liabilities		**52,338,353,031**	**45,304,569,219**
Total liabilities and equity		**61,538,446,892**	**56,363,723,162**

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

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Albanesi S.A.

Consolidated Statement of Comprehensive Income
For the fiscal years ended December 31, 2019 and 2018
Stated in pesos

	Notes	12.31.2019	12.31.2018
Sales revenue	26	14,199,467,334	12,737,207,531
Cost of sales	27	(5,742,072,790)	(6,200,964,417)
Gross income		**8,457,394,544**	**6,536,243,114**
Selling expenses	28	(89,570,268)	(70,469,714)
Administrative expenses	29	(568,708,758)	(509,677,053)
Income from interests in associates	8	(144,591,117)	(447,927,011)
Other operating income	30	10,781,392	391,692,262
Other operating expense	31	-	(544,630,525)
Operating income		**7,665,305,793**	**5,355,231,073**
Financial income	32	278,506,041	167,301,466
Financial expenses	32	(3,992,729,123)	(3,415,217,129)
Other financial results	32	1,081,076,649	(6,512,214,368)
Financial results, net		**(2,633,146,433)**	**(9,760,130,031)**
Income//(Loss) before taxes		**5,032,159,360**	**(4,404,898,958)**
Income tax	23	(4,385,971,858)	717,465,342
Income/(Loss) for the year		**646,187,502**	**(3,687,433,616)**
Other Comprehensive Income			
Revaluation of property, plant and equipment	7	(2,671,089,664)	8,169,339,758
Pension plans	24	(8,160,843)	(1,493,216)
Impact on income tax	23	669,812,624	(2,041,961,641)
Other comprehensive (loss) income for the year		**(2,009,437,883)**	**6,125,884,901**
Comprehensive (loss)/income for the year		**(1,363,250,381)**	**2,438,451,285**

	Notes	12.31.2019	12.31.2018
Income/(Loss) for the year attributable to:			
Owners of the company		607,739,083	(3,290,962,036)
Non-controlling interest		38,448,419	(396,471,580)
Comprehensive (loss)/income for the year attributable to:			
Owners of the company		(1,288,846,609)	2,361,198,689
Non-controlling interest		(74,403,772)	77,252,596
Earnings/(Losses) per share attributable to the owners of the company			
Basic and diluted earnings per share	33	9.43	(51,06)

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

Albanesi S.A.

Consolidated Statement of Changes in Equity

For the fiscal years ended December 31, 2019 and 2018

Stated in pesos

	Attributable to Shareholders										
	Shareholders' contributions		Retained earnings								
	Share capital (Note 14)	Capital adjustment	Legal reserve	Optional reserve	Special Reserve GR No. 777/18	Technical revaluation reserve	Other comprehensive income/(loss)	Retained earnings/ (Accumulated losses)	Total	Non-controlling interest	Total equity
Balances at December 31, 2017	**62,455,160**	**226,686,585**	**12,418,935**	**286,308,945**	**3,907,836,586**	**-**	**(12,444,609)**	**1,724,334,768**	**6,207,596,370**	**324,631,950**	**6,532,228,320**
Addition due to merger as from January 1, 2018	1,996,585	8,912,095	906,953	22,182,943	-	-	-	1,492,240,512	1,526,239,088	564,437,884	2,090,676,972
As resolved by the Ordinary Shareholders' Meeting held on April 19, 2018:											
- Legal reserve	-	-	19,325,948	-	-	-	-	(19,325,948)	-	-	-
- Optional reserve	-	-	-	781,844,009	-	-	-	(781,844,009)	-	-	-
Dividends attributable to the non-controlling interest	-	-	-	-	-	-	-	-	-	(2,202,634)	(2,202,634)
Other comprehensive income/(loss)	-	-	-	-	-	5,653,270,670	(1,109,945)	-	5,652,160,725	473,724,176	6,125,884,901
Loss for the year	-	-	-	-	-	-	-	(3,290,962,036)	(3,290,962,036)	(396,471,580)	(3,687,433,616)
Balances at December 31, 2018	**64,451,745**	**235,598,680**	**32,651,836**	**1,090,335,897**	**3,907,836,586**	**5,653,270,670**	**(13,554,554)**	**(875,556,713)**	**10,095,034,147**	**964,119,796**	**11,059,153,943**
As resolved by the Extraordinary Shareholders' Meeting held on March 7, 2019:											
- Optional reserve	-	-	-	(487,185,180)	-	-	-	487,185,180	-	-	-
-Distribution of dividends	-	-	-	-	-	-	-	(487,185,180)	(487,185,180)	-	(487,185,180)
Dividends attributable to the non-controlling interest	-	-	-	-	-	-	-	-	-	(8,624,521)	(8,624,521)
Other comprehensive income/(loss)	-	-	-	-	-	(1,891,095,875)	(5,489,817)	-	(1,896,585,692)	(112,852,191)	(2,009,437,883)
Reversal of technical revaluation reserve	-	-	-	-	(165,573,457)	(229,533,745)	-	395,107,202	-	-	-
Income for the year	-	-	-	-	-	-	-	607,739,083	607,739,083	38,448,419	646,187,502
Balances at December 31, 2019	**64,451,745**	**235,598,680**	**32,651,836**	**603,150,717**	**3,742,263,129**	**3,532,641,050**	**(19,044,371)**	**127,289,572**	**8,319,002,358**	**881,091,503**	**9,200,093,861**

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

Albanesi S.A.

Consolidated Statement of Cash Flows

For the fiscal years ended December 31, 2019 and 2018

Stated in pesos

	Notes	12.31.2019	12.31.2018
Cash flow provided by operating activities:			
Income/(loss) for the year		646,187,502	(3,687,433,616)
Adjustments to arrive at net cash flows provided by operating activities:			
Income tax		4,385,971,858	(717,465,342)
Income from investments in associates	**8**	144,591,117	447,927,011
Depreciation of property, plant and equipment	**7 and 27**	2,319,911,740	2,078,823,553
Present value of receivables and debts		57,876,650	76,010,115
Decrease in provisions	**20**	(5,829,605)	(4,492,595)
Impairment / Recovery of assets	**32**	47,333,303	(3,230,230,123)
Income/(loss) from changes in the fair value of financial instruments	**32**	92,765,480	(1,271,519,314)
Interest and exchange differences and other		18,081,348,409	27,157,931,066
RECPAM	**32**	(15,983,546,694)	(12,112,014,323)
Waiver of debt	**30**	-	(385,058,122)
Accrual of benefit plans	**24 and 27**	6,845,684	28,845,337
Changes in operating assets and liabilities:			
(Increase) in trade receivables		(1,165,375,143)	(83,799,801)
(Increase)/decrease in other receivables (1)		(1,985,908,371)	97,442,621
(Increase) in inventories		(116,940,487)	(68,774,155)
(Decrease) in trade payables		(667,035,923)	(6,453,219,135)
(Decrease) in Defined benefit plans		(2,601,387)	(2,683,565)
(Decrease) in other liabilities		(81,164,754)	(369,241,628)
Increase / (Decrease) in social security charges and taxes		135,516,192	(22,262,458)
Payment of income tax		(14,824,725)	(30,983,310)
Cash flows provided by operating activities		**5,895,120,846**	**1,447,802,216**
Cash flows provided by investment activities:			
Cash added as a result of the merger		-	220,957,937
Collection of dividends		-	13,239,489
Payments for acquisition of property, plant and equipment	**7**	(2,788,809,277)	(3,804,010,432)
Payments for purchases of assets for sale		-	(1,469,391,544)
Subscription of mutual funds		(67,053,240)	-
Redemption of mutual funds		-	48,238,765
Loans granted	**34**	(43,393,500)	(69,743,607)
Cash flows (used in) investment activities		**(2,899,256,017)**	**(5,060,709,392)**
Cash flows from financing activities:			
Collection of financial instruments		278,118,739	1,092,668,366
Payment of loans	**18**	(5,251,622,342)	(9,763,549,713)
Payment of interest	**18**	(3,512,817,211)	(3,095,007,091)
Borrowings	**18**	6,472,214,456	15,891,135,374
Cash flows (used in) / provided by financing activities		**(2,014,106,358)**	**4,125,246,936**
INCREASE IN CASH AND CASH EQUIVALENTS		**981,758,471**	**512,339,760**
Cash and cash equivalents at the beginning of year		844,807,968	223,257,600
RECPAM		(295,633,700)	(72,045,287)
Financial results of cash and cash equivalents		173,748,937	181,255,895
Cash and cash equivalents at year end	**13**	1,704,681,676	844,807,968
		981,758,471	**512,339,760**

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

(1) Includes prepayments to suppliers for the purchase of property, plant and equipment for $2,460,114,100 and $338,490,381 at December 31, 2019 and 2018, respectively.

Albanesi S.A.

Consolidated Statement of Cash Flows (Cont'd)

For the fiscal years ended December 31, 2019 and 2018

Stated in pesos

Material transactions not entailing changes in cash

	Notes	12.31.2019	12.31.2018
Transfers to property, plant and equipment of assets held for sale	**7**	(1,716,293,601)	(87,594,628)
Acquisition of property, plant and equipment financed by suppliers	**7**	(1,765,890,695)	-
Advances to suppliers applied to the acquisition of property, plant and equipment	**7**	-	(39,505,401)
Decrease/(Increase) resulting from technical revaluation		2,003,317,248	(6,127,004,813)
Defined benefit plan		6,120,635	1,119,912
Acquisition of assets held for sale financed by suppliers		-	(148,231,792)
Financial costs capitalized in property, plant and equipment	**7**	(2,845,799,672)	(1,406,234,674)
Issue of negotiable obligations paid up in kind	**18**	3,229,308,904	-
Directors' fees offset against other receivables	**34**	(57,710,006)	(50,134,685)
Dividends applied to the non-controlling interest and offset		8,624,521	2,202,634
Addition of balances as a result of the merger			
Assets			
Property, plant and equipment		-	4,123,262,088
Deferred tax assets		-	1,790,129
Other receivables		-	434,392,138
Inventories		-	31,263,013
Other financial assets at fair value through profit or loss		-	45,652,657
Income tax credit balance, net		-	1,688,611
Trade receivables		-	492,271,661
Total assets		-	5,130,320,297
Liabilities			
Deferred tax liabilities, net		-	(298,528,338)
Loans		-	(3,624,299,532)
Other liabilities		-	(8,175,534)
Tax payables		-	(10,232,725)
Social security debts		-	(3,002,687)
Trade payables		-	(428,480,015)
Total liabilities		-	(4,372,718,831)
Equity attributable to the owners		-	(654,784,587)
Non-controlling interest		-	(255,981,384)
Cash added as a result of the merger		-	(153,164,505)

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

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

NOTE 1: GENERAL INFORMATION

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

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

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

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

Companies	Country of creation	Main activity	% participation	
			12.31.2019	12.31.2018
CTR	Argentina	Electric power generation	75%	75%
GECEN	Argentina	Electric power generation	95%	95%
GLSA	Argentina	Electric power generation	95%	95%
GMSA	Argentina	Electric power generation	95%	95%
GROSA	Argentina	Electric power generation	95%	95%
Solalban Energía S.A.	Argentina	Electric power generation	42%	42%

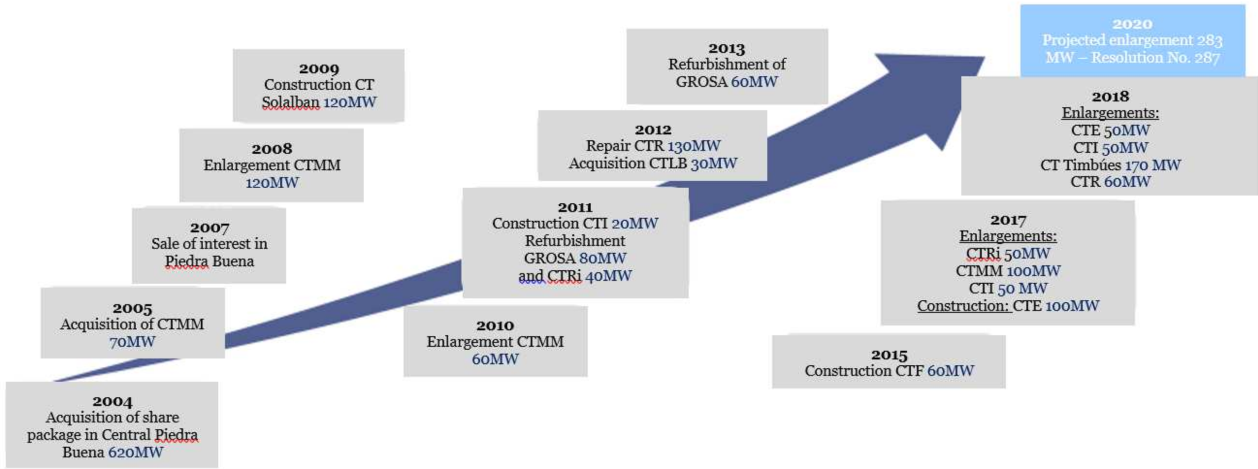
Grupo Albanesi had at the date these consolidated financial statements were signed a total installed capacity of 1,520 MW, representing 6.1% of the total installed thermoelectric capacity in Argentina, it being expanded with additional 283 MW with all the new projects awarded and currently under way.

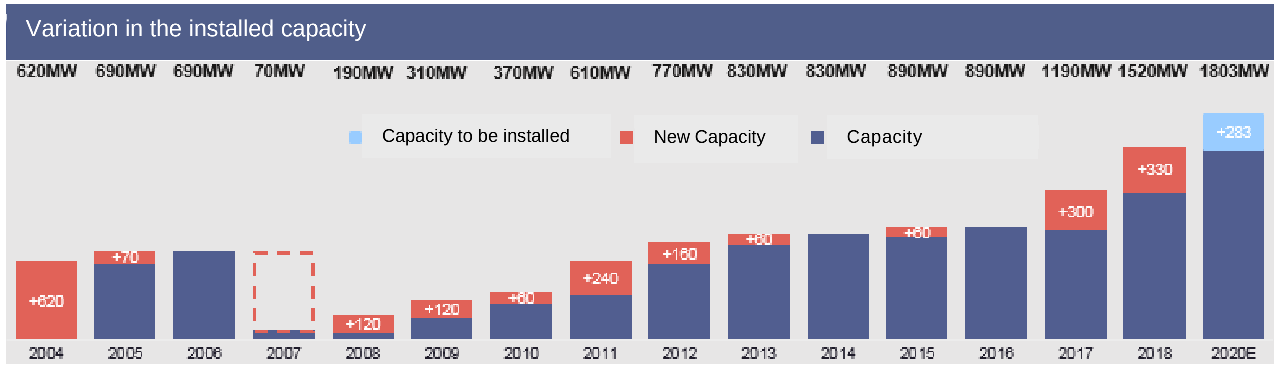
Power Plant	Company	Nominal installed capacity	Resolution	Location
Central Térmica Modesto Maranzana (CTMM)	GMSA	350 MW	E.S. Nos. 220/07, 1281/06 Plus and SRRyME 01/2019	Río Cuarto, Córdoba
Central Térmica Independencia (CTI)	GMSA	220 MW	E.S. Nos. 220/07, 1281/06 Plus, SEE 21/16 and SRRyME 01/2019	San Miguel de Tucumán, Tucumán
Central Térmica Frías (CTF)	GMSA	60 MW	E.S. Nos. 220/07 and SRRyME 01/2019	Frías, Santiago del Estero
Central Térmica Riojana (CTRi)	GMSA	90 MW	E.S. Nos. 220/07 and SRRyME 01/2019	La Rioja, La Rioja
Central Térmica La Banda (CTLB)	GMSA	30 MW	SRRyME 01/2019	La Banda, Santiago del Estero
Central Térmica Ezeiza (CTE)	GMSA	150 MW	EES No. 21/16	Ezeiza, Buenos Aires
Central Térmica Roca (CTR)	CTR	190 MW	E.S. Nos. 220/07 and SRRyME 01/2019	Gral Roca, Río Negro
Central Térmica Sorrento	GROSA	140 MW	SRRyME Resolution No. 01/2019	Rosario, Santa Fé
Solalban Energía S.A.		120 MW	No.1281/06 Plus	Bahía Blanca, Buenos Aires
Total nominal installed capacity (Participation of ASA)		**1,350 MW**		
Central Térmica Cogeneración Timbúes	AESA	170 MW	EES No. 21/16	Timbúes, Santa Fé
Total nominal installed capacity Albanesi Group		**1,520 MW**		

Albanesi S.A.
Notes to the Consolidated Financial Statements (Cont'd)

NOTE 1: GENERAL INFORMATION (Cont'd)

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





Through EES Resolution No. 287/2017 dated May 10, 2017, the Electric Energy Secretariat instructed CAMMESA to call for tenders for new thermal generation of closure of the combined cycle technology and co-generation, with the commitment to be available to meet the demand in WEM. GMSA participated in that call and was awarded two projects for closure of combined cycles through SEE Resolution 926 – E/2017.

One of those projects is the closure of the combined cycle of the TG06 and TG07 units at CTMM, located in Río Cuarto. The project consists in the installation of a new 50 MW Siemens SGT800 gas turbine (with a guaranteed power of 47.5 MW) and the conversion into combined cycle of the three gas turbines (3x1 configuration). For such conversion, a recovery boiler will be installed at the gas turbines exit, which will produce steam in two pressures to feed a SST-600 steam turbine that will deliver a further 65 MW to the network; also, the necessary infrastructure will be installed for its operation and maintenance. The project for the closure of CTMM combined cycle will enable contributing a further 112.5 MW to SADI. The addition of a new gas turbine will cause an additional demand for fuel to the system. The addition of the turbo steam machine will contribute 65 MW, without additional consumption of fuel, with the complete cycle recording a specific consumption of 1,590 Kcal/KWh in the closure of the combined cycle.

NOTE 1: GENERAL INFORMATION (Cont'd)

One of them is the closure of the combined cycle of units TG01, TG02 and TG03 of CTE, located in the province of Buenos Aires. The project consists of: i) the installation of a fourth 50 MW Siemens SGT-800 gas turbine, and ii) the conversion into combined cycle of the four gas turbines. For the conversion into combined cycle, a recovery boiler will be installed at the gas turbines exit, which will produce steam in two pressures to feed two steam turbines (2x1 configuration), each of them delivering 44 MW to the network. The project for the closure of CTE combined cycle will enable contributing a further 138 MW to Argentine Interconnection System (SADI). Although the new gas turbine to be installed will consume additional fuel, the inclusion of two steam turbines will contribute a further 88 MW without additional fuel consumption, and the two full cycles will have a specific consumption of 1,590 Kcal/KWh.

On September 2, 2019, the SRRYME Resolution No. 25/2019 was published whereby the generating agents awarded projects under ESS Resolution No. 287/2017 were authorized to extend the commercial authorization term.

On October 2, 2019, the Company used the option established in the Resolution to formally state a New Date for the Commercial Authorization Committed (NFHCC) under the wholesale demand agreements entered into in accordance with ESS Resolution No. 287/2017 belonging to CTE and CTMM, respectively.

For this purpose, the Company has stated as NFHCC December 6, 2022, for both agreements.

Co-generation Project Arroyo Seco

Through Resolution SE 287/2017, the Secretariat of Energy requested bids for the installation of generation projects by closing open cycles and cogeneration. Within this framework, GECEN presented a cogeneration project in Arroyo Seco, Province of Santa Fe, for 100 MW power.

Through ES Resolution No. 820/2017, the Energy Secretariat awarded the implementation of three projects, including the one in relation to which GECEN made a bid. The projects selected meet the criteria of installing efficient generation capacity and/or improving the efficiency of the thermal units of the current generation facilities. This entails an economic benefit for the electric system in every scenario.

The project consists in the installation of two SGT800 Siemens gas turbines, with a nominal capacity of 50 MW each, and two boilers which will generate steam through the use of exhaust gases of the turbine. The Company will thus generate (i) electricity that will be sold under a contract signed with CAMMESA within the framework of a public bidding under EES Resolution No. 287/2017 and awarded under EES Resolution No. 820/2017 for a term of 15 years, and (ii) steam, to be supplied to LDC Argentina S.A. for its plant in Arroyo Seco, by means of a steam and electric power generation contract for an extendable term of 15 years.

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

On January 12, 2018, a contract was signed with the supplier Vogt Power International Inc. for the provision of two steam boilers for a total amount of USD 14,548,000.

On March 26, 2018, a contract was signed with the supplier Siemens Ltda. for the purchase of a steam turbine for a total amount of USD 5,370,500. The contract comprises the purchase of an SST-300 steam turbine, including whatever is necessary for its installation and start-up.

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

Albanesi S.A.
Notes to the Consolidated Financial Statements (Cont'd)

NOTE 1: GENERAL INFORMATION (Cont'd)

Co-generation Project Arroyo Seco (Cont'd)

On September 2, 2019, the SRRYME Resolution No. 25/2019 was published whereby the generating agents awarded projects under ESS Resolution No. 287/2017 were authorized to extend the commercial authorization term. The date scheduled by GECEN for commercial authorization is July 11, 2022.

On November 5, 2019, through the minutes of the Board of Directors' Meeting, it was decided to set aside the sale of the Company's assets in view of the NFHCC mentioned in the preceding paragraph, and, accordingly, to devote all necessary efforts to finance the thermal power co-generation project at Arroyo Seco. This situation, added to the economic context in which the company operates described in Note 45, could generate a substantial doubt about the entity's ability to continue as a going concern in the event it failed to obtain the necessary financing to complete the project.

Designation of GECEN as Non-restricted Subsidiary

On August 27, 2017, the Board of Directors of ASA, parent company of GECEN, designated the Company as Non-restricted Subsidiary under the terms of the Indenture within the framework of the international bond.

GECEN is a Non-restricted Subsidiary of ASA under the terms of the international bond, which means its creditors have no recourse against ASA or any of its subsidiaries.

NOTE 2: REGULATORY ASPECTS RELATED TO ELECTRICITY GENERATION

The Group's revenue from electricity generation activity derives from sales to Large Users on the Forward Market, for surplus demand for energy (ES Resolution 1281/06); from sales to CAMMESA (Compañía Administradora del Mercado Mayorista Eléctrico S.A.) under ES Resolution 220/07, and from sales under ES Resolutions 21/16 and 01/19. In addition, the excess electricity generated under the modalities of ES Resolutions No. 1281/06 and 220/07 is sold on the Spot Market, in accordance with the regulations in force in the Wholesale Electricity Market (WEM) administered by CAMMESA.

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

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

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

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

The regulation establishes that:

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

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

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

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

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

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

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

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

Further, CTR and CAMMESA entered into a WEM supply contract for 116.7 MW, for a term of 10 years counted as from June 2012. On October 14, 2015, a new WEM supply contract for 53.59 MW was signed with CAMMESA for a term of 10 years counted as from the date of authorization for commercial operation of the agreed upon turbine. The latter contract will be supported by the conversion of the gas turbine into a combined cycle The TV01 contract began on August 4, 2018, starting from the conversion of the current gas turbine generator into a combined cycle. To this end, equipment was installed so that the exhaust fume recovery of the present gas turbine generates an amount of steam such that when expanded through a steam turbine, additional power of up to 60-MW may be generated.

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

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

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:

Power Plant plants	Fixed charge for power hired USD/MW-month	Hired power MW
CTMM TG 5	USD 16,133	45
CTI TG 1 and 2	USD 17,155	100
CTF	USD 19,272	55.5
CTMM TG 6 and 7	USD 15,930	89.9
CTRi TG 24	USD 16,790	42
CTR TG01	USD 12,540	116.7
CTR TV01	USD 31,916	53.59

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

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

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

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

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

c) Sales under ES Resolution No. 21/2016

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

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

c) Sales under ES 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:

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

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

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

Power Plant plants	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

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

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

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

d) Sales under SRRyME Resolution No. 01/2019

SRRyME Resolution No. 01/19 was published on February 28, 2019, replacing EES Resolution No. 19/2017. This resolution establishes new remuneration mechanisms for the generators, co-generators and self-generators in the WEM which do not have WEM Supply Contracts.

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

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

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

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

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

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

Variable costs of non-fuels of 4 USD/MWh for natural gas and 7 USD/MWh for diesel or fuel oil -at the most- are recognized per type of fuel consumed by the power plant for the energy actually generated for conventional thermal power generation. Only 50% of non-fuel 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 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.

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

d) Sales under SRRyME Resolution No. 01/2019 (Cont'd)

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.

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

NOTE 3: BASIS FOR PRESENTATION

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

The preparation of these consolidated financial statements in accordance with IFRS requires making estimates and assessments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of issue of these consolidated financial statements, as well as the income and expenses recorded in the fiscal year. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6.

These consolidated financial statements were approved for issuance by the Company's Board of Directors on March 10, 2020.

Comparative information

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

Financial reporting in hyperinflationary economies

IAS 29 “Financial Reporting in hyperinflationary economies” requires that the financial statements of an entity that reports in the currency of a highly inflationary economy be stated in terms of the measuring unit current at the closing of the reporting period, irrespective of whether they are based on the historical cost or current cost methods. To this end, in general terms, the inflation rate should be computed in the non-monetary items as from the acquisition date or the revaluation date, as applicable. These requirements also include the comparative information of the financial statements.

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

NOTE 3: BASIS FOR PRESENTATION (Cont'd)

Financial reporting in hyperinflationary economies (Cont'd)

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 as amended, and delegated to 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. Therefore, these consolidated financial statements ended December 31, 2019 have been restated.

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

The adjustment for inflation applied to opening balances was calculated based on the indexes established by the Argentine Federation of Professional Councils in Economic Sciences (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 Group's net monetary position shall be included in the statement of income within Financial result, under RECPAM; and
- Comparative amounts have been inflation-adjusted following the same procedure explained above.

In the first period of application of this standard, the equity accounts were restated as follows:
- Capital was restated as from the date of subscription or the date of the last accounting adjustment for inflation, whichever happened later. The resulting amount was included in the "Capital Adjustment" account;
- Other comprehensive income items were restated as from each date of accounting allocation; and
- Other reserves were not restated in the first application of the standard.

NOTE 3: BASIS FOR PRESENTATION (Cont'd)

Tax inflation adjustment

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

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

NOTE 4: ACCOUNTING POLICIES

The main accounting policies used in the preparation of these consolidated financial statements are explained below.

4.1 Changes in accounting policies

4.1.1 New accounting standards, amendments and interpretations issued by IASB effective at December 31, 2019 adopted by the Group

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

- IFRS 16 - *Leases* (issued in January 2016)

- IFRIC 23 - *Uncertainty over income tax treatments* (issued in June 2017)

- IFRS 9 - *Financial Instruments* (application guide amended in October 2017).

- IAS 28 - *Investment in associates and joint ventures* (amended in October 2017).

- Annual improvements to IFRS - Cycle 2015-2017 (issued in December 2017)

- IAS 19 - *Employee benefits* (amended in February 2018)

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

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

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.1 Changes in accounting policies (Cont'd)

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

IFRS 16 application impacts

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

Until December 31, 2018, the Group only capitalized those leases classified as financial under IAS 17, that is, those leases that substantially transfer all risks and rewards incidental to ownership of the leased property to the Group. At the commencement of the finance lease, the Group recognized finance leases as assets and liabilities equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. Pertinent rent obligations -net of finance charges- were included in Other Liabilities. Each lease payment was allocated between capital and financial cost. The financial cost was allocated to results during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases were depreciated during the useful life of the asset, or if lower, the lease term. Leases that do not transfer substantially all risks and rewards incidental to ownership to the Group are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), are charged to the income statement on a straight-line basis over the lease term.

Management has reviewed its lease contracts in effect and has recognized an asset for rights of use (disclosed under Property, plant and equipment) for a total of $34.8 million, for liabilities from leases at the adoption date (equivalent to the present value of payments for remaining leases).

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

At the adoption date, the Group kept the carrying amount of assets for rights of use and liabilities for leases classified as finance leases under IAS 17.

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

Accordingly, the Group did not recognize any adjustment to retained earnings/accumulated losses at the beginning due to the initial application of IFRS 16.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.1 Changes in accounting policies (Cont'd)

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

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

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

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

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

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

4.2 Consolidation

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

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

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.2 Consolidation (Cont'd)

The main consolidation adjustments are as follows:

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

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

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

Companies	Country of creation	Main activity	% of participation in	
			12.31.2019	12.31.2018
CTR	Argentina	Electric power generation	75%	75%
GECEN (1)	Argentina	Electric power generation	95%	95%
GMSA	Argentina	Electric power generation	95%	95%
GROSA	Argentina	Electric power generation	95%	95%
GLSA	Argentina	Electric power generation	95%	95%

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

4.3 Revenue recognition

a) Sale of electric power

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

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

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

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

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.3 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.

4.4 Effects of the foreign exchange rate fluctuations

a) Functional and presentation currency

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

b) Transactions and balances

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

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

4.5 Property, plant and equipment

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

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

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

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.5 Property, plant and equipment (Cont'd)

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

At December 31, 2019, the Group revalued land, real property, 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 market inputs has been used.

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

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

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

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

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

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.5 Property, plant and equipment (Cont'd)

According to IAS 23 "Borrowing costs", financial costs must be capitalized in the cost of an asset when it is in the process of production, construction, assembly or finishing, and those processes are not interrupted due to their long-term nature; the term for production, construction, assembly or finishing does not exceed the period technically required; the activities needed for the asset to be ready for its intended use or sale are not substantially complete; and the asset is not in condition to be used in the production of other assets or placed into service, according to the purpose of its production, construction, assembly or finishing. Financial costs capitalized in the carrying amount of property, plant and equipment during the fiscal years ended December 31, 2019 and 2018 totaled $ 2,845,799,672 and $ 1,406,234,674, respectively. The average capitalization rates used for fiscal year 2019 and 2018 were 32.31% and 68%, respectively.

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

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

	12.31.2019	**12.31.2018**
Cost	44,874,655,836	37,107,271,192
Accumulated depreciation	(6,503,926,733)	(4,862,692,417)
Residual value	**38,370,729,103**	**32,244,578,775**

4.6 Investments in associates and other companies

Investments in associates

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

Investments in other companies

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

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.7 Impairment of non-financial assets

For assets subject to depreciation, an impairment test is performed whenever facts or circumstances suggest that the carrying amount may not be recoverable. An impairment loss is recognized for the amount in which the carrying amount of the asset exceeds its recoverable amount. The 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. The recoverable amount of an asset is the higher of the fair value less costs to sell or value in use. To assess impairment losses, assets are grouped at the lowest level for which cash flows can be identified separately (cash-generating units).

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

At March 31, 2019, the fair values of revalued property, plant and equipment amounted to $31,442,859,908, representing a decrease in their value for $155,960,485 which was recorded in Other comprehensive income.

The Company performed an analysis of the recoverable value of property, plant and equipment at June 30, 2019 and concluded that due to the macroeconomic variations in inflation and the US dollar exchange rate, assets decreased by $3,581,453,940 and recognized its effect in Other comprehensive income.

At December 31, 2019, the Company performed an analysis of the variables that are considered for the calculation of the recoverable value of property, plant and equipment, thus obtaining an increase in their value for $1,066,324,761 with its effects being recognized in Other comprehensive income. Fair values of Property, plant and equipment were revalued at $39.266.954.012.

At December 31, 2019 and 2018, the Group considered that the carrying amount of land, buildings, facilities, machinery and turbines does not exceed their recoverable value.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.8 Financial assets

4.8.1 Classification

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

a) Financial assets at amortized cost

Financial assets are measured at amortized cost if the following conditions are met:
- the business model of the Company is aimed at keeping the assets to obtain contractual cash flows;
- contractual conditions give rise on specified dates to cash flows that are only payments of the principal and interest on the principal.

b) Financial assets at fair value

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

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

4.8.2 Recognition and measurement

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

Financial assets are initially recognized at fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs directly attributable to the purchase of those financial assets.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.8 Financial assets

4.8.3 Impairment of financial assets

Financial assets at amortized cost

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

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

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

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

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

4.8.4 Offsetting of financial instruments

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

4.9 Inventories

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

Since inventories of the Group are not for sale, their value is calculated based on the purchase price, import duties (if any) and other taxes (non-refundable taxes by the tax authorities), transportation, storage and other costs directly attributable to the purchase of those assets. Cost is determined applying the weighted average cost method.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.9 Inventories (Cont'd)

The Group classified inventories into current and non-current depending on their final allocation and the term during which they are expected to be used, whether for maintenance or improvement of present assets. The non-current portion of materials and spare parts is disclosed under Property, plant and equipment. The value of inventories as a whole does not exceed their recoverable value at the end of each fiscal year.

4.10 Trade receivables and other receivables

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

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

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

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

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

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

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

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

RATIO PCE	Not yet due	30 days	60 days	90 days	120 days	150 days	180 days	+180 days
CAMMESA	-	-	-	-	-	-	-	-
Interco	-	-	-	-	-	-	-	-
Other debtors	-	-	-	-	-	-	-	9%

Trade receivables are derecognized when there is no reasonable expectation of their recovery. The Company understands that these are indicators of defaulted payment: i) reorganization proceedings, bankruptcy or litigation; ii) a situation of insolvency implying a high degree of impossibility of collection, and iii) unpaid balances for a period over 180 business days since the original due date of the invoice.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.10 Trade receivables and other receivables (Cont'd)

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

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

At December 31, 2019, the Company has set up a provision for trade receivables of $2,750,107.

4.11 Advances to suppliers

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

4.12 Cash and cash equivalents

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

4.13 Trade and other payables

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

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

4.14 Loans

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

4.15 Borrowing costs

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

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

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.16 Derivative financial instruments

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

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

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

4.17 Provisions

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

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

4.18 Income tax and minimum notional income tax

a) Current and deferred income taxes

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

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.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.18 Income tax and minimum notional income tax

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset recognized amounts and if deferred tax assets and liabilities derive from income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.
Current and deferred income tax assets and liabilities have not been discounted and are stated at nominal value.

b) Minimum notional income tax

The Group determines minimum notional income tax by applying the current 1% rate on computable assets at year end. This tax is supplementary to income tax; the Company tax liability is to coincide in each fiscal year with the higher of the two taxes. However, if the tax on minimum notional income were to exceed income tax in a given fiscal year, such excess may be computed as a payment on account of the income tax to be generated in any of the next ten fiscal years.

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

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

4.19 Balances with related parties

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

4.20 Leases

As mentioned in Note 4.1.1 to the Financial Statements, the Group adopted IFRS 16 - *Leases* and applied the following options established by the standard:

- For leases classified as financial due to the application of IAS 17 and IFRIC 4, carrying amounts were computed for assets for rights of use and lease liabilities prior to the initial application of IFRS 16, as provided for by item 11 of the Appendix C of the standard. Those values are disclosed under Property, plant and equipment and Loans.
- Finance charges generated for lease liabilities are disclosed under Loan interest in Note 32.
- The rest of lease commitments identified are related to contracts ending within 12 months as from adoption and which continue to be recognized on a straight-line basis by the Company.

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

4.21 Defined benefit plan

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

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.21 Defined benefit plan (Cont'd)

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

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

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

a) Share Capital

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

b) Legal reserve

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

c) Optional reserve

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

d) Technical revaluation reserve

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

e) Other comprehensive income/(loss)

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

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.22 Equity accounts (Cont'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:

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

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

g) Distribution of dividends

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

h) Special Reserve

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

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

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

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

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

a) Market risk

Foreign exchange risk

Sales made under Resolutions No. 1281/06 (Energía Plus), No. 220/07 and No. SE 21/16 are denominated in pesos at the exchange rate fixed in BCRA Communication A 3500 (Wholesale) prevailing on the business day prior to the expiration date of CAMMESA invoice. Furthermore, the financial debt is mainly denominated in that currency and financial debt is allocated to the investment in the cycle closure projects stated in US Dollars, which means that the business has a genuine hedge against exchange rate fluctuations. However, the Group constantly monitors the exchange rate fluctuations of the main world currencies to define foreign exchange strategies.

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

Albanesi S.A.
Notes to the Consolidated Financial Statements (Cont'd)

NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)

5.1 Financial risk factors (Cont'd)

a) Market risks (Cont'd)

Foreign exchange risk (Cont'd)

Captions	12.31.2019				12.31.2018
	Foreign currency			Amount recorded in pesos	Amount recorded in pesos
	Class	Amount	Exchange rate used (1)		
				$	
ASSETS					
Current Assets					
Cash and cash equivalents	USD	22,926,657	59.690	1,368,492,198	97,276,394
Trade receivables	USD	76,331,594	59.690	4,556,232,851	2,596,010,670
Total current assets				**5,924,725,049**	**2,693,287,064**
Total Assets				**5,924,725,049**	**2,693,287,064**
LIABILITIES					
Non-Current Liabilities					
Trade payables	USD	24,479,869	59.890	1,466,099,378	1,271,319,756
Trade payables	SEK	-	-	-	521,726,630
Loans	USD	506,981,881	59.890	30,363,144,890	26,890,049,224
Total non-current liabilities				**31,829,244,268**	**28,683,095,610**
Current liabilities					
Trade payables	USD	39,950,573	59.890	2,392,639,826	372,934,227
Intercompany trade payables	USD	41,884,022	59.790	2,504,245,632	919,486,089
Trade payables	SEK	72,470,573	6.465	468,493,263	1,774,984,421
Loans	USD	78,967,741	59.890	4,729,378,059	5,274,721,272
Total Current Liabilities				**10,094,756,780**	**8,342,126,009**
Total Liabilities				**41,924,001,048**	**37,025,221,619**
Assets and liabilities, net				**(35,999,275,999)**	**(34,331,934,555)**

(1) Exchange rates prevailing at year end, as published by Banco Nación. An average exchange rate is applied to balances with related parties.

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

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

	Argentine peso	
Net asset / (liability) position	**12.31.2019**	**12.31.2018**
US dollars	(355,307,827)	(320,352,235)
Swedish crowns	(4,684,933)	(22,967,111)
Euros	-	-
	(359,992,760)	**(343,319,346)**

NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)

5.1 Financial risk factors (Cont'd)

a) Market risks (Cont'd)

Price risk

Group revenue rely, to a lesser extent, on sales made under Resolution 31/20, which replaced ES Resolution 1/19. This resolution adapts certain remuneration criteria to economic conditions that are reasonable, foreseeable and efficient, through medium-term commitments. The Group may suffer the impact of any material amendment or repeal of any terms of the Resolution and such repeal or amendment may cause a minor adverse effect on its business, financial position and results of operations (see Note 46).

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

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

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

Interest rate risk

Interest rate risk arises from the Group's debt at floating rate. Indebtedness at floating rate exposes the Group to interest rate risk on their cash flows. At December 31, 2019, a small portion of the loans in effect had been taken out at floating rates, mainly BADLAR (plus an applicable margin).

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

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

	12.31.2019	**12.31.2018**
Fixed rate:	34,158,677,665	27,673,984,520
	34,158,677,665	**27,673,984,520**
Floating rate:	2,645,993,310	7,042,105,321
	2,645,993,310	**7,042,105,321**
	36,804,670,975	**34,716,089,841**

NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)

5.1 Financial risk factors (Cont'd)

a) Market risks (Cont'd)

Interest rate risk (Cont'd)

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

	12.31.2019	12.31.2018
Floating rate:	26,459,933	70,421,053
Impact on the profit/(loss) for the year	**26,459,933**	**70,421,053**

b) Credit risk

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

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

The electricity generators with sales to the spot market, per Resolution No. 1/19 which replaced ES Resolution No. 19/17, and generators with contracts under Resolutions Nos. 220/07 and ES No. 21/16 receive through CAMMESA the payments for making available the power and energy supplied to the system.

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

NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)

5.1 Financial risk factors (Cont'd)

c) Liquidity risk

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

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

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

At December 31, 2019	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	More than 2 years	Total
Trade and other payables	5,059,817,953	1,044,130,706	1,230,064,452	237,965,022	7,571,978,133
Loans	4,346,556,931	6,096,998,280	10,165,345,352	32,887,319,246	53,496,219,809
Total	**9,406,374,884**	**7,141,128,986**	**11,395,409,804**	**33,125,284,268**	**61,068,197,942**

At December 31, 2018	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	More than 2 years	Total
Trade and other payables	2,503,615,553	2,098,469,904	1,421,527,386	373,304,382	6,396,917,225
Loans	4,392,466,351	5,659,952,763	8,605,249,052	31,592,327,904	50,249,996,070
Total	**6,896,081,904**	**7,758,422,667**	**10,026,776,438**	**31,965,632,286**	**56,646,913,295**

5.2 Capital risk management

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

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

NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)

5.2 Capital risk management (Cont'd)

In the year ended December 31, 2019, the Company incurred long-term indebtedness mainly through the co-issue of NO GMSA-CTR Class II for an amount of USD 80,000,000.

This issue has allowed improvements in the indebtedness profile, by extending the due dates. Consolidated debt to adjusted EBITDA ratios at December 31, 2019 and 2018 were as follows:

	12.31.2019	12.31.2018
Total loans (*)	36,804,670,975	34,716,089,841
Less: Cash and cash equivalents	(1,704,681,676)	(844,807,968)
Net debt	35,099,989,299	33,871,281,873
EBITDA (1)	10,129,808,650	7,881,981,637
Net debt/EBITDA	**3.47**	**4.30**

(1) Amount not covered by the Audit Report.

NOTE 6: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The estimates made and accounting judgments applied are continually evaluated and are based on historical experience and other factors that are believed to be reasonable under the circumstances.

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

a) Fair value of property, plant and equipment

The Group has opted to value land, real property, facilities, machinery and turbines at fair value applying discounted cash flows or comparable techniques.

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

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

The discounted cash flows at December 31, 2019 consider two scenarios (pessimistic and basic scenarios) with different probabilities of occurrence. The two scenarios arise from current rate schedules and are combined with different turbine dispatch alternatives.

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

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

The criteria considered in each scenario are the following:

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

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

In all scenarios a discount rate in dollars of approximately 11.51% was used, which contemplates the future scenarios.

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

Actual results may differ from estimates, so the projected cash flows may be adversely affected if one of the above-mentioned factors change in the near future.

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

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

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

To increase the fair value of land, buildings, facilities and machinery by $ 3,926 million, if it were favorable; or
To reduce the fair value of land, buildings, facilities and machinery by $ 3,926 million, if it were not favorable.

b) Impairment of assets

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

Electricity production plants of ASA's subsidiaries or associates constitute a cash generating unit, already representing the lowest level of separation of assets that generate independent cash flows.

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

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

b) Impairment of assets (Cont'd)

In evaluating whether there is any indication that the cash generating unit could be affected, internal and external sources of information are analyzed. Specific events and circumstances are considered, which in general include the discount rate used in the projections of cash flows of each of the CGU and the business condition in terms of market and economic factors, such as the cost of raw materials, the regulatory framework of the energy industry, projected capital expenditure and the evolution of energy demand. An impairment loss is recognized when the asset's carrying value exceeds its recoverable value. The recoverable value is the higher of an asset's fair value less costs to sell and value in use. Any impairment loss will be distributed (to reduce the carrying value of the assets of the CGU) as follows:

a) First, to reduce the carrying value of goodwill allocated to the cash generating unit, and
b) Then, reduce the carrying amounts of the other assets of the unit (or group of units) pro rata on the basis of the carrying amount of each asset of the unit (or group of units). The carrying amount of an asset should not be reduced below the highest of its fair value less costs of sales and its value in use, or zero.
c) The amount of the impairment loss that cannot be otherwise 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.

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

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

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.

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

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

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

d) Provisions

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

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

e) Allowance for bad debts

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

The allowance for bad debts amounted to $ 2,750,107 and $ 4,230,557 at December 31, 2019 and 2018, respectively.

For more information on the balance of the allowance for bad debts, see Note 19 to these consolidated financial statements.

f) Defined benefit plans

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

Albanesi S.A.
Notes to the Consolidated Financial Statements (Cont'd)

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

Captions	ORIGINAL VALUE							DEPRECIATION						NET VALUE	
	Value at beginning of year	Addition as a result of merger	Increases (1)	Decreases / transfers (2)	Revaluation of original values	(Impairment) Recovery	Value at the end of year	Accumulated at beginning of year	Addition as a result of merger	For the year	Revaluation of accumulated depreciation	(Impairment)/ Recovery	Accumulated at the end of the year	12.31.2019	12.31.2018
Land	953,807,588	-	11,986,830	-	-	-	965,794,418	-	-	-	-	-	-	965,794,418	953,807,588
Buildings	1,924,261,941	-	-	23,176,166	(55,458,010)	-	1,891,980,097	12,545,297	-	42,912,714	(55,458,011)	-	-	1,891,980,097	1,911,716,644
Facilities	4,946,355,919	-	6,614,146	4,015,065	(518,256,055)	-	4,438,729,075	77,857,421	-	276,583,442	(354,440,863)	-	-	4,438,729,075	4,868,498,498
Machinery and turbines	36,866,449,513	-	38,186,399	4,857,195	(4,939,042,685)	-	31,970,450,422	717,559,317	-	1,714,208,895	(2,431,768,212)	-	-	31,970,450,422	36,148,890,196
Computer and office equipment	62,553,205	-	4,308,180	-	-	-	66,861,385	40,519,093	-	9,417,850	-	-	49,936,943	16,924,442	22,034,112
Vehicles	41,486,104	-	284,490	-	-	-	41,770,594	20,784,783	-	4,727,751	-	-	25,512,534	16,258,060	20,701,321
Tools	38,876,071	-	9,479,303	2,875,081	-	-	51,230,455	18,691,471	-	10,719,177	-	-	29,410,648	21,819,807	20,184,600
Furniture and fixtures	3,770,500	-	-	21,678	-	-	3,792,178	2,933,321	-	346,860	-	-	3,280,181	511,997	837,179
Works in progress	2,367,207,908	-	6,320,847,285	(35,444,217)	-	-	8,652,610,976	-	-	-	-	-	-	8,652,610,976	2,367,207,908
Civil constructions on third party property	149,057,457	-	169,585	2,030,683	-	-	151,257,725	99,213,914	-	20,919,441	-	-	120,133,355	31,124,370	49,843,543
Installations on third party property	862,433,977	-	2,809,390	(34,833)	-	-	865,208,534	606,641,003	-	108,262,515	-	-	714,903,518	150,305,016	255,792,974
Machinery and turbines on third party property	596,045,557	-	-	13,987,802	-	-	610,033,359	319,930,978	-	131,813,095	-	-	451,744,073	158,289,286	276,114,579
Leasehold improvements in progress	2,098,124	-	858,129,820	1,704,051,775	-	123,939,608	2,688,219,327	-	-	-	-	-	-	2,688,219,327	2,098,124
Inputs and spare parts	201,004,788	-	147,684,216	(3,242,794)	-	-	345,446,210	-	-	-	-	-	-	345,446,210	201,004,788
Total at 12.31.2019	**49,015,408,652**	**-**	**7,400,499,644**	**1,716,293,601**	**(5,512,756,750)**	**123,939,608**	**52,743,384,755**	**1,916,676,598**	**-**	**2,319,911,740**	**(2,841,667,086)**	**-**	**1,394,921,252**	**51,348,463,503**	**-**
Total at 12.31.2018	**26,168,814,883**	**7,094,963,093**	**6,810,425,969**	**(1,473,080,834)**	**6,402,177,169**	**4,012,107,372**	**49,015,408,652**	**818,562,779**	**4,575,608**	**2,078,823,553**	**(1,767,162,589)**	**781,877,247**	**1,916,676,598**	**-**	**47,098,732,054**

(1) Includes the acquisition of assets of the project for the start-up and enlargement of the electricity generation plant.
(2) At December 31, 2019, it includes transfers of assets held for sale have at December 31, 2018 (Note 10).
Information required by Appendix A, in compliance with Section 1, Chapter III, Title IV of the restated text of the CNV.

See our report dated
March 10, 2020
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Marcelo P. Lerner
for the Syndics' Committee

C.P.C.E.C.A.B.A. V. 1 F. 17

Armando Losón (Jr.)
President

Albanesi S.A.
Notes to the Consolidated Financial Statements (Cont'd)

NOTE 8: INFORMATION ON SUBSIDIARIES AND ASSOCIATES

a) Information on subsidiaries

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

GROSA

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

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

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

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

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

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

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

NOTE 8: **INFORMATION ON SUBSIDIARIES AND ASSOCIATES (Cont'd)**

a) Information on subsidiaries (Cont'd)

GECEN

GECEN has incurred significant accumulated losses for $ 638,278,637 which caused accumulated losses to exceed the share capital at December 31, 2019. Such situation would result in the Company falling within the scope of section 94(5) and section 206 of the General Companies Law No. 19550. However, on December 23, 2019 the Law on Social Solidarity and Productive Reactivation entered into force in the framework of Public Emergency No. 27541 and related regulations, which suspended until December 31, 2020 the application of section 94(5) and article 206 of the General Companies Law No. 19550, as prescribed by section 59 Title VII. In addition, ASA, as a holder of 95% of the shares, has expressed its willingness to continue providing financial support to GECEN.

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

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

At December 31, 2019 and 2018, the Group's associate is Solalban Energía S.A.

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

Changes in the investments in the Group's associates for the year ended December 31, 2019 and 2018 are as follows:

	12.31.2019	12.31.2018
At beginning of year	**387,612,546**	**848,854,199**
Allocated dividends	-	(13,314,642)
Income/(loss) from interests in associates	(144,591,117)	(447,927,011)
Year end	**243,021,429**	**387,612,546**

Below is a breakdown of the investments and the value of interests held by the Group in the associate at December 31, 2019 and 2018, as well as the Group's share in the income/loss of the associate for the fiscal years ended on December 31, 2019 and 2018:

Name of issuing entity	Main activity	% share interest		Equity value		Company's share of profits	
		12.31.2019	12.31.2018	12.31.2019	12.31.2018	12.31.2019	12.31.2018
Associates							
Solalban Energía S.A.	Electricity	42%	42%	243,021,429	387,612,546	(144,591,117)	(447,927,011)
				243,021,429	**387,612,546**	**(144,591,117)**	**(447,927,011)**

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

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Notes to the Consolidated Financial Statements (Cont'd)

NOTE 8: INFORMATION ON SUBSIDIARIES AND ASSOCIATES (Cont'd)

b) Financial information of subsidiaries with significant non-controlling interest (Cont'd)

Summarized statement of financial position:

	12.31.2019	12.31.2018
Total non-current assets	569,202,822	956,547,612
Total current assets	552,987,745	808,656,161
Total Assets	**1,122,190,567**	**1,765,203,773**
Total equity	**578,622,452**	**922,887,021**
Total non-current liabilities	129,206,859	218,153,878
Total current liabilities	414,361,256	624,162,874
Total liabilities	**543,568,115**	**842,316,752**
Total liabilities and equity	**1,122,190,567**	**1,765,203,773**

Summarized statement of income and statement of comprehensive income:

	12.31.2019	12.31.2018
Sales revenue	2,531,299,267	3,837,846,953
Income/loss for the year	(344,264,566)	(1,066,499,360)
Total comprehensive income for the period	**(344,264,566)**	**(1,066,499,360)**

Statement of Cash Flows:

	12.31.2019	12.31.2018
Cash flows provided by (used in) operating activities	102,938,197	(29,395,986)
Cash flows (used in) investment activities	(52,174,956)	(15,077,589)
Cash flows (used in) financing activities	-	(31,722,709)
Cash RECPAM	-	(7,149,918)
Increase (Decrease) in cash for the year	**50,763,241**	**(83,346,202)**

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

NOTE 9: INVENTORIES

	12.31.2019	12.31.2018
Current		
Supplies and materials	248,121,145	201,798,357
	248,121,145	**201,798,357**

NOTE 10: AVAILABLE-FOR-SALE ASSETS

	31.12.2019	31.12.2018
Current		
Works in progress	-	1,597,020,442
Advances to suppliers	-	906,389,769
Impairment	-	(123,939,608)
	-	**2,379,470,603**

NOTE 11: OTHER RECEIVABLES

	Note	12.31.2019	12.31.2018
Non-current			
Value added tax		141,555,582	152,639
Minimum notional income tax		94,470,854	145,326,784
Other tax credits		784,124	-
Sub-total tax credits		**236,810,560**	**145,479,423**
Related companies	**34**	18,154,808	27,927,977
Other credits with C.T. Sorrento		2,124,839	3,268,691
Credit provision	**20**	(1,859,200)	(2,860,052)
		255,231,007	**173,816,039**
Current			
Value added tax		74,249,022	558,552,931
Turnover tax credit balance		17,883,295	35,975,765
Tax - Law No. 25413		128,232,089	91,405,500
Other tax credits		7,710,445	21,857,366
Sub-total tax credits		**228,074,851**	**707,791,562**
Advances to suppliers		2,460,114,100	338,490,381
Insurance to be accrued		106,015,529	30,092,839
Related companies	**34**	10,279,486	16,949,786
Advances to directors	**34**	-	4,980,324
Loans to Directors/Shareholders	**34**	59,952,775	89,981,984
Shareholders	**34**	182,449,537	333,880,119
Sundry		7,552,048	39,954,046
		3,054,438,326	**1,562,121,041**

Albanesi S.A.
Notes to the Consolidated Financial Statements (Cont'd)

NOTE 12: TRADE RECEIVABLES

	Note	12.31.2019	12.31.2018
Non-Current			
Net receivables from CAMMESA	**40**	-	225,561,717
		-	**225,561,717**
Current			
Trade receivables		3,154,655,348	1,596,931,249
Net receivables from CAMMESA	**40**	-	95,705,837
Sales not yet billed		1,527,706,004	1,208,781,103
Allowance for bad debts	**20**	(2,750,107)	(4,230,557)
		4,679,611,245	**2,897,187,632**

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 and other receivables are as follows:

	For trade receivables	For other receivables
Balances at December 31, 2018	**4,230,557**	**2,860,052**
Increase/(Decrease) (1)	81,567	-
RECPAM	(1,562,017)	(1,000,852)
Balances at December 31, 2019	**2,750,107**	**1,859,200**

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

NOTE 13: CASH AND CASH EQUIVALENTS

	12.31.2019	12.31.2018
Cash	603,853	969,555
Checks to be deposited	660,717	-
Banks	1,480,118,188	278,295,451
Mutual funds	223,298,918	565,542,962
Cash and cash equivalents (bank overdrafts excluded)	**1,704,681,676**	**844,807,968**

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

	12.31.2019	12.31.2018
Cash and cash equivalents	1,704,681,676	844,807,968
Cash and cash equivalents (bank overdrafts included)	**1,704,681,676**	**844,807,968**

NOTE 14: CAPITAL STATUS

Subscribed and registered capital at December 31, 2019 amounted to $ 64,451,745.

NOTE 15: DISTRIBUTION OF PROFITS

Dividends

A tax is levied on dividends or profits distributed, among others, by Argentine companies or permanent establishments to: individuals, undivided estates or foreign beneficiaries, according to the following rates: (i) dividends deriving from profits generated during fiscal years beginning on or after January 1, 2018 until December 31, 2020 will be subject to tax at a rate of 7%, and; (ii) dividends deriving from profits obtained during fiscal years beginning on or after January 1, 2021 will be subject to tax at a rate of 13%.

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

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

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

On March 7, 2019 the Meeting of Shareholders of Albanesi S.A. approved the partial reversal of optional reserve funds and the distribution of cash dividends for $354,000,000 among the shareholders pro rata their shares.

NOTE 16: TRADE PAYABLES

	Note	12.31.2019	12.31.2018
Non-Current			
Suppliers		1,466,099,378	1,793,046,386
		1,466,099,378	**1,793,046,386**
Current			
Suppliers		3,233,970,091	3,109,070,193
Provisions for invoices to be received		259,567,208	349,093,663
Related companies	**34**	2,609,749,365	1,095,862,982
		6,103,286,664	**4,554,026,838**

Albanesi S.A.
Notes to the Consolidated Financial Statements (Cont'd)

NOTE 17: OTHER LIABILITIES

	Note	12.31.2019	12.31.2018
Non-Current			
Other income to be accrued		1,930,096	1,785,382
		1,930,096	**1,785,382**
Current			
Related companies	**34**	368,816	1,457,894
Directors' fees	**34**	-	46,149,721
Other income to be accrued	-	293,179	451,004
		661,995	**48,058,619**

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 18: LOANS

	12.31.2019	12.31.2018
Non-current		
Finance lease debts	81,392,510	126,689,570
Negotiable obligations	7,999,312,212	5,289,020,204
International bond	20,122,314,756	19,484,468,190
Foreign loan debt	3,218,400,194	3,509,911,238
Other bank debts	148,765,723	145,514,264
	31,570,185,395	**28,555,603,466**
Current		
Finance lease debts	52,401,712	55,833,302
Syndicated Loan	399,189,285	1,509,058,609
Other bank debts	1,552,705,932	1,984,581,944
Foreign loan debt	729,093,848	944,519,208
Negotiable obligations	1,696,090,240	857,919,373
International bond	805,004,563	799,233,183
CAMMESA	-	9,340,756
	5,234,485,580	**6,160,486,375**

NOTE 18: LOANS (Cont'd)

At December 31, 2019, the total financial debt amounts to $36,805 million. The following table shows the total debt at that date.

	Borrower	Principal	Balances at 12.31.2019	Interest rate	Currency	Date of issue	Maturity date
			(Pesos)	(%)			
Loan agreement							
Cargill	GMSA	USD 15,000,000	976,718,615	LIBOR + 4.25%	USD	2/16/2018	1/29/2021
Credit Suisse AG London Branch	GECEN	USD 24,848,563	1,506,999,470	13.09%	USD	4/25/2018	3/20/2023
Credit Suisse AG London Branch	GECEN	USD 24,383,333	1,463,775,957	7.75%	USD	4/25/2018	3/20/2023
Subtotal			**3,947,494,042**				
Syndicated loan							
ICBC / Hipotecario / Citibank	GMSA	$ 396,500,000	399,189,285	TM20 + 8.00%	ARS	12/27/2019	12/27/2020
			399,189,285				
Debt securities							
International Bond	GMSA/CTR	USD 336,000,000	20,927,319,319	9.625%	USD	7/27/2016	7/27/2023
Class I Negotiable Obligation co-issuance	GMSA/CTR	USD 4,521,000	319,603,030	6.68%	USD	10/11/2017	10/11/2020
Class *II* Negotiable Obligation co-issuance	GMSA/CTR	USD 80,000,000	4,728,705,163	15.00%	USD	8/5/2019	5/5/2023
Class III Negotiable Obligation co-issuance	GMSA/CTR	USD 25,730,783	1,516,165,641	8.00% until the first amortization date 13.00% until the second amortization date.	USD	12/4/2019	4/12/2021
Class VI Negotiable Obligations	GMSA	USD 6,640,279	401,513,510	8.00%	USD	2/16/2017	2/16/2020
Class VIII Negotiable Obligations:	GMSA	$ 312,884,660	327,337,502	BADLAR + 5%	ARS	8/28/2017	8/28/2021
Class X Negotiable Obligations	GMSA	USD 28,148,340	1,668,374,179	8.50% until the first date of amortization, 10.50% until the second amortization date, 13.00% until the third amortization date.	USD	12/4/2019	2/16/2021
Class II Negotiable Obligations:	CTR	$ 108,000,000	109,334,756	BADLAR + 2%	ARS	11/17/2015	11/17/2020
Class IV Negotiable Obligations:	CTR	$ 291,119,753	354,258,487	BADLAR + 5%	ARS	7/24/2017	7/24/2021
Class III Negotiable Obligations:	ASA	$ 255,826,342	270,110,184	BADLAR + 4.25%	ARS	6/15/2017	6/15/2021
Subtotal			**30,622,721,771**				
Other liabilities							
Supervielle loan	GMSA	USD 1,015,426	61,259,205	9.90%	USD	8/7/2019	2/4/2020
Banco Macro loan	GMSA	USD 3,333,333	200,672,521	9.00%	USD	8/30/2018	1/12/2021
Banco Chubut loan	GMSA	USD 170,340	10,239,812	10.50%	USD	7/18/2019	1/18/2020
Banco Chubut loan	GMSA	USD 672,850	40,454,888	11.00%	USD	10/18/2019	4/16/2020
Banco Chubut loan	GMSA	USD 836,993	50,203,017	11.00%	USD	11/25/2019	5/25/2020
Banco Chubut loan	GMSA	USD 1,000,000	60,034,392	11.00%	USD	12/23/2019	6/23/2020
Supervielle Loan	GMSA	$ 135,000,000	139,532,671	64.50%	ARS	11/15/2019	2/7/2020
Banco Ciudad loan	CTR	USD 5,018,181	307,701,313	7.90%	USD	8/4/2017	8/4/2021
BAPRO loan	CTR	USD 10,600,000	655,705,255	4.00%	USD	1/3/2018	7/15/2020
ICBC loan	CTR	$ 74,725,000	75,250,259	TM20 + Spread 8%	ARS	12/27/2018	12/27/2020
Banco Macro loan	CTR	USD 1,666,667	100,418,322	9.00%	USD	12/28/2018	12/12/2020
Finance lease	GMSA/CTR		133,794,222				
Subtotal			**1,835,265,877**				
Total financial debt			**36,804,670,975**				

NOTE 18: LOANS (Cont'd)

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

	12.31.2019	12.31.2018
Fixed rate		
Less than 1 year	3,749,229,821	4,293,846,539
Between 1 and 2 years	5,957,821,610	3,893,733,264
Between 2 and 3 years	3,110,887,423	9,920,372
More than 3 years	21,340,738,811	19,476,484,345
	34,158,677,665	**27,673,984,520**
Floating rate		
Less than 1 year	1,485,255,759	1,866,639,836
Between 1 and 2 years	1,127,291,037	915,026,028
Between 2 and 3 years	33,418,538	1,571,403,937
More than 3 years	27,976	2,689,035,520
	2,645,993,310	**7,042,105,321**
	36,804,670,975	**34,716,089,841**

The fair value of Company's international bonds at December 31, 2019 and 2018 amounts to approximately $ 12,778 million and $ 17,326 million, respectively. Fair value was calculated based on the estimated market price of the Company's international negotiable obligations at the end of each fiscal year. The applicable fair value hierarchy would be Level 1.

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

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

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 consolidated financial statements, the Company is in compliance with all commitments undertaken.

Group loans are denominated in the following currencies:

	12.31.2019	12.31.2018
Argentine pesos	1,712,148,026	2,551,319,345
US dollars	35,092,522,949	32,164,770,496
	36,804,670,975	**34,716,089,841**

NOTE 18: LOANS (Cont'd)

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

	12.31.2019	12.31.2018
Loans at beginning of year	**34,716,089,841**	**17,615,970,944**
Loans received	9,701,523,360	15,891,135,374
Loans paid	(8,460,313,348)	(9,763,549,713)
Waiver of debt CAMMESA	-	(501,570,818)
Accrued interest	4,124,488,559	4,002,295,434
Interest paid	(3,533,435,109)	(3,095,007,091)
Exchange difference	15,762,043,363	21,839,772,641
Addition as a result of merger	-	5,178,794,838
Capitalized expenses	(347,085,276)	(577,255,866)
RECPAM	(15,158,640,415)	(15,874,495,902)
Loans at year end	**36,804,670,975**	**34,716,089,841**

a) Issuance of international bonds

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

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

This issuance 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.

On March 8, 2019, GMSA and CTR obtained, through CNV Resolution No. RESFC-2019-20111-APN-DIR#CNV authorization for increasing the maximum amount up to USD 300,000,000 of the program for co-issuance of Negotiable Obligations.

International Bond:

Principal: Nominal value: USD 336,000,000; amount assigned to GMSA: USD 266,000,000 (considering the effect of merger Generación Frías S.A.) and the value assigned to CTR: USD 70,000,000

Interest: Fixed rate of 9.625%

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

NOTE 18: LOANS (Cont'd)

a) Issuance of international bonds (Cont'd)

International Bond: (Cont'd)

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

Principal balance on the International Negotiable Obligations at December 31, 2019 is USD 336,000,000.

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

b) Negotiable obligations:

At December 31, 2019 there are outstanding Class VI, VIII and X Negotiable Obligations (issued by GMSA), Class I, II and III Negotiable Obligations (issued by GMSA and CTR), Class II and IV Negotiable Obligations (issued by CTR) and Class III Negotiable Obligations (issued by ASA) for the amounts and under the following conditions: In addition, Class VII (GMSA) Negotiable Obligations were settled during the current fiscal year.

b.1) GMSA NO

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

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

Class VI Negotiable Obligations:

Principal: Nominal value: USD 34,696,397

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

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

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

The proceeds from the issue of Class VI Negotiable Obligations 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.

With the issue of Class X ON a swap of 80.86% of the principal issued under Class VI ON was achieved.

After the swap, principal balance on those negotiable obligations outstanding at December 31, 2019 is USD 6,640,279.

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Notes to the Consolidated Financial Statements (Cont'd)

NOTE 18: LOANS (Cont'd)

b) Negotiable obligations (Cont'd)

b.1) GMSA NO (Cont'd)

Class VIII Negotiable Obligations:

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

Principal: Nominal value: $ 312,884,660

Interest: Private Banks BADLAR rate plus a 5% margin. Payable quarterly 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 negotiable obligations were fully applied to the refinancing of liabilities, improving the Company's indebtedness profile.

Principal balance on that Negotiable Obligation outstanding amounted to $ 312,884,660 at December 31, 2019.

Class X Negotiable Obligations:

On December 4, 2019, the Company issued NO Class X fully integrated by the swap of NO Class VI under the following conditions:

Principal: nominal value: USD 28,148,340

Interest: 8.5% annual nominal, payable as from the issue and settlement date until February 16, 2020, inclusive, then 10.5% annual nominal, payable on a quarterly basis until August 16, 2020 and the remaining 13% payable on a quarterly basis until maturity on February 16, 2021.

Payment term and method: Amortization: The NO principal will be amortized in three installments, the first one on February 16, 2020 for 10% principal, the second on August 16, 2020 for 20% principal, and the third on February 16, 2021 for 70% principal.

The issue allowed the swap of 80.86% of the amount timely issued under Co-Issue GMSA-CTR Class I, improving the financial debt maturities of the Company.

Principal balance on those ON outstanding at December 31 is USD 28,148,340.

b.2) CTR NO

On August 8, 2014 CTR obtained, under Resolution No. 17413 of the CNV, authorization for: (i) incorporation of CTR to the public offering system; and (ii) creation of a global program to issue simple negotiable obligations (non-convertible into shares), for a total outstanding nominal value of up to USD 50,000,000 or its equivalent in other currencies, in one or more classes or series.

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

NOTE 18: LOANS (Cont'd)

b) Negotiable obligations (Cont'd)

b.2) CTR NO (Cont'd)

Class II Negotiable Obligations:

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

Principal: nominal value: $270,000,000

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

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

Payment term and method: Amortization: Principal on negotiable obligations will be amortized in ten (10) consecutive installments payable on a quarterly basis, equivalent to 10% of the nominal value of the negotiable obligations, on the following dates: August 17, 2018, November 17, 2018, February 17, 2019, May 17, 2019, August 17, 2019, November 17, 2019, February 17, 2020, May 17, 2020, August 17, 2020 and November 17, 2020. At the date of issue of these financial statements, principal amount due under Class II Negotiable Obligations was $ 108,000,000.

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

Class IV Negotiable Obligations:

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

Principal: nominal value: $ 291,119,753

Interest: Private Banks BADLAR rate plus a 5% margin.

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

Payment term and method: Principal on Class IV Negotiable Obligations will be fully amortized within 48 months from the date of issuance.

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

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

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

NOTE 18: LOANS (Cont'd)

b) Negotiable obligations (Cont'd)

b.3) GMSA-CTR NO

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

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

Principal: total nominal value USD 30,000,000; amount assigned to GMSA: USD 20,000,000; amount assigned to CTR: USD 10,000,000

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

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

The Negotiable Obligations were paid up in cash.

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

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

Principal balance on those negotiable obligations outstanding at December 31, 2019 is USD 4,521,000.

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

Class II negotiable obligations were co-issued on August 5, 2019 and were fully subscribed in cash.

Principal: total nominal value USD 80 million; amount assigned to GMSA: USD 72 million and amount assigned to CTR: USD 8,000,000

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

Maturity date: May 5, 2023

Amortization method: ten equal and consecutive payments on a quarterly basis from February 5, 2021 to their maturity.

The proceeds from the issuance of Class II Negotiable Obligations were allocated chiefly to the refinancing of liabilities and investment in fixed assets and, to a lesser extent, to the financing of working capital.

Class II Negotiable Obligations will be: (i) guaranteed by Albanesi S.A.; and (ii) secured by pledges on operating turbines, a mortgage on CTI, a reserve account funded by two periods' interest and the assignment of collection rights over contracts with CAMMESA under ES Resolution No. 220/07 and ES Resolution No. 21/17.

Principal balance on those negotiable obligations outstanding at December 31, 2019 is USD 80,000,000.

NOTE 18: LOANS (Cont'd)

b) Negotiable obligations (Cont'd)

b.3) GMSA-CTR NO (Cont'd)

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

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

Principal: total nominal value USD 25,730,782; amount assigned to GMSA: USD 17,153,855; amount assigned to CTR: USD 8,576,928.

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

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

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

Principal balance on those negotiable obligations outstanding at December 31, 2019 is USD 25,730,783.

b.4) ASA NO

On November 20, 2015 ASA obtained, under Resolution No. 17,887 of the CNV, authorization for: (i) incorporation of ASA to the public offering system; and (ii) creation of a global program to issue simple negotiable obligations (non-convertible into shares), for a total outstanding nominal value of up to USD 100,000,000 or its equivalent in other currencies, in one or more classes or series.

Class III Negotiable Obligations:

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

Principal: Nominal value: $ 255,826,342

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

Amortization term and method: interest on Class III Negotiable Obligations will be paid on a quarterly basis, in arrears, on the following dates: September 15, 2017; December 15, 2017; March 15, 2018; June 15, 2018; September 15, 2018; December 15, 2018; March 15, 2019; June 15, 2019; September 15, 2019; December 15, 2019; March 15, 2020; June 15, 2020; September 15, 2020; December 15, 2020; March 15, 2021, and June 15, 2021; if other than a business day, or if such day does not exist, the interest payment date will be the immediately following business day.

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

NOTE 18: LOANS (Cont'd)

b) Negotiable obligations (Cont'd)

b.4) ASA NO (Cont'd)

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

Principal balance on that class of negotiable obligations outstanding at December 31, 2019 is $ 255,826,342.

c) Other loans

c.1) GMSA - Cargill loan

On February 16, 2018, GMSA 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 + 4.25%.

Principal balance on that debt at December 31, 2019 is USD 15,000,000.

c.2) GMSA - Syndicated loan

On December 27, 2019, GMSA obtained a 12-month loan from Banco ICBC Argentina S.A. for $ 396,500,000. Amortized in 9 monthly consecutive installments, being the first one payable after 4 months from disbursement.

Principal balance on that debt at December 31, 2019 is $ 396,500,000.

c.3) GECEN - Loan from UBS

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

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

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

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

At December 31, 2019, the Company does not have covenants to comply with in relation to the loan.

NOTE 18: LOANS (Cont'd)

c) Other loans (Cont'd)

c.3) GECEN - Loan from UBS (Cont'd)

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

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

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

(iii) Pledge on shares: The shareholders of the Issuer and GECEN created a senior pledge on all of their shares in favor of the creditors under the loan.
In view of the macroeconomic context prevailing since May 2018, on October 16, 2018, GECEN decided, with the consent of creditors, to repay Tranche A of the loan agreement, with the Tranche B effectively disbursed on April 25 for USD 65,000,000 still pending repayment.

On March 7, 2019, a Forbearance agreement was entered into with the creditors of Tranche B in relation to the loan agreement to find alternatives for the repayment of the outstanding amount for USD 52,981,896.

From said agreement, supplementary agreements were signed whereby the outstanding amounts should be paid as follows:

(i) USD 24,383,333 payable within a term of four years, in nine quarterly installments of principal beginning in March 2021, and quarterly payments of interest since March 20, 2019, with an annual rate of 7.75%. This agreement was executed by GECEN and secured by ASA.

(ii) USD 12,800,000 will pay quarterly interest since June 20, 2019, accruing an interest rate of 13.09% yearly, whose principal repayment was divided into two tranches (i) USD 5,000,000 to be paid in four quarterly installments beginning in June 2019, and (ii) USD 7,800,000 to be paid in four years, in nine quarterly installments of principal beginning in March 2021. This agreement was executed by GECEN and secured by ASA and GMSA.

A new supplementary agreement was executed on October 23, 2019 for the remaining balance of USD 15,798,563, with the following payment schedule:

(i) USD 15,798,563 accrue an annual interest rate of 13.09%. Interest accrued from March 8, 2019 to September 20, 2020 will be capitalized in December 2020. Principal will be repaid in nine quarterly installments starting in March 2021. This agreement was executed by GECEN and secured by ASA and GMSA.

The agreements entered into also established the release of the security interest created in connection with the loan agreement executed on April 23, 2018.

The balance of principal at the date of presentation of these consolidated financial statements totaled USD 49,231,896.

NOTE 19: LEASES

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

Amounts recognized in the statement of Financial Position:

	12.31.2019
Right of use of assets	
Machinery	28,465,754
Vehicles	6,343,028
	34,808,782
Lease liabilities	
Current	52,401,712
Non-current	81,392,510

Changes in Group finance leases were as follows:

	12.31.2019
Finance lease at the beginning	182,522,872
Payments made for the year	(53,318,191)
Interest paid	(28,088,417)
Accrued interest and exchange difference	100,205,623
RECPAM	(67,527,665)
Finance lease at closing	**133,794,222**

NOTE 20: 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. They include the activity of the provision for trade and other receivables disclosed in the pertinent captions.

	For contingencies
Balances at December 31, 2018	**6,898,800**
Increase/(Decrease)	(5,829,605)
RECPAM	(1,069,195)
Balances at December 31, 2019	**-**

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

Albanesi S.A.
Notes to the Consolidated Financial Statements (Cont'd)

NOTE 21: SOCIAL SECURITY DEBTS

	12.31.2019	12.31.2018
Current		
Salaries payable	6,789,225	2,327,061
Social security charges payable	76,437,465	73,692,318
Provision for vacation pay and Christmas bonus	16,209,788	14,685,283
Provision for incentives	8,804,777	11,939,927
	108,241,255	**102,644,589**

NOTE 22: TAX PAYABLES

	12.31.2019	12.31.2018
Current		
Withholdings to be deposited	40,735,882	17,739,414
Payment-in-installment plan	157,943,354	-
National Fund of Electric Energy	3,814,456	1,163,141
Value added tax payable	54,095,861	8,213,204
Turnover tax payable	1,612,915	9,439
Other	1,706,531	784,658
	259,908,999	**27,909,856**

NOTE 23: INCOME TAX

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

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

	31.12.19	31.12.18
Deferred tax assets:		
Deferred tax assets to be recovered over more than 12 months	190.186	117.434.131
	190.186	**117.434.131**
Deferred tax liabilities:		
Deferred tax liabilities to be settled over more than 12 months	(7.540.697.515)	(3.957.112.327)
	(7.540.697.515)	**(3.957.112.327)**
Deferred tax (liabilities), net	**(7.540.507.329)**	**(3.839.678.196)**

	31.12.19	31.12.18
Opening balances	(3.839.678.196)	(1.905.338.140)
Charge to income statement	(4.370.641.757)	797.186.379
Charge to other comprehensive income	669.812.624	(2.041.961.641)
Addition due to merger	-	(689.564.794)
Closing balances	**(7.540.507.329)**	**(3.839.678.196)**

Albanesi S.A.
Notes to the Consolidated Financial Statements (Cont'd)

NOTE 23: INCOME TAX (Cont'd)

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

Items	Balances at 12.31.2018	Charge to income statement	Charge to other comprehensive income	Balances at 12.31.2019
	$			
Deferred tax - Assets (Liabilities)				
Property, plant and equipment	(8,126,970,690)	(1,904,031,066)	667,772,413	(9,363,229,343)
Assets held for sale	(217,220,365)	217,220,365	-	-
Investments	19,445,925	(5,938,822)	-	13,507,103
Trade receivables	(7,319,845)	8,649,686	-	1,329,841
Other receivables	29,568,372	27,391,779	-	56,960,151
Loans	(31,149,408)	(20,455,582)	-	(51,604,990)
Provisions	(225,424)	4,759,322	2,040,211	6,574,109
Inflation adjustment	-	(2,729,956,845)	-	(2,729,956,845)
Subtotal	**(8,333,871,435)**	**(4,402,361,163)**	**669,812,624**	**(12,066,419,974)**
Provisions	(88,684,215)	-	-	(88,684,215)
Deferred tax losses	4,582,877,454	31,719,406	-	4,614,596,860
Subtotal	**4,494,193,239**	**31,719,406**	**-**	**4,525,912,645**
Total	**(3,839,678,196)**	**(4,370,641,757)**	**669,812,624**	**(7,540,507,329)**

Tax Reform and Law on Social Solidarity and Productive Reactivation

On December 29, 2017, the National Executive Branch enacted Law No. 27430 on Income Tax. This law introduced several changes to the income tax treatment, among others:

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

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

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.

Albanesi S.A.
Notes to the Consolidated Financial Statements (Cont'd)

NOTE 23: INCOME TAX (Cont'd)

Tax Reform and Law on Social Solidarity and Productive Reactivation (Cont'd)

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) published by the National Institute of Statistics and Census (INDEC). This will increase the depreciation that may be deducted and its computable cost in the event of a sale.

On December 27, 2019, the National Executive Branch enacted Law 27541 on Social Solidarity and Productive Reactivation. As for Income tax applicable to companies, the following amendments introduced by the law are highlighted:

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

- Tax inflation adjustment: The allocation of the tax inflation adjustment for the first and second year commenced as from January 1, 2019 must be allocated in equal parts during 6 fiscal years.

- Personal assets tax, shares and equity interests: Tax rate rises from 0.25% to 0.50%.

Below is a reconciliation between income tax charged to results and the amount resulting from application of the current tax rate in force in Argentina on the accounting profit, for the fiscal years ended December 31, 2019 and 2018:

	12.31.2019	12.31.2018
Pre-tax profit	5,032,159,360	(4,404,898,958)
Current tax rate	30%	30%
Income/(loss) at the tax rate	**(1,509,647,808)**	**1,321,469,687**
Permanent differences	(218,877,078)	(307,837,660)
Income from interests in associates	(43,377,335)	(134,378,103)
Change in the income tax rate (a)	378,767,288	(719,799,709)
Accounting inflation adjustment	403,262,986	573,583,244
Tax inflation adjustment	(3,359,946,876)	-
Statute-barred or unrecorded tax losses	(36,153,035)	(15,572,117)
	(4,385,971,858)	**717,465,342**

	12.31.2019	12.31.2018
Current tax	(15,374,890)	(77,007,011)
Deferred tax	(4,370,641,757)	797,186,379
Difference between the provision for income tax and the amount reported in the tax return	44,789	(2,714,026)
Income tax	**(4,385,971,858)**	**717,465,342**

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

NOTE 23: INCOME TAX (Cont'd)

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

At December 31, 2019, accumulated tax losses amount to $ 18,072 million and pursuant to the tax laws in force, they can be offset against tax profits from future fiscal years according to the following breakdown:

Year	Amount in $	Available through
Tax loss for the year 2015	237,312,673	2019
Tax loss for the year 2016	362,285,545	2020
Tax loss for the year 2017	1,056,632,133	2021
Tax loss for the year 2018	10,118,184,675	2022
Tax loss for the year 2019	6,297,544,136	2023
Total accumulated tax losses at December 31, 2019	**18,071,959,162**	
Unrecorded tax losses	(13,142,598)	
Recorded tax losses	**18,058,816,564**	

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

NOTE 24: DEFINED BENEFIT PLAN - LABOR COMMITMENTS WITH PERSONNEL

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

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

The liabilities related to accumulated bonuses for service length and to the employee benefits plans mentioned above were determined considering all the rights accrued by the beneficiaries until closing date of the year ended December 31, 2019, based on an actuarial study performed by an independent professional at that date. The actuarial method applied by the Group is the Projected Benefit Unit method.

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

	12.31.2019	12.31.2018
Defined benefit plan		
Non-current	42,337,837	35,882,643
Current	10,518,317	9,888,894
Total	**52,856,154**	**45,771,537**

Albanesi S.A.
Notes to the Consolidated Financial Statements (Cont'd)

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

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

	12.31.2019	12.31.2018
Present value of the obligations for benefits	52,856,154	45,771,537
Obligations for benefits at year end	**52,856,154**	**45,771,537**

The actuarial assumptions used were:

	12.31.2019	12.31.2018
Interest rate	5.5%	5.5%
Salary growth rate	1%	1%
Inflation	41.7%	28.0%

At December 31, 2019 and 2018 CTR, GMSA and GROSA do not have assets related to pension plans.

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

	12.31.2019	12.31.2018
Cost of current services	6,845,684	28,845,337
Interest charges	11,486,642	9,246,111
Actuarial loss through Other comprehensive income	8,160,843	1,493,216
Total cost	**26,493,169**	**39,584,664**

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

	12.31.2019	12.31.2018
Balances at beginning of year	45,771,537	26,267,806
Cost of current services	6,845,684	28,845,337
Interest charges	11,486,642	9,246,111
Actuarial loss through Other comprehensive income	8,160,843	1,493,216
RECPAM	(16,807,165)	(17,397,368)
Payments of benefits	(2,601,387)	(2,683,565)
Balance at year end	**52,856,154**	**45,771,537**

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

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

To estimate the probability that the Group active personnel will leave the job or stay, the table "ESA 77" has been used.
The liabilities related to the above-mentioned benefits were determined considering all the rights accrued by the beneficiaries of the plans until closing date of the year ended December 31, 2019.

Albanesi S.A.
Notes to the Consolidated Financial Statements (Cont'd)

NOTE 25: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES

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

Financial assets and liabilities at December 31, 2019 and 2018 are as follows:

At December 31, 2019	Financial assets/ liabilities at amortized cost	Financial assets/liabilities at fair value through profit or loss	Non-financial assets/ liabilities	Total
Assets				
Trade receivables, other receivables and others	5,064,281,067	-	2,929,558,023	7,993,839,090
Other financial assets at fair value through profit or loss	-	-	-	-
Cash and cash equivalents	1,481,382,758	223,298,918	-	1,704,681,676
Non-financial assets	-	129,863	51,839,796,263	51,839,926,126
Total	**6,545,663,825**	**223,428,781**	**54,769,354,286**	**61,535,809,828**
Liabilities				
Trade, tax and other payables	7,733,075,542	-	259,908,999	7,992,984,541
Loans (finance leases excluded)	36,670,876,753	-	-	36,670,876,753
Finance leases	133,794,222	-	-	133,794,222
Non-financial liabilities	-	-	7,540,697,515	7,540,697,515
Total	**44,537,746,517**	**-**	**7,800,606,514**	**52,338,353,031**

At December 31, 2018	Financial assets/ liabilities at amortized cost	Financial assets/liabilities at fair value through profit or loss	Non-financial assets/ liabilities	Total
Assets				
Trade receivables, other receivables and others	3,666,925,062	-	1,194,113,274	4,861,038,336
Other financial assets at fair value through profit or loss	-	472,025,496	-	472,025,496
Cash and cash equivalents	279,265,006	565,542,962	-	844,807,968
Non-financial assets	-	199,768	50,185,651,594	50,185,851,362
Total	**3,946,190,068**	**1,037,768,226**	**51,379,764,868**	**56,363,723,162**
Liabilities				
Trade, tax and other payables	6,545,333,351	-	27,909,856	6,573,243,207
Loans (finance leases excluded)	34,533,566,968	-	-	34,533,566,968
Finance leases	182,522,873	-	-	182,522,873
Non-financial liabilities	-	-	4,015,236,171	4,015,236,171
Total	**41,261,423,192**	**-**	**4,043,146,027**	**45,304,569,219**

Albanesi S.A.
Notes to the Consolidated Financial Statements (Cont'd)

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

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

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

At December 31, 2019	Financial assets at amortized cost	Financial liabilities at amortized cost	Non-financial instruments	Assets/Liabilities at fair value	Total
Interest earned	278,506,041	-	-	-	278,506,041
Interest paid	-	(3,972,188,113)	-	-	(3,972,188,113)
Changes in the fair value of financial instruments	-	-	-	(92,765,480)	(92,765,480)
Exchange differences, net	745,418,003	(15,245,537,306)	-	-	(14,500,119,303)
Asset recovery/impairment	(47,333,303)		-	-	(47,333,303)
Other financial costs	-	(282,792,969)	15,983,546,694	-	15,700,753,725
Total	**976,590,741**	**(19,500,518,388)**	**15,983,546,694**	**(92,765,480)**	**(2,633,146,433)**

At December 31, 2018	Financial assets at amortized cost	Financial liabilities at amortized cost	Non-financial instruments	Assets/Liabilities at fair value	Total
Interest earned	167,301,466	-	-	-	167,301,466
Interest paid	-	(3,378,444,020)	-	-	(3,378,444,020)
Changes in the fair value of financial instruments	-	-	-	1,271,519,314	1,271,519,314
Exchange differences, net	594,177,137	(23,348,672,463)	-	-	(22,754,495,326)
Asset recovery/impairment	3,230,230,123	-	-	-	3,230,230,123
Other financial costs	-	(408,255,911)	12,112,014,323	-	11,703,758,412
Total	**3,991,708,726**	**(27,135,372,394)**	**12,112,014,323**	**1,271,519,314**	**(9,760,130,031)**

Determination of fair value

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

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

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

These charts show financial assets and liabilities of the Group measured at fair value at December 31, 2019 and 2018 and their allocation to the different hierarchy levels:

At December 31, 2019	Level 1	Level 3	Total
Assets			
Cash and cash equivalents	223,298,918	-	223,298,918
Other financial assets at fair value through profit or loss	-	-	-
Investment in shares	-	129,863	129,863
Property, plant and equipment at fair value	-	39,266,954,012	39,266,954,012
Total	**223,298,918**	**39,267,083,875**	**39,490,382,793**

At December 31, 2018	Level 1	Level 3	Total
Assets			
Cash and cash equivalents	565,542,962	-	565,542,962
Other financial assets at fair value through profit or loss	472,025,496	-	472,025,496
Investment in shares	-	199,768	199,768
Property, plant and equipment at fair value	-	43,882,912,926	43,882,912,926
Total	**1,037,568,458**	**43,883,112,694**	**44,920,681,152**

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 financial instrument is included in Level 3. These instruments are included in Level 3. These instruments are included in Level 3. This is the case of the revaluation of certain categories of property, plant and equipment.

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

a) The fair values of real properties and land have been adjusted by a method using coefficients that comprise changes in the purchasing power of the currency to conform a fair value at December 31, 2019.

b) The fair values of facilities and machinery and turbines have been calculated by means of the discounted cash flows (See Note 6.a).

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

NOTE 26: SALES REVENUE

	12.31.2019	12.31.2018
Sale of electricity Res. No. No. 95, as amended, plus spot	920,775,873	1,486,094,785
Energía Plus sales	2,355,015,549	2,640,305,775
Sale of electricity Resolution No. 220	6,663,457,368	5,547,718,675
Sale of electricity Res. No. 21	4,260,218,544	3,063,088,296
Total	**14,199,467,334**	**12,737,207,531**

NOTE 27: COST OF SALES

	12.31.2019	12.31.2018
Cost of purchase of electric energy	(1,531,101,838)	(1,956,129,401)
Cost of gas and diesel consumption at the plant	(184,639,427)	(627,207,746)
Salaries and social security charges	(507,242,538)	(447,087,015)
Defined benefit plan	(6,845,684)	(28,845,337)
Other employee benefits	(23,767,904)	(24,655,914)
Rental	(22,537,389)	(19,801,941)
Fees for professional services	(11,330,498)	(24,855,593)
Depreciation of property, plant and equipment	(2,319,911,740)	(2,078,823,553)
Insurance	(107,237,013)	(99,595,191)
Maintenance	(931,860,062)	(794,740,350)
Electricity, gas, telephone and postage	(22,014,925)	(20,710,870)
Rates and taxes	(44,267,759)	(42,367,489)
Travel and per diem	(1,849,151)	(2,812,476)
Security guard and cleaning service	(15,488,789)	(15,127,906)
Miscellaneous expenses	(11,978,073)	(18,203,635)
	(5,742,072,790)	**(6,200,964,417)**

NOTE 28: SELLING EXPENSES

	12.31.2019	12.31.2018
Duties and taxes	(89,488,701)	(37,469,413)
Provision for Turnover tax	-	(33,075,271)
Bad debts	(81,567)	74,970
	(89,570,268)	**(70,469,714)**

NOTE 29: ADMINISTRATIVE EXPENSES

	12.31.2019	12.31.2018
Salaries and social security charges	(80,461,907)	(39,834,568)
Other employee benefits	-	(696,850)
Rental	(12,360,631)	(14,968,753)
Fees for professional services	(434,618,163)	(420,023,572)
Insurance	(305,058)	(165,188)
Directors' fees	-	(128,988)
Electricity, gas, telephone and postage	(5,893,155)	(7,963,165)
Rates and taxes	(14,923,532)	(5,892,195)
Travel and per diem	(14,498,437)	(7,205,491)
Miscellaneous expenses	(5,647,875)	(12,798,283)
	(568,708,758)	**(509,677,053)**

NOTE 30: OTHER OPERATING INCOME

	12.31.2019	12.31.2018
Sundry income	10,781,392	6,634,140
Waiver of debt	-	385,058,122
Total Other operating income	**10,781,392**	**391,692,262**

NOTE 31: OTHER OPERATING EXPENSES

	12.31.2019	12.31.2018
Miscellaneous expenses	-	(108,822,844)
CAMMESA penalty (Note 43)	-	(435,807,681)
Total Other operating expenses	-	**(544,630,525)**

NOTE 32: FINANCIAL RESULTS

	12.31.2019	12.31.2018
Financial income		
Interest on loans granted	11,647,718	19,485,771
Commercial interest	266,858,323	147,815,695
Total financial income	**278,506,041**	**167,301,466**
Financial expenses		
Loan interest	(3,473,186,031)	(3,313,872,978)
Commercial and other interest	(499,002,082)	(64,571,042)
Bank expenses and commissions	(20,541,010)	(36,773,109)
Total financial expenses	**(3,992,729,123)**	**(3,415,217,129)**
Other financial results		
Exchange differences, net	(14,500,119,303)	(22,754,495,326)
Changes in the fair value of financial instruments	(92,765,480)	1,271,519,314
Impairment / Recovery of assets	(47,333,303)	3,230,230,123
RECPAM	15,983,546,694	12,112,014,323
Other financial results	(262,251,959)	(371,482,802)
Total other financial results	**1,081,076,649**	**(6,512,214,368)**
Total financial results, net	**(2,633,146,433)**	**(9,760,130,031)**

NOTE 33: EARNINGS PER SHARE

Basic

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

	12.31.2019	12.31.2018
Income (Loss) for the period attributable to the owners	607,739,083	(3,290,962,036)
Weighted average of outstanding ordinary shares	64,451,745	64,451,745
Basic and diluted earnings (losses) per share	**9.43**	**(51.06)**

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

Albanesi S.A.
Notes to the Consolidated Financial Statements (Cont'd)

NOTE 34: TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Transactions with related parties and associates

		12.31.2019	12.31.2018
		$	
		Profit / (Loss)	
Purchase of gas			
RGA (1)	Related company	(4,969,658,053)	(7,401,585,845)
Purchase of energy			
Solalban Energía S.A.	Related company	(42,438,340)	(531,665)
Purchase of wines			
BDD	Related company	(687,910)	(3,337,065)
Purchase of flights			
AJSA	Related company	(91,020,893)	(124,545,174)
Purchase of parts and spare parts			
AESA	Related company	(1,470,568)	-
Sale of energy			
RGA	Related company	102,218,255	131,519,789
Solalban Energía S.A.	Related company	519,248	11,629,240
Leases and services agreements			
RGA	Related company	(586,529,084)	(657,221,920)
Recovery of expenses			
RGA	Related company	(2,288,038)	(102,982,228)
AESA	Related company	40,035,256	16,599,035
AJSA	Related company	-	1,228
Pipeline works			
RGA	Related company	(1,796,239)	(119,076,577)
Work management service			
RGA	Related company	(173,732,513)	(159,239,008)
Interest generated due to loans granted			
Directors/Shareholders	Related parties	15,656,962	19,485,771

(1) For purchases of gas, which are consumed for dispatch by the plant.

Albanesi S.A.
Notes to the Consolidated Financial Statements (Cont'd)

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

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

		12.31.2019	12.31.2018
		$	
		Profit / (Loss)	
Guarantees provided/received			
RGA	Related company	-	(2,459,291)
AJSA	Related company	362,533	563,803
Fees			
Directors	Related parties	-	(48,778,541)
Exchange difference			
RGA	Related company	(7,149,481)	(9,223,012)

b) Remuneration of key managerial staff

The senior management includes directors (executive and non-executive). Their fees at December 31, 2019 and 2018 amounted to $87,180,124 and $67,338,371, respectively.

	12.31.2019	12.31.2018
	$	
	Profit / (Loss)	
Salaries	(87,180,124)	(67,338,371)
	(87,180,124)	**(67,338,371)**

Albanesi S.A.
Notes to the Consolidated Financial Statements (Cont'd)

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

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

Captions	Type	12.31.2019	12.31.2018
NON-CURRENT ASSETS			
Other receivables			
TEFU S.A.	Related company	18,154,808	27,927,977
		18,154,808	**27,927,977**
CURRENT ASSETS			
Other receivables			
Minority shareholders' accounts	Related parties	182,449,537	333,880,119
AESA	Related company	10,279,486	16,949,786
Loans to Directors/Shareholders	Related parties	59,952,775	89,981,984
Advances to directors	Related parties	-	4,980,324
		252,681,798	**445,792,213**
CURRENT LIABILITIES			
Trade payables			
BDD	Related company	174,294	-
Solalban Energía S.A.	Related company	-	476,013
AJSA	Related company	165,478	24,607,057
RGA	Related company	2,609,409,593	1,070,779,912
		2,609,749,365	**1,095,862,982**
Other liabilities			
BDD	Related company	368,816	1,457,894
Directors' fees	Related parties	-	46,149,721
		368,816	**47,607,615**

d) Loans granted to related parties

	12.31.2019	12.31.2018
Loans to Albanesi Inversora S.A. (1)		
Opening balances	-	183,658,654
Loans added as a result of the merger, and eliminated in the consolidation	-	(183,658,654)
Balance at year end	-	-

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

	12.31.2019	12.31.2018
Loans to Directors/Shareholders		
Opening balances	89,981,984	57,430,025
Loans granted	43,393,500	69,743,607
Loans added as a result of the merger through absorption	-	23,059,386
Loans repaid	(57,710,006)	(50,134,685)
Accrued interest	25,201,523	19,485,771
Interest forgiven	(9,544,561)	-
RECPAM	(31,369,665)	(29,602,120)
Balance at year end	**59,952,775**	**89,981,984**

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

d) Loans granted to related parties (Cont'd)

The loans are governed by the following terms and conditions:

Entity	Amount	Interest rate	Conditions
At 12.31.2019			
Directors/Shareholders	46,852,181	BADLAR + 3%	Maturity date: 1 year
Total in pesos	**46,852,181**		

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

NOTE 35: WORKING CAPITAL

The Company reports at December 31, 2019 a deficit of $ 2,027,613,354 in its working capital (calculated as current assets less current liabilities), which means a decrease of $ 568,611,861, compared to the deficit in working capital at December 31, 2018 ($ 2,596,225,215).

It should be noted that EBITDA(*) at December 31, 2019 amounted to $ 10,130 million, in line with projections, which shows compliance with the objectives and efficiency of the transactions carried out by the Group.

(*) Amount not covered by the Audit Report.

NOTE 36: SEGMENT REPORTING

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

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

The Board of Directors considers the business as a single segment: the electricity segment. It comprises the generation and sale of electricity and the development of energy projects, execution of projects, advisory, service delivery, management and execution of works of any nature.

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

NOTE 37: OTHER COMMITMENTS

A. GMSA

Some of the contractual obligations relating to the supply of electric energy to large customers of the MAT at December 31, 2019 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 GMSA and large users on the Forward Market in accordance with regulations set forth by the Energy Secretariat under Resolution No. 1281/06 (Energía Plus). They are contracts denominated in United States dollars, entered into with private customers.

	Total	Up to 1 year	From 1 to 3 years
Sale commitments(1)			
Electric energy and power - Plus	1,222,475,078	942,227,786	280,247,292

(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, 2019, under ES Resolution No. 1281/06.

B. GROSA

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

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

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

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

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

NOTE 38: EXECUTION OF CONTRACTS TO PURCHASE MACHINERY

BLC Asset Solutions B.V.

On February 21, 2018, GMSA signed an agreement with BLC Asset Solutions B.V. (BLC) for the purchase of equipment to 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 for USD 61.200.000, according to the irrevocable commitment signed on July 22, 2019. At the date of signing these consolidated Financial Statements, machinery amounting to USD 29.5 million was received.

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

BLC Asset Solutions B.V. (Cont'd)

In agreement with GMSA, BLC Asset Solutions BV (BLC) expresses its will to amend the documents so as to reschedule the payments related to the Contracts for the Purchase of Equipment. Under such commitment, an additional year was added for the payment of the mentioned equipment, with the expiration date being March 2023, which significantly reduces the payments for 2020.

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.

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

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 granted will be repaid in installments, with the first installment of two of the agreements mentioned being payable in September 2017 and the last in March 2020. Payments shall be made in SEK.

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

<table>
<tr><td colspan="2" rowspan="2">Commitments (1)</td><td rowspan="2">SEK
Total financing</td><td>Total</td><td>2020</td></tr>
<tr><td colspan="2">USD</td></tr>
<tr><td>Siemens Industrial Turbomachinery AB for the purchase of two turbines Siemens SGT 800</td><td>CTE</td><td>263,730,000</td><td>5,582,598</td><td>5,582,598</td></tr>
</table>

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

In July 2019, the last installment of the deferred payment agreement signed for CTMM was paid. Additionally, with the proceeds from the issuance of Negotiable Obligations that took place on August 5, 2019, the deferred payment agreements signed for CTI and CTE, Stage II, were prepaid for a total of SEK 142,370,364. The payment of such agreements implies the release of the guarantees associated with those agreements.

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

Pratt & Whitney Power System Inc

Generación Frías S.A. 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 Generación Frías S.A. This amount is disclosed under current trade payables for the equivalent to $ 718,680,000.

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.

NOTE 39: LONG-TERM MAINTENANCE CONTRACT – CTMM, CTI, CTF, CTE, CTRi AND CTR POWER PLANTS

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

GMSA signed with Siemens SA and Siemens Industrial Turbomachinery AB a global service and spare part agreement for the CTRi, CTMM, CTI and CTE power plants. As set forth in the agreements, Siemens must provide on-site technical assistance on a permanent basis, a remote monitoring system to follow up on the efficient performance of the turbines, 24-hour assistance from the engineering department, original spare parts in a timely manner and repairs for planned and unplanned maintenance. In addition, the agreement establishes that Siemens will make available to GMSA for CTRi, CTMM, CTI and CTE replacement equipment (engine gas generator) if necessary. Siemens thus guarantees 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.

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

Compliance with the energy sale agreements is thus guaranteed.

NOTE 40: AGREEMENT FOR THE REGULARIZATION AND SETTLEMENT OF RECEIVABLES WITH THE WEM

As instructed by the Government Secretariat of Energy to CAMMESA, through Note NO-2019-66843995 APN-SGE#MHA, CTR, GMSA, GROSA and CAMMESA entered into an Agreement for the Regularization and Settlement of Receivables with the WEM ("the Agreement"), whereby CAMMESA settled the Sale Settlements With Maturity Dates to be Determined (Liquidaciones de Venta con Fecha de Vencimiento a Definir - LVFVD) pending payment, after discounting the debts incurred with the WEM under financing agreements, mutuum agreement and assignment of credits agreements executed by the generators, and applying a 18 % reduction to the remaining balance.

In this regard, the parties agreed on a net sum for all items corresponding to the pending LVFVD, considering the restatement of interest at September 30, 2019 as well as the effects of the reduction mentioned above, which amounts to $ 150,682,077 for GMSA, $ 38,626,126 for CTR and $ 150,061,546 for GROSA, before applying withholdings, if any. Lastly, on October 4, 2019, the offsetting was performed and the LVFVD's outstanding balance was collected.

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

NOTE 41: STORAGE OF DOCUMENTATION

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

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

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

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

NOTE 42: ADVANCE LOSS OF PROFIT INSURANCE COVERAGE

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

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

NOTE 42: ADVANCE LOSS OF PROFIT INSURANCE COVERAGE (Cont'd)

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

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

Contractors' all-risk and assembly insurance

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

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

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

NOTE 43: SUPPLY CONTRACT WITH CAMMESA: AGREED UPON DATE FOR COMMERCIAL OPERATION OF THE POWER PLANTS

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

Authorizations for commercial operation of 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 GMSA, which implied that the authorization for commercial operation was not obtained at the Agreed upon Date as set forth in the Supply Contract.

Under Resolution 264/2018 dated Wednesday, 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, 2019, net of the present value, equivalent to $ 577,390,459, is disclosed under trade payables.

NOTE 43: 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 operating expenses, in the Statement of Comprehensive Income, are exceptional, unique and do not relate to GMSA's main line of business, therefore they are not considered to be within EBITDA.

NOTE 44: 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 45: ECONOMIC CONTEXT IN WHICH THE COMPANY OPERATES

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

The following circumstances occurred locally in 2019:

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

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

- Set up of a regularization system for tax, social security and customs debts for micro, small and medium-sized enterprises.
- Suspension of the employers' contributions rate unification schedule.
- Power to the National Executive Branch to determine mandatory minimum salary increases to workers in the private sector (with temporary exemption of the employer's and employees' contributions to the Argentine Integrated Social Security System of the salary increases resulting from this power or collective bargaining).
- Suspension, for the financial years starting on or after January 1, 2021, inclusive, of the tax rate reduction stated by Law No. 27430, keeping the 30% rate and the 7% rate for the dividends for those years.

NOTE 45: ECONOMIC CONTEXT IN WHICH THE COMPANY OPERATES (CONT'D)

- Regarding the tax inflation adjustment, it was decided that the amount determined for the first and second year starting on or after January 1, 2019 has to be allocated as follows: 1/6 during those fiscal years and the remaining 5/6 in equal parts in the immediate next five fiscal years. Likewise, such provision does not prevent the calculation of the remaining thirds corresponding to previous years, calculated pursuant to the previous version of Section 194 of the Income Tax Law.
- Decree on the increase in the withholding tax on exports (except for hydrocarbons and mining) and in the Tax on Personal Assets.
- The Value Added Tax on basic food basket products was re-established and the variability of pension benefits was suspended.

NOTE 46: SUBSEQUENT EVENTS

a) Resolution ES No. 31/2020

ES Resolution 31/2020 was published on February 27, 2020, repealing SRRYME Resolution No. 1/2019.

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

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

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

1. Power prices:

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

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

NOTE 46: SUBSEQUENT EVENTS (Cont'd)

a) ES Resolution No. 31/2020 (Cont'd)

1. Power prices: (Cont'd)

   b. DIGO Guaranteed Power

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

Further, they add a DIGO power remuneration for Internal Combustion Engines < 42 MW.

All thermal units will be remunerated in accordance with their average monthly availability when not under maintenance. The DIGO unavailability will be recorded for any own flaw or due to the failure to consume fuel allocated in the economic dispatch.

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

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

2. Energy prices

   a. Operation and maintenance

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

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

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

NOTE 46: SUBSEQUENT EVENTS (Cont'd)

b) Resignation of full Director and Appointment of new Directors and Composition of the GMSA Board of Directors.

On December 27, 2019, the Company was informed of the resignation of Engineer Roberto José Volonté as full director in the Company, which was accepted by the Board of Directors Minutes dated February 19, 2020, whereby an Ordinary Shareholders' Meeting was called for March 6, 2020 to address this resignation and consider the appointment of new Board Members.

In the Shareholders' Meeting dated March 6, 2020, the number of Full Directors was set at 9 (nine) and 5 (five) Alternate Directors. In this line, Mr. Ricardo Martín López was appointed as Full Director and as Alternate Directors Messrs. Darío Sebastián Silberstein and Osvaldo Enrique Alberto Cado, who join the current Board. Thus, the Composition of the Board of Directors in office until the Shareholders' Meeting addressing the Financial Statements at December 31, 2020 will be formed as follows: President Armando Losón (Jr.), Vice President 1: Guillermo Gonzalo Brun, Vice President 2: Julian Pablo Sarti; Full Directors: Carlos Alfredo Bauzas, Oscar Camilo De Luise, Sebastian Andres Sanchez Ramos, Jorge Hilario Schneider, Juan Carlos Collin, and Ricardo Martín López; Alternate Directors: Jose Leonel Sarti, Juan Gregorio Daly, Romina Solange Kelleyian, Darío Sebastián Silberstein and Osvaldo Enrique Alberto Cado.

NOTE 47: FINANCIAL STATEMENTS TRANSLATION INTO ENGLISH LANGUAGE

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

Summary of activity at December 31, 2019 and 2018

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

In accordance with the provisions of CNV General Resolution No. 368/01 and subsequent amendments, we present below an analysis of the results of operations of Albanesi S.A. (the Company) and its financial position, which must be read together with the attached consolidated financial statements.

	Fiscal year ended December 31:			
	2019	**2018**	**Variation**	**Variation %**
	GW			
Sales by type of market				
Sale of electricity Res. No. No. 95, as amended, plus spot	243	233	10	4%
Energía Plus sales	566	673	(107)	(16%)
Sale of electricity Resolution No. 220	1,421	803	618	77%
Sale of electricity Res. No. 21	580	193	387	201%
	2,809	**1,902**	**907**	**48%**

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

	Fiscal year ended December 31:			
	2019	**2018**	**Variation**	**Variation %**
	(in millions of pesos)			
Sales by type of market				
Sale of electricity Res. No. No. 95, as amended, plus spot	920.8	1,486.1	(565.3)	(38%)
Energía Plus sales	2,355.0	2,640.3	(285.3)	(11%)
Sale of electricity Resolution No. 220	6,663.5	5,547.7	1,115.8	20%
Sale of electricity Res. No. 21	4,260.2	3,063.1	1,197.1	39%
Total	**14,199.5**	**12,737.2**	**1,462.3**	**11%**

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Summary of activity at December 31, 2019 and 2018

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

	2019	2018	Variation	Variation %
Sales of energy	14,199.5	12,737.2	1,462.3	11%
Net sales	**14,199.5**	**12,737.2**	**1,462.3**	**11%**
Cost of purchase of electric energy	(1,531.1)	(1,956.1)	425.0	(22%)
Gas and diesel consumption at the plant	(184.6)	(627.2)	442.6	(71%)
Salaries and social security charges	(507.2)	(447.1)	(60.1)	13%
Defined benefit plan	(6.8)	(28.8)	22.0	(76%)
Maintenance services	(931.9)	(794.7)	(137.2)	17%
Depreciation of property, plant and equipment	(2,319.9)	(2,078.8)	(241.1)	12%
Insurance	(107.2)	(99.6)	(7.6)	8%
Sundry	(153.2)	(168.5)	15.3	(9%)
Cost of sales	**(5,742.1)**	**(6,201.0)**	**458.9**	**(7%)**
Gross income/(loss)	**8,457.4**	**6,536.2**	**1,921.2**	**29%**
Rates and taxes	(89.5)	(37.5)	(52.0)	139%
Bad debts	(0.1)	0.1	(0.2)	(100%)
Provision for Turnover tax	-	(33.1)	33.1	100%
Selling expenses	**(89.6)**	**(70.5)**	**(19.1)**	**27%**
Salaries and social security charges	(80.5)	(39.8)	(40.7)	100%
Fees for professional services	(434.6)	(420.0)	(14.6)	3%
Directors' fees	-	(0.1)	0.1	(100%)
Travel and per diem	(14.5)	(7.2)	(7.3)	101%
Rates and taxes	(14.9)	(5.9)	(9.0)	153%
Sundry	(24.2)	(36.6)	12.4	(34%)
Administrative expenses	**(568.7)**	**(509.7)**	**(59.0)**	**12%**
Income/(Loss) from interest in associates	(144.6)	(447.9)	303.3	(68%)
Other operating income	10.8	391.7	(380.9)	(97%)
Other operating expenses	-	(544.6)	544.6	(100%)
Operating income	**7,665.3**	**5,355.2**	**2,310.1**	**43%**
Commercial interest, net	(232.1)	83.2	(315.3)	(379%)
Interest on loans, net	(3,461.5)	(3,294.4)	(167.1)	5%
Bank expenses and commissions	(20.5)	(36.8)	16.3	(44%)
Exchange differences, net	(14,500.1)	(22,754.5)	8,254.4	(36%)
Impairment / Recovery of assets	(47.3)	3,230.2	(3,277.5)	100%
Gain/loss on purchasing power parity (RECPAM)	15,983.5	12,112.0	3,871.5	32%
Other financial results	(355.0)	900.0	(1,255.0)	(139%)
Financial results, net	**(2,633.1)**	**(9,760.1)**	**7,127.0**	**(73%)**
Pre-tax profit/(loss)	**5,032.2**	**(4,404.9)**	**9,437.1**	**(214%)**
Income tax	(4,386.0)	717.5	(5,103.5)	(711%)
Net profit/(loss) for the year	**646.2**	**(3,687.4)**	**4,333.6**	**(118%)**
Other Comprehensive Income for the year				
Revaluation of property, plant and equipment in subsidiaries	(2,671.1)	8,169.3	(10,840.4)	(133%)
Impact on income tax	669.8	(2,042.0)	2,711.8	(133%)
Defined benefit plan	(8.2)	(1.5)	(6.7)	**447%**
Other comprehensive income for the year	**(2,009.4)**	**6,125.9**	**(8,135.3)**	**(133%)**
Total comprehensive income for the year	**(1,363.3)**	**2,438.5**	**(3,801.8)**	**(156%)**

Summary of activity at December 31, 2019 and 2018

Sales:

Net sales for the year ended December 31, 2019 amounted to $14.199 billion, compared with $12.737 billion for fiscal year 2018, showing an increase of $1.462 billion (11%).

During the fiscal year ended December 31, 2019, 2,809 GW of electricity were sold, thus accounting for a 48% increase compared with the 1,902 GW sold in 2018.

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

(i) $2.355 billion from sales under Energía Plus, accounting for a decrease of 11% compared to the $2.640 billion sold in 2018.

(ii) $ 6.663 billion for sales of electricity in the forward market to CAMMESA under the framework of Resolution No. 220/07, representing a 20% increase with regard to the $5.547 billion for 2018. This variation is basically attributable to the effect between an increase in the energy dispatched, due to the closing to the combined cycle in the CTR's plant as from August 4, 2018, a higher exchange rate and the result of applying SRRyME Resolution No. 01/2019 that establishes new remuneration mechanisms.

(iii) $920.8 million for sales of energy under Resolution No. 95, as amended, plus Spot, accounting for a 38% decrease with regard to the $1,486 billion for fiscal year 2018, as a result of the application of SRRyME Resolution No. 01/2019 which established new remuneration mechanisms.

(iv) $4.260 billion from sales under Resolution No. 21, up 39% from the $3.063 billion sold in fiscal year 2018. This variation is explained by the greater sale of electricity, in GW.

Cost of sales:

The total cost of sales for the year ended December 31, 2019 reached $5.742 billion, compared with $6.201 billion for fiscal year 2018, thus accounting for a decrease of $458.9 million (or 7%).

Below is a description of the main costs of sales of the Company, in millions of pesos, and their performance during fiscal year 2019.

(i) $1.531 billion from purchases of electricity, which accounted for a 22% drop compared with the $1.956 billion for fiscal year 2018, due to lower sales of GW under Energía Plus.

(ii) $184.6 million for gas and diesel consumption at the plant, representing a decrease of 71% as against the $627.2 million recorded in fiscal 2018.

(iii) $931.9 million for maintenance services, a rise of 17% compared with the $794.7 million recorded in fiscal year 2018. This change was due to the variation in the dollar exchange rate and the start-up of new turbines.

(iv) $2.319 billion for depreciation of PP&E, up 12% from the $2.078 billion recorded in fiscal year 2018. This variation resulted mainly from the higher depreciation value under the buildings, facilities and machinery headings due to their revaluation in 2019 and 2018.

Summary of activity at December 31, 2019 and 2018

(v) $570.2 million for salaries and social security contributions , up 13% from the $447.1 million recorded in 2018.

Gross income/(loss):

Gross income for the year ended December 31, 2019 was $8.457 billion, compared with income of $6.536 billion for fiscal year 2018, accounting for an increase of 29%. This is due to the variation in the exchange rate and power and energy income from the new turbines authorized.

Selling expenses:

Selling expenses for the year ended December 31, 2019 amounted to $89.6 million, compared with the $89.6 million for fiscal year 2018, accounting for an increase of $19.1 million (27%).

Administrative expenses:

Administrative expenses for the year ended December 31, 2019 amounted to $568.7 million, compared with the $509.7 million recorded in fiscal year 2018, accounting for an increase of $59.0 million (12%).

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

(i) $434.6 million in fees and compensation for services, accounting for an increase of 3% compared with the $420.0 million recorded in fiscal year 2018.

(ii) $14.9 million in rates and taxes, which accounted for a 153% increase compared with the $5.9 million for fiscal year 2018.

Operating income/(loss):

Operating income for the year ended December 31, 2019 was $7.665 billion, compared with income of $5.355 billion for the year 2018, accounting for a 43% increase.

Financial results:

Financial results for the fiscal year ended December 31, 2019 amounted to a total loss of $2.633 billion, compared with the loss of $9.760 billion recorded in fiscal year 2018, which accounted for a decrease of $7,127 billion.

The most noticeable aspects of the variation are:

(i) $3.461 billion loss corresponding to financial interest, up 5% from the $3.294 billion loss recorded in 2018 as a result of an increase in the financial debt generated by investment projects.

(ii) $15.983 billion gain on PPP (RECPAM) as a result of the application of adjustment for inflation, representing an increase of $3.871 billion compared with $12.112 billion gain for fiscal year 2018, as consequence of the higher inflation recorded in 2019 compared with 2018.

Summary of activity at December 31, 2019 and 2018

(iii) $14.500 billion loss due to net exchange differences, accounting for a decrease of $8,254 billion compared with the $22.754 billion loss recorded in the previous fiscal year. Despite the exchange rate rise in fiscal year 2019 compared with the previous fiscal year, there is a decrease in holding results mainly due to the effects of the restatement of exchange gains/losses for fiscal year 2018 by applying the CPI.

Pre-tax profit/(loss):

The Company reported pre-tax income of $5.032 billion for the fiscal year ended December 31, 2019, which accounted for a $9.437 billion increase compared with the loss of $4.404 billion recorded in the previous fiscal year.

The income tax charge was a $4.386 billion loss for the fiscal year ended December 31, 2019, representing a loss of $5.103 billion compared with the 717.5 million income for the previous fiscal year.

Net income/loss:

For the year ended December 31, 2019, the Company recorded net income amounting to $646.2 million, accounting for an increase of $4.333 billion considering the loss of $3.686 billion recorded in fiscal year 2018.

Comprehensive income:

Other comprehensive loss for fiscal year 2019 was worth $2.009 billion, accounting for a 133% decrease compared with fiscal year 2018, and included the revaluation of property, plant and equipment and its effect on income tax as well as the pension plan.

Total comprehensive loss for the year amounted to $1,363 billion, representing a 156% decrease compared to comprehensive income of $2.438 billion recorded in fiscal year 2018.

Adjusted EBITDA

	2019
Adjusted EBITDA in millions of pesos (1) (2)	**10,222.6**
Adjusted EBITDA in millions of US dollars (1) (2)	**208.9**

(1) Figures not covered by the Auditors' Report
(2) Figures do not include the Group's share in GECEN's income/loss, which has been excluded from the calculation, as mentioned in paragrpah 7.

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Summary of activity at December 31, 2019 and 2018

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

	12.31.2019	12.31.2018	12.31.2017
Non-current Assets	51,849.0	48,005.7	26,387.0
Current assets	9,689.5	8,358.0	5,447.7
Total assets	**61,538.4**	**56,363.7**	**31,834.7**
Equity attributable to the owners	8,319.0	10,095.0	6,207.6
Equity of non-controlling interest	881.1	964.1	324.6
Total equity	**9,200.1**	**11,059.2**	**6,532.2**
Non-current liabilities	40,621.3	34,350.3	19,720.5
Current liabilities	11,717.1	10,954.2	5,582.0
Total liabilities	**52,338.4**	**45,304.6**	**25,302.5**
Total equity and liabilities	**61,538.4**	**56,363.7**	**31,834.7**

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

	12.31.2019	12.31.2018	12.31.2017
Ordinary operating profit/(loss)	7,665.3	5,355.2	2,500.2
Financial result	(2,633.1)	(9,760.1)	(2,888.4)
Ordinary net income/(loss)	**5,032.2**	**(4,404.9)**	**(388.3)**
Income tax	(4,386.0)	717.5	813.9
Income from continuing operations	**646.2**	**(3,687.4)**	**425.7**
Income/loss for the year	**646.2**	**(3,687.4)**	**425.7**
Other comprehensive income/(loss)	(2,009.4)	6,125.9	(2.9)
Total comprehensive income	**(1,363.3)**	**2,438.5**	**422.7**

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

	12.31.2019	12.31.2018	12.31.2017
Cash flows provided by operating activities	5,895.1	1,447.8	5,121.5
Cash flows (used in) investment activities	(2,899.3)	(5,060.7)	(10,016.0)
Cash flows (used in) / provided by financing activities	(2,014.1)	4,125.2	3,482.2
Increase/(decrease) in cash and cash equivalents	**981.8**	**512.3**	**(1,412.3)**

Summary of activity at December 31, 2019 and 2018

5. Ratios presented comparatively with the previous year:

	12.31.2019	12.31.2018	12.31.2017
Liquidity (1)	0.83	0.76	0.98
Creditworthiness (2)	0.16	0.22	0.25
Tied-up capital (3)	0.84	0.85	0.83
Return on equity (4)	0.06	(0.42)	0.11

(1) Current assets / Current liabilities
(2) Shareholders' Equity / Total liabilities
(3) Non-current assets / Total assets
(4) Net income/loss for the year (without other comprehensive income) / Average Shareholders' Equity

6. Brief remarks on the outlook for fiscal year 2020

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 2020. 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.

Financial situation

In fiscal year 2020, the Company aims at optimizing its financing structure, ensuring the proper operation of power plants, and obtaining financing for the closing to cycle projects awarded under Resolution No. 287/17.

Summary of activity at December 31, 2019 and 2018

7. Additional Information (*)

For the purpose of providing information in the context of the transaction of the international Negotiable Obligation issue, a summarized statement of financial position and income statement deconsolidating the subsidiary Generación Centro SA, known as Non-restricted Subsidiary, as per Minutes of the Board of Directors meeting dated August 27, 2018, which means its creditors have no recourse against ASA or any of its subsidiaries.

Statement of Financial Position (in millions of Pesos)	Albanesi S.A. Consolidated	Write-off GECEN	Balances with related parties and equity value written-off	Total
Assets				
Non-current Assets	51,849	(3,648)	994	49,195
Current assets	9,689	(12)	-	9,677
Total Assets	**61,538**	**(3,660)**	**994**	**58,872**
Equity				
Owners of the parent	8,319	637	(637)	8,319
Non-controlling interest	881	-	32	913
Total Equity	**9,200**	**637**	**(605)**	**9,232**
Liabilities				
Non-current Liabilities	40,621	(4,071)	994	37,544
Current liabilities	11,717	(226)	605	12,096
Total liabilities	**52,338**	**(4,297)**	**1,599**	**49,640**
Total liabilities and equity	**61,538**	**(3,660)**	**994**	**58,872**

Statement of Income (in millions of Pesos)	Albanesi S.A. Consolidated	Write-off GECEN	Equity value written-off	Total
Sales revenue	14,199	-	-	14,199
Cost of sales	(5,742)	-	-	(5,742)
Gross profit/(loss)	**8,457**	**-**	**-**	**8,457**
Selling expenses	(90)	-	-	(90)
Administrative expenses	(569)	1	-	(568)
Income from interests in associates	(145)	-	192	48
Other operating income	11	(4)	-	7
Operating income	**7,665**	**(3)**	**192**	**7,855**
Financial results, net	**(2,633)**	**(410)**	**-**	**(3,043)**
Pre-tax profit/(loss)	**5,032**	**(413)**	**192**	**4,812**
Income tax	(4,386)	210	-	(4,175)
Income(loss) for the year	**646**	**(203)**	**192**	**636**
Income(loss) for the year attributable to:				
Owners of the company	608	(192)	192	608
Non-controlling interest	38	(10)	-	28
	646	**(203)**	**192**	**636**

(*) Information not covered in the Auditors' Report.

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

INDEPENDENT AUDITORS' REPORT

To the Shareholders, President and Directors of
Albanesi S.A.
Legal address: Leandro N. Alem 855 - 14th Floor
City of Buenos Aires
Tax Code No. 30-68250412-5

Report on the financial statements

We have audited the attached consolidated financial statements of Albanesi S.A. and its subsidiaries (the Company), which consist of the consolidated statement of financial position as of December 31, 2019, the consolidated statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, as well as a summary of the most significant accounting policies and other explanatory information.

The balances and other information corresponding to the fiscal year 2018 are an integral part of the audited financial statements mentioned above; therefore, they must be considered in connection with these financial statements.

Board's responsibility

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

Auditors' responsibility

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

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

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

Opinion

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

Report on compliance with current regulations

In accordance with current regulations, we report, in connection with Albanesi S.A., that:

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

c) we have read the summary of activity on which, as regards those matters that are within our field of competence, we have no observations to make;

d) at December 31, 2019, there is no debt accrued in favor of the Argentine Integrated Social Security System.

e) as required by section 21, subsection e), Chapter III, Part IV, Title II of the rules issued by the National Securities Commission, we report that total fees for auditing and related services billed to the Company during the fiscal year ended December 31, 2019 account for:

   e.1) 48 % of the total fees for services billed to the Company for all items during that fiscal year;
   e.2) 13 % of the total fees for auditing services and related services billed to the Company, its parent companies, subsidiaries and related companies during that year;
   e.3) 8 % of the total fees for services billed to the Company, its parent companies, subsidiaries and related companies for all items during that year;

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

City of Buenos Aires, March 10, 2020

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Raúl Leonardo Viglione

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

Report of the Syndics' Committee

To the Shareholders of
Albanesi S.A.

1. In accordance with Section 294 of Law No. 19550, the standards issued by the National Securities Commission (CNV) and Regulations of the Buenos Aires Stock Exchange, we have examined the consolidated financial statements of Albanesi S.A. which comprise the statement of financial position at December 31, 2019, and the related statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and complementary notes. The balances and other information corresponding to the fiscal year 2018 are an integral part of the audited financial statements mentioned above; therefore, they must be considered in connection with these financial statements.

2. Our examination was carried out in accordance with standards applicable to syndics. These standards require that the examinations of the financial statements be performed in accordance with current auditing standards, and include the verification of the fairness of the significant information contained in the documents examined and their consistency with the information on corporate decisions, which are known to us, as disclosed in the Board and Shareholders' meeting minutes, as well as the conformity of those decisions with the law and by-laws insofar as concerns formal and documentary aspects. To fulfill our professional duties, we have reviewed the work done by the external auditors, Price Waterhouse & Co. S.R.L., who issued their unqualified report on the same date of this report. An audit requires that the auditors plan and perform the work to obtain reasonable assurance that the financial statements are free of material misstatements or significant errors. An audit includes examining, on a selective test basis, the judgmental elements supporting the disclosures in the financial statements, assessing the accounting standards used, the significant estimates made by the Company, and the overall financial statement presentation. We have not assessed the administrative, financing, marketing and operating business criteria as these matters fall within the exclusive competence of the Board of Directors and Shareholders' meeting.

3. Furthermore, with regard to the Annual Report for the fiscal year ended December 31, 2019, we have verified that it contains the information required by Section 66 of the General Companies Law No. 19550, Law 26831 as amended and, as regards those matters that are within our field of competence, the figures shown therein agree with accounting records of Albanesi S.A. and other pertinent documentation.

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

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

a. In our opinion, the financial statements of Albanesi S.A. present fairly, in all material respects, its financial position at December 31, 2019, its comprehensive income, changes in its equity and the cash flow for the year then ended, in conformity with professional accounting standards in force in the 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 Albanesi S.A., the report of the external auditors includes the representation of having applied auditing standards in effect in Argentina, which comprise independence requirements, and has no qualifications as regards the application of such standards or professional accounting standards in force in Argentina, and we have no observations to make in connection with the accounting policies mentioned above;

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

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

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

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

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

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

City of Buenos Aires, March 10, 2020.

For the Syndics' Committee
Marcelo P. Lerner