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# Albanesi S.A.

**Interim Condensed Consolidated Financial Statements**

At September 30, 2016 and for the nine and three-month period
ended September 30, 2016 and 2015 presented in comparative format

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

# Albanesi S.A.

## INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2016 AND 2015

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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 interim condensed consolidated financial statements of the Company.

| Terms | Definitions |
|---|---|
| /day | Per day |
| AISA | Albanesi Inversora S.A. |
| AJSA | Alba Jet S.A. |
| AFSA | Albanesi Fueguina S.A. |
| AISA | Albanesi Inversora S.A. |
| AFIP | Federal Administration of Public Revenue |
| ASA | Albanesi S.A. |
| AVRC | Alto Valle Río Colorado S.A. |
| AVSA | Albanesi Venezuela S.A. |
| BADLAR | Interest rates paid by financial institutions on their time deposits for over one million pesos. |
| BADCOR | Adjusted BADLAR rate |
| BDD | Bodega del Desierto S.A. |
| BCRA | Argentine Central Bank |
| CAMMESA | Compañía Administradora del Mercado Mayorista Eléctrico S.A. |
| CC | Combined cycle |
| IFRIC | International Financial Reporting Interpretations Committee |
| CNV | National Securities Commission |
| CTR | Central Térmica Roca S.A. |
| CVP | Variable Production Cost |
| $Dam^3$ | Cubic decameter Volume equivalent to 1,000 (one thousand) cubic meters. |
| DH | Historical availability |
| Availability | Percentage of time in which the power plant or machinery, as applicable, is in operation (generating power) or available for power generation, but not called by CAMMESA |
| DMC | Minimum Availability Committed |
| DO | Target availability |
| DR | Registered availability |
| ENARSA | Energía Argentina S.A. |
| Energía Plus | Plan created under ES Resolution 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 |
| GMSA | Generación Mediterránea S.A. |
| GFSA | Generación Frías S.A. |
| GI | Independencia's power plant located in San Miguel de Tucumán, province of Tucumán (merged with GMSA) |
| GISA | Generación Independencia S.A. |
| GLBSA | Generación La Banda S.A. |
| GLB | La Banda's power plant located in La Banda, province of Santiago del Estero (merged with GMSA) |

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**GLOSSARY OF TECHNICAL TERMS (Cont'd)**

| Terms | Definitions |
|---|---|
| GLSA | Generación Litoral S.A. |
| GM | Modesto Maranzana's power plant located in Río IV, province of Córdoba |
| GMSA | Generación Mediterránea S.A. |
| Large Users | WEM agents classified according to their consumption unto: GUMAs, GUMEs, GUPAs and GUDIs |
| GR | Riojana's power plant located in La Rioja, province of La Rioja (merged with GMSA) |
| GROSA | Generación Rosario S.A. |
| GUDIs | Large Demand from Distributors, with declared or demanded supplies of over 300kW. |
| GUMAs | Major Large Users |
| GUMEs | Minor Large Users |
| GUPAs | Particular Large Users |
| GW | Gigawatt Unit of power equivalent to 1,000,000,000 watts |
| GWh | Gigawatt hour Unit of energy equivalent to 1,000,000,000 watts hour |
| IASB | International Accounting Standards Board |
| IGJ | Superintendency of Commercial Companies |
| kV | Kilovolt Unit of electromotive force which is equal to 1,000 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 |
| MAT | Futures market |
| MAPRO | Major Scheduled Maintenance |
| WEM | Wholesale Electric Market |
| MMm3 | Million cubic meters |
| MW | Megawatt Unit of power equivalent to 1,000,000 watts |
| MWh | Megawatt hour Unit of energy equivalent to 1,000,000 watts hour |
| MVA | Mega-volt ampere, unit of energy equivalent to 1 volt x 1 ampere x 106 |
| ARG GAAP | Argentine Generally Accepted Accounting Principles |
| IAS | International Accounting Standards |
| IFRS | International Financial Reporting Standards |
| ON | Negotiable obligations |
| PWPS | Pratt & Whitney Power System Inc |
| Resolution 220/07 | Regulatory framework for the sale of energy to CAMMESA through the "WEM Supply Contract" under Energy Secretariat Resolution No. 220/07 |
| RGA | Rafael G. Albanesi S.A. |
| SADI | Argentine Interconnected System |
| ES | Energy Secretariat |
| TRASNOA S.A. | An electric power carriage company by means of a trunk line in the Argentine Northwestern region |
| CGU | Cash-Generating Unit |

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# Albanesi S.A.

**Composition of the Board of Directors and Syndics' Committee**
**as of September 30, 2016**

**President**
Armando R. Losón

**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**
Armando Losón (h)
José L. Sarti
Juan G. Daly
María de los Milagros D. Grande
Ricardo M. Lopez
Romina S. Kelleyian

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

**Alternate Syndics**
Carlos I. Vela
Juan Cruz Nocciolino
Augusto N. Arena

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# Albanesi S.A.

## Interim Condensed Consolidated Financial Statements

For the nine-month periods ended September 30, 2016
presented in a comparative format
Stated in pesos

| | |
|---|---|
| Corporate name: | Albanesi S.A. |
| Legal domicile: | 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:

| | |
|---|---|
| Of by-laws or incorporation agreement: | June 28, 1994 |
| Latest amendment: | March 22, 2016 (registration pending) |
| Registration number with the Superintendency of Commercial Companies: | 6216 of Book 115, Volume A of Corporations |
| Expiration of By-laws or incorporation agreement: | June 28, 2093 |

| **CAPITAL STATUS (Note 10) (1)** | | | |
|---|---|---|---|
| **Shares** | | | |
| **Number** | **Type** | **Number of votes per share** | **Subscribed and paid in** |
| | | | $ |
| 62,455,160 | Ordinary, registered, non-endorsable shares of $ 1 par value each | 1 | 62,455,160 |

1) The latest capital increase as decided by the Extraordinary Shareholders' Meeting dated March 22, 2016 (See Note 10) has not yet been registered.

# Albanesi S.A.

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

**Interim Condensed Consolidated Statement of Financial Position**

At September 30, 2016 and December 31, 2015

Stated in pesos

| | Note | 09.30.16 | 12.31.15 |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 7 | 3,718,557,011 | 3,010,734,850 |
| Investments in associates | 8 | 242,094,275 | 243,127,929 |
| Investments in other companies | 31 | 129,861 | 129,861 |
| Deferred tax assets | | 10,500 | - |
| Other receivables | | 81,706,136 | 40,138,353 |
| Trade receivables | | 110,717,460 | 3,886,527 |
| **Total non-current assets** | | **4,153,215,243** | **3,298,017,520** |
| | | | |
| **CURRENT ASSETS** | | | |
| Inventories | | 22,894,411 | 15,897,222 |
| Income tax credit balance, net | | 5,965,035 | 2,020,791 |
| Other receivables | | 1,262,025,828 | 221,597,328 |
| Trade receivables | | 434,469,904 | 382,504,984 |
| Other financial assets at fair value through profit and loss | | 333,580,949 | 1,210,961 |
| Cash and cash equivalents | 9 | 1,376,351,981 | 31,565,698 |
| **Total current assets** | | **3,435,288,108** | **654,796,984** |
| **Total Assets** | | **7,588,503,351** | **3,952,814,504** |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

# Albanesi S.A.

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

**Interim Condensed Consolidated Statement of Financial Position (Cont'd)**

At September 30, 2016 and December 31, 2015

Stated in pesos

| | Note | 09.30.16 | 12.31.15 |
|---|---|---|---|
| **EQUITY** | | | |
| Share capital | 10 | 62,455,160 | 4,455,160 |
| Legal reserve | | 1,942,908 | - |
| Technical revaluation reserve | | 1,187,075,427 | 1,226,610,421 |
| Translation reserve | | (2,891,772) | (2,857,973) |
| Other comprehensive income | | (1,607,436) | (1,594,964) |
| Retained earnings | | 68,169,620 | 43,137,735 |
| **Equity attributable to the owners** | | **1,315,143,907** | **1,269,750,379** |
| Non-controlling interest | | 70,960,434 | 69,378,408 |
| **Total equity** | | **1,386,104,341** | **1,339,128,787** |
| **LIABILITIES** | | | |
| **NON-CURRENT LIABILITIES** | | | |
| Provisions | 13 | 9,524,514 | 9,949,496 |
| Deferred tax liabilities | | 582,716,590 | 548,354,489 |
| Other liabilities | | 73,823,542 | 100,000,000 |
| Defined benefit plans | | 6,787,626 | 4,819,097 |
| Loans | 12 | 4,536,846,094 | 780,887,813 |
| Trade payables | | 185,812,829 | 157,068,465 |
| **Total non-current liabilities** | | **5,395,511,195** | **1,601,079,360** |
| **CURRENT LIABILITIES** | | | |
| Other liabilities | | 200,745,000 | 116,786,152 |
| Social security debts | | 7,704,645 | 8,641,658 |
| Defined benefit plan | | 857,422 | 857,422 |
| Loans | 12 | 189,539,291 | 583,831,816 |
| Derivative financial instruments | | 2,175,000 | - |
| Current income tax, net | | 474,439 | 729,121 |
| Tax payables | | 17,458,438 | 11,737,109 |
| Trade payables | | 387,933,580 | 290,023,079 |
| **Total current liabilities** | | **806,887,815** | **1,012,606,357** |
| **Total liabilities** | | **6,202,399,010** | **2,613,685,717** |
| **Total liabilities and equity** | | **7,588,503,351** | **3,952,814,504** |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

# Albanesi S.A.

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

**Interim Condensed Consolidated Statement of Comprehensive Income**

For the nine and three-month periods ended September 30, 2016 and 2015

Stated in pesos

| | | Nine-month period at | | Three-month period at | |
|---|---|---|---|---|---|
| | Note | 09.30.16 | 09.30.15 | 09.30.16 | 09.30.15 |
| Sales revenue | 14 | 1,751,943,185 | 1,134,171,772 | 493,126,732 | 340,426,374 |
| Cost of sales | 15 | (1,277,534,718) | (862,154,700) | (348,136,676) | (252,027,226) |
| **Gross income** | | **474,408,467** | **272,017,072** | **144,990,056** | **88,399,148** |
| Selling expenses | 16 | (6,890,035) | (8,556,528) | (1,558,717) | (2,619,384) |
| Administrative expenses | 17 | (32,521,175) | (26,528,097) | (9,725,372) | (6,655,989) |
| Income from interests in associates | 8 | (1,033,654) | (336,051) | (6,776,470) | (1,405,493) |
| Other operating income | 18 | 8,107,728 | 17,431,688 | 6,877,741 | 339,043 |
| Other operating expenses | 18 | - | (41,242,510) | 970,403 | (4,341,033) |
| **Operating income** | | **442,071,331** | **212,785,574** | **134,777,641** | **73,716,292** |
| Financial income | 19 | 37,783,938 | 4,609,747 | 32,565,492 | 1,473,925 |
| Financial costs | 19 | (309,077,331) | (125,929,045) | (120,528,727) | (51,332,965) |
| Other financial results | 19 | (95,873,452) | (40,385,573) | (11,206,844) | (16,225,057) |
| **Financial results, net** | 19 | **(367,166,845)** | **(161,704,871)** | **(99,170,079)** | **(66,084,097)** |
| **Income before tax** | | **74,904,486** | **51,080,703** | **35,607,562** | **7,632,195** |
| Income tax | | (43,627,177) | (11,397,618) | (21,676,650) | (3,339,108) |
| **Gain from continuing operations** | | **31,277,309** | **39,683,085** | **13,930,912** | **4,293,087** |
| Discontinued operations | 24 | - | (16,145,397) | - | (2,552,635) |
| **Income for the period** | | **31,277,309** | **23,537,688** | **13,930,912** | **1,740,452** |
| **Other Comprehensive Income** | | | | | |
| *Items that may be reclassified to profit/loss* | | | | | |
| Translation difference | | (160,774) | (2,530,791) | (2,647) | 4,527 |
| Effect of hyperinflation | | 126,973 | 99,212 | 53,178 | 39,934 |
| *Items that will not be reclassified to profit/loss* | | | | | |
| Income related to defined benefit plans | | (20,196) | (28,749) | (6,733) | (9,583) |
| Impact on income tax | | 7,069 | 10,062 | 2,356 | 3,354 |
| **Other comprehensive income for the period** | | **(46,928)** | **(2,450,266)** | **46,154** | **38,232** |
| **Comprehensive income for the period** | | **31,230,381** | **21,087,422** | **13,977,066** | **1,776,684** |
| **Income (Loss) for the period attributable to:** | | | | | |
| Owners of the company | | 28,634,626 | 23,491,491 | 12,530,880 | 1,562,277 |
| Non-controlling interest | | 2,642,683 | 46,197 | 1,400,032 | 178,175 |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

# Albanesi S.A.

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**Interim Condensed Consolidated Statement of Comprehensive Income (Cont'd)**

For the nine and three-month periods ended September 30, 2016 and 2015

| | | Nine-month period at | | Three-month period at | |
|---|---|---|---|---|---|
| | **Note** | **09.30.16** | **09.30.15** | **09.30.16** | **09.30.15** |
| **Income (Loss) for the period attributable to the owners of the company:** | | | | | |
| Continuing operations | | 28,634,626 | 38,490,266 | 12,530,880 | 3,987,281 |
| Discontinued operations | **24** | - | (14,998,775) | - | (2,425,004) |
| | | **28,634,626** | **23,491,491** | **12,530,880** | **1,562,277** |
| **Comprehensive income (loss) for the period attributable to:** | | | | | |
| Owners of the company | | 28,588,355 | 21,042,256 | 12,577,251 | 1,600,818 |
| Non-controlling interest | | 2,642,026 | 45,166 | 1,399,815 | 177,866 |
| **Earnings (Loss) per share attributable to the owners of the company** | | | | | |
| Basic and diluted earnings per share from continuing operations | **20** | 0.63 | 8.64 | | |
| Basic and diluted (loss) per share from discontinued operations | **20** | - | (3.37) | | |

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# Albanesi S.A.

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**Interim Condensed Consolidated Statement of Changes in Equity**

For the nine-month periods ended September 30, 2016 and 2015

Stated in pesos

| | Attributable to Shareholders | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Shareholders' contributions | Retained earnings | | | | | | | |
| | Share Capital (Note 10) | Legal reserve | Technical revaluation reserve | Translation reserve | Other comprehensive income | Unappropriated retained earnings | Sub-total | Non-controlling interest | Total equity |
| **Balances at December 31, 2014** | **4,455,160** | **-** | **672,789,351** | **(873,907)** | **(1,660,196)** | **(22,281,606)** | **652,428,802** | **49,976,782** | **702,405,584** |
| Reversal of technical revaluation reserve | - | - | (19,895,514) | - | - | 19,895,514 | - | - | - |
| Other comprehensive income for the period | - | - | - | (2,431,482) | (17,753) | - | (2,449,235) | (1,031) | (2,450,266) |
| Dividends attributable to the non-controlling interest | - | - | - | - | - | - | - | (2,858,819) | (2,858,819) |
| Sale of subsidiary | - | - | - | - | - | - | - | (991,757) | (991,757) |
| Net income for the nine-month period | - | - | - | - | - | 23,491,491 | 23,491,491 | 46,197 | 23,537,688 |
| **Balances at September 30, 2015** | **4,455,160** | **-** | **652,893,837** | **(3,305,389)** | **(1,677,949)** | **21,105,399** | **673,471,058** | **46,171,372** | **719,642,430** |
| Dividends attributable to non-controlling interest | - | - | - | - | - | - | - | (449,998) | (449,998) |
| Reversal of technical revaluation reserve | - | - | (6,665,685) | - | - | 6,665,685 | - | - | - |
| Liquidation of the subsidiary | - | - | - | - | - | - | - | (150) | (150) |
| Sale of subsidiary | - | - | - | - | - | - | - | (1,115,451) | (1,115,451) |
| Other Comprehensive income of the six-month supplementary period | - | - | 580,382,269 | 447,416 | 82,985 | - | 580,912,670 | 27,017,693 | 607,930,633 |
| Comprehensive income of the three-month supplementary period | - | - | - | - | - | 15,366,651 | 15,366,651 | (2,245,328) | 13,121,323 |
| **Balances at December 31, 2015** | **4,455,160** | **-** | **1,226,610,421** | **(2,857,973)** | **(1,594,964)** | **43,137,735** | **1,269,750,379** | **69,378,408** | **1,339,128,787** |
| Capital increase as per Minutes of Shareholders' Meeting dated March 22, 2016 | 58,000,000 | - | - | - | - | - | 58,000,000 | - | 58,000,000 |
| Resolution of Ordinary Shareholders' Meeting held on April 20, 2016: | | | | | | | | | |
| - Legal reserve | - | 1,942,908 | - | - | - | (1,942,908) | - | - | - |
| - Distribution of dividends | - | - | - | - | - | (41,194,827) | (41,194,827) | - | (41,194,827) |
| Dividends attributable to non-controlling interest | - | - | - | - | - | - | - | (1,085,000) | (1,085,000) |
| Contributions of equity by the non-controlling interest | - | - | - | - | - | - | - | 25,000 | 25,000 |
| Reversal of technical revaluation reserve | - | - | (39,534,994) | - | - | 39,534,994 | - | - | - |
| Other comprehensive income for the period | - | - | - | (33,799) | (12,472) | - | (46,271) | (657) | (46,928) |
| Comprehensive income for the nine-month period | - | - | - | - | - | 28,634,626 | 28,643,626 | 2,642,683 | 31,277,309 |
| **Balances at September 30, 2016** | **62,455,160** | **1,942,908** | **1,187,075,427** | **(2,891,772)** | **(1,607,436)** | **68,169,620** | **1,315,143,907** | **70,960,434** | **1,386,104,341** |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

# Albanesi S.A.

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

**Interim Condensed Consolidated Statement of Cash Flows**

For the nine-month periods ended September 30, 2016 and 2015

Stated in pesos

| | Notes | 09.30.16 | 09.30.15 |
|---|---|---|---|
| **Cash flow provided by operating activities:** | | | |
| Income for the period | | 31,277,309 | 23,537,688 |
| **Adjustments to arrive at net cash flows provided by operating activities:** | | | |
| Income tax on continuing operations and discontinued operations | | 43,627,177 | 17,183,220 |
| Income from investments in associates | 8 | 1,033,654 | 336,051 |
| Depreciation of property, plant and equipment | 7 | 130,597,642 | 81,482,435 |
| Amortization of Intangible assets | | - | 2,376 |
| Fair value | | (5,449,879) | (1,757,324) |
| Decrease / (Increase) in provisions | 13 | (424,982) | 564,774 |
| Fair value adjustments to other receivables and other liabilities | 18 | - | (129,579) |
| Allowance for doubtful | 16 | 3,870,073 | - |
| Residual value of property, plant and equipment | | 4,063,150 | 98,722 |
| Net income for sale of components and spare parts | | - | (6,963,104) |
| Results from changes in the fair value of financial instruments | 19 | (51,774,221) | 4,723,067 |
| Interest, exchange differences and other financial results | | 214,835,444 | 133,669,711 |
| Benefit plans accrual | 15 | 370,606 | 275,742 |
| Income for sale of interests in subsidiaries | 18 and 24 | - | (17,085,139) |
| **Changes in operating assets and liabilities:** | | | |
| (Increase) / Decrease in trade receivables | | (172,719,452) | 113,187,246 |
| (Increase) / Decrease in other receivables [1] | | (1,007,669,709) | 4,987,771 |
| (Increase) in inventories | | (6,997,189) | (5,816,172) |
| Increase / (Decrease) in trade payables | | 126,654,865 | (217,227,857) |
| Increase / (Decrease) in other liabilities | | 109,075,061 | (26,491,241) |
| (Decrease) / Increase in social security charges and taxes | | (8,683,117) | 31,064,057 |
| **Cash flow (used in) generated by operating activities** | | **(588,313,568)** | **135,642,443** |
| **Cash flow provided by investment activities** | | | |
| Dividend received | | - | 5,880,000 |
| Proceeds from sale of investment in subsidiaries | | - | 108,026 |
| Payments for the acquisition of property, plant and equipment | 7 | (647,683,051) | (156,136,737) |
| Collections of financial instruments | | 19,450,081 | - |
| Subscription and redemption of mutual funds | | (92,010,175) | - |
| Redemption of mutual funds | | (259,809,894) | - |
| Loans granted | | (60,000,000) | - |
| **Cash flow (used in) investment activities** | | **(1,040,053,039)** | **(150,148,711)** |
| **Cash flow provided by financing activities:** | | | |
| Dividends paid to non-controlling interest by the subsidiaries | | (485,000) | (2,705,661) |
| Contributions of equity by the non-controlling interest | | 25,000 | - |
| Payment of financial instruments | | - | (12,905,696) |
| Repayment of loans and interest | 12 | (1,698,473,861) | (371,168,952) |
| Proceeds from loans | | 4,720,800,104 | 379,285,785 |
| **Cash flow generated by (used in) financing activities** | | **3,021,866,243** | **(7,494,524)** |
| **INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS** | | **1,393,499,636** | **(22,000,792)** |
| Cash and cash equivalents at the beginning of the period | | (38,660,701) | 11,157,579 |
| Financial results of cash and cash equivalents | | 14,769,561 | 17,528,156 |
| Cash and cash equivalents at the end of the period | 9 | 1,369,608,496 | 6,684,943 |
| | | **1,393,499,636** | **(22,000,792)** |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

[1] Include advances to suppliers for the purchases of assets (Note 4.2)

# Albanesi S.A.

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

**Interim Condensed Consolidated Statement of Cash Flows (Cont'd)**

For the nine-month periods ended September 30, 2016 and 2015

Stated in pesos

| | Notes | 09.30.16 | 09.30.15 |
|---|---|---|---|
| **Material transactions not showing changes in cash** | | | |
| Acquisition of property, plant and equipment not yet paid | 7 | (6,904,058) | (16,012,939) |
| Acquisition of property, plant and equipment financed by suppliers | | - | (114,439,919) |
| Purchase of components and spare parts not yet paid | | - | 16,854,134 |
| Sales of property, plant and equipment not yet collected | | - | 33,297,620 |
| Financial costs capitalized in property, plant and equipment | 7 | (187,895,844) | (12,301,008) |
| Other comprehensive income for the period | | (46,928) | 2,450,266 |
| Balances offset on the sale of subsidiary | | - | 28,000,000 |
| Capitalization of other debts | | (58,000,000) | - |
| Dividends not yet paid | | 600,000 | 153,158 |
| Compensation for dividends allocated | | 41,669,827 | - |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

## 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 AISA is engaged in the power generation and selling meanwhile through RGA it is engaged in the gas selling and transportation business.

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 (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 oil 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 incorporation | Main business activity | % participation in decision-making | |
|---|---|---|---|---|
| | | | 09.30.16 | 12.31.15 |
| GMSA | Argentina | Generation of electric energy | 95.00% | 95.00% |
| GISA (1) | Argentina | Generation of electric energy | - | 95.00% |
| GRISA (1) | Argentina | Generation of electric energy | - | 95.00% |
| GLB (1) | Argentina | Generation of electric energy | - | 95.00% |
| GFSA | Argentina | Generation of electric energy | 95.00% | 95.00% |
| GROSA | Argentina | Generation of electric energy | 95.00% | 95.00% |
| Solalban Energía S.A. | Argentina | Generation of electric energy | 42.00% | 42.00% |
| GLSA | Argentina | Generation of electric energy | 95.00% | - |
| AVSA | Argentina | Hydrocarbon generation | 99.99% | 99.99% |

(1) Companies merged with GMSA within the framework of the merger through absorption process as described in Note 29.

The generation segment of Albanesi Group, through ASA and AISA (ASA's subsidiary) has an installed capacity of approximately 892 MW, which accounts for 4% of the installed capacity of Argentina. In addition, considering the different projects underway, Albanesi Group, through ASA, AISA and Albanesi Energia S.A. (ASA's subsidiary) will have an installed capacity of approximately 1,522 MW.

On November 10, 2015, the Final Merger Agreement was signed, which establishes the merger through absorption of GISA, GLBSA and GRISA with GMSA (the continuing company) effective as from January 1, 2016. On March 18, 2016, the CNV through Resolution No. 18003 approved the described merger through absorption within the terms of Section 82 of the General Companies Law No. 19550 and ordered that the file be sent to the IGJ for its registration, which is pending at the date of issue of these financial statements having registrated on May 18, 2016. (See Note 29.a)

On August 31, 2016, GMSA and GFSA entered into a preliminary merger agreement, whereby GMSA will absorb GFSA. (See Note 29.b)

On December 5, 2015 GFSA was authorized for commercial operation in the WEM. GFSA entered into with CAMMESA a WEM supply agreement for 55.5 MW. 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.

The total investment made by GFSA is equivalent to USD 55 million. Most remarkable are the installation of a turbine FT4000 with a capacity to generate 60 MW; the installation of a main transformer of 75 MVA and two transformers for ancillary services at the power station, of 2 and 3 KVA; the construction of two storage tanks for diesel-oil; construction of a water treatment plant; and civil works and electric works performed for the proper start-up of the Power Plant.

**NOTE 1: GENERAL INFORMATION (Cont'd)**

In 2015, ASA entered the capital markets. On November 20, 2015, it obtained the authorization to enter the public offering system and create a program of Simple Negotiable Obligations (not convertible into shares) of up to USD 100,000,000 or its equivalent in other currencies, in one or more classes or series. On December 29, the Company issued Class I NO for $ 70 million. On October 25, 2016 the Company issued Class II NO for $ 220 million.

RGA, in turn, is the leading company engaged in the sale of gas and the provision of energy supply services to industries and thermal power plants. In the year 2015, the Company has sold its interest in BDD and AJSA to RGA. As a result, the interim condensed consolidated financial statements at September 30, 2016 do not include BDD and AJSA and the statements of income and cash flows include the Company only in the period in which ASA held its control. In view of the above, the comparability of these statements is affected.

**New projects**

GMSA, ASA's subsidiary, announced a plan to increase generation of electricity in its installed plants in different locations in Argentina, which involves works for an investment of approximately USD 352.8 million and would contribute 400 MW new to the national system.

**Enlargement at Riojana's power plant**

On September 7, 2015, GRISA executed a contract with Siemens Industrial Turbomachinery AB, whereby it agreed to purchase a turbine Siemens SGT800 of 50 MW, for an amount of USD 19.3 million. The payment of the turbine Siemens SGT800 was completed in February 2016 and it arrived at the plant in June 2016. In addition, the power transformer has been bought, as well as the gas compressor, water treatment plant, chillers and tanks, among other items. Progress is being made as scheduled with civil works and other necessary tasks. The total investment of the project amounts to USD 44.6 million. We estimate the start-up of commercial operations in December 2016.

**Enlargement at Modesto Maranzana's power plant**

On March 28, 2016, GMSA signed an agreement with Siemens Industrial Turbomachinery AB to carry out the project to enlarge the Power Plant by 100 MW from the existent 250 MW with the installation of two Siemens SGT-800 turbines of 50MW nominal each. This enlargement agreement falls within the scope of ES Resolution 220/07. An investment of USD 88 million is expected for these works. Commercial operation is scheduled to begin in the second quarter of 2017. At the date of these interim condensed financial statements, GMSA has completed payment to Siemens Industrial Turbomachinery AB of USD 21.7 million, representing 50% for the purchase of two turbines, and a deferred payment agreement has been signed for the remaining 50% in 24 installments, the first one of which must be paid in August 2017. The turbines were already received at the plant. Also, in September 2016, negotiations were completed in connection with transformers, civil works for the project, chillers and cooling tower assembly, and other ancillary works.

Under the framework of Resolution No. 21/16, GMSA presented projects to enlarge the power generation capacity by 250MW, which were awarded through a bidding process. At June 30, 2016, GMSA entered into with CAMMESA agreements under this Resolution for the projects of Ezeiza stage I and II 150 MW and GI stages I and II 100 MW, stated in US dollars, take or pay clause, and effective for 10 years as from the date scheduled or date of commercial authorization, whichever occurs first.

**NOTE 1: GENERAL INFORMATION (Cont'd)**

**New projects (Cont'd)**

**Enlargement at Independencia's power plant**

In relation to Resolution No. 21/16 previously described, we will proceed to enlarge by 100 MW the power generation capacity in GI, through the installation of two Siemens SGT-800 turbines of 50 MW each. The estimated investment amounts to USD 82.5 million. The enlargement will be completed in two stages, installing 50MW in each of them. We estimate that the commercial operation of the first stage will start in the third quarter of 2017, and the second stage in the first quarter of 2018.

On April 30, 2016, GMSA signed a contract with Siemens Industrial Turbomachinery AB for the purchase of a SGT-800 turbine of 50 MW. At September 30, 2016, 50% of the first turbine has been paid, and the other 50% will be financed by Siemens in 24 installments. The total value of this turbine amounts to USD 21 million. In addition, the power transformers have been bought.

On August 9, 2016, GMSA signed a contract with Siemens Industrial Turbomachinery AB for the purchase of a second SGT-800 turbine of 50 MW. In that month, a payment for 5% was made; in January 2017 another payment for 5% will be made, and in March 2017, the remaining 40% will be paid. In September, 2016 a deferred payment agreement (DPA) was signed for the deferred payment of the remaining 50%, which will be financed by Siemens. The value of the turbine amounts to USD 20.6 million. In addition, in September 2016, negotiations were completed in connection with two transformers of 75 MVA, the civil works for the project and chiller equipment.

**Ezeiza's power plant**

Also under Resolution No. 21/16 described above, the construction of a new plant in the province of Buenos Aires started (Ezeiza Power Plant) with 150 MW of power generation capacity, through the installation of three Siemens turbines SGT-800 of 50 MW each. The estimated investment amounts to USD 137.5 million.

The enlargement will be completed in two stages, by installing 100 MW in the first stage and the additional 50 MW in the second stage. We estimate that the commercial operation of the first stage will start in the third quarter of 2017, and the second stage in the first quarter of 2018.

On April 30, 2016, a contract has been signed with Siemens Industrial Turbomachinery AB for the purchase of two SGT-800 turbines of 50 MW each. At September 30, 2016, 50% of the first two turbines has been paid, and the other 50% will be financed by Siemens in 24 installments. The total value of these turbines amounts to USD 21 million each.

On August 9, 2016, a contract was signed with Siemens Industrial Turbomachinery AB for the purchase of a third SGT-800 turbine of 50 MW. In that month, a payment for 5% was made; in January 2017 another payment for 5% will be made, and in March 2017, the remaining 40% will be paid. In September 2016, a deferred payment agreement (DPA) was signed for the deferred payment of the remaining 50%, which will be financed by Siemens. The value of the turbine amounts to USD 20.6 million. In a similar manner, purchase agreements have been signed for three transformers of 75 MVA, Alfa Laval equipment and chillers, and civil works.

To date, the contract for the first two transformers has been executed, and a plot of land in Ezeiza was purchased for a total amount of USD 4.4 million.

**NOTE 2: REGULATORY FRAMEWORKS APPLICABLE TO ELECTRICITY GENERATION**

The regulatory aspects about electricity generation applicable for these interim condensed consolidated financial statements are consistent with those used in the financial information used for the last fiscal year, which ended on December 31, 2015, except for certain changes mentioned below.

a) Sales to the Spot Market (ES Resolution 95/13 and amendments)

On March 22, 2013 the Energy Secretariat issued ES Resolution 95/13 that aims at adapting the system for the remuneration of the generation pool without affecting special regimes, such as Energía Plus and WEM Supply Contracts.

ES Resolution 529/14 was published on May 20, 2014, amending and extending application of ES Resolution 95/13. The main change is the increase in the remuneration payable to the generators, implemented through a price increase, as well as the creation of a new item, called "Remuneration for Non-recurring Maintenance".

ES Resolution 529/14 establishes that from February 2014, commercial management and fuel dispatch will be centralized in the Dispatch Management Agency (CAMMESA). Costs related to operation will cease to be recognized as the contractual relationships between WEM agents and their suppliers of fuel and inputs are terminated. ES Resolution 1281/06 (Energía Plus) is excluded from these regulations.

ES Resolution 482/15 was published on July 10, 2015, amending and extending application of ES Resolution 529/14. The main change is the increase in the remuneration payable to the generators, implemented through a price increase, as well as the creation of two new items, called "Resource for FONINVEMEM investments 2015-2018" and "Incentives for energy production and operational efficiency".

ES Resolution 22/16 was published on March 30, 2016, amending ES Resolution 482/15 already mentioned. The main change is the increase in the remuneration payable to the generators, implemented through a price increase.

The new resolution will allow increasing the operating results of the Company, generating an additional cash flow that will improve their working capital position. The resolution established its retrospective application as from February 2016. There is a 70% increase in the fixed charge paid for the available power and 40% increase in the variable cost for the power generated.

The remuneration system, updated by Res. 22/16, basically comprises the following items:

1) Fixed cost: this item adjusts the values recognized for Power Made Available. The price set as remuneration for the Power Made Available according to the technology used is presented below:

| Power Plant | Classification | Fixed Cost as per Res. 22/16 | Fixed Cost as per Res. 482/15 |
|---|---|---|---|
| | | $/MWhrp | $/MWhrp |
| GLB/GR | TG Units with Power (P) < 50 MW (small) | 152.3 | 89.60 |
| GROSA | TV Units with Power (P) > 100 MW (large) | 129.2 | 76.00 |
| GM | CC Units with Power (P) < 150 MW (small) | 101.20 | 59.50 |

This price may be increased by a percentage established in Res. No. 22/16. It is established that this percentage will be determined on the basis of the monthly availability or the historical availability, according to the time of year and the technology for generation. The Resolution states that this seasonal percentage can reach up to 110% of the fixed cost determined according to the same Resolution.

**NOTE 2: REGULATORY FRAMEWORKS APPLICABLE TO ELECTRICITY GENERATION (Cont'd)**

a) Sales to the Spot Market (ES Resolution 95/13 and amendments) (Cont'd)

2) Variable cost: this is paid based on the electricity generated and the fuel used, and the value is the same for the technologies used by all the Group. The prices recognized by new Res. No. 22 are 46.30 $/MWh for generation with natural gas, 81.10 $/MWh with gas oil and fuel oil; while the former resolution recognized 33.10 $ /MWh for generation with natural gas and 57.90 $ /MWh with gas oil.

3) Additional remuneration: this is determined based on total generation and includes two elements: a portion that is collected directly by the generating companies, and another that is allocated to a trust for new investments.

| Power Plant | Classification | Additional remuneration $/MWh as per Res. 22 | | Additional remuneration $/MWh as per Res. 482 | |
|---|---|---|---|---|---|
| | | Directly | Trust Fund | Directly | Trust Fund |
| GLB/GR | TG Units with Power (P) < 50 MW (small) | 13.70 | 5.90 | 13.70 | 5.90 |
| GROSA | TV Units with Power (P) > 100 MW (large) | 11.70 | 7.80 | 11.70 | 7.80 |
| GM | CC Units with Power (P) < 150 MW (small) | 13.70 | 5.90 | 13.70 | 5.90 |

4) Remuneration of non-recurring maintenance: this is determined monthly on the basis of the electricity generated. The accumulated funds can be used for performing non-recurring maintenance works.

| Power Plant | Classification | Res. 22 $/MWh | Res. 482 $/MWh |
|---|---|---|---|
| GLB/GR | TG Units with Power (P) < 50 MW (small) | 45.10 | 28.20 |
| GROSA | TV Units with Power (P) > 100 MW (large) | 45.10 | 28.20 |
| GMSA | CC Units with Power (P) < 150 MW (small) | 39.50 | 24.70 |

5) Resource for FONINVEMEM investments 2015-2018: valued at $ 15.80 per MWh, this is determined monthly on the basis of the electricity generated. The accumulated funds will be used for new investments in electricity generation. The Company being a generating agent in the WEM and a party to the agreement to increase the availability of thermal power generation, this recognition will enable the Group to have a participation in the new investments made to diversify the pool of electricity generators in Argentina.

| Power Plant | Classification | Res. 422 $/MWh |
|---|---|---|
| GLB/GR | TG Units with Power (P) < 50 MW (small) | 15.80 |
| GROSA | TV Units with Power (P) > 100 MW (large) | 15.80 |
| GMSA | CC Units with Power (P) < 150 MW (small) | 15.80 |

The balance not recognized for this item amounts to $ 28,188,937.

**NOTE 2: REGULATORY FRAMEWORKS APPLICABLE TO ELECTRICITY GENERATION (Cont'd)**

a) Sales to the Spot Market (ES Resolution 95/13 and amendments) (Cont'd)

6) New system of "Incentives for energy production and operational efficiency applicable to thermal generation":

- Additional remuneration based on production: an additional remuneration can be received based on the volume of energy produced during the year, according to the type of fuel used. This increase to be applied to variable costs will be of 15% for liquid fuel and 10% for gas/coal, when they reach an accumulated value of 25% and 50% of 92% annual generation, respectively.

- Additional remuneration based on efficiency: an additional remuneration can be received based on the achievement of goals for fuel consumption. On a quarterly basis, actual consumption will be compared with reference consumption for each type of machine and fuel. The difference percentage will be valued at the variable cost of operation and maintenance associated to the pertinent fuel, and recognized as additional remuneration.

**NOTE 3: BASIS FOR PRESENTATION**

These interim condensed consolidated financial statements for the nine and three-month periods ended September 30, 2016 and 2015 were prepared in accordance with IAS 34 "Interim Financial Reporting". These interim condensed consolidated financial information must be read jointly with the Company's financial information at December 31, 2015.

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

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

The preparation of these interim condensed 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 interim condensed consolidated financial statements, as well as the income and expenses recorded in the period. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

The interim condensed consolidated financial statements for the nine and three-month period ended September 30, 2016 and 2015 have not been audited. Company's management estimates that they include all adjustments necessary to reasonably present the results for each period.

The results for the nine and three-month periods then ended do not necessarily reflect a proportionate percentage of the Company's results for the full year.

These interim condensed consolidated financial statements for the nine and three-month period ended September 30, 2016 and 2015 were approved for issuance by the Company's Board of Directors on November 11, 2016.

**NOTE 3: BASIS FOR PRESENTATION (Cont'd)**

**Comparative information**

Balances at December 31, 2015 and for the nine and three-month periods ended September 30, 2015 disclosed for comparative purposes arise from financial statements at that date. Certain reclassifications have been included in the financial statement figures presented for comparative purposes to conform them to the current period presentation.

**NOTE 4: ACCOUNTING POLICIES**

The accounting policies adopted for these interim condensed consolidated financial statements are consistent with those used in the financial information used for the last fiscal year, which ended on December 31, 2015.

**Financial reporting in hyperinflationary economies**

IAS 29, Financial Reporting in Hyperinflationary Economies, requires that the financial statements of an entity whose functional currency is that of a hyperinflationary economy should be stated in terms of the current measuring unit at the end of reporting period, irrespective of whether they are based on a historical cost or current cost approach. To this end, in general terms, non-monetary items include inflation from the acquisition date of the item or the restatement date, as applicable. To determine whether there is a hyperinflationary economy, the standard provides a series of factors to be taken into account, among others, a cumulative inflation rate over three years that is approaching, or exceeds, 100%.

Company Management has evaluated whether the Argentine peso meets the characteristics to qualify as a currency of a hyperinflationary economy, following the guidelines set by IAS 29. For the evaluation of this quantitative factor, the variations in the domestic wholesale price index (WPI) published by INDEC were considered, as this is the index that better reflects the conditions required by IAS 29.

At the date these condensed interim financial statements were approved, the last WPI published by INDEC corresponds to September 2016, and the cumulative inflation rate for the period of three years ended in that month, measured on the basis of that index and without computing the missing inflation data as a result of the reorganization of that agency, for the months of November and December 2015, is approximately 94%. The expectations in the different government sectors, now without the effects of the public utility rate increases that took place during the first months of 2016, after the freeze imposed over the last few years, and which have been one of the main reasons for the increase in the cumulative inflation rate over three years, follow a downward trend in the level of inflation.

Although the objective conditions necessary to qualify the Argentine economy as a hyperinflationary economy for the purposes of the preparation of the financial statements at September 30, 2016 do not exist, certain macroeconomic variables affecting Company business, such as salary costs and prices of supplies, have varied significantly year on year, and this circumstance should be considered in the evaluation and interpretation of the Company's financial position and results disclosed in these interim condensed consolidated financial statements.

**4.1) New accounting standards, amendments and interpretations**

The following standards, modifications and interpretations of standards were published by the IASB and IFRIC. Those standards, modifications and interpretations that could have potential impact on the Group at the time of their application are described below.

**4.1.1) New standards, modifications and interpretations effective and not early adopted by the Company**

IFRS 16 "Leases" was issued on January 13, 2016 by the IASB and supersedes the current guidelines of the IAS 17. This standard defines a lease as a contract, or part of a contract, that conveys the right to use an asset (underlying assets) for a period of time in exchange for consideration.

## NOTE 4: ACCOUNTING POLICIES (Cont'd)

### 4.1.1) New standards, modifications and interpretations effective and not early adopted by the Company (Cont'd)

Under this standard, a liability must be recognized for lease arrangements to show future lease payments and a right-of-use asset in almost all cases. This is a significant change as regards IAS 17 in which lessees were required to make a distinction between financial lease (disclosed in the statement of financial position) and operating lease (without impact on the statement of financial position). IFRS 16 contains an optional exception for some short-term leases and for leases of low-value assets,however, this exception can only be applied by lessees. It is effective for fiscal years beginning on or after January 1, 2019.

IAS 7 "Statement of cash flows": In February 2016, IASB published an amendment whereby an entity is required to disclose information for users to understand the changes in liabilities generated by financing activities. This includes the changes in cash flows, such as the uses of funds and loan amortization; and the changes not involving cash outflows, such as acquisitions, sales and unrealized exchange differences. It applies for annual periods beginning on or after January 1, 2017.

IAS 12 "Income tax": In February 2016, IASB published certain amendments to clarify the requirements on recognition of deferred tax assets for unrealized losses. The amendments explain how to recognize deferred tax when an asset is measured at fair value and that fair value is below the tax base of the asset. The amendments also explain other issues related to the recognition of deferred tax assets. The amendments will be effective as from January 1, 2017.

IFRS 2 Share-based payments: In June 2016, an amendment was published which clarifies the measurement basis for cash-settled share-based payments and the accounting for amendments that change a compensation from cash-settled to equity-settled. It sets forth an exception for IFRS 2 as to requiring that the compensation be treated as fully settled with equity instruments when the employer is compelled to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authorities. It is applicable for all annual periods commencing on or after January 1, 2018.

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

### 4.2) 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.

At September 30, 2016, the Group recorded a balance of advance to suppliers of $ 921,904,069.

## NOTE 5: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

These estimates and judgments are continually evaluated and are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual future results may differ from those estimates and assessments made at the date these interim condensed financial statements were prepared.

In preparing these interim condensed consolidated financial statements, the critical judgments delivered by the Management to apply the Company's accounting policies and the sources of information used for the related estimates are the same as those delivered in the consolidated financial statements for the fiscal year ended December 31, 2015.

## NOTE 6: FINANCIAL RISK MANAGEMENT

The Company's activities are disclosed under sundry financial risks: market risk (including the foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

No changes have been made to risk management policies since the annual closing.

## NOTE 7: PROPERTY, PLANT AND EQUIPMENT

| Captions | ORIGINAL VALUE | | | | | | DEPRECIATION | | | | | | Net value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value at beginning of the period | Increases/ Transfers (1) | disposals | Decrease due to deconso-lidation | Revaluation on Original value | Value at end of the period | Accumulated at beginning of the period | For the period (2) and (3) | Reclassification and/or disposals | Decrease due to deconso-lidation | Revaluation Accum. depreciation | Accumulated at end of the period | |
| Land | 77,046,621 | 2,744,951 | - | - | - | 79,791,572 | - | - | - | - | - | - | 79,791,572 |
| Real property | 62,451,734 | 458,290 | - | - | - | 62,910,024 | - | 1,351,406 | - | - | - | 1,351,406 | 61,558,618 |
| Computer and office equipment | 5,714,885 | 1,451,783 | - | - | - | 7,166,668 | 2,861,148 | 934,470 | - | - | - | 3,795,618 | 3,371,050 |
| Vehicles | 2,579,121 | 2,473,439 | - | - | - | 5,052,560 | 807,535 | 491,447 | - | - | - | 1,298,982 | 3,753,578 |
| Facilities | 202,936,357 | 315,086 | (4,063,150) | - | - | 199,188,293 | 54,239 | 8,541,125 | - | - | - | 8,595,364 | 190,592,929 |
| Electrical facilities | 27,532,711 | - | - | - | - | 27,532,711 | 8,290,707 | 2,882,660 | - | - | - | 11,173,367 | 16,359,344 |
| Tools | 3,033,309 | 192,078 | - | - | - | 3,225,387 | 490,618 | 403,301 | - | - | - | 893,919 | 2,331,468 |
| Tanks | 13,026,620 | - | - | - | - | 13,026,620 | 4,231,755 | 1,319,351 | - | - | - | 5,551,106 | 7,475,514 |
| Pressure-regulation station | 264,888 | - | - | - | - | 264,888 | 132,443 | 20,541 | - | - | - | 152,984 | 111,904 |
| Boiler | 97,914,915 | - | - | - | - | 97,914,915 | 30,318,749 | 10,059,902 | - | - | - | 40,378,651 | 57,536,264 |
| Civil works | 15,086,573 | - | - | - | - | 15,086,573 | 6,303,358 | 1,301,961 | - | - | - | 7,605,319 | 7,481,254 |
| Machinery | 2,528,595,078 | 12,510,885 | - | - | - | 2,541,105,963 | 16,621,917 | 103,249,209 | - | - | - | 119,871,126 | 2,421,234,837 |
| Furniture and fixtures | 418,413 | 84,446 | (1,800) | - | - | 501,059 | 206,561 | 42,111 | (1,800) | - | - | 246,872 | 254,187 |
| Filtering equipment | 1,691 | - | - | - | - | 1,691 | 634 | 158 | - | - | - | 792 | 899 |
| Works in progress | 14,169,181 | 798,989,297 | - | - | - | 813,158,478 | - | - | - | - | - | - | 813,158,478 |
| Leasehold improvements in progress | 14,001,254 | 18,751,294 | - | - | - | 32,752,548 | - | - | - | - | - | - | 32,752,548 |
| Inputs and spare parts | 16,281,163 | 4,511,404 | - | - | - | 20,792,567 | - | - | - | - | - | - | 20,792,567 |
| **Total at 09.30.16** | **3,081,054,514** | **842,482,953** | **(4,064,950)** | - | - | **3,919,472,517** | **70,319,664** | **130,597,642** | **(1,800)** | - | - | **200,915,506** | **3,718,557,011** |
| **Total al 12.31.15** | **2,089,488,947** | **349,663,728** | **(1,177,093)** | **(107,756,915)** | **750,835,847** | **3,081,054,514** | **59,993,689** | **111,512,180** | **(512,498)** | **(20,322,586)** | **(80,351,121)** | **70,319,664** | **3,010,734,850** |
| **Total al 09.30.15** | **2,089,488,947** | **298,890,603** | **(861,933)** | **(10,836,744)** | - | **2,376,680,873** | **59,993,689** | **81,482,435** | **(213,023)** | **(5,762,790)** | - | **135,500,311** | **2,241,180,562** |

(1) Includes acquisition of assets for the project of start-up and extension of the electricity generation plant.
(2) Depreciation was allocated to cost of sales, administrative and selling expenses, except for the depreciation corresponding to discontinued operations for $ 3,445,092 in the period of 2015.
(3) Depreciation charges for the periods of 2016 and 2015 were allocated to cost of sales, including $ 54,308,308 and $ 26,283,037 for higher value from the technical revaluation.
Information required by Appendix A, in compliance with Section 1, Chapter III, Title IV of the restated text of the CNV.

## NOTE 8: EQUITY INTEREST IN ASSOCIATE

At September 30, 2016 and December 31, 2015, the Group's associate is Solalban Energía S.A.

In the course of 2008, ASA associated with Solvay Indupa S.A.I.C., with an interest percentage of 42%, to establish Solalban Energía S.A., with the purpose of building a thermal power plant with a 165 MW generation capacity, located at the petrochemical complex of Bahía Blanca, province of Buenos Aires (see description of the associate in Note 1 to the consolidated financial statements).

Changes in the investments in the Group's associates for the nine-month period ended September 30, 2016 and 2015:

| | 09.30.16 | 09.30.15 |
|---|---|---|
| At the beginning of the period | 243,127,929 | 183,358,371 |
| Allocated dividends | - | (5,880,000) |
| Loss from interest in associate | (1,033,654) | (336,051) |
| **Period end** | **242,094,275** | **177,142,320** |

Below is a breakdown of the investments and the value of interests held by the Company in the associate at September 30, 2016 and December 31, 2015, as well as the Company's share in the income/loss of the associate for the periods ended on September 30, 2016 and 2015:

| Name of issuing entity | Main business activity | % share interest | | Equity value | | Company's interest in gains and losses | |
|---|---|---|---|---|---|---|---|
| | | 09.30.16 | 12.31.15 | 09.30.16 | 12.31.15 | 09.30.16 | 09.30.15 |
| Associates<br>Solalban Energia S.A. | Electricity | 42% | 42% | 242,094,275 | 243,127,929 | (1,033,654) | (336,051) |
| | | | | **242,094,275** | **243,127,929** | **(1,033,654)** | **(336,051)** |

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

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

Summarized statement of financial position:

| | 09.30.16 | 12.31.15 |
|---|---|---|
| Total non-current assets | 702,477,198 | 742,892,951 |
| Total current assets | 259,892,031 | 206,801,187 |
| Total Assets | **962,369,229** | **949,694,138** |
| Total Equity | **576,414,940** | **578,876,022** |
| Total non-current liabilities | 207,197,673 | 215,318,213 |
| Total current liabilities | 178,756,616 | 155,499,903 |
| Total Liabilities | **385,954,289** | **370,818,116** |
| Total Liabilities and Equity | **962,369,229** | **949,694,138** |

**NOTE 8: EQUITY INTEREST IN ASSOCIATE (Cont'd)**

Summarized statement of income and statement of comprehensive income:

| | 09.30.16 | 09.30.15 |
|---|---|---|
| Sales revenue | 612,536,283 | 409,744,230 |
| Income for the period | (2,461,082) | (795,619) |
| Other comprehensive income | - | - |
| Total income for the period | **(2,461,082)** | **(795,619)** |

Statement of cash flows:

| | 09.30.16 | 09.30.15 |
|---|---|---|
| Funds generated by operating activities | 19,143,433 | 22,066,361 |
| Funds used in investment activities | (3,931,035) | (2,456,223) |
| Funds used in financing activities | (10,273,863) | (18,119,728) |
| Decrease in cash for the period | **4,938,535** | **1,490,410** |

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: CASH AND CASH EQUIVALENTS**

| | Note | 09.30.16 | 12.31.15 |
|---|---|---|---|
| Cash | | 435,372 | 292,377 |
| Checks to be deposited | | 14,426,536 | 2,675,095 |
| Banks | | 680,436,205 | 17,591,637 |
| Mutual funds | | 681,053,868 | 11,006,589 |
| **Cash and cash equivalents (bank overdrafts excluded)** | | **1,376,351,981** | **31,565,698** |

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

| | Note | 09.30.16 | 09.30.15 |
|---|---|---|---|
| Cash and cash equivalents | | 1,376,351,981 | 50,843,274 |
| Bank overdrafts | 12 | (6,743,485) | (44,158,331) |
| **Cash and cash equivalents (bank overdrafts included)** | | **1,369,608,496** | **6,684,943** |

## NOTE 10: CHANGES IN CAPITAL

Share capital at September 30, 2016 is comprised of:

| Capital | Amount $ | Date | Approved by Body | Date of registration with the Public Registry of Commerce: |
|---|---|---|---|---|
| **Total at 12.31.11** | **30,100,000** | | | |
| Capitalization of debt | 10,000,000 | 12/31/12 | Extraordinary Shareholders' Meeting | 09/16/13 |
| **Total at 12.31.12** | **40,100,000** | | | |
| Capitalization of debt | 20,000,000 | 12/30/13 | Extraordinary Shareholders' Meeting | 09/25/14 |
| **Total at 12.31.13** | **60,100,000** | | | |
| Capital reduction | (55,644,840) | 07/16/14 | Ordinary Shareholders' Meeting | 09/25/14 |
| **Total at 12.31.14** | **4,455,160** | | | |
| **Total at 12.31.15** | **4,455,160** | | | |
| Capitalization of debt | 58,000,000 | 03/22/16 | Extraordinary Shareholders' Meeting | Pending |
| **Total at 09.30.16** | **62,455,160** | | | |

On July 16, 2014, the Ordinary Meeting of Shareholders resolved to reduce capital in the amount of $ 55,644,840, with the share capital amounting to $ 4,445,160. On March 22, 2016, the Extraordinary Shareholders' Meeting decided to increase the capital in the amount of $ 58,000,000, with the share capital amounting to $ 62,455,160, their registration is pending. At the date of issue of these interim condensed consolidated financial statements, the Company was notified of the approval by the National Securities Commission of the procedure to increase capital with the amendment of the bylaws as decided by the Shareholders' Meeting of March 22, 2016. However, at that date the Company was not served notice of the registration with the Superintendency of Commercial Companies of that procedure.

## NOTE 11: DISTRIBUTION OF PROFITS

*Dividends*

In accordance with Law No. 25063, passed in December 1998, the dividends that are distributed or that the Company receives from its subsidiaries, in cash or in kind, in excess of the taxable profits accumulated at the end of the year immediately prior to the date of payment or distribution will be subject to 35% withholding for income tax, as single and final payment. For the purposes of this tax, accumulated taxable profits are the balances of taxable profits accumulated at December 31, 1997, less the dividends paid plus the taxable profits determined as from January 1, 1998.

## NOTE 12: LOANS

| Non-Current | 09.30.16 | 12.31.15 |
|---|---|---|
| CAMMESA | 180,337,264 | 207,353,297 |
| Finance lease debts | 3,059,637 | 1,206,711 |
| Syndicated Loan | - | 103,628,231 |
| ICBC loan | - | 63,495,000 |
| Negotiable obligations | 474,991,438 | 283,097,323 |
| International bond | 2,675,947,023 | - |
| UBS loan - principal | - | 90,857,513 |
| Debt under BAF loan | 607,076,199 | - |
| Debt under Credit Suisse loan | 595,434,533 | - |
| Other bank debts | - | 31,249,738 |
| | **4,536,846,094** | **780,887,813** |

**NOTE 12: LOANS (Cont'd)**

| Current | 09.30.16 | 12.31.15 |
|---|---|---|
| Bank overdrafts | 6,743,485 | 70,226,399 |
| Finance lease debts | 2,286,175 | 2,677,542 |
| Other bank debts | 15,897,697 | 112,459,425 |
| UBS loans | - | 170,172,470 |
| ICBC loan | - | 6,507,192 |
| Debt under Credit Suisse loan | 5,179,149 | - |
| Debt under BAF loan | 3,646,793 | - |
| Syndicated Loans | - | 61,094,287 |
| Negotiable obligations | 116,676,288 | 153,945,181 |
| International bond | 32,360,382 | - |
| CAMMESA | 6,749,322 | 6,749,320 |
| | **189,539,291** | **583,831,816** |

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

| | 09.30.16 | 12.31.15 |
|---|---|---|
| **Fixed rate** | | |
| Less than 1 year | 42,750,660 | 244,110,172 |
| Between 1 and 2 years | - | 90,857,513 |
| Between 2 and 3 years | 593,750,446 | - |
| After 3 years | 2,689,272,776 | - |
| | **3,325,773,882** | **334,967,685** |
| **Floating rate** | | |
| Less than 1 year | 146,788,631 | 339,721,644 |
| Between 1 and 2 years | 475,752,146 | 651,406,800 |
| Between 2 and 3 years | 3,112,698 | 34,654,912 |
| After 3 years | 774,958,028 | 3,968,588 |
| | **1,400,611,503** | **1,029,751,944** |
| | **4,726,385,385** | **1,364,719,629** |

Company loans are denominated in the following currencies:

| | 09.30.16 | 12.31.15 |
|---|---|---|
| Argentine pesos | 806,343,419 | 1,103,689,646 |
| US dollars | 3,920,041,966 | 261,029,983 |
| | **4,726,385,385** | **1,364,719,629** |

Changes in loans during the period were as follow:

| | 09.30.16 | 09.30.15 |
|---|---|---|
| **Loans at beginning of year** | **1,364,719,629** | **957,825,947** |
| Loans received | 4,727,704,161 | 395,298,724 |
| Loans paid | (1,408,294,955) | (246,706,857) |
| Accrued interest | 337,663,357 | 142,580,880 |
| Interest paid | (290,178,906) | (124,462,095) |
| Exchange difference | 51,540,962 | 25,513,822 |
| Bank overdrafts | (63,482,914) | 21,819,528 |
| Decrease for sale of investment in subsidiaries | - | (910,109) |
| Capitalized expenses/present values | 6,714,051 | (5,705,124) |
| **Loans at year end** | **4,726,385,385** | **1,165,254,716** |

**NOTE 12: LOANS (Cont'd)**

The balance of the loan at September 30, 2016 amounts to $4,726 million. The following table shows the Group's financial debt at that date.

| | Borrower | Principal | Balance as of September 30, 2016 | Interest rate | Currency | Issuance date | Maturity date |
|---|---|---|---|---|---|---|---|
| | | | (Argentine Pesos) | (%) | | | |
| Loans | | | | | | | |
| BAF | GMSA | USD 40,000,000 | 610,722,992 | 10% | USD | February 11, 2016 | February 15, 2017 |
| Credit Suisse | GMSA | USD 40,000,000 | 600,613,682 | Libor + 9.625% | USD | June 01, 2016 | June 03, 2021 |
| **Subtotal** | | | **1,211,336,674** | | | | |
| Debt securities | | | | | | | |
| International Bond | GMSA/GFSA | USD 180,000,000 | 2,708,307,405 | 9.625% | USD | July 27, 2016 | July 27, 2023 |
| Class IV NO | GMSA | $ 25,439,600 | 24,373,149 | BADLAR + 6.5% | ARS | July 17, 2015 | July 17, 2017 |
| Class V NO | GMSA | $ 200,000,000 | 198,924,971 | BADLAR + 4% | ARS | June 30, 2016 | June 30, 2018 |
| Class II NO | GFSA | $ 130,000,000 | 130,577,915 | BADLAR + 6.5% | ARS | March 8, 2016 | March 8, 2018 |
| Class III NO | GFSA | $ 160,000,000 | 169,317,248 | BADLAR + 5.6% | ARS | July 6, 2016 | July 6, 2018 |
| Class I NO | ASA | $ 70,000,000 | 68,474,443 | BADLAR + 5.5% | ARS | December 29, 2015 | December 29, 2017 |
| **Subtotal** | | | **3,299,975,131** | | | | |
| Other loans | | | | | | | |
| CAMMESA | | | 187,086,586 | | | | |
| Other financial debts | | | 15,897,697 | | | | |
| Bank overdrafts | | | 6,743,485 | | | | |
| Finance leases | | | 5,345,812 | | | | |
| **Subtotal** | | | **215,073,580** | | | | |
| **Total loans** | | | **4,726,385,385** | | | | |

The main financial debts detailed by company are shown below.

**A) INTERNATIONAL ISSUANCE OF NEGOTIABLE OBLIGATIONS**

On July 7, 2016, GMSA, GFSA and CTR got authorization from the CNV, under Resolution No. 18110, for the co-issuance in the domestic and international markets of guaranteed and unsubordinated ordinary Negotiable Obligations, not convertible into shares. Negotiable Obligations were issued on July 27, 2016 for USD 250 million, falling due within 7 years. All of the Negotiable Obligations are unconditionally guaranteed by ASA.

The Negotiable Obligations are rated B+ (Fitch ratings) / B3 (Moody's).

This issuance makes it possible to finance investments under the Company's expansion plans, with the award by the Energy Secretariat of Wholesale Demand Contracts under Resolution 115/2016 dated June 14, 2016, and the Group's projects under way to complete works for the installation of a nominal capacity of 460 MW. It will also improve the Group's financial profile, permitting it to repay existing loans before maturity within a financing term commensurate with the projects to be financed, as well as a considerable reduction of financing costs which involves a greater financial efficiency and release of guarantees.

**NOTE 12: LOANS (Cont'd)**

**A) INTERNATIONAL ISSUANCE OF NEGOTIABLE OBLIGATIONS (Cont'd)**

**International NO:**

**Principal:** Nominal value: USD 250,000,000; value assigned to GMSA: USD 173,000,000. Value assigned to GFSA USD 7,000,000

**Interest:** Accrues interest at a fixed rate of 9.625%

**Payment term and method:** Interest on the International Negotiable Obligation shall be paid semi-annually in arrears, on the following dates: January 27 and July 27 of each year, commencing on January 27, 2017 and ending on the due date.

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

In the period, hedge contracts were executed for the next interest payment in January 2017.

The balance for that International Bond at September 30, 2016 amounts to $ 2,708,307,405.

As a result of the international issue of Negotiable Obligations, GMSA and GFSA have undertaken standard commitments for this type of issue, whose specific conditions are detailed in the pertinent public prospectus.

With the proceeds from the issue of the International Bond, a prepayment of the following financial loans has been made, with the release of the pertinent guarantees:

GMSA
- Loans from Banco de la Provincia de Córdoba
- Loan from Banco Hipotecario
- Loan from ICBC (GISA)
- Loan from Nuevo Banco de La Rioja
- Loan from Banco Ciudad
- Loan from Banco Chubut
- Loan from Banco Supervielle
- Loan from Banco Macro
- Syndicated Loan

GFSA
- Loan from Banco de la Provincia de Buenos Aires
- Syndicated Loan

**B) LOAN AGREEMENT - GENERACION MEDITERRANEA S.A.**

**B.1) Loan from Credit Suisse International**

On June 1, 2016, GMSA entered into a loan agreement with Credit Suisse International, which disbursed a line of credit for a total amount of USD 60,000,000, divided into two disbursements made on September 2, 2016 and September 23, 2016. The loan will be applied to finance investments for 50 MW and 100 MW enlargements at GR and GM, respectively.

**Principal:** nominal value: USD 60,000,000.

**NOTE 12: LOANS (Cont'd)**

**B) LOAN AGREEMENT - GENERACION MEDITERRANEA S.A. (Cont'd)**

**B.1) Loan from Credit Suisse International (Cont'd)**

**Interest:** Three month LIBOR rate + 9.625%.

**Repayment:** Interest will be paid quarterly as from the following date: September 02, 2016 Principal will be settled in 17 (seventeen) quarterly installments as from June 2017, the last installment becoming due on June 3, 2021.

On September 30, the Company has early repaid USD 20 million of this loan. Upon compliance with the minimum period of permanence required by BCRA regulations in force, the Company made an early repayment of the loan balance, applying the remaining USD 40 million that were deposited in an escrow account in favor of Credit Suisse. At the date of publication of the interim condensed financial statements the debt has been fully settled and the formalities for the pertinent release of the guarantees were documented.

At September 30, 2016 the Company was complying with covenants.

**B.2) Loan from BAF Latam Trade Finance Funds B.V.**

On February 11, 2016, GMSA, on its own and as the continuing company of GISA and GRISA as a result of the merger through absorption duly informed on November 10, 2015 entered into a loan agreement with BAF Latam Trade Finance Funds B.V. which granted a credit line for a total amount of USD 40,000,000 to be used for (i) financing of the project for the installation of a new turbine of 50 MW in its power plant in La Rioja USD 19,867,305 including the cancellation of the price balance owed to Siemens Industrial Turbomachinery AB for the import of a gas turbine SGT800; (ii) the prepayment of the balance of USD 20,132,695 of the loan agreement entered into on May 4, 2011, between GISA (debtor), UBS Securities LLC (moneylender) and UBS AG Stamford Branch (administrative agent).

The most relevant provisions are the following:

**Principal:** nominal value: USD 40,000,000

**Interest:** annual fixed rate 10%.

**Repayment:** interest will be paid on a quarterly basis, as from the following date: May 15, 2016. The principal will be fully settled at the due date: February 15, 2019.

The balance of the loan at September 30, 2016 amounts to $ 610,722,992. The remaining loan principal balance at the date of issuance of the interim condensed financial statements is USD 40,000,000.

At the date of these interim condensed financial statements, GMSA is in compliance with its covenants.

**NOTE 12: LOANS (Cont'd)**

**B) LOAN AGREEMENT - GENERACION MEDITERRANEA S.A. (Cont'd)**

**B.3) Negotiable obligations**

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

At September 30, 2016 there are outstanding Class IV (GMSA) and V (GMSA) Negotiable Obligations, issued in the amounts and under the conditions described below:

**Class IV Negotiable Obligations (GMSA):**

**Principal:** Nominal value: $ 130,000,000

**Interest:** (i) from the date of issuance and liquidation until nine (9) months have elapsed from the date of issuance and liquidation, inclusive, the loan will accrue interest at a fixed rate of 28%; (ii) from the beginning of the tenth (10) month, counted as from the date of issuance and liquidation, until the date on which the principal is fully settled (not inclusive), interest will accrue at an annual floating rate equal to the sum of: (a) private banks BADLAR rate plus (b) 6.50%.

**Repayment terms and conditions**: interest on Class IV Negotiable Obligations will be paid on a quarterly basis, in arrears, on the following dates: October 15, 2015; January 15, 2016; April 15, 2016; July 15, 2016; October 17, 2016; January 16, 2017; April 17, 2017 and July 17, 2017.

Principal on Class IV Negotiable Obligations shall be amortized in 3 quarterly installments, the first two equivalent to 33% of nominal value of the negotiable obligations and the last installment to 34% of nominal value, payable on January 16, 2017, April 17, 2017 and July 17, 2017, respectively.

The funds obtained through the issuance of Class IV Negotiable Obligations were allocated to the partial pre-payment of principal on Class III Negotiable Obligations for an amount of $ 87,824,000. The remaining amount was allocated to investments and working capital. This enabled improving GMSA's financial profile.

On September 30, 2016, Class V Negotiable Obligations were issued, a portion in cash and the remainder through a voluntary swap of Class IV (GMSA) and Class III (GISA) Negotiable Obligations, improving the Company's working capital and indebtedness profile (term and rate). The amount repaid of Class IV Negotiable Obligations totaled $75,141,860, with an outstanding principal balance of $54,858,140.

**NOTE 12: LOANS (Cont'd)**

**B) LOAN AGREEMENT - GENERACION MEDITERRANEA S.A. (Cont'd)**

**B.3) Negotiable obligations (Cont'd)**

Subsequently, GMSA repurchased a portion of the issue in the secondary market, there being a balance of $ 25,439,600 held by third parties at the date of these interim condensed financial statements. The balance due for this Negotiable Obligation at September 30, 2016 amounts to $ 24,373,149.

**Class V Negotiable Obligations:**

**Principal:** nominal value: $ 200.000.000

**Interest:** Private banks BADLAR rate plus a 4% margin.

**Term and repayment:** interest on Class V Negotiable Obligations will be paid on a quarterly basis, past due, in the following dates: September 30, 2016, December 30, 2016, March 30, 2017, June 30, 2017, September 30, 2017, December 30, 2017, March 30, 2018 and June 30, 2018.

Principal on Class V Negotiable Obligations shall be amortized in 3 quarterly installments, the first two equivalent to 30% of nominal value of the negotiable obligations and the last installment to 40% of nominal value, payable on December 30, 2017, March 30, 2018 and June 30, 2018, respectively.

The amount was paid in in cash and in kind, through the swap of GMSA Class IV Negotiable Obligations of $75,141,860 and GISA Class III Negotiable Obligations for $55,446,986. The proceeds from the issuance of Class V negotiable obligations were applied to the repurchase of the remaining balance of Class III negotiable obligations, investments and working capital. The swaps and subsequent repurchase of GISA Class III Negotiable Obligations improved GMSA financial profile.

The balance of the NO at September 30, 2016 amounts to $198,924,971.

**B.4) Loan with CAMMESA (GRISA)**

At September 30, 2016 GMSA holds financial debts with CAMMESA for $ 16,611,340, guaranteed by the assignment of 100% of the present and future credit rights for the sale of energy in the Spot market of the WEM, upon implementation of a trust agreement in accordance with Law No. 24441.

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

This loan has a repayment period set in 48 monthly and consecutive installments, to which interest must be added applying the rate equivalent to the average return obtained by the Dispatch Management Agency (CAMMESA) on financial placements in the WEM. At the closing date of these interim condensed financial statements, 15 installments, equivalent to $ 8,436,648, had been paid.

The balance of the loan at September 30, 2016 amounts to $18,560,626.

**NOTE 12: LOANS (Cont'd)**

**C) LOAN AGREEMENT – GENERACIÓN FRÍAS S.A.**

**C.1) Loan from Banco de la Ciudad de Buenos Aires:**

On July 8, 2014, a Loan Offer was signed with Banco de la Ciudad de Buenos Aires S.A. for $ 30,000,000. The amount was disbursed on August 1, 2014. The loan offer provided for a grace period of 12 months and repayment in 25 monthly consecutive installments beginning in August 2015. The loan accrues interest at BADLAR private banks rate + 100 basic points.

The outstanding balance at September 30, 2016 amounts to $ 15,543,122, including interest of $ 324,771, net of transaction costs pending amortization.

The objective was to finance the works required for the installation of 60 MW of generation capacity.

**C.2) Negotiable obligations:**

With the purpose of financing the company's investment project, on March 10, 2014 Generación Frías S.A. requested the CNV's authorization for entry into the public offering system through a Program of simple Negotiable Obligations (non-convertible to shares) for up to USD 50,000,000 (fifty million US dollars) or its equivalent in other currencies. Approval was granted on July 10, 2014.

At September 30, 2016 there are outstanding Class II and III Negotiable Obligations issued by GFSA in the amounts and under the conditions described below:

**Class II Negotiable Obligations:**

**Principal:** nominal value: $ 130,000,000 (Pesos one hundred and thirty million)

**Interest:** Private banks BADLAR rate plus a 6.5% margin. The interest rate to be applied in the first 12 months cannot be lower than the minimum rate of 33%.

**Term and repayment:** Interest of Class II Negotiable Obligations will be paid on a quarterly basis, on arrears, on the following dates: (i) June 8, 2016; (ii) September 8, 2016; (iii) December 8, 2016; (iv) March 8, 2017; (v) June 8, 2017; (vi) September 8, 2017; (vii) December 8, 2017, and (viii) March 8, 2018; if other than a business day, or if such day does not exist, the interest payment date will be the immediately following business day.

The principal of the Class II Negotiable Obligations will be repaid in 3 (three) consecutive installments, payable on a quarterly basis, with the first two equivalent to 30% and the third one equivalent to 40% of the nominal value of the Class II Negotiable Obligations at the dates in which 18, 21 and 24 months respectively have elapsed, counted as from the date of issuance and liquidation, (i) September 8, 2017; (ii) December 8, 2017; (iii) March 8, 2018; if other than a business day, or if such day does not exist, the interest payment date will be the immediately following business day.

Maturity date of Class II Negotiable Obligations: March 8, 2018.

The remaining balance net of transaction costs pending amortization of that Class at September 30, 2016 amounted to $ 130,577,915 including interest of $ 2,458,753.

**NOTE 12: LOANS (Cont'd)**

**C) LOAN AGREEMENT – GENERACIÓN FRÍAS S.A. (Cont'd)**

**C.2) Negotiable Obligations (Cont'd):**

**Class III Negotiable Obligations:**

**Capital:** nominal value: $ 160,000,000 (Pesos one hundred and sixty million)

**Interest:** Private banks BADLAR rate plus a 5.6% margin.

**Repayment:** Interest of Class III Negotiable Obligations will be paid on a quarterly basis, on arrears, on the following dates: (i) October 6, 2016; (ii) January 6, 2017; (iii) April 6, 2017; (iv) July 6, 2017; (v) October 6, 2017; (vi) January 6, 2018; (vii) April 6, 2018, and (viii) July 6, 2018; if other than a business day, or if such day does not exist, the interest payment date will be the immediately following business day.

The principal of the Class III Negotiable Obligations will be repaid in 3 (three) consecutive installments, payable on a quarterly basis, with the first two equivalent to 30% and the third one equivalent to 40% of the nominal value of the Class III Negotiable Obligations at the dates in which 18, 21 and 24 months respectively have elapsed, counted as from the date of issuance and settlement, (i) January 6, 2018; (ii) April 6, 2018; (iii) July 6, 2018; if other than a business day, or if such day does not exist, on the first following business day.

Maturity date of Class III Negotiable Obligations: July 6, 2018

The amount was paid in in cash and in kind, through the swap of Class I Negotiable Obligations of $79,600,000. The proceeds from the issuance of Class III Negotiable Obligations were applied to the repayment of the loan from Puente Hnos S.A., the repurchase of the remaining balance of Class I Negotiable Obligations, working capital and investments in fixed assets. The swap and subsequent repurchase of Class I Negotiable Obligations improved the Company's financial profile and created the conditions to release the guarantees granted and at the date of issue of these interim condensed consolidated financial statements, GFSA is formalizing this process.

The remaining balance net of transaction costs pending amortization of that Class at September 30, 2016 amounted to $ 169,317,248 including interest of $ 11,730,354.

**D) FINANCING BY CAMMESA – GENERACION ROSARIO S.A.**

On September 28, 2010, through Note 6157/10 the Energy Secretariat (ES) instructed CAMMESA to summon the Generating Agents of the MEM with turbo-steam heat generation units to propose the works that are essential for increasing the generable power of their units, which must be available before winter 2011.

In November 2010, GROSA formally submitted to CAMMESA its proposal of the works to be performed for increasing the generable power capacity.

Through Note 7375 dated November 6, 2010, the ES informed on the approval of the project and directed CAMMESA to grant the financing required under the lines of Resolution SE 146/02 and Notes 6157/10 and 7375/10.

On February 3, 2011, GROSA entered into a loan agreement with CAMMESA, by means of which this financing was formalized, for an amount equivalent to $ 44,856,418 in accordance with Resolution SE 146/02 and Notes 6157/10 and 7375/10.

**NOTE 12: LOANS (Cont'd)**

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

The sums received will be repaid in 48 equal consecutive monthly installments, to which interest must be added as results from applying the rate equivalent to the average return obtained by the Dispatch Management Agency (CAMMESA) on financial placements in the Wholesale Electricity Market; the first installment is due in the month immediately following conclusion of the works, estimated for June 2011. The Wholesale Electricity Market will be in charge of paying the installments, as established in Note SE 6157/10 and Note 7375/10, and distribution among the demanding agents will be according to the criteria to be informed by the ES.

On August 12, 2011, the ES approved the request presented by GROSA to modify the original budget for the works in the amount of $ 11,797,019.

The funds obtained from this agreement are applied to funding part of the works and/or maintenance to increase the power available in GROSA's turbo-steam units, and they are disbursed under the advanced payment mode, with partial advances according to the degree of progress of works as per the documents issued by GROSA and subject to CAMMESA's availability of funds as instructed by the ES.

As from the conclusion of the works in each unit, GROSA must guarantee a minimum 80% availability in the unit TV13 for a three-year period.

As a guarantee for the fulfillment of the obligations assumed by GROSA under this contract, that company assigned to CAMMESA 100% of its present and future credit rights, accrued or to be accrued, for its transactions in the Wholesale Electricity Market, up to the amount of the financing.

In August 2011, GROSA concluded the works committed, and from the month of September the units were subject to a minimum availability control as established in the loan agreement entered into with CAMMESA. In the event that GROSA fails to comply with this availability, the agreement foresees a penalty.

As of April 16, 2012, GROSA received a total of $ 56,996,893 from CAMMESA.

From September 2011 through August 2015, the installments corresponding to principal were settled as established in the loan agreement described above, which was fully paid.

On March 13, 2012, GROSA executed a new loan agreement with CAMMESA, through which they formalized the financing of the second stage of the repair of the Sorrento Power Plant, with the purpose of extending the capacity for electricity generation to 130 MW, for an amount equivalent to $ 190,480,000, shown under the caption Financial debts - non-current.

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

It is to note that in the operation period mentioned above there was a significant decrease in specific consumption, which resulted in 15% savings in fuel as compared with the situation at the moment when GROSA took over the Sorrento Power Plant, as a result of the maintenance works and improvements done in the last few years.

**NOTE 12: LOANS (Cont'd)**

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

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

Between June 15 and September 15, 2016, GROSA made four filings, through notes to CAMMESA for $ 32,222,405 (with taxes), of payment to suppliers for materials and services for the period November 2015-August 2016. At September 30, 2016, the total amount of disbursements received from CAMMESA amounts to $ 30,000,000.

At September 30, 2016, the total balance for the financing amounts to $199,030,237, $ 170,475,246 of which relate to the mutuum executed on March 13, 2012, as disclosed in the caption non-current financial debt, and $ 28,554,991 relate to the mutuum executed on May 30, 2016, net of the Remuneration of non-recurring Maintenance, as disclosed in the caption non-current trade receivables.

At the date of these financial statements, GROSA has complied with the commitments undertaken.

On October 18, 2016, CAMMESA further disbursed $ 2,000,000.

**E) PROGRAM TO ISSUE NEGOTIABLE OBLIGATIONS OF ALBANESI S.A.**

**Class I Negotiable Obligations**

With the purpose of improving the financial profile of the company, on November 20, 2015 ASA, through CNV Resolution 17,887, was granted authorization for: (i) incorporation of ASA to the public offering system; and (ii) creation of a global program to issue simple (non-convertible) negotiable obligations for a total nominal value outstanding of USD 100,000,000 (one hundred million US dollars) or its equivalent in other currencies, in one or more classes or series.

On December 29, 2015 ASA issued Class I Negotiable Obligations under the conditions described below:

**Principal:** Nominal value: $ 70,000,000

**Interest:** Private Banks BADLAR rate plus a 5.5% margin.

**Repayment:** interest of Class I Negotiable Obligations will be paid on a quarterly basis, on arrears, on the following dates: March 29, 2016; June 29, 2016; September 29, 2016; December 29, 2016; March 29, 2017; June 29, 2017; September 29, 2017; and December 29, 2017.

The principal of the Class I Negotiable Obligations will be repaid in three (3) consecutive installments, on a quarterly basis, the first two ones equivalent to 30% and the third one to 40% of the nominal value of the Negotiable Obligations, on the dates on which 18, 21 and 24 months are completed, respectively, counted as from the date of issuance; i.e., on June 29, 2017, September 29, 2017 and December 29, 2017.

The funds obtained through the issuance of Class I Negotiable Obligations were allocated to the partial settlement of the current liabilities held with the related company RGA.

**NOTE 13: ALLOWANCES AND PROVISIONS**

| | For trade receivables | For other receivables | For impairment of inventories | For contingencies |
|---|---|---|---|---|
| **Balance at December 31, 2014** | **1,058,886** | **1,133,755** | **57,466** | **10,581,411** |
| Increases | - | - | - | 718,037 |
| Decreases | - | - | - | (1,349,952) |
| Deconsolidation due to sale of subsidiary | (219,634) | (1,133,755) | (57,466) | - |
| **Balance at December 31, 2015** | **839,252** | **-** | **-** | **9,949,496** |
| Increases | (1) 2,010,873 | 1,859,200 | - | - |
| Decreases | - | - | - | (424,982) |
| **Balance at September 30, 2016** | **2,850,125** | **1,859,200** | **-** | **9,524,514** |

(1) The expenses are stated as selling expenses.
Information required by Appendix e, in compliance with Section 1, Chapter III, Title IV of the restated text of the CNV.

Allowances and provisions include contingencies arising in the ordinary course of business and other sundry risks that could create obligations for the Company. In estimating the amounts, the likelihood of occurrence is considered, taking into account the opinion of the Company's legal advisors.

**NOTE 14: SALES REVENUE**

| | **09.30.16** | **09.30.15** |
|---|---|---|
| Sale of electricity Res. 95/529/482/22 | 185,941,908 | 147,613,773 |
| Sale of electricity in the spot market | 200,423,911 | 126,044,700 |
| Sale under Energía Plus | 580,236,912 | 409,666,753 |
| Sale of electricity Res. 220 | 785,340,454 | 448,861,376 |
| Sale of services | - | 1,985,170 |
| | **1,751,943,185** | **1,134,171,772** |

## NOTE 15: COST OF SALES

| | 09.30.16 | 09.30.15 |
|---|---|---|
| Cost of purchase of electric energy | (442,114,287) | (264,376,931) |
| Cost of gas and gas oil consumption at the plant | (478,347,051) | (352,024,292) |
| Salaries and social security charges | (81,090,845) | (57,193,690) |
| Defined benefit plan | (370,606) | (275,742) |
| Other employee benefits | (3,289,940) | (975,171) |
| Rental | (3,245,580) | (2,167,955) |
| Professional fees | (5,140,901) | - |
| Depreciation of property, plant and equipment | (130,597,642) | (78,033,167) |
| Insurance | (18,447,224) | (12,990,238) |
| Maintenance | (90,659,483) | (71,545,144) |
| Electricity, gas, telephone and postage | (2,915,820) | (795,657) |
| Duties and taxes | (13,446,475) | (8,442,528) |
| Travel and per diem | (797,758) | (6,968,438) |
| Security guard and cleaning service | (2,532,508) | (3,035,323) |
| Miscellaneous expenses | (4,538,598) | (3,330,425) |
| | **(1,277,534,718)** | **(862,154,700)** |

## NOTE 16: SELLING EXPENSES

| | 09.30.16 | 09.30.15 |
|---|---|---|
| Salaries and social security charges | (378,852) | (782,104) |
| Duties and taxes | (2,641,110) | (7,774,424) |
| Doubtful debt expenses | (3,870,073) | - |
| | **(6,890,035)** | **(8,556,528)** |

## NOTE 17: ADMINISTRATIVE EXPENSES

| | 09.30.16 | 09.30.15 |
|---|---|---|
| Salaries and social security charges | (4,451,207) | (7,579,838) |
| Other employee benefits | (152,271) | (541,768) |
| Rental | (14,000) | (77,659) |
| Professional fees | (20,707,757) | (11,105,374) |
| Depreciation of property, plant and equipment | - | (4,176) |
| Insurance | (344,504) | (146,793) |
| Maintenance | - | (22,447) |
| Electricity, gas, telephone and postage | (1,631,850) | (406,252) |
| Duties and taxes | (1,598,024) | (2,704,742) |
| Travel and per diem | (1,150,737) | (1,430,565) |
| Miscellaneous expenses | (2,470,825) | (2,508,483) |
| | **(32,521,175)** | **(26,528,097)** |

## NOTE 18: OTHER OPERATING INCOME AND EXPENSES, NET

| Other operating income | | 09.30.16 | 09.30.15 |
|---|---|---|---|
| Income for sale of interests in subsidiaries | **24** | - | 17,085,139 |
| Changes in the fair value of investments in other companies | | - | 129,579 |
| Sundry income | | 8,107,728 | 216,970 |
| **Total Other operating income** | | **8,107,728** | **17,431,688** |
| Other operating expenses | | | |
| Sundry expenses | | - | (41,242,510) |
| **Total Other operating expenses** | | - | **(41,242,510)** |

## NOTE 19: FINANCIAL RESULTS

| | 09.30.16 | 09.30.15 |
|---|---|---|
| Financial income | | |
| Changes in the fair value of financial instruments | - | 151,697 |
| Loan granted interest | 2,789,511 | - |
| Commercial interest | 34,994,427 | 4,458,050 |
| **Total financial income** | **37,783,938** | **4,609,747** |
| Financial costs | | |
| Loan interest | (275,577,905) | (119,772,083) |
| Commercial interest and other | (21,081,168) | (1,110,760) |
| Bank expenses and commissions | (12,418,258) | (5,046,202) |
| **Total financial expenses** | **(309,077,331)** | **(125,929,045)** |
| Other financial results | | |
| Exchange differences, net | (105,693,616) | (10,970,050) |
| Changes in the fair value of financial instruments | 51,774,221 | (4,723,067) |
| Loss from currency position, net | (126,973) | (99,069) |
| Other financial results | (41,827,084) | (24,593,387) |
| **Total other financial results** | **(95,873,452)** | **(40,385,573)** |
| **Total financial results, net** | **(367,166,845)** | **(161,704,871)** |

## NOTE 20: 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 period.

| Continuing operations | 09.30.16 | 09.30.15 |
|---|---|---|
| Income for the period attributable to the owners: | 28,634,626 | 38,490,266 |
| Weighted average of outstanding ordinary shares | 45,097,496 | 4,455,160 |
| **Basic and diluted earnings per share** | **0.63** | **8.64** |

| Discontinued operations | 09.30.16 | 09.30.15 |
|---|---|---|
| Loss for the period attributable to the owners | - | (14,998,775) |
| Weighted average of outstanding ordinary shares | 45,097,496 | 4,455,160 |
| **Basic and diluted loss per share** | - | **(3.37)** |

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

## NOTE 21: TRANSACTIONS AND BALANCES WITH RELATED PARTIES

*a) Transactions with related companies and affiliates*

| | | 09.30.16 | 09.30.15 |
|---|---|---|---|
| | | $ | |
| | | Profit / (Loss) | |
| **Purchase of grapes** | | | |
| Alto Valle del Río Colorado S.A. | Related company | - | (2,131,034) |
| **Purchase of gas** | | | |
| RGA [(1)] | Related company | (395,113,467) | (170,814,717) |
| **Purchase of energy** | | | |
| Solalban Energía S.A. | Affiliate company | (126,875) | (579,378) |
| **Purchase of wines** | | | |
| BDD | Related company | (8,720) | (14,460) |
| **Purchase of flights** | | | |
| AJSA | Related company | (10,410,051) | - |
| **Sale of energy** | | | |
| RGA | Related company | 33,216,783 | 11,165,008 |
| Solalban Energía S.A. | Affiliate company | 61,116,871 | 9,332,819 |
| **Sale of components and spare parts** | | | |
| CTR | Related company | 1,227,987 | 87,887,611 |
| **Sale of investment in subsidiaries** | | | |
| RGA | Related company | - | 28,000,000 |
| **Sale of wines**[(2)] | | | |
| CTR | Related company | - | 1,964 |
| **Sale of fligthts**[(2)] | | | |
| RGA | Related company | - | 2,900,800 |
| CTR | Related company | - | 1,015,200 |

## NOTE 21: TRANSACTIONS AND BALANCES BETWEEN RELATED PARTIES (Cont'd)

| | | 09.30.16 | 09.30.15 |
|---|---|---|---|
| | | $ | |
| | | Profit / (Loss) | |
| **Leases and services hired** | | | |
| RGA | Related company | (24,758,199) | (4,891,037) |
| **Reimbursement of expenses** | | | |
| CTR | Related company | 13,938,484 | 1,977,937 |
| RGA | Related company | 1,301 | (115,072) |
| **Financial cost recovery** | | | |
| RGA | Related company | (3,515,702) | - |
| **Collection of dividends** | | | |
| Solalban Energía S.A. | Affiliate company | - | 5,880,000 |
| **Interest generated by loans granted** | | | |
| AISA | Related company | 2,789,511 | - |

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

(2) The transactions with BDD and AJSA are disclosure as discontinued operation

*b) Remuneration of key managerial staff*

The senior management includes directors (executive and non-executive). Their remuneration at September 30, 2016 and 2015 amounted to $ 12,653,303 and $ 7,174,360, respectively.

| | 09.30.16 | 09.30.15 |
|---|---|---|
| Salaries | 12,653,303 | 7,174,360 |
| | **12,653,303** | **7,174,360** |

**NOTE 21: TRANSACTIONS AND BALANCES BETWEEN RELATED PARTIES (Cont'd)**

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

| Captions | Type | 09.30.16 | 12.31.15 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| **Other receivables** | | | |
| Shareholders' private accounts | Minority interest | 55,113,792 | - |
| RGA | Related company | - | 739 |
| | | **55,113,792** | **739** |
| **CURRENT ASSETS** | | | |
| **Trade receivables** | | | |
| CTR | Related company | 1,815,000 | 1,500,000 |
| AESA | Related company | 53,650 | - |
| Solalban Energía S.A. | Affiliate company | 146,166 | 18,215 |
| | | **2,014,816** | **1,518,215** |
| **Other receivables** | | | |
| Contributions pending paying-in | Minority interest | - | 525,000 |
| Shareholders' private accounts | Minority interest | 80,171,057 | 62,142,446 |
| AISA | Related company | 62,789,511 | - |
| RGA | Related company | 262 | - |
| CTR | Related company | 23,797,334 | 33,237,850 |
| | | **166,758,164** | **95,905,296** |
| **NON-CURRENT LIABILITIES** | | | |
| **Other liabilities** | | | |
| RGA | Related company | 73,823,542 | 100,000,000 |
| | | **73,823,542** | **100,000,000** |
| **CURRENT LIABILITIES** | | | |
| **Trade payables** | | | |
| BDD | Related company | - | 10,620 |
| Solalban Energía S.A. | Affiliate company | - | 215,538 |
| AJSA | Related company | 235,144 | 2,940,772 |
| RGA | Related company | 72,353,202 | 85,705,783 |
| | | **72,588,346** | **88,872,713** |
| **Other liabilities** | | | |
| AVRC | Related company | - | - |
| RGA | Related company | 200,000,000 | 116,641,152 |
| Shareholders' private accounts | Minority interest | 745,000 | 145,000 |
| | | **200,745,000** | **116,786,152** |

**NOTE 21: TRANSACTIONS AND BALANCES BETWEEN RELATED PARTIES (Cont'd)**

*d) Loans granted*

| | 09.30.16 | 09.30.15 |
|---|---|---|
| **Albanesi Inversora S.A.** | | |
| Loans at beginning | - | - |
| Loans granted | 60,000,000 | - |
| Loans charged | - | - |
| Accrued interest | 2,789,511 | - |
| **Loans at closing** | **62,789,511** | - |

The loans are governed by the following terms and conditions:

| Entity | Amount | Interest rate | Conditions |
|---|---|---|---|
| **At 09.30.2016** | | | |
| AISA | 60,000,000 | BADLAR + 3% | Expiration: 1 year, automatically renewable up to 5 years |
| **TOTAL** | **60,000,000** | | |

Receivables from related parties arise mainly from transactions of services provided and fall due in the month following the transaction date. No provisions have been recorded for these receivables from related parties in any of the periods covered by these interim condensed financial statements. Trade payables with related parties arise mainly from transactions of purchases of gas 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 22: WORKING CAPITAL**

The Company reports at September 30, 2016 a surplus in working capital of $2,635,795,335 (calculated as current assets less current liabilities), which means an improvement of $2,993,604,708, compared to the working capital deficit at the end of the year ended December 31, 2015 ($357,809,373 at 12/31/2015).

EBITDA at September 30, 2016 amounted to $573 millons, as expected; this shows the accomplishment of the objectives and efficiency of the operations conducted by the Company.

**NOTE 23: SEGMENT REPORTING**

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

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

Albanesi S.A performs activities in business segments, mainly organized based on the line of products:

**NOTE 23: SEGMENT REPORTING (Cont'd)**

• The energy segment comprises the generation and sale of electricity and the development of energy projects, execution of projects, advisory, provision of services, construction management and building of any nature.

• The business of air transportation service.

• The wine segment, which consists in the operation of wineries through the production and subsequent sale of wines and other beverages.

During 2015, ASA sold to RGA its equity interests in BDD and AJSA, companies engaged in the wine and air transport segments. In this way, ASA is focused on its main business, the electric power generation and sale.

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.

This is an analysis of the Group's business lines for the period ended September 30, 2016:

Information on consolidated income for the period ended September 30, 2016:

| | Electricity | Wines | Air transportation service | Deletions | 09.30.16 |
|---|---|---|---|---|---|
| Operating income | 1,751,943,185 | - | - | - | 1,751,943,185 |
| Cost of sales and services | (1,277,534,718) | - | - | - | (1,277,534,718) |
| **Gross income** | **474,408,467** | - | - | - | **474,408,467** |
| Selling expenses | (6,890,035) | - | - | - | (6,890,035) |
| Administrative expenses | (32,521,175) | - | - | - | (32,521,175) |
| Income from interests in associates | (1,033,654) | - | - | - | (1,033,654) |
| Other operating income | 8,107,728 | - | - | - | 8,107,728 |
| **Operating income** | **442,071,331** | - | - | - | **442,071,331** |
| Financial results | (367,166,845) | - | - | - | (367,166,845) |
| **Income/Loss before income tax** | **74,904,486** | - | - | - | **74,904,486** |
| Income tax and minimum notional income tax | (43,627,177) | - | - | - | (43,627,177) |
| **Income/Loss from continuing operations** | **31,277,309** | - | - | - | **31,277,309** |
| **Income/Loss from discontinued operations** | - | - | - | - | - |
| **Income for the period** | **31,277,309** | - | - | - | **31,277,309** |
| | | | | | |
| Assets | 7,588,503,351 | - | - | - | 7,588,503,351 |
| Liabilities | 6,202,399,010 | - | - | - | 6,202,399,010 |
| Investments in associates | 242,094,275 | - | - | - | 242,094,275 |
| Additions and transfers of property, plant and equipment | 842,482,953 | - | - | - | 842,482,953 |
| Depreciation of property, plant and equipment | 130,597,642 | - | - | - | 130,597,642 |

**NOTE 23: SEGMENT REPORTING (Cont'd)**

This is an analysis of the Group's business lines for the period ended September 30, 2015:

Information on consolidated income for the period ended September 30, 2015:

| | Electricity | Wines | Air transportation service | Deletions | **09.30.15** |
|---|---|---|---|---|---|
| Operating income | 1,135,287,638 | - | - | (1,115,866) | 1,134,171,772 |
| Cost of sales and services | (863,270,566) | - | - | 1,115,866 | (862,154,700) |
| **Gross income** | **272,017,072** | - | - | - | **272,017,072** |
| Selling expenses | (8,556,528) | - | - | - | (8,556,528) |
| Administrative expenses | (26,528,097) | - | - | - | (26,528,097) |
| Income from interests in associates | (336,051) | - | - | - | (336,051) |
| Other operating income | 17,431,688 | - | - | - | 17,431,688 |
| Other operating expenses | (41,242,510) | - | - | - | (41,242,510) |
| **Operating income** | **212,785,574** | - | - | - | **212,785,574** |
| Financial results | (161,704,871) | - | - | - | (161,704,871) |
| **Income/Loss before income tax** | **51,080,703** | - | - | - | **51,080,703** |
| Income tax and minimum notional income tax | (11,397,618) | - | - | - | (11,397,618) |
| **Total continuing operations** | **39,683,085** | - | - | - | **39,683,085** |
| **Discontinued operations** | - | (6,787,065) | (9,358,332) | - | (16,145,397) |
| **Total income for the period** | **39,683,085** | **(6,787,065)** | **(9,358,332)** | - | **23,537,688** |

Consolidated information on financial position at December 31, 2015

| | | | | | |
|---|---|---|---|---|---|
| Assets | 3,952,814,504 | - | - | - | 3,952,814,504 |
| Liabilities | 2,613,685,717 | - | - | - | 2,613,685,717 |
| Investments in associates | 243,127,929 | - | - | - | 243,127,929 |
| Additions and transfers of property, plant and equipment | 348,406,368 | 1,098,761 | 158,599 | - | 349,663,728 |
| Depreciation of property, plant and equipment | 108,067,088 | 459,494 | 2,985,598 | - | 111,512,180 |

**NOTE 24: DISCONTINUED OPERATIONS**

In the course of 2015, ASA sold its interests in BDD and AJSA to RGA. At September 30, 2015, these segments were not discontinued operations nor were they classified as held for sale; accordingly, the statement of comprehensive income in comparative format was modified, so as to disclose discontinued operations separate from continuing operations. Management has sold these segments as a result of the strategic decision of focusing especially on the generation and sale of electric power.

**Sale of shares in Bodega del Desierto S.A.**

On June 29, 2015, RGA accepted the offer for the sale of shares made by ASA on June 26, 2015. Through this offer, the Company sold to RGA for $ 28,000,000 (pesos twenty-eight million) 29,205,494 shares in BDD of face value $ 1 each and entitled to one vote per share, accounting for 90% of the share capital of Bodega del Desierto S.A. The result for the sale was $ 17,085,139.

On June 30, 2015, RGA settled the debt for the purchase of 90% of the share capital in BDD from ASA.

**Sale of shares in Alba Jet S.A.**

On October 27, 2015, RGA accepted the offer for the sale of shares made by ASA on October 26, 2015. Through this offer, the Company sold to RGA for $ 80,750,000 (pesos eighty million seven hundred and fifty thousand) 42,610,681 shares in Alba Jet S.A. of face value $ 1 each and entitled to one vote per share, accounting for 95% of the share capital of Alba Jet S.A. The result for the sale was approximately $ 59,556,530.

Below we present the summarized statement of comprehensive income of BDD and AJSA discontinued operations:

| | 09.30.16 | 09.30.15 |
|---|---|---|
| Sales revenue | - | 15,882,483 |
| Cost of sales | - | (16,933,733) |
| **Gross income** | - | **(1,051,250)** |
| Selling expenses | - | (2,835,218) |
| Administrative expenses | - | (1,570,217) |
| Other operating income and expenses | - | 94,019 |
| **Operating income** | - | **(5,362,666)** |
| **Financial results, net** | - | **(4,997,129)** |
| **Income before tax** | - | **(10,359,795)** |
| Income tax | - | (5,785,602) |
| **Loss from discontinued operations** | - | **(16,145,397)** |

Below is the summarized statement of cash flow of discontinued operations:

Statement of cash flows:

| | 09.30.16 | 09.30.15 |
|---|---|---|
| Funds (used in) operating activities | - | (2,247,163) |
| Funds (used in) investment activities | - | (1,257,361) |
| Funds generated by financing activities | - | 3,210,702 |
| **(Decrease) in cash for the period** | - | **(293,822)** |

## NOTE 25: RESTRICTED ASSETS AND OTHER COMMITMENTS

### A. GMSA

### A.1 Syndicated loan

To secure due and timely compliance with all of the payment obligations assumed and/or to be assumed by GMSA under the Syndicated Loan, ASA posted a suretyship on GMSA's obligations thereunder and an assignment in guarantee was agreed in favor of the administrative agent under the syndicated loan, of the rights to collect sums of money under certain Energia Plus sale transactions (conducted or to be conducted); 21 contracts of the Company were pledged as collateral for that assignment of rights.

At the date of these interim condensed consolidated financial statements, the Power Plant released the contracts assigned as collateral, corresponding to Vidriería Argentina S.A., Pilkington S.A., Arcor SAIC, Vicentin S.A., Holcim S.A., Chevron S.R.L., Axion Energy S.A., Coca Cola Femsa de Buenos Aires S.A. (City of Buenos Aires Plant), Coca Cola Femsa de Buenos Aires S.A. (Planta Monte Grande) and Rayen Cura SAIC.

With the issuance of the bond the syndicated loan was repaid and, as a result, the surety granted by ASA and the contracts assigned in guarantee were released, namely: Cerámica Lourdes, Acindar Industria Argentina de Areco S.A., SAF Argentina S.A., Danone Argentina S.A., Troy Resources Argentina LTD, Owen Illinois Argentina S.A., Casino de Rosario S.A., Buquebus (Planta San Vicente), Geminelli S.A., Noble Argentina S.A. y Oppfilm S.A..

### A.2 Other commitments

Certain contractual obligations in connection with the supply of electricity to great customers of the Forward Market at September 30, 2016 and the periods to fulfill those obligations are detailed below. These commitments arise from supply contracts (energy and power) entered into between the Company and large customers of the Forward Market under the ES regulations according to 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 | 615,298,882 | 508,141,480 | 107,157,402 |

(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 September 30, 2016, under ES Resolution 1281/06.

### A.3 Borrowing from BAF Latam Trade Finance Funds B.V.

On February 11, 2015, BAF Latam Trade Finance Funds B.V. became a subordinated beneficiary of the guarantee package provided to UBS AG Stamford Branch under the Contract of Assignment of Fiduciary Rights and Trust for Guarantee Purposes originally executed on May 4, 2011 as collateral for due and proper compliance with all of the payment obligations assumed under the UBS AG Loan. After repayment of the UBS AG Loan in full during February 2016, BAF Latam Trade Finance Funds B.V. became the only beneficiary of all the assets and rights assigned as collateral under that contract, with Banco de Servicios y Transacciones S.A. acting as trustee and Generación Mediterránea, as trustor.

**NOTE 25: RESTRICTED ASSETS AND OTHER COMMITMENTS (Cont'd)**

**A. GMSA (Cont'd)**

**A.3 Borrowing from BAF Latam Trade Finance Funds B.V.(Cont'd)**

The rights assigned under the contract are detailed below:

- All GMSA rights under the project documents.
- All GMSA rights pertaining to the Company to collect and receive all payments in cash or in kind, for any item, due to GMSA by the debtors under present and future Electricity Sales Transactions carried out on the Energía Plus market.
- All GMSA rights to collect and receive all payments in cash or in kind, for any item, due by GMSA to any insurance company, at this date or at a future date.
- Fiduciary ownership of the Real Estate Property existing at this date and any real estate property incorporated thereafter.
- Fiduciary ownership of GMSA assets.
- The right to make any claims and file any actions arising from the breach of the obligation to pay.
- Any collection right related to the rights assigned in these paragraphs.
- Each and every right available and/or that may become available to ASA in relation to GMSA arising from an irrevocable capital contribution.
- All the funds existing in the GMSA's account that have been received by GMSA in relation to the assigned rights.

**B. GFSA**

**B.1 Other commitments - Contract with PWPS**

On April 4, 2014 GFSA entered into a contract with PWPS for the purchase of a turbine FT4000™ SwiftPac® 60, including all the elements necessary for its installation and placement into service. The unit is composed of two gas turbines which transmit their mechanical power to only one generator of 60 MW. The machine transforms the chemical energy of the fuel (either liquid or gas, injected into the combustion chambers) into mechanical energy; this is transmitted to the generator, which in turn converts the energy into electricity.

The purchase contract for the turbine amounts to a total of USD 26.87 million. At the date of issue of these financial statements, the advances amounting to USD 14.87 million agreed upon with the vendor have been fully paid and are disclosed as turbine under Property, plant and equipment.

In addition, the purchase agreement provides for financing for a term of 4 years for USD 12 million by PWPS as from the preliminary acceptance by GFSA. This amount is disclosed in non-current trade payables for the equivalent to $ 183,720,000 million. 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, that the date of these interim condensed financial statements amounted to $ 2,092,829 and those accrued payable disclosed under current trade payables total $ 956,875.

Future contractual obligations related to the contract with PWPS are shown below by calendar year:

| | **Total** | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|
| *Commitments* (1) | USD | | | | | | | | |
| PWPS for the purchase of a turbine FT4000™ SwiftPac® | 17,975,401 | 750,000 | 750,000 | 750,000 | 750,000 | 3,743,495 | 3,743,495 | 3,743,495 | 3,744,916 |

(1) The commitment is denominated in US dollars and considering the time of payment according to the particular conditions of the contract.

## NOTE 25: RESTRICTED ASSETS AND OTHER COMMITMENTS (Cont'd)

### C. 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 was closed without agreement for the eviction of the property under a lease agreement mentioned in the preceding paragraph. GROSA estimates that it is highly improbable that the eviction will take place as Central Térmica Sorrento S.A. is not entitled to be granted this order.

## NOTE 26: EXECUTION OF CONTRACTS TO PURCHASE MACHINERY

On June 14, 2016 a Deferred Payment Agreement was signed with Siemens Industrial Turbomachinery AB whereby, after compliance with the conditions precedent set forth in the agreement, the Company will be granted a commercial loan to finance 50% of the contract amount, equivalent to SEK 177,000,000 (approximately USD 21.6 million).

The commercial loan to be granted shall be repaid in 24 equal and consecutive monthly installments of 4.17% of each installment total amount, with the first one falling due in August 2017. Payments shall be made in SEK (Swedish crowns).

On September 13, 2016, four Deferred Payment Agreements have been executed with Siemens Industrial Turbomachinery AB for the turbines to be installed in Ezeiza and GI whereby, once fulfilled the conditions fixed in the agreements, GMSA will be granted a commercial financing of 50% of the amount of the agreement signed for the enlargement of GI and the work in Ezeiza, equivalent to SEK 438,960,000 (approximately USD 52 million).

The commercial financing to be granted will be repaid in 24 monthly installments, with the first installment of two agreements being payable in September 2017 and the rest in April 2018. Payments shall be made in SEK (Swedish Crown).

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

| *Commitments* (1) | | SEK | Total | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|---|
| | | | USD | | | | |
| Siemens Industrial Turbomachinery AB for the acquisition of two turbines Siemens SGT 800 | GM | 177,000,000 | **21,689,920** | 4,518,733 | 10,844,960 | 6,326,227 | - |
| Siemens Industrial Turbomachinery AB for the acquisition of three turbines Siemens SGT 800 | Ezeiza | 263,730,000 | **21,000,000** | 3,500,000 | 10,500,000 | 7,000,000 | - |
| | | | **10,290,000** | - | 3,858,750 | 5,145,000 | 1,286,250 |
| Siemens Industrial Turbomachinery AB for the acquisition of two turbines Siemens SGT 800 | GI | 175,230,000 | **10,500,000** | 1,750,000 | 5,250,000 | 3,500,000 | - |
| | | | **10,290,000** | - | 3,858,750 | 5,145,000 | 1,286,250 |

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

**NOTE 27: LONG-TERM MAINTENANCE CONTRACT – GM, GI AND GFSA POWER PLANTS**

GMSA and GFSA signed with the company PWPS a global service agreement (Long Term Service Agreement), for the GM, GI and GFSA power plants. As established in the contract, 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 USA, original spare parts in a timely manner and repairs for planned and unplanned maintenance. In turn, 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. In addition, 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 parts agreement for the GR power plant. 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 corrective maintenance. In addition, the agreement establishes that Siemens will make available for GMSA replacement equipment (engine gas generator) if necessary. Siemens thus guarantees availability of not less than ninety six percent (96%) on average to the Power Plant for each period of biannual measurement. In addition, the Power Plant has its own repair shop 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.

**NOTE 28: GMSA – PRESENTATION TO CAMMESA**

On June 19, 2015 GMSA submitted to CAMMESA a request for recognition of the remuneration for maintenance and investments, as set forth by Resolution 529/14. Since the effective date of that Resolution, in February 2014 and until June 2015, GMSA has generated a total of 540,614 MWh, equivalent to the amount of $ 14,268,553.

On August 26, 2015, GMSA made a new presentation to CAMMESA updating the amount in the request mentioned in the preceding paragraph under Resolution 529/14.

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

On January 27, 2016 the ES partially accepted the request submitted by GMSA, through the Notes mentioned in the above paragraphs, and authorized financing for up to USD 6,888,920 plus VAT. This financing will be repaid applying the accumulated receivables in favor of GMSA and the receivables to which it is entitled by application of the Remuneration for Non-Recurring Maintenance.

On June 10, 2016 the GMSA submitted to CAMMESA a request for recognition of the remuneration for maintenance and investments, as set forth by Resolution 529/14 of GR and GLB. Since the effective date of that Resolution, in February 2014 and until April 2016 inclusive, GLB has generated a total of 60,166MWh, equivalent to the amount of $2,935,346 and GR generated a total of 51,564MWh, equivalent to the amount of $3,068,853.

GMSA reports an accumulated balance for non-recurring maintenance of $37,316,847 at September 30, 2016.

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

**NOTE 28: GMSA – PRESENTATION TO CAMMESA (Cont'd)**

On June 10, 2016, a note about non-recurring maintenance was filed with CAMMESA by both GLB and GR, for a total amount of USD 953,000 plus VAT. The technical team from CAMMESA completed the visits to the power plant and issued a report on GLB and GR which is under economic assessment.

**NOTE 29: MERGER THROUGH ABSORPTION**

**a) GMSA – GISA – GLBSA – GRISA MERGER THROUGH ABSORPTION**

On August 31, 2015, GMSA entered into a merger agreement (the "Merger Agreement") whereby it started the merger through absorption process of the companies GISA, GLBSA and GRISA (the "corporate reorganization").

The Corporate Reorganization allows to enhance and optimize the performance of the economic activities and the operating, administrative and technical structures of the Participating Companies to achieve synergies and operating efficiency through only one operating unit. Considering that the participating companies are electric power generating agents in the WEM and that their main line of business is the generation and sale of electric power, the Merger will be beneficial for the following reasons: a) the type of business activity of the Participating Companies, which enables integration and complementation for greater operating efficiencies; b) a simplification of the participating companies' corporate structure by consolidating the companies' activities in only one entity; c) the synergy of the union of the different Group companies will make the exercise of control, management and administration of the energy business more effective; d) the obtainment of a larger scale, permitting increasing the financial ability to develop new projects; e) a better allocation of existing resources; f) benefiting from a centralized administration, unifying the political and strategic decision-making processes in relation to the business, thus eliminating multiple costs (legal, accounting, administrative, financial and other costs); and g) the creation of more career opportunities for the employees of the participating companies. Furthermore, the above-mentioned benefits will be obtained without incurring tax costs, as the Corporate Reorganization will be tax free under the terms of Section 77 and following provisions of the Income Tax Law No. 26839.

**b) GMSA – GFSA MERGER THROUGH ABSORPTION**

Furthermore, the above-mentioned benefits will be obtained without incurring tax costs, as the Corporate Reorganization will be tax free under the terms of Section 77 and following provisions of the Income Tax Law No. 26839.

As a result of the merger and as approved in the Merger Agreement and Final Merger Agreement, as from the effective date of merger (January 1, 2016): (a) the equities of all merged companies (Generación Independencia S.A., Generación La Banda S.A., and Generación Riojana S.A.) were fully transferred to GMSA, thus acquiring the ownership of all rights and obligations of GISA, GLBSA and GRISA, subject to the registration of the final merger agreement in the Public Registry under the Superintendency of Commercial Companies (IGJ); (b) GISA, GLBSA and GRISA were dissolved without liquidation, being absorbed by GMSA; (c) GMSA capital stock increased from $ 76,200,073 to $ 125,654,080, amending the by-laws of the continuing company.

On March 18, 2016, the CNV through Resolution No. 18003 approved the described merger through absorption within the terms of Section 82 of the General Companies Law No. 19550 and ordered that the file be sent to the IGJ for its registration, which was performed on May 18, 2016.

On August 31, 2016, GMSA entered into a preliminary merger agreement (the "GMSA-GFSA Preliminary Merger Agreement") whereby it started a process for the merger through absorption of GFSA (the "GMSA-GFSA Corporate Reorganization").

**NOTE 29: MERGER THROUGH ABSORPTION (Cont'd)**

**b) GMSA – GFSA MERGER THROUGH ABSORPTION (Cont'd)**

The GMSA-GFSA Corporate Reorganization will allow to enhance and optimize the performance of the economic activities and the operating, administrative and technical structures of the participating companies to achieve synergies and operating efficiency through only one operating unit. Considering that the participating companies are electric power generating agents in the WEM and that their main line of business is the generation and sale of electric power, the Merger will be beneficial for the following reasons: a) the type of business activity of the participating companies, which enables integration and complementation for greater operating efficiencies; b) a simplification of the participating companies' corporate structure by consolidating the companies' activities in only one entity; c) the synergy of the union of the different Group companies will make the exercise of control, management and administration of the energy business more effective; d) the obtainment of a larger scale, permitting to increase the financial ability to develop new projects; e) a better allocation of existing resources; f) benefiting from a centralized administration, unifying the political and strategic decision-making processes in relation to the business, thus eliminating multiple costs (legal, accounting, administrative, financial and other costs); and g) the creation of more career opportunities for the employees of the participating companies. Furthermore, the above-mentioned benefits will be obtained without incurring tax costs, as the GMSA-GFSA Corporate Reorganization will be tax free under the terms of Section 77 and following provisions of the Income Tax Law No. 26839.

As a result of the merger and as approved in the GMSA-GFSA Preliminary Merger Agreement, as from the effective date of merger (January 1, 2017): (a) all of GFSA's equity will be transferred to GMSA, thus acquiring the ownership of all rights and obligations of GFSA, subject to the registration of the final merger agreement with the Public Registry under the Superintendency of Commercial Companies (IGJ); (b) GFSA will be dissolved without liquidation, therefore being absorbed by GMSA; (c) GMSA capital stock will be increased from $ 125,654,080 to $ 138,172,150, with the consequent amendments to the bylaws of the continuing company.

**NOTE 30: 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. To this end, it is informed that the Company stores its work papers and information at its principal place of business, located at Av. L.N. Alem 855, 14th floor - City of Buenos Aires.

**NOTE 31: INVESTMENTS IN OTHERS COMPANIES**

To increase the thermal power generation capacity, the Argentine Government created in 2004 the FONINVEMEM, a fund administered by CAMMESA to make investments in thermal power generation. To finance the FONINVEMEM, the Energy Secretariat invited all WEM agents that held LVFVD due by the WEM, to express their decision to invest (or not) in the FONINVEMEM 65% of their receivables generated between January 2004 and December 2006.

The Company holds an equity interest of 0.0282% equivalent to 141 shares in Termoeléctrica José de San Martín S.A. and Termoeléctrica Manuel Belgrano S.A., which engage in equipment purchases, construction, operation and maintenance of the respective power plants. The fair value of the unlisted ordinary shares in Termoeléctrica José de San Martín S.A. and Termoeléctrica Manuel Belgrano S.A. has been estimated using a model of discounted cash flows based on dividends at September 30, 2016.

**NOTE 32: GASNOR S.A. FRAMEWORK OFFER**

On February 24, 2011, the Company entered into a Framework Offer Agreement with Gasnor S.A. (the distributor) whereby the Company undertakes to perform the works necessary for adapting the natural gas distribution system owned by Gasnor S.A. for it to be able to deliver gas in the supply pressure conditions required by GFSA.

The parties agreed that the Company would charge the distributor $4,079,677 (plus value added tax) for the entire work. This amount has been invoiced and will be offset against the gas carriage charges recorded subsequent to the performance and authorization of the works.

**NOTE 33: SUBSEQUENT EVENTS**

**a) GMSA – GFSA merger through absorption**

On October 18, 2016, GMSA held an Ordinary and Extraordinary Meeting of Shareholders and GFSA an Extraordinary Meeting of Shareholders, in both cases by virtue of the merger of GFSA into GMSA, at which the shareholders approved the corporate reorganization referred to above, as well as the respective documentation.

At GFSA Meeting of Shareholders the following was also approved: (i) The early dissolution without liquidation of GFSA as a result of the merger, and its deregistration as a corporation in due course; (ii) the transfer to GMSA so that the latter may assume the obligations arising under the Class II and Class III Negotiable Obligations issued by GFSA under the Program for the Issuance of Ordinary Negotiable Obligations (Not Convertible into Shares) for an amount of up to USD 50,000,000 (or its equivalent in other currencies), and that GFSA requests from the pertinent agencies the transfer to GMSA of the negotiable obligations for public offering, listing and trading.

At the Meeting held by GMSA the following was also approved: (i) within the framework of the merger process, a GMSA capital increase from $ 125,654,080 to $ 138,172,150 by issuing 12,518,070 new ordinary registered non-endorsable shares of GMSA, of $1 par value each and entitled to 1 (one) voting right per share, considering the respective swap ratio, as from the effective merger date (January 1, 2017), delegating to the Board of Directors the power to decide when the new shares will be issued. Furthermore, as a result of that capital increase, it was resolved to approve the amendment to section 5 of corporate bylaws; (ii) the appointment of Messrs. Juan Carlos Collin and Jorge Hilario Schneider as regular Board members, in addition to the current members of that body.

The publications for 3 (three) days, in compliance with Section 83 of the General Companies Law were completed on October 21, 2016, and the period for opposition of creditors commenced.

**b) GMSA - Settlement of the Credit Suisse loan**

On October 21, 2016, the Company settled the second tranche of the loan with Credit Suisse for an amount of USD 40 million, upon compliance with the minimum period of permanence, as required by BCRA regulations in force. The documents corresponding to the release of guarantees were signed on October 28, 2016.

**c) GFSA - Capital paid-in**

By Board Meeting Minutes dated October 7, 2016, a payment for $ 10,290,000 that had remained outstanding was made, therefore the corporate capital has been fully paid up.

**d) Issue of ASA Class II Negotiable Obligations**

On October 25, 2016, ASA issued Class II NO for the amount of $ 220 million. The repayment will be made after 24 months with amortizations being paid at the 18th, 21th and 24th months, the rate to be accrued is BADLAR + 4%. The issue was partially subscribed in kind with Class I NO issued in December 2016. Liquid funds obtained have been fully used to repay the debt existing with RGA.

The A-rating obtained for this issue was granted by Fix Rating Argentina.

**NOTE 34: FINANCIAL STATEMENTS TRANSLATION INTO ENGLISH LENGUAGE**

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

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

## Summary of Activity at September 30, 2016 and 2015

1. Brief comment on the activities carried out by the issuer, including references to relevant events subsequent to the fiscal closing date.

Pursuant to the provisions of General Resolution N° 368/01 and subsequent modifications of the National Securities Commission (CNV), we present below an analysis of the results of the operations of Albanesi S.A.(the Company) and its equity and financial position, which should be read alongside the corresponding interim condensed financial statements.

| | Nine-month period ended September 30, | | | |
|---|---|---|---|---|
| | **2016** | **2015** | **Var.** | **Var. %** |
| | GWh | | | |
| **Sales per type of market** | | | | |
| Sale of electricity Res. 95/529/482 and spot | 967.6 | 1,188.1 | (220.5) | (19%) |
| Sale of electricity Plus. | 546.0 | 615.2 | (69.2) | (11%) |
| Sales CAMMESA 220 | 320.9 | 478.9 | (158.0) | (33%) |
| | **1,834.5** | **2,282.2** | **(447.7)** | **(20%)** |

The sales to each market are presented below (in millions of pesos):

| | Nine-month period ended September 30, | | | |
|---|---|---|---|---|
| | **2016** | **2015** | **Var.** | **Var. %** |
| | (in millions of pesos) | | | |
| **Sales per type of market** | | | | |
| Sales Spot Market 95 /529/482 and spot | 386.4 | 273.7 | 112.7 | 41% |
| Sale of electricity Plus. | 580.2 | 409.7 | 170.5 | 42% |
| Sales CAMMESA 220 | 785.3 | 448.8 | 336.5 | 75% |
| Services provided | - | 2.0 | (2.0) | (100%) |
| **Total Sales** | **1,751.9** | **1,134.2** | **617.7** | **54%** |

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

## Summary of Activity at September 30, 2016 and 2015

Results for the nine-month period ended September 30 2016 and 2015 (in millions of pesos)

| | 2016 | 2015 | Var. | Var. % |
|---|---|---|---|---|
| Sale of energy | 1,751.9 | 1,134.2 | 617.7 | 54% |
| **Net sales** | **1,751.9** | **1,134.2** | **617.7** | **54%** |
| Cost of purchase of electric energy | (442.1) | (264.4) | (177.7) | 67% |
| Cost of gas and gasoil consumption | (478.3) | (352.0) | (126.3) | 36% |
| Salaries, wages and social sec. Contrib. | (81.1) | (57.2) | (23.9) | 42% |
| Pension Plan | (0.4) | (0.3) | (0.1) | 33% |
| Maintenance services | (90.7) | (71.5) | (19.2) | 27% |
| Depreciation of property, plant and equipment | (130.6) | (78.0) | (52.6) | 67% |
| Insurance | (18.4) | (13.0) | (5.4) | 42% |
| Sundry | (35.9) | (25.8) | (10.1) | 39% |
| **Cost of sales** | **(1,277.5)** | **(862.2)** | **(415.3)** | **48%** |
| **Gross profit** | **474.4** | **272.0** | **202.4** | **74%** |
| Salaries, wages and social sec. Contrib. | (0.4) | (0.8) | 0.4 | (50%) |
| Taxes, rates and contributions | (2.6) | (7.8) | 5.2 | (67%) |
| Doubtful debt expenses | (3.9) | - | (3.9) | 100% |
| **Selling expenses** | **(6.9)** | **(8.6)** | **1.7** | **(20%)** |
| Salaries, wages and social sec. Contrib. | (4.5) | (7.6) | 3.1 | (41%) |
| Service Fees and retributions | (20.7) | (11.1) | (9.6) | 86% |
| Travel & mobility and entertainment expense | (1.2) | (1.4) | 0.2 | (14%) |
| Taxes, rates and contributions | (1.6) | (2.7) | 1.1 | (41%) |
| Sundry | (4.5) | (3.7) | (0.8) | 22% |
| **Administrative expenses** | **(32.5)** | **(26.5)** | **(6.0)** | **23%** |
| Gain/ on investments in related companies | (1.0) | (0.3) | (0.7) | 233% |
| Other operating income | 8.1 | 17.4 | (9.3) | (53%) |
| Other operating expenses | - | (41.2) | 41.2 | (100%) |
| **Operating income** | **442.1** | **212.8** | **229.3** | **108%** |
| Commercial interest | 35.0 | 4.5 | 30.5 | 678% |
| Interest paid on loans | (275.6) | (119.8) | (155.8) | 130% |
| Exchange difference | (105.7) | (11.0) | (94.7) | 861% |
| Bank expense | (12.4) | (5.0) | (7.4) | 148% |
| Sundry | (8.5) | (30.4) | 21.9 | (72%) |
| **Financial loss** | **(367.2)** | **(161.7)** | **(205.5)** | **127%** |
| **Result before tax** | **74.9** | **51.1** | **23.8** | **47%** |
| Income tax | (43.6) | (11.4) | (32.2) | 282% |
| **Result from continuing operations** | **31.3** | **39.7** | **(8.4)** | **(21%)** |
| Discontinued operations | - | (16.2) | 16.2 | (100%) |
| **Net income for the period** | **31.3** | **23.5** | **7.8** | **33%** |
| **Other Comprehensive Income** | **(0.1)** | **(2.4)** | **2.3** | **(96%)** |
| **Total Other Comprehensive Income** | **31.2** | **21.1** | **10.1** | **(48%)** |

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## Summary of Activity at September 30, 2016 and 2015

Sales:

Net sales for the period ended September 30, 2016 reached $ 1,751.9 million, compared with $ 1,134.2 million for the same period of 2015, representing an increase of $ 617.7 million (or 54%).

During the first nine months of 2016, energy sales reached 1,834.5 GWh, having decreased 20% from the 2,282.2 GWh sold in 2015.

The main sources of income of the Company and their behavior during the nine-month period ended September 30, 2016, compared with the previous year are described below:

(i) $580.2 million from sales under "Energía plus", a 42% increase from $ 409.7 million for the same period of 2015. This variation is attributed to the effect on prices of the higher exchange rate.

(ii) $785.3 million from sales of electricity on the spot market to CAMMESA under the framework of Resolution 220/07, representing a 75% increase from the $448.8 million in fiscal year 2015. This variation is explained by the start up of GFSA and a rise in prices of electricity due to the higher exchange rate. The rise was offset by a decrease of the sales volume.

(iii) $386.4 million from sales of electricity under Resolution 95/529/482/22 and on the spot market, showing a 41% increase from the sales of $ 273.7 million in fiscal year 2015. This variation is explained by an increase in the price paid for electricity by enforcement of Res. 22/16, and a favorable effect on the sales volume.

Cost of sales

Cost of sales for the nine-month period ended September 30, 2016 reached $ 1,277.5 million, compared with $ 862.2 million for the same period of 2015, representing an increase of $ 415.3 million (or 48%).

The main costs of sales of the Company in millions of Pesos and their behavior during this period, compared with the same period of the previous year, are described below:

(i) $ 442.1 million for purchases of electricity, which increased 67% compared with $ 264.4 million for the same period of 2015, as a result of higher costs required to supply "Energía Plus" spot market due to the variation in the exchange rate.

(ii) $ 478.3 million incurred in purchases of gas and gasoil consumed by the plant, reflecting an increase of 36% from the $ 352.0 million for the same period of 2015. This variation is due to the price of gas explained by the increase in the exchange rate.

(iii) $ 81.1 million in salaries and social security contributions, reflecting a 42% increase from $ 57.2 million for the same period of 2015, which is mainly attributed to wage increases granted and increase of staff hired.

(iv) $ 90.7 million in maintenance services, reflecting a 27% increase from $ 71.5 million for the same period of 2015. This increase is explained by the rise in the exchange rate offset by fewer operating hours, which have an impact on the cost of the maintenance contract with PWPS for certain subsidiaries. . It is worth noting that the cost of this contract is recognized by CAMMESA in the remuneration paid for operating and maintenance costs for sales according to Contract under Res. 220/07.

(v) A charge of $ 130.6 for depreciation of PP&E, up 67% from the $ 78.0 million for the same period of 2015. This variation is mainly due to the higher depreciation value of PP&E as a result of their revaluation at December 31, 2015 and to the start-up of GFSA power plant.

(vi) $ 18.4 million paid for insurance, up 42% from the $ 13.0 million for the same period of 2015 as a result of the variation in the exchange rate.

Gross income

The gross result for the period ended September 30, 2016 was a profit of $ 474.4 million, compared with a profit of $ 272.0 million for the period ended September 30, 2015, showing a 74% increase. This increase is mainly attributed to the effect of the exchange rate increase on the operating activity of the subsidiaries, the high availability at the power plants throughout the year, and the start-up of GFSA. Additionally, fees were increased due to the enforcement of Res. SE 22, which modified and expanded Resolution SE 482. This resolution allowed for increasing the operating results of the Company, generating an additional cash flow that improved its working capital position.

Selling expenses:

Selling expenses for the nine-month period ended September 30, 2016 amounted to $ 6.9 million, down 20% from the same period of 2015.

Administrative expenses

Total administrative expenses for the nine-month period ended September 30, 2016 reached $ 32.5 million, compared with $ 26.5 million for the same period of 2015, representing an increase of $ 6.0 million (or 23%).

The main administrative expenses of the Company in millions of Pesos and their behavior during this period, compared with the same period of the previous year, are described below:

(i) $ 20.7 million in Fees and compensation for services, which grew 86%, from $ 11.1 million for the same period of 2015. This variation stems from an increase in tariffs for existing services and new services being engaged.

Other income and expenses

Other operating income for the period ended September 30, 2016 amounted to $ 8.1 million, which accounted for a 53% decrease compared with the $ 17.4 million for the same period of 2015. This decrease was mainly due to the sale of Albanesi S.A. shares in Bodega del Desierto S.A. for $ 17.1 million in 2015, which were not considered core assets for the business.

## Summary of Activity at September 30, 2016 and 2015

Other operating expenses for the period ended September 30, 2016 amounted to $ $41.2 million corresponding to the termination of the contract for the purchase of a turbine with General Electric in 2015.

Operating income

The operating result for the period ended September 30, 2016 was a profit of $ 442.1 million, compared with a profit of $ 212.8 for the same period of 2015, representing an increase of 108%. This increase is mainly attributed to the effect of the increase of the exchange rate on the operating activity of the combined companies, the high availability at the power plants throughout the year and the start-up of GFSA power plant. Additionally, fees were increased due to the enforcement of Res. SE 22, which modified and expanded Resolution SE 482. This resolution allowed for increasing the operating results of the Company, generating an additional cash flow that improved its working capital position.

Financial results:

The financial result for the nine-month period ended September 30, 2016 was a loss of $ 367.3 million, compared with a loss of $ 161.7 million for the same period of 2015, showing an 127% increase.

The most salient aspects of this variation are described below:

(i) A loss of $ 275.6 million due to interest paid on loans, up 130% from the loss of $ 119.8 million for the same period of 2015 as a result of (i) an increase in the floating interest rates on the debt in pesos, (ii) start-up of GFSA power plant, and (iii) the effects of the increase in the exchange rate on the accrual of interest on loans in foreign currency.

(ii) A loss of $ 105.7 million as a result of the net exchange difference, this caption was 861% higher than the prior year loss of $ 11.0 million. The increase is due to a higher exposure in foreign currency for the financing of new projects and a higher increase of the average exchange rate for the period.

Income/Loss before tax

The Company reported a profit before tax of $ 74.9 million for the period ended September 30, 2016, which compares with a profit of $ 51.1 million for the same period of 2015.

The after-tax result was a loss of $ 43.6 million for the period ended September 30, 2016, which compares with a loss of $ 11.4 million for the same period of 2015.

Net Profit from continuing operations:

The net result from continuing operations for the period ended September 30, 2016 was a gain of $31.2 million, compared with the loss of $39.7 million for the same period of 2015.

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## Summary of Activity at September 30, 2016 and 2015

Net Result from discontinued operations:

The results from discontinued operations correspond to the sale of the interest held by BDD in the wine business, and the sale of the share in the air transport business held by AJSA. ASA sold its 90% and 95% interest to RGA on September 29 and October 27, 2015, respectively. The net result from discontinued operations for the nine-month period ended September 30, 2015, was a loss of $16.2 million.

Net income:

The net result for the period ended September 30, 2016, was a gain of $31.3 million, which compared with $23.5 million for the same period of 2015 reflecting a decrease of 33%.

2. Equity structure presented comparatively with the previous period:
(in millions of pesos)

| | 9.30.16 | 9.30.15 | 9.30.14 |
|---|---|---|---|
| Non-Current Assets | 4,153.2 | 2,503.1 | 2,225.8 |
| Current Assets | 3,435.3 | 504.1 | 552.8 |
| **Total Assets** | **7,588.5** | **3,007.2** | **2,778.6** |
| Equity attributable to the owners | 1,351.1 | 673.5 | 614.1 |
| Equity not attributable to the parent | 71.0 | 46.1 | 46.6 |
| **Total assets** | **1,386.1** | **719.6** | **660.7** |
| Non-Current Liabilities | 5,395.5 | 1,539.9 | 1,334,4 |
| Current Liabilities | 806.9 | 747.7 | 783.5 |
| **Total Liabilities** | **6,202.4** | **2,287.6** | **2,117.9** |
| **Total shareholders' equity and liabilities** | **7,588.5** | **3,007.2** | **2,778.6** |

3. Breakdown of results presented comparatively with the previous period:
(in millions of pesos)

| | 9.30.16 | 9.30.15 | 9.30.14 |
|---|---|---|---|
| Operating income | 442.1 | 212.8 | 205.9 |
| Financial results | (367.2) | (161.7) | (260.0) |
| **Operating income** | **74.9** | **51.1** | **(54.1)** |
| Income tax | (43.6) | (11.4) | 15.9 |
| **Income/loss from continuing operations** | **31.3** | **39.7** | **(38.2)** |
| Discontinued operations | - | (16.2) | (2.8) |
| **Income/loss for the period** | **31.3** | **23.5** | **(41.0)** |
| **Other comprehensive income** | (0.1) | (2.4) | 217.1 |
| **Statement of comprehensive income** | **31.2** | **21.1** | **176.1** |

## Summary of Activity at September 30, 2016 and 2015

4. Cash flow structure presented comparatively with the previous period:
(in millions of pesos)

| | 9.30.16 | 9.30.15 | 9.30.14 |
|---|---|---|---|
| Funds (used in)/ generated by operating activities | (588.3) | 135.6 | 188.3 |
| Funds (used in) investment activities | (1,040.1) | (150.1) | (45.8) |
| Funds generated by/ (used in) financing activities | 3,021.9 | (7.5) | (23.5) |
| **INCREASE IN CASH AND CASH EQUIVALENTS** | **1,393.5** | **(22.0)** | **119.0** |

5. Ratios presented comparatively with the previous fiscal year:

| | 9.30.16 | 9.30.15 | 9.30.14 |
|---|---|---|---|
| Liquidity (1) | 4.26 | 0.67 | 0.71 |
| Credit standing (2) | 0.21 | 0.29 | 0.31 |
| Locked-up capital (3) | 0.55 | 0.83 | 0.80 |
| Indebtedness ratio (4) | 4.21 | 2.16 | 1.96 |
| Indebtedness ratio (5) | 4.46 | 2.16 | 1.96 |
| Interest coverage ratio (6) | 2.30 | 2.73 | 2.23 |

(1) Current assets / Current liabilities
(2) Equity / Total liabilities
(3) Non-current assets / Total Assets
(4) Financial debt excluding CAMMESA / annualized EBITDA
(5) Financial debt / annualized EBITDA
(6) Annualized EBITDA / Interest accrued

6. Brief comment regarding the Outlook for Fiscal year 2016:

Company outlook for fiscal year 2016

**Commercial and operating sector**

The Company expects that the various generating units will continue to operate normally in line with dispatches defined by CAMMESA. The primary objective is to keep a high level available at the Power Plants to maintain Company's profitability. To that end, an exhaustive preventative maintenance plan is being carried out for the generating units, to ensure high availability of the Power Plants' turbine generators.

## Summary of Activity at September 30, 2016 and 2015

The combined Companies are undertaking investment projects to increase power generation capacity by 400 MW.

Under contracts pursuant to Energy Secretariat Resolution 220/07, progress is being made in three projects for an additional total power generation capacity of 150 MW, as detailed below:

A Siemens SGT-800 turbine with a 50-MW nominal capacity was installed at GR. It is expected to become commercially operative in December 2016, under a contract pursuant to Energy Secretariat Resolution 220/07.

Furthermore, the installation of two Siemens SGT-800 turbines with a nominal capacity of 50 MW is expected at GMSA. It is expected to become commercially operative in the second quarter of 2017, under a contract pursuant to Energy Secretariat Resolution 220/07.

Under the framework of Resolution No. 21/16, the Company presented projects to enlarge the power generation capacity by 250MW, which were awarded through a bidding process.

The projects are set within the framework of agreements entered into with CAMMESA under Resolution 21/16 S.E.

Generation capacity will be increased by 100 MW at GI, with the installation of two Siemens SGT-800 turbines of 50 MW each. The first stage (50 MW) is expected to become commercially operative during the third quarter of 2017, and the second stage (50 MW), in the first quarter of 2018.

In addition, the construction of a new plant in the province of Buenos Aires started (Ezeiza Thermal Power Plant) with a generation capacity of 150 MW, by installing three 50-MW Siemens SGT-800 turbines. The first stage (100MW) is expected to become commercially operative during the third quarter of 2017, and the second stage (50 MW), in the first quarter of 2018.

**Financial Position**

During the current fiscal year, the company's objective is to improve the financing structure and ensure progress in the investment works described above, according to the budgeted schedules.

On July 27, 2016, GMSA, CTR and GFSA co-issued an international bond for USD 250 million, falling due within 7 years. The international bond is guaranteed by ASA.

The issuance of the international bond has enabled the Company to repay existing financial debt and finance investment projects faced by the Group for increasing the generable power capacity.

pwc

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# REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders, President and Directors of
Albanesi S.A.
Legal address: Av. L.N. Alem 855, 14th Floor
Autonomous City of Buenos Aires
Tax Code No. 30-68250412-5

## Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Albanesi S.A. and its subsidiaries (hereinafter, "the Company") which comprise the consolidated statement of financial position at September 30, 2016 and the consolidated statement of comprehensive income for the nine and three-month period ended September 30, 2016, the consolidated statements of changes in equity and of consolidated cash flows for the nine-month period then ended, and the selected explanatory notes.

The balances and other information corresponding to the fiscal year 2015 and its interim periods are an integral part of the 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 presentation of the financial statements in accordance with International Financial Reporting Standards, adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and included by the National Securities Commission (CNV) in its regulations, as approved by the International Accounting Standards Board (IASB), and is therefore responsible for the preparation and presentation of the interim condensed consolidated financial statements mentioned in the first paragraph, in accordance with International Accounting Standard 34 "Interim Financial Information" (IAS 34).

## Scope of our review

Our review was limited to the application of the procedures established by International Standards on Review Engagements (ISRE) 2410 "Review of the interim financial information performed by the independent auditor of the entity", adopted as a review standard in Argentina through Technical Pronouncement No. 33 of the FACPCE, as approved by the International Auditing and Assurance Standards Board (IAASB). A review of interim financial information consists of making inquiries of the Company's personnel responsible for preparing the information included in the interim condensed consolidated financial statements and performing analytical and other review procedures. This review is substantially less in scope than an audit examination conducted in accordance with international standards on auditing and consequently it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated financial position, the consolidated comprehensive income and the consolidated cash flows of the Company.

## Conclusion

On the basis of our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements mentioned in the first paragraph of this report have not been prepared, in all material respects, in accordance with International Accounting Standard 34.

## Report on compliance with regulations in force

In accordance with current regulations, we report that:

a) the interim condensed consolidated financial statements of the Company are transcribed into the "Inventory and Balance Sheet" book and as regards those matters that are within our competence, they comply with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission;

b) the interim condensed separate financial statements of the Company stem from accounting records kept in all formal respects in conformity with legal regulations;

c) we have read the summary of activity, on which we have no observation to make insofar as concerns matters within our field of competence;

d) as of September 30, 2016, there is no debt accrued in favor of the Argentine Integrated Social Security System;

Autonomous City of Buenos Aires, November 11, 2016

PRICE WATERHOUSE & CO. S.R.L.

Dr. Raúl Leonardo Viglione
(Partner)

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**Report of the Syndics' Committee**

To the Shareholders of
Albanesi S.A.

1. Pursuant to the provisions of section 294 of the Law 19550 and National Securities Commission regulations, we have reviewed the accompanying interim condensed consolidated financial statements of Albanesi S.A. (hereinafter, "the Company") which comprise the statement of financial position at September 30, 2016, the statement of comprehensive income for the nine-month period ended September 30, 2016, the statements of changes in equity and of cash flows for the nine-month period then ended, and the selected explanatory notes. The balances and other information corresponding to the fiscal year 2015 are an integral part of the financial statements mentioned above; therefore, they must be considered in connection with these financial statements.

2. The Board of Directors of the Company is responsible for the preparation and presentation of the interim condensed consolidated financial statements in accordance with International Financial Reporting Standards, adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and included by the National Securities Commission (CNV) in its regulations, as approved by the International Accounting Standards Board (IASB), and is therefore responsible for the preparation and presentation of the interim condensed financial statements mentioned in paragraph 1, in accordance with International Accounting Standard 34 "Interim Financial Information" (IAS 34). Our responsibility is to express a conclusion based on the review performed with the scope detailed in paragraph 3.

3. Our review was carried out in accordance with standards applicable to syndics. Those standards require that the procedures established in Technical Pronouncement No. 33 of the Argentina Federation of Professional Councils in Economic Sciences for limited reviews of interim financial statements be performed, and include verifying the consistency of the documents reviewed with the information on corporate decisions disclosed in minutes and the conformity of those decisions to 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 review report on the interim condensed consolidated financial statements on November 11, 2016. A review of interim financial information consists of making inquiries of the Company's personnel responsible for preparing the information included in the interim condensed financial statements and performing analytical and other review procedures. This review is substantially less in scope than an audit examination conducted in accordance with international standards on auditing and consequently it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the financial position, the comprehensive income and the cash flows of the Company. We have not assessed the administrative, financing, marketing or operating business criteria as these matters fall within the exclusive competence of the Board of Directors and Shareholders' meeting.

4. As indicated in Note 3, the interim condensed consolidated financial statements mentioned in paragraph 1 have been prepared in accordance with International Accounting Standard 34.

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5. Based on our review, we are not aware of any significant modification to be introduced to the interim condensed consolidated financial statements mentioned in paragraph 1, for their presentation in accordance with the pertinent regulations of Law No. 19550, the National Securities Commission and standards mentioned in paragraph 2.

6. The provisions of Section 294 of the Law No. 19550 have been duly fulfilled.

Autonomous City of Buenos Aires, November 11, 2016

Marcelo P. Lerner
Full Syndic
For the Syndics' Committee

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ALBANESI

# Albanesi S.A.

**Interim condensed separate financial statements**

At September 30, 2016 and for the nine and three-month periods ended September 30, 2016 and 2015, presented in a comparative format.

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# Albanesi S.A.

## INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS AT SEPTEMBER 30, 2016 AND 2015

### 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 interim condensed separate financial statements of the Company.

| Terms | Definitions |
|---|---|
| /day | Per day |
| AISA | Albanesi Inversora S.A. |
| AJSA | Alba Jet S.A. |
| AFSA | Albanesi Fueguina S.A. |
| AISA | Albanesi Inversora S.A. |
| AFIP | Federal Administration of Public Revenue |
| ASA | Albanesi S.A. |
| AVRC | Alto Valle Río Colorado S.A. |
| AVSA | Albanesi Venezuela S.A. |
| BADLAR | Interest rates paid by financial institutions on their time deposits for over one million pesos. |
| BADCOR | Adjusted BADLAR rate |
| BDD | Bodega del Desierto S.A. |
| BCRA | Argentine Central Bank |
| CAMMESA | Compañía Administradora del Mercado Mayorista Eléctrico S.A. |
| CC | Combined cycle |
| IFRIC | International Financial Reporting Interpretations Committee |
| CNV | National Securities Commission |
| CTR | Central Térmica Roca S.A. |
| CVP | Variable Production Cost |
| $Dam^3$ | Cubic decameter Volume equivalent to 1,000 (one thousand) cubic meters. |
| DH | Historical availability |
| Availability | Percentage of time in which the power plant or machinery, as applicable, is in operation (generating power) or available for power generation, but not called by CAMMESA |
| DMC | Minimum Availability Committed |
| DO | Target availability |
| DR | Registered availability |
| ENARSA | Energía Argentina S.A. |
| Energía Plus | Plan created under ES Resolution 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 |
| GMSA | Generación Mediterránea S.A. |
| GFSA | Generación Frías S.A. |
| GI | Independencia's power plant located in San Miguel de Tucumán, province of Tucumán (merged with GMSA) |
| GISA | Generación Independencia S.A. |
| GLBSA | Generación La Banda S.A. |
| GLB | La Banda's power plant located in La Banda, province of Santiago del Estero (merged with GMSA) |

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**GLOSSARY OF TECHNICAL TERMS (Cont'd)**

| Terms | Definitions |
|---|---|
| GM | Modesto Maranzana's power plant located in Río IV, province of Córdoba |
| GMSA | Generación Mediterránea S.A. |
| Large Users | WEM agents classified according to their consumption unto: GUMAs, GUMEs, GUPAs and GUDIs |
| GR | Riojana's power plant located in La Rioja, province of La Rioja (merged with GMSA) |
| GROSA | Generación Rosario S.A. |
| GUDIs | Large Demand from Distributors, with declared or demanded supplies of over 300kW. |
| GUMAs | Major Large Users |
| GUMEs | Minor Large Users |
| GUPAs | Particular Large Users |
| GW | Gigawatt Unit of power equivalent to 1,000,000,000 watts |
| GWh | Gigawatt hour Unit of energy equivalent to 1,000,000,000 watts hour |
| IASB | International Accounting Standards Board |
| IGJ | Superintendency of Commercial Companies |
| kV | Kilovolt Unit of electromotive force which is equal to 1,000 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 |
| MAT | Futures market |
| MAPRO | Major Scheduled Maintenance |
| WEM | Wholesale Electric Market |
| MMm3 | Million cubic meters |
| MW | Megawatt Unit of power equivalent to 1,000,000 watts |
| MWh | Megawatt hour Unit of energy equivalent to 1,000,000 watts hour |
| MVA | Mega-volt ampere, unit of energy equivalent to 1 volt x 1 ampere x 106 |
| ARG GAAP | Argentine GAAP |
| IAS | International Accounting Standards |
| IFRS | International Financial Reporting Standards |
| ON | Negotiable obligations |
| PWPS | Pratt & Whitney Power System Inc |
| Resolution 220/07 | Regulatory framework for the sale of energy to CAMMESA through the "WEM Supply Contract" under Energy Secretariat Resolution No. 220/07 |
| GR | General Resolution |
| RGA | Rafael G. Albanesi S.A. |
| SADI | Argentine Interconnection System |
| ES | Energy Secretariat |
| TRASNOA S.A. | An electric power carriage company by means of a trunk line in the Argentine Northwestern region |
| CGU | Cash-Generating Unit |

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# Albanesi S.A.

**Composition of the Board of Directors and Syndics' Committee**
**as of September 30, 2016**

**President**
Armando R. Losón

**Vice-president 1°**
Guillermo G. Brun

**Vice-president 2°**
Julián P. Sarti

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

**Alternate Directors**
Armando Losón (h)
José L. Sarti
Juan G. Daly
María de los Milagros D. Grande
Ricardo M. Lopez
Romina S. Kelleyian

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

**Alternate Syndics**
Carlos I. Vela
Juan Cruz Nocciolino
Augusto N. Arena

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# Albanesi S.A.

| | |
|---|---|
| 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 ID: | 30-68250412-5 |

DATES OF REGISTRATION WITH THE PUBLIC REGISTRY OF COMMERCE:

| | |
|---|---|
| Of by-laws or incorporation agreement: | September 28, 1994 |
| Last amendment: | March 22, 2016 (registration pending) |
| Registration number with the Superintendency of Commercial Companies: | 6216 of Book 115, Volume A of Corporations |
| Expiration of By-laws or incorporation agreement: | June 28, 2093 |

| **CAPITAL STATUS (See Note 14)** [(1)] | | | |
|---|---|---|---|
| **Shares** | | | |
| **Number** | **Type** | **Number of votes per share** | **Subscribed and paid-in** |
| | | | **$** |
| 62,455,160 | Ordinary, registered, non-endorsable FV $1 | 1 | 62,455,160 |

[(1)] The latest capital increase as decided by the Extraordinary Shareholders' Meeting dated March 22, 2016 (See Note 14) has not yet been registered.

# Albanesi S.A.

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**Interim Condensed Separate Statement of Financial Position**
At September 30, 2016 and December 31, 2015
Stated in pesos

| | Note | 09.30.16 | 12.31.15 |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Investments in subsidiaries and associates | 6 | 1,590,430,745 | 1,561,566,568 |
| Other receivables | 7 | 60,570,104 | 673,181 |
| **Total non-current assets** | | **1,651,000,849** | **1,562,239,749** |
| | | | |
| **CURRENT ASSETS** | | | |
| Other receivables | 7 | 84,531,268 | 67,304,797 |
| Cash and cash equivalents | 8 | 171,486 | 163,233 |
| **Total current assets** | | **84,702,754** | **67,468,030** |
| **Total Assets** | | **1,735,703,603** | **1,629,707,779** |
| | | | |
| **SHAREHOLDERS' EQUITY** | | | |
| Share Capital | 14 | 62,455,160 | 4,455,160 |
| Legal reserve | | 1,942,908 | - |
| Technical revaluation reserve | | 1,187,075,427 | 1,226,610,421 |
| Currency translation reserve | | (2,891,772) | (2,857,973) |
| Other comprehensive income | | (1,607,436) | (1,594,964) |
| Unappropriated retained earnings | | 68,169,620 | 43,137,735 |
| **TOTAL SHAREHOLDERS' EQUITY** | | **1,315,143,907** | **1,269,750,379** |
| | | | |
| **LIABILITIES** | | | |
| **NON-CURRENT LIABILITIES** | | | |
| Loans | 11 | 27,670,719 | 67,365,750 |
| Other liabilities | 10 | 74,267,162 | 100,255,918 |
| **Total non-current liabilities** | | **101,937,881** | **167,621,668** |
| | | | |
| **CURRENT LIABILITIES** | | | |
| Loans | 11 | 40,803,724 | 212,877 |
| Other liabilities | 10 | 260,684,564 | 174,501,494 |
| Income tax, net | | 474,439 | 729,121 |
| Tax payables | | 262,072 | 259 |
| Trade payables | 9 | 16,397,016 | 16,891,981 |
| **Total current liabilities** | | **318,621,815** | **192,335,732** |
| **Total Liabilities** | | **420,559,696** | **359,957,400** |
| **Total Liabilities and Shareholders' Equity** | | **1,735,703,603** | **1,629,707,779** |

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

# Albanesi S.A.

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

## Interim Condensed Separate Statement of Comprehensive Income

For the nine and three-month periods ended September 30, 2016 and 2015
Stated in pesos

| | Note | Nine-month period at | | Three-month period at | |
|---|---|---|---|---|---|
| | | 09.30.16 | 09.30.15 | 09.30.16 | 09.30.15 |
| Gain/Loss on investment in subsidiaries and associates | 6 | 49,050,448 | 7,228,953 | 19,771,020 | 1,939,775 |
| Administrative expenses | 12 | (814,000) | (384,591) | (255,600) | (8,163) |
| Other operative income | | - | 17,085,139 | - | - |
| Other operative expenses | | - | (281,885) | - | (281,885) |
| **Operating income** | | **48,236,448** | **23,647,616** | **19,515,420** | **1,649,727** |
| Financial costs | 13 | (18,996,254) | (164,031) | (5,999,627) | (90,351) |
| Other financial results | 13 | 192,542 | 7,906 | 3,295 | 2,901 |
| **Financial results, net** | | **(18,803,712)** | **(156,125)** | **(5,996,332)** | **(87,450)** |
| **Income before tax** | | **29,432,736** | **23,491,491** | **13,519,088** | **1,562,277** |
| Income tax expense | | (798,110) | - | (988,208) | - |
| **Net income for the period** | | **28,634,626** | **23,491,491** | **12,530,880** | **1,562,277** |
| **Other Comprehensive Income** | | | | | |
| *Items not reclassified into income/loss* | | | | | |
| Other comprehensive income on investment in subsidiaries and associates | | (46,271) | (2,449,235) | 46,371 | 38,541 |
| **Other comprehensive income for the period** | | **(46,271)** | **(2,449,235)** | **46,371** | **38,541** |
| **Comprehensive income for the period** | | **28,588,355** | **21,042,256** | **12,577,251** | **1,600,818** |
| Basic and diluted earnings per share | **15** | **0.63** | **5.27** | | |

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

# Albanesi S.A.

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

**Interim Condensed Separate Statement of Changes in Equity**

For the nine-month periods ended September 30, 2016 and 2015

Stated in pesos

| | Attributable to Shareholders | | | | | | |
|---|---|---|---|---|---|---|---|
| | Shareholders' contributions | Retained earnings/accumulated losses | | | | | |
| | Share Capital (Note 14) | Legal reserve | Technical revaluation reserve | Currency translation reserve | Other comprehensive income | Unappropriated retained earnings | Total |
| **Balances at December 31, 2014:** | **4,455,160** | - | **672,789,351** | **(873,907)** | **(1,660,196)** | **(22,281,606)** | **652,428,802** |
| Reversal of technical revaluation reserve | - | - | (19,895,514) | - | - | 19,895,514 | - |
| Other comprehensive income for the period | - | - | - | (2,431,482) | (17,753) | - | (2,449,235) |
| Comprehensive income for the nine-month period | - | - | - | - | - | 23,491,491 | 23,491,491 |
| **Balances at September 30, 2015** | **4,455,160** | - | **652,893,837** | **(3,305,389)** | **(1,677,949)** | **21,105,399** | **673,471,058** |
| Reversal of technical revaluation reserve | - | - | (6,665,685) | - | - | 6,665,685 | - |
| Other Comprehensive income of the three-month supplementary period | - | - | 580,382,269 | 447,416 | 82,985 | - | 580,912,670 |
| Comprehensive income of the three-month supplementary period | - | - | - | - | - | 15,366,651 | 15,366,651 |
| **Balances at December 31, 2015** | **4,455,160** | - | **1,226,610,421** | **(2,857,973)** | **(1,594,964)** | **43,137,735** | **1,269,750,379** |
| Capital increase as per Minutes of Shareholders' Meeting dated March 22, 2016 | 58,000,000 | - | - | - | - | - | 58,000,000 |
| Resolution of Ordinary Shareholders' Meeting held on April 20, 2016: | | | | | | | |
| - Legal reserve | - | 1,942,908 | - | - | - | (1,942,908) | - |
| - Distribution of dividends | - | - | - | - | - | (41,194,827) | (41,194,827) |
| Reversal of technical revaluation reserve | - | - | (39,534,994) | - | - | 39,534,994 | - |
| Other comprehensive income for the period | - | - | - | (33,799) | (12,472) | - | (46,271) |
| Comprehensive income for the nine-month period | - | - | - | - | - | 28,634,626 | 28,634,626 |
| **Balances at September 30, 2016** | **62,455,160** | **1,942,908** | **1,187,075,427** | **(2,891,772)** | **(1,607,436)** | **68,169,620** | **1,315,143,907** |

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

# Albanesi S.A.

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

**Interim Condensed Separate Statement of Cash Flows**
For the nine-month periods ended September 30, 2016 and 2015
Stated in pesos

| | Notes | 09.30.16 | 09.30.15 |
|---|---|---|---|
| **Cash flow provided by operating activities:** | | | |
| Income for the period | | 28,634,626 | 23,491,491 |
| **Adjustments to arrive at net cash flows provided by operating activities:** | | | |
| Income tax expense | | 798,110 | - |
| Interest, exchange differences and other financial results | | 18,808,910 | 164,117 |
| Gain on disposal of investment in subsidiaries | | - | (17,085,139) |
| Gain/Loss on investment in subsidiaries and associates | 6 | (49,050,448) | (7,228,953) |
| **Changes in operating assets and liabilities:** | | | |
| (Increase) in other receivables | | (55,554,351) | (4,402,695) |
| (Decrease) in trade payables | | (494,965) | (131,216) |
| (Decrease) / Increase in tax payables | | (1,151,941) | 147,004 |
| **Net cash flow (used in) operating activities** | | **(58,010,059)** | **(5,045,391)** |
| **Cash flow of investment activities:** | | | |
| Dividend received | | 15,851,130 | 58,562,521 |
| Net decrease / (increase) in other receivables with related parties | | 2,938,424 | (29,361,878) |
| Payment for acquisition of subsidiaries. | | (118,750) | - |
| **Net cash flow provided by investment activities** | | **18,670,804** | **29,200,643** |
| **Cash flow of financing activities:** | | | |
| Payment of interest | 11 | (17,546,934) | - |
| Increase net in other liabilities with related parties | | 56,899,640 | (24,260,036) |
| **Cash flows provided by (used in) financing activities** | | **39,352,706** | **(24,260,036)** |
| **INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS** | | **13,451** | **(104,784)** |
| Cash and cash equivalents at the beginning of the period | | 163,233 | 185,683 |
| Exchange difference of cash and cash equivalents | | 5,198 | 7,992 |
| Cash, cash equivalents at the end of the period | 8 | 171,486 | 72,907 |
| | | **13,451** | **(104,784)** |
| **Significant transactions not entailing funds** | | | |
| Contributions of equity not yet paid in in subsidiaries and associates | | 475,000 | - |
| Compensation for disposal of investment in subsidiaries | | - | 28,000,000 |
| Compensation for dividends allocated | | (41,194,827) | - |
| Capitalization of other debts | | (58,000,000) | - |
| Other comprehensive income on investment in subsidiaries and associates | | (46,271) | (2,449,235) |
| Allocated dividends not yet collected | | 4,763,870 | 1,635,000 |

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

## 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 electric power generation and selling segment.

Albanesi Group through ASA and AISA is engaged in the power generation and selling meanwhile through RGA it is engaged in the gas selling and transportation business.

The main strategy of Albanesi Group over the last years has been focused on achieving vertical integration, drawing on its vast experience and reputation in the natural gas sale market (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 business activity | % of interest | |
|---|---|---|---|---|
| | | | 09.30.16 | 12.31.15 |
| GMSA | Argentina | Generation of electric energy | 95.00% | 95.00% |
| GISA (1) | Argentina | Generation of electric energy | - | 95.00% |
| GRISA (1) | Argentina | Generation of electric energy | - | 95.00% |
| GLB (1) | Argentina | Generation of electric energy | - | 95.00% |
| GFSA(1) | Argentina | Generation of electric energy | 95.00% | 95.00% |
| GROSA | Argentina | Generation of electric energy | 95.00% | 95.00% |
| Solalban Energía S.A. | Argentina | Generation of electric energy | 42.00% | 42.00% |
| GLSA | Argentina | Generation of electric energy | 95.00% | - |
| AVSA | Venezuela | Oil company | 99.99% | 99.99% |

(1) Companies merged with GMSA within the framework of the merger through absorption process as described in Note 20. In addition, the same note details the merger process which GMSA will absord GFSA.

The generation segment of Albanesi Group, through ASA and AISA (ASA's subsidiary), has an installed capacity of approximately 892 MW, which accounts for 4% of the installed capacity of Argentina. Furthermore, considering the different projects underway, Albanesi Group, through ASA, AISA and Albanesi Energía S.A. (ASA's subsidiary), will have an installed capacity of approximately 1,522 MW.

On November 10, 2015, the Final Merger Agreement was signed, which establishes the merger through absorption of GISA, GLBSA and GRISA with GMSA (the continuing company) effective as from January 1, 2016. On March 18, 2016, the CNV through Resolution No. 18003 approved the described merger through absorption within the terms of Section 82 of the General Companies Law No. 19550 and ordered that the file be sent to the IGJ for its registration, which is pending at the date of issue of these financial statements, having registrated on May 18, 2016. (See Note 20).

On August 31, 2016, GMSA and GFSA entered into a preliminary merger agreement, whereby GMSA will absorb GFSA. (See Note 20)

On December 5, 2015 GFSA was authorized for commercial operation in the WEM. GFSA entered into with CAMMESA a WEM supply agreement for 55.5 MW. 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.

The total investment made by GFSA is equivalent to USD 55 million. Most remarkable are the installation of a turbine FT4000 with a capacity to generate 60 MW; the installation of a main transformer of 75 MVA and two transformers for ancillary services at the power station, of 2 and 3 KVA; the construction of two storage tanks for diesel-oil; construction of a water treatment plant; and civil works and electric works performed for the proper start-up of the Power Plant.

**NOTE 1: GENERAL INFORMATION (Cont'd)**

In 2015, ASA entered the capital markets. On November 20, 2015, it obtained the authorization to enter the public offering system and create a program of Negotiable Obligations (not convertible into shares) of up to USD 100,000,000 or its equivalent in other currencies, in one or more classes or series. On December 29, the Company issued Class I Negotiable Obligations for $ 70 million. On October 25, 2016 the Company issued Class II NO for $ 220 million.

In turn, RGA is a leading company engaged in the sale of gas and the provision of energy supply services to industries and thermal power plants. In the year 2015, the Company has sold its interest in BDD and AJSA to RGA. As a result, the interim condensed separate financial statements at September 30, 2016 do not include BDD and AJSA and the statements of income and cash flows include the Company only in the period in which ASA held its control. In view of the above, the comparability of these statements is affected.

**New projects**

GMSA, ASA's subsidiary, announced a plan to increase generation of electricity in its installed plants in different locations in Argentina, which involves works for an investment of approximately USD 352.8 million and would contribute 400 MW new to the national system.

**Enlargement at Riojana's power plant**

On September 7, 2015, GRISA executed a contract with Siemens Industrial Turbomachinery AB, whereby it agreed to purchase a turbine Siemens SGT800 of 50 MW, for an amount of USD 19.3 million. The payment of the turbine Siemens SGT800 was completed in February 2016 and it arrived at the plant in June 2016. In addition, the power transformer has been bought, as well as the gas compressor, water treatment plant, chillers and tanks, among other items. Progress is being made as scheduled with civil works and other necessary tasks. The total investment of the project amounts to USD 44.6 million. We estimate the start-up of commercial operations in December 2016.

**Enlargement at Modesto Maranzana's power plant**

On March 28, 2016, GMSA signed an agreement with Siemens Industrial Turbomachinery AB to carry out the project to enlarge the Power Plant by 100 MW from the existent 250 MW with the installation of two Siemens SGT-800 turbines of 50MW nominal each. This enlargement agreement falls within the scope of ES Resolution 220/07. An investment of USD 88 million is expected for these works. Commercial operation is scheduled to begin in the second quarter of 2017. At the date of these interim condensed financial statements, the Company has completed payment to Siemens Industrial Turbomachinery AB of USD 21.7 million, representing 50% for the purchase of two turbines, and a deferred payment agreement has been signed for the remaining 50% in 24 installments, the first one of which must be paid in August 2017. The turbines were already received at the plant. Also, in September 2016, negotiations were completed in connection with transformers, civil works for the project, chillers and cooling tower assembly, and other ancillary works.

Under the framework of Resolution No. 21/16, GMSA presented projects to enlarge the power generation capacity by 250MW, which were awarded through a bidding process. At June 30, 2016, GMSA entered into with CAMMESA agreements under this Resolution for the projects of Ezeiza stage I and II 150 MW and GI stages I and II 100 MW, stated in US dollars, take or pay clause, and effective for 10 years as from the date scheduled or date of commercial authorization, whichever occurs first.

**NOTE 1: GENERAL INFORMATION (Cont'd)**

New projects (Cont'd)

**Enlargement at Independencia's power plant**

In relation to Resolution No. 21/16 previously described, we will proceed to enlarge by 100 MW the power generation capacity in GI, through the installation of two Siemens SGT-800 turbines of 50 MW each. The estimated investment amounts to USD 82.5 million. The enlargement will be completed in two stages, installing 50MW in each of them. We estimate that the commercial operation of the first stage will start in the third quarter of 2017, and the second stage in the first quarter of 2018.

On April 30, 2016, GMSA signed a contract with Siemens Industrial Turbomachinery AB for the purchase of a SGT-800 turbine of 50 MW. At September 30, 2016, 50% of the first turbine has been paid, and the other 50% will be financed by Siemens in 24 installments. The total value of this turbine amounts to USD 21 million. In addition, the power transformers have been bought.

On August 9, 2016, GMSA signed a contract with Siemens Industrial Turbomachinery AB for the purchase of a second SGT-800 turbine of 50 MW. In that month, a payment for 5% was made; in January 2017 another payment for 5% will be made, and in March 2017, the remaining 40% will be paid. In September, 2016 a deferred payment agreement (DPA) was signed for the deferred payment of the remaining 50%, which will be financed by Siemens. The value of the turbine amounts to USD 20.6 million. In addition, in September 2016, negotiations were completed in connection with two transformers of 75 MVA, the civil works for the project and chiller equipment.

**Ezeiza's power plant**

Also under Resolution No. 21/16 described above, the construction of a new plant in the province of Buenos Aires started (Ezeiza Power Plant) with 150 MW of power generation capacity, through the installation of three Siemens turbines SGT-800 of 50 MW each. The estimated investment amounts to USD 137.5 million.

The enlargement will be completed in two stages, by installing 100 MW in the first stage and the additional 50 MW in the second stage. We estimate that the commercial operation of the first stage will start in the third quarter of 2017, and the second stage in the first quarter of 2018.

On April 30, 2016, a contract has been signed with Siemens Industrial Turbomachinery AB for the purchase of two SGT-800 turbines of 50 MW each. At September 30, 2016, 50% of the first two turbines has been paid, and the other 50% will be financed by Siemens in 24 installments. The total value of these turbines amounts to USD 21 million each.

On August 9, 2016, a contract was signed with Siemens Industrial Turbomachinery AB for the purchase of a third SGT-800 turbine of 50 MW. In that month, a payment for 5% was made; in January 2017 another payment for 5% will be made, and in March 2017, the remaining 40% will be paid. In September 2016, a deferred payment agreement (DPA) was signed for the deferred payment of the remaining 50%, which will be financed by Siemens. The value of the turbine amounts to USD 20.6 million. In a similar manner, purchase agreements have been signed for three transformers of 75 MVA, Alfa Laval equipment and chillers, and civil works.

To date, the contract for the first two transformers has been executed, and a plot of land in Ezeiza was purchased for a total amount of USD 4.4 million.

**NOTE 2: BASIS FOR PRESENTATION**

These interim condensed separate financial statements were prepared in accordance with IFRS issued by the IASB.

The CNV, through GR No. 622/13 has established the application of Technical Pronouncements No. 26 and 29 of the FACPCE which adopt IFRS issued by the IASB for entities included in the public offering system under Law No. 17811, y modificatorias, either for its capital or negotiable obligations, or which have requested authorization to be included in the mentioned system.

The Company has adopted Technical Pronouncement No. 43 for the year ending December 31, 2016. Therefore, these interim condensed separate financial statements are the first issued in accordance with IFRS, with their transition date being January 1, 2015. The provisions of IFRS 1 "First-time adoption of International Financial Reporting Standards" have been applied at that date.

IFRS1 requires that a parent company adopting IFRS for the first time for its separate financial statements subsequently to the adoption in its consolidated financial statements is to value, at the transition period, assets and liabilities (including investments in subsidiaries, associates and joint ventures) at the same amount in both financial statements, except for consolidation adjustments. Due to the exemption set forth in IFRS 1, there are no differences at the transition date; therefore, no opening balances or reconciliations as required by IFRS 1 have been included at the transition date.

These interim condensed separate financial statements of the Company for the nine and three-month period ended September 30, 2016 were prepared in accordance with IAS 34 "Interim Financial Reporting".

The presentation in the interim condensed statement of financial position segregates current and non-current assets and liabilities. Current assets and liabilities are those which are expected to be recovered or settled within the twelve months after the end of the reporting period, and those held for sale. In addition, the Company reports on the cash flow 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, provided to the elapsed period.

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

The preparation of these financial statements in accordance with IFRS requires making estimates and assessments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of issue of these financial statements, as well as the income and expenses recorded in the fiscal year. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The interim condensed separate financial statements for the nine and three-month period ended September 30, 2016 and 2015 have not been audited. Company's management estimates that they include all adjustments necessary to reasonably present the results for each period.

The results for the nine and three-month periods ended September 30, 2016 and 2015 do not necessarily reflect a proportionate percentage of the Company's results for the full year.

These interim condensed separate financial statements for the nine and three-month periods ended September 30, 2016 and 2015 were approved for issuance by the Company's Board of Directors on November 11, 2016.

## NOTE 2: BASIS FOR PRESENTATION (Cont'd)

### Comparative information

Balances at December 31, 2015 and for the nine and three-month periods ended September 30, 2015 disclosed for comparative purposes arise from financial statements at that date. Certain reclassifications have been included in the financial statement figures presented for comparative purposes to conform them to the current period presentation.

## NOTE 3: ACCOUNTING POLICIES

The accounting policies adopted for these interim condensed separate financial statements are consistent with those used in the separate financial information used for the last fiscal year, which ended on December 31, 2015.

## NOTE 4: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of interim condensed separate financial statements requires Company Management to make estimates and assessments concerning the future, apply critical judgments and establish premises that affect application of the accounting policies and the reported amounts of assets, liabilities, income and expenses.

These estimates and judgments are continually evaluated and are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual future results may differ from those estimates and assessments made at the date these interim condensed separate financial statements were prepared.

In preparing these interim condensed separate financial statements, the critical judgments delivered by the Management to apply the Company's accounting policies and the sources of information used for the related estimates are the same as those delivered in the separate financial statements for the fiscal year ended December 31, 2015.

## NOTE 5: FINANCIAL RISK MANAGEMENT

The Company's activities are disclosed under sundry financial risks: market risk (including the foreign exchange risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

These interim condensed separate financial statements do not include the information required for the annual separate financial statements regarding risk management. They must be read jointly with the financial statements corresponding to the fiscal year ended December 31, 2015. No significant changes have been made to risk management policies since the annual closing.

## NOTE 6: INFORMATION ON SUBSIDIARIES AND ASSOCIATES

The Company carries its businesses through various subsidiaries and associates.

Below, the development of investments in subsidiaries and associates is disclosed for the nine-month periods ended September 30, 2016 and 2015:

| | 09.30.16 | 09.30.15 |
|---|---|---|
| **At the beginning of the period** | **1,561,566,568** | **1,120,910,262** |
| Share capital paid-in | 475,000 | - |
| Dividends | (20,615,000) | (60,197,521) |
| Other comprehensive income | (46,271) | (2,449,235) |
| Gain on investment in subsidiaries and associates | 49,050,448 | 7,228,953 |
| Disposal of investment in subsidiaries | - | (10,914,860) |
| **At the end of the period** | **1,590,430,745** | **1,054,577,599** |

## NOTE 6: INFORMATION ON SUBSIDIARIES AND ASSOCIATES (Cont'd)

Below is a detail of investments and values of interest held by the Company in subsidiaries and associates for the nine-month period ended September 30, 2016 and for the year ended December 31, 2015, as well as participation of the Company in the results of these companies at September 30, 2016 and 2015.

| Name of the entity | Registered office of the entity | Main Activity | Ordinary Shares 1 vote | Value of the Group interest on net equity | | Participation of the Group in the results | | % of interest in | | Latest financial statement (1) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 09.30.16 | 12.31.15 | 09.30.16 | 09.30.15 | 09.30.16 | 12.31.15 | Share Capital (face value) | Result for the year | Shareholders' Equity |
| **Subsidiaries** | | | | | | | | | | | | |
| GMSA | Argentina | Electricity | 119,371,376 | 1,194,612,412 | 664,381,926 | 55,679,777 | 23,948,959 | 95% | 95% | 125,654,080 | 58,624,293 | 1,257,486,750 |
| GISA [2] | Argentina | Electricity | - | - | 405,196,483 | - | (1,542,760) | - | 95% | - | - | - |
| GRISA [2] | Argentina | Electricity | - | - | 38,925,772 | - | (13,963,462) | - | 95% | - | - | - |
| GLBSA [2] | Argentina | Electricity | - | - | 39,643,454 | - | 2,852,548 | - | 95% | - | - | - |
| GFSA | Argentina | Electricity | 106,788,522 | 112,756,027 | 144,062,417 | (31,306,391) | (1,574,337) | 95% | 95% | 112,408,964 | (26,082,263) | 125,562,383 |
| GROSA | Argentina | Electricity | 16,473,625 | 40,423,277 | 25,979,540 | 25,856,209 | 13,123,777 | 95% | 95% | 17,340,658 | 27,217,063 | 42,550,810 |
| GLSA | Argentina | Electricity | 475,000 | 456,475 | - | (18,526) | - | 95% | - | 500,000 | (19,500) | 480,500 |
| AFSA | Argentina | Hydrocarbon Generation | - | - | - | - | (181,144) | - | - | - | - | - |
| BDD | Argentina | Wine company | - | - | - | - | (6,108,359) | - | - | - | - | - |
| AJSA | Argentina | Airline company | - | - | - | - | (8,890,421) | - | - | - | - | - |
| AVSA | Venezuela | Oil Company | 24,999 | 88,279 | 249,047 | (126,968) | (99,797) | 99.99% | 99.99% | 51,435 | (126,973) | 88,283 |
| **Associates** | | | | | | | | | | | | |
| Solalban Energía S.A. | Argentina | Electricity | 73,184,160 | 242,094,275 | 243,127,929 | (1,033,654) | (336,051) | 42% | 42% | 174,248,000 | (2,461,081) | 576,414,942 |
| | | | | 1,590,430,745 | 1,561,566,568 | 49,050,448 | 7,228,953 | | | | | |

(1) Information of the financial statements at September 30, 2016 converted to IFRS.

(2) Companies merged with GMSA within the framework of the merger through absorption process as described in Note 20.1

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

## NOTE 7: OTHER RECEIVABLES

| | | 09.30.16 | 12.31.15 |
|---|---|---|---|
| Non-Current | | | |
| Value added tax | | 4,823,888 | - |
| Minimum notional income tax | | 651,174 | 673,181 |
| Related parties | 16 | 55,095,042 | - |
| | | **60,570,104** | **673,181** |
| Current | | | |
| Related parties | 16 | 84,409,927 | 62,577,384 |
| Value added tax | | - | 4,537,593 |
| Tax Law 25413 | | - | 100,983 |
| Other tax credits | | 121,341 | 88,837 |
| | | **84,531,268** | **67,304,797** |

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

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

## NOTE 8: CASH AND CASH EQUIVALENTS

| | | 09.30.16 | 12.31.15 |
|---|---|---|---|
| Cash | | - | 2,478 |
| Banks in local currency | | 136,650 | 60,427 |
| Banks in foreign currency | 21 | 34,836 | 100,328 |
| **Cash and cash equivalents (bank overdrafts excluded)** | | **171,486** | **163,233** |

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

| | 09.30.16 | 09.30.15 |
|---|---|---|
| Cash and cash equivalents | 171,486 | 72,907 |
| Bank overdrafts | - | - |
| **Cash and cash equivalents (bank overdrafts excluded)** | **171,486** | **72,907** |

## NOTE 9: TRADE PAYABLES

| | | 09.30.16 | 12.31.15 |
|---|---|---|---|
| Suppliers | | 151,186 | 719,651 |
| Related parties | 16 | 16,245,830 | 16,172,330 |
| | | **16,397,016** | **16,891,981** |

## NOTE 10: OTHER LIABILITIES

| | | 09.30.16 | 12.31.15 |
|---|---|---|---|
| Non-Current | | | |
| Related parties | 16 | 74,267,162 | 100,255,918 |
| | | **74,267,162** | **100,255,918** |
| Current | | | |
| Related parties | 16 | 260,684,564 | 174,501,494 |
| | | **260,684,564** | **174,501,494** |

## NOTE 11: LOANS

| | 09.30.16 | 12.31.15 |
|---|---|---|
| Non-Current | | |
| Negotiable obligations | 27,670,719 | 67,365,750 |
| | **27,670,719** | **67,365,750** |
| Current | | |
| Negotiable obligations | 40,803,724 | 212,877 |
| | **40,803,724** | **212,877** |

At September 30, 2016, total debt is $ 68 million. The following table shows our total debt at that date.

| | Borrower | Principal | Balance as of September 30,2016 | Interest rate | Currency | Issues Date | Maturity date |
|---|---|---|---|---|---|---|---|
| | | | (Pesos) | (%) | | | |
| Debt securities | | | | | | | |
| Class I NO | ASA | $70,000,000 | 68,474,443 | BADLAR + 5.5% | ARS | December 29, 2015 | December 29, 2017 |
| **Total financial debt** | | | 68,474,443 | | | | |

With the purpose of improving the financial profile of the company, on November 20, 2015 ASA, through Resolution 17,887, was granted authorization from the CNV for: (i) incorporation of ASA to the public offering system; and (ii) creation of a global program to issue simple (non-convertible) negotiable obligations for a total nominal value outstanding of up to USD 100,000,000 (one hundred million US dollars) or its equivalent in other currencies, in one or more classes or series.

**Class I Negotiable Obligations:**

On December 29, 2015, the Company issued Class I Negotiable Obligations under the following conditions:

**Principal:** Nominal value: $ 70,000,000

**Interest:** Private Banks BADLAR rate plus 5.5%

**Term and repayment:** interest on Class I NO will be paid on a quarterly basis, past due, in the following dates: March 29, 2016; June 29, 2016; September 29, 2016; December 29, 2016; March 29, 2017; June 29, 2017; September 29, 2017, and December 29, 2017.

The principal of the Class I NO will be amortized in three (3) consecutive installments, payable on a quarterly basis, with the first two equivalent to 30% and the third one equivalent to 40% of the nominal value of NO at the dates in which 18, 21 and 24 months respectively have elapsed, counted as from the date of issue, that is June 29, 2017; September 29, 2017 and December 29, 2017.

**NOTE 11: LOANS (Cont'd)**

**Class I Negotiable Obligations (Cont'd)**

Funds obtained with the issue of the NO Class I were destined in full to the partial repayment of current liabilities that ASA holds with the related company RGA.

The remaining balance net of transaction costs pending amortization of that Class at September 30, 2016 amounted to $68,474,443 including interest of $120,850.

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

| | 09.30.16 | 12.31.15 |
|---|---|---|
| **Floating rate** | | |
| Less than 1 year | 40,803,724 | 212,877 |
| Between 1 and 2 years | 27,670,719 | 67,365,750 |
| | **68,474,443** | **67,578,627** |

Company loans are denominated in the following currencies:

| | 09.30.16 | 12.31.15 |
|---|---|---|
| Argentine Pesos | 68,474,443 | 67,578,627 |
| | **68,474,443** | **67,578,627** |

Changes in Company loans during the fiscal year were as follows:

| | 09.30.16 | 09.30.15 |
|---|---|---|
| Loans at beginning of year | 67,578,627 | - |
| Accrued interest | 18,442,750 | - |
| Interest paid | (17,546,934) | - |
| **Loans at year end** | **68,474,443** | - |

**NOTE 12: ADMINISTRATIVE EXPENSES**

| | 09.30.16 | 09.30.15 |
|---|---|---|
| Fees | (736,242) | (321,399) |
| Sundry | (77,758) | (63,192) |
| | **(814,000)** | **(384,591)** |

## NOTE 13: FINANCIAL RESULTS

| | 09.30.16 | 09.30.15 |
|---|---|---|
| Financial costs | | |
| Loan interest | (18,442,750) | - |
| Tax interest and others | (249,533) | (75,801) |
| Bank expenses and commissions | (303,971) | (88,230) |
| **Total financial expenses** | **(18,996,254)** | **(164,031)** |
| Other financial results | | |
| Exchange differences, net | 192,542 | 7,906 |
| **Total other financial results** | **192,542** | **7,906** |
| **Total financial results, net** | **(18,803,712)** | **(156,125)** |

## NOTE 14: CAPITAL STATUS

Capital Status at September 30, 2016 is as follows:

| Share Capital | Amount $ | Date | Approved by<br>Body | Date of registration with the Public Registry of Commerce |
|---|---|---|---|---|
| **Total as of December 31, 2011** | **30,100,000** | | | |
| Capitalization of debt | 10,000,000 | 12/31/2012 | Extraordinary Shareholders' Meeting | 9/16/2013 |
| Capitalization of debt | 20,000,000 | 12/30/2013 | Extraordinary Shareholders' Meeting | 9/25/2014 |
| Capital reduction | (55,644,840) | 7/16/2014 | Ordinary Shareholders' Meeting | 9/25/2014 |
| Capitalization of debt | 58,000,000 | 3/22/2016 | Extraordinary Shareholders' Meeting | Pending |
| **Total as of September 30, 2016** | **62,455,160** | | | |

On July 16, 2014, the Ordinary Meeting of Shareholders resolved to reduce capital in the amount of $ 55,644,840, with the share capital amounting to $ 4,445,160. On March 22, 2016, the Extraordinary Shareholders' Meeting decided to increase the capital in the amount of $ 58,000,000; therefore, the share capital amounted to $ 62,455,160. Their registration is pending. At the date of issue of these interim condensed consolidated financial statements, the Company was notified of the approval by the National Securities Commission of the procedure to increase capital with the amendment of the bylaws as decided by the Shareholders' Meeting of March 22, 2016. However, at that date the Company was not served notice of the registration with the Superintendency of Commercial Companies of that procedure.

## NOTE 15: 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 period.

| | 09.30.16 | 09.30.15 |
|---|---|---|
| Income for the period attributable to the owners: | 28,634,626 | 23,491,491 |
| Weighted average of outstanding ordinary shares | 45,097,496 | 4,455,160 |
| **Basic and diluted earnings per share** | **0.63** | **5.27** |

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

## NOTE 16: TRANSACTIONS AND BALANCES WITH RELATED PARTIES

*a) Operations for the period*

| | Relationship nature | 09.30.16 | 09.30.15 |
|---|---|---|---|
| Dividends earned | | | |
| GMSA | Subsidiary | 9,215,000 | 40,280,712 |
| GRISA | Subsidiary | - | 4,050,000 |
| Solalban Energía S.A. | Related company | - | 5,880,000 |
| GROSA | Subsidiary | 11,400,000 | 4,750,000 |
| GLBSA | Subsidiary | - | 5,236,809 |
| | | **20,615,000** | **60,197,521** |
| Interest paid | | | |
| GLBSA | Subsidiary | - | (43,124) |
| | | **-** | **(43,124)** |
| Disposal of investment in subsidiaries | | | |
| Rafael G. Albanesi S.A. | Subsidiary | - | 28,000,000 |
| | | **-** | **28,000,000** |
| Albanesi Fueguina S.A. | Subsidiary | - | (281,885) |
| | | **-** | **(281,885)** |

*b) Balances at the date of the statements of financial position*

| | Relationship nature | 09.30.16 | 12.31.15 |
|---|---|---|---|
| **Other receivables** | | | |
| Current | | | |
| Shareholders' accounts | Other related parties | 79,646,057 | 62,142,446 |
| GRISA (1) | Subsidiaries | - | 434,938 |
| GROSA | Subsidiaries | 4,763,870 | - |
| | | **84,409,927** | **62,577,384** |
| Non-Current | | | |
| Shareholders' private accounts | Other related parties | 55,095,042 | - |
| | | **55,095,042** | **-** |
| **Trade payables** | | | |
| Current | | | |
| RGA | Other related parties | 16,245,830 | 16,172,330 |
| | | **16,245,830** | **16,172,330** |

## NOTE 16: TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Contd.)

*b) Balances at the date of the statements of financial position (Contd.)*

| | Relationship nature | 09.30.16 | 12.31.15 |
|---|---|---|---|
| **Other liabilities** | | | |
| Non-current | | | |
| AVSA (Note 21) | Subsidiaries | 87,370 | 255,918 |
| GLSA – Share capital not yet paid in | Subsidiaries | 356,250 | - |
| RGA (Note 19) | Other related parties | 73,823,542 | 100,000,000 |
| | | **74,267,162** | **100,255,918** |
| Current | | | |
| AVSA - Share capital not yet paid in (Note 21) | Subsidiaries | 462 | 1,302 |
| GMSA | Subsidiaries | 50,794,102 | 48,094,040 |
| GFSA - Share capital not yet paid in | Subsidiaries | 9,765,000 | 9,765,000 |
| RGA (Note 19) | Other related parties | 200,000,000 | 116,641,152 |
| GLSA | Subsidiaries | 125,000 | - |
| | | **260,684,564** | **174,501,494** |

(1) Companies merged with GMSA within the framework of the merger through absorption process as described in Note 20.

**NOTE 17: GUARANTEES GRANTED FOR FINANCIAL OPERATIONS WITH SUBSIDIARIES AND RELATED PARTIES**

Below is a detail of guarantees granted by ASA for financial transactions of subsidiaries and related parties:

| In favor of | Type of guarantee | Entity | Asset/destination | From | Until | Amount secured | Balances at September 30, 2016 |
|---|---|---|---|---|---|---|---|
| GMSA-GFSA-CTR | Guarantor | Internacional Bond | Project financing | 07/27/2016 | 07/27/2023 | USD 250,000,000 | USD 250,000,000 |
| AJSA | Surety bond | SFG Equipment Leasing Corporation | Leasing aircraft Jet Lear 45XR | 11/14/2008 | 01/21/2019 | USD 7,330,000 | USD 2,335,831 |
| GMSA | Surety bond | BAF | Project financing | 02/11/2016 | 02/15/2019 | USD 40,000,000 | USD 40,000,000 |
| GMSA | Guarantee | Negotiable obligations | Class IV | 07/15/2015 | 07/15/2017 | $ 130,000,000 | $ 24,373,148 |
| GMSA | Guarantor | Siemens Industrial Turbomachinery AB | Acquisition of two turbines Siemens SGT 800 for GM | 06/14/2016 | 07/14/2019 | SEK 177,000,000 | SEK 177,000,000 |
| GMSA | Guarantor | Siemens Industrial Turbomachinery AB | Acquisition of three turbines Siemens SGT 800 for EZE | 09/13/2016 | 03/13/2020 | SEK 263,730,000 | SEK 263,730,000 |
| GMSA | Guarantor | Siemens Industrial Turbomachinery AB | Acquisition of two turbines Siemens SGT 800 for GI | 09/13/2016 | 03/13/2020 | SEK 175,230,000 | SEK 175,230,000 |
| GFSA | Guarantee | Negotiable obligations | Class II | 03/08/2016 | 03/08/2018 | $ 130,000,000 | $ 130,577,915 |
| GFSA | Guarantor | Banco de la Ciudad de Buenos Aires S.A. | Investment | 07/08/2014 | 08/01/2017 | $ 30,000,000 | $ 15,543,122 |
| GFSA | Guarantor | PW Power Systems, Inc. | Turbine financing | 03/30/2016 | Completion of contract | USD 12,000,000 | USD 12,000,000 |
| BDD | Surety bond | Banco Comafi S.A. | Leasing of bin and belt | 02/01/2012 | 06/01/2017 | EUR 39,007 | EUR 3,436 |
| GMSA | Surety bond | CAMMESA | Repair of machinery | 12/31/2012 | 05/30/2019 | $ 26,997,275 | $ 16,611,340 |
| GROSA | Surety bond | Banco Coinag S.A. | Working capital | 08/30/2016 | 12/28/2016 | $ 3,000,000 | $ 2,887,373 |

**NOTE 18: WORKING CAPITAL**

At September 30, 2016, the deficit in working capital (understood as current assets minus current liabilities) amounted to $ 233,919,061.

With the aim of reducing the current deficit in working capital, ASA and its shareholders expect to execute the following action plan to continue paying the debt held by the Company with RGA, according to the following detail:

i) $200 million resulting from the cash flows obtained from the issue of Class II Negotiable Obligations.

ii) $40 million approximately corresponding to dividends expected to be received from subsidiaries and associates for the year 2016.

**NOTE 19: BALANCE OF DEBT WITH RAFAEL G. ALBANESI S.A.**

At September 30, 2016, the balance of trade payables and other liabilities with RGA amounted to $ 290,069,372.

To continue reducing the debt with the related party RGA, the Board of Directors and shareholders expect to execute the action plan detailed in Note 18 with the aim of partially settling it.

**NOTE 20: MERGER**

**1) GMSA – GISA – GLBSA – GRISA MERGER THROUGH ABSORPTION**

On August 31, 2015, GMSA entered into a merger agreement (the "Merger Agreement") whereby it started the merger through absorption process of the companies GISA, GLBSA and GRISA (the "corporate reorganization").

The Corporate Reorganization allows to enhance and optimize the performance of the economic activities and the operating, administrative and technical structures of the Participating Companies to achieve synergies and operating efficiency through only one operating unit. Considering that the participating companies are electric power generating agents in the WEM and that their main line of business is the generation and sale of electric power, the Merger will be beneficial for the following reasons: a) the type of business activity of the Participating Companies, which enables integration and complementation for greater operating efficiencies; b) a simplification of the participating companies' corporate structure by consolidating the companies' activities in only one entity; c) the synergy of the union of the different Group companies will make the exercise of control, management and administration of the energy business more effective; d) the obtainment of a larger scale, permitting increasing the financial ability to develop new projects; e) a better allocation of existing resources; f) benefiting from a centralized administration, unifying the political and strategic decision-making processes in relation to the business, thus eliminating multiple costs (legal, accounting, administrative, financial and other costs); and g) the creation of more career opportunities for the employees of the participating companies. Furthermore, the above-mentioned benefits will be obtained without incurring tax costs, as the Corporate Reorganization will be tax free under the terms of Section 77 and following provisions of the Income Tax Law No. 26839.

As a result of the merger and as approved in the Merger Agreement and Final Merger Agreement, as from the Effective Date of Merger (January 1, 2016): (a) the equities of all merged companies (GISA, GLBSA and GRISA) were fully transferred to GMSA, thus acquiring the ownership of all rights and obligations of GISA, GLBSA and GRISA, subject to the registration of the final merger agreement in the Public Registry under the Superintendency of Commercial Companies (IGJ); (b) GISA, GLBSA and GRISA were dissolved without liquidation, being absorbed by GMSA; (c) GMSA capital stock increased from $ 76,200,073 to $ 125,654,080, with the by-laws of the continuing company being amended.

On March 18, 2016, the CNV through Resolution No. 18003 approved the described merger through absorption within the terms of Section 82 of the General Companies Law No. 19550 and ordered that the file be sent to the IGJ for its registration, which is pending at the date of issue of these financial statements.

**2) GMSA – GFSA MERGER THROUGH ABSORPTION**

On August 31, 2016, GMSA entered into a preliminary merger agreement -number 8171 of Book No. 79, volume-(the "GMSA-GFSA Preliminary Merger Agreement") whereby the companies started a process for the merger of GFSA (the "GMSA-GFSA Corporate Reorganization").

Furthermore, the above-mentioned benefits will be obtained without incurring tax costs, as the Corporate Reorganization will be tax free under the terms of Section 77 and following provisions of the Income Tax Law No. 26839.

**NOTE 21: FOREIGN CURRENCY ASSETS AND LIABILITIES**

Breakdown of balances in foreign currency of monetary assets and liabilities is as follows:

| | 09.30.16 | | | | 12.31.15 |
|---|---|---|---|---|---|
| | $ | | | | |
| Captions | Class | Amount | Exchange rate at closing (1) | Amount recorded in pesos | Amount recorded in pesos |
| **ASSETS** | | | | | |
| **Current Assets** | | | | | |
| Banks | USD | 2,290 | 15.21 | 34,836 | 100,328 |
| **Total Current Assets** | | | | **34,836** | **100,328** |
| **Total Assets** | | | | **34,836** | **100,328** |
| **LIABILITIES** | | | | | |
| **Non-Current Liabilities** | | | | | |
| Other liabilities | Venezuelan Bolivares | 3,674,589 | 0.02 | 87,370 | 255,918 |
| **Total Non-Current Liabilities** | | | | **87,370** | **255,918** |
| **Current Liabilities** | | | | | |
| Other liabilities | Venezuelan Bolivares | 20,000 | 0.02 | 462 | 1,302 |
| **Total Current Liabilities** | | | | **462** | **1,302** |
| **Total Liabilities** | | | | **87,832** | **257,220** |

(1) Prevailing exchange rate at closing
Information required by Exhibit G, in compliance with Section 1, Chapter III, Title IV of the restated text by the CNV.

## NOTE 22: CLASSIFICATION OF RECEIVABLES AND DEBTS BY DUE DATES AND INTEREST ACCRUAL

The breakdown of the receivables and debts at September 30, 2016, according to collection or payment term and restatement clauses is detailed in the table below:

| | Other Receivables | Debts Trade payables | Income tax | Debts Taxes payable | Other liabilities | Loans |
|---|---|---|---|---|---|---|
| | | | | $ | | |
| To be due | | | | | | |
| First quarter | - | 151,186 | - | 4,011 | 209,765,000 | 120,849 |
| Second quarter | - | - | - | - | - | - |
| Third quarter | - | - | 474,439 | 258,061 | - | - |
| Fourth quarter | - | - | - | - | - | 40,682,875 |
| More than one year | 60,570,104 | - | - | - | 74,267,162 | 27,670,719 |
| Subtotal | 60,570,104 | 151,186 | 474,439 | 262,072 | 284,032,162 | 68,474,443 |
| Past due | | | | | | |
| Without stated term | 84,531,268 | 16,245,830 | - | - | 50,919,564 | - |
| Total | **145,101,372** | **16,397,016** | **474,439** | **262,072** | **334,951,726** | **68,474,443** |
| Non-interest bearing | 145,101,372 | 16,397,016 | 474,439 | 262,072 | 334,951,726 | - |
| At fixed rate | - | - | - | - | - | - |
| At floating rate | - | - | - | - | - | 68,474,443 |
| **Total at 09.30.2016** | **145,101,372** | **16,397,016** | **474,439** | **262,072** | **334,951,726** | **68,474,443** |

## NOTA 23: SUBSEQUENT EVENTS

### A) Issue of ASA Class II Negotiable Obligations

On October 25, 2016, ASA issued Class II NO for the amount of $ 220 million. The repayment will be made after 24 months with amortizations being paid at the 18th, 21th and 24th months, the rate to be accrued is BADLAR + 4%. The issue was partially subscribed in kind with Class I NO issued in December 2016. Liquid funds obtained have been fully used to repay the debt existing with RGA.

The A-rating obtained for this issue was granted by Fix Rating Argentina.

### B) GFSA - Capital paid-in

By Board Meeting Minutes dated October 7, 2016, a payment for $ 9,765,000 that had remained outstanding was made, therefore the corporate capital has been fully paid up.

## NOTE 24: FINANCIAL STATEMENTS TRANSLATION INTO ENGLISH LENGUAGE

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.

# ADDITIONAL INFORMATION REQUIRED BY SECTION 12, CHAPTER III, TITLE IV, OF THE NATIONAL SECURITIES COMMISSION REGULATIONS, FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016

General matters referred to the activity of Albanesi S.A. (the Company)

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

   There are none.

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

   There are none.

3. Breakdown of receivables and liabilities balances according to their age and due date

   See Note 22 to the interim condensed separate financial statements at September 30, 2016.

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

   See Note 21 to the interim condensed separate financial statements at September 30, 2016.

5. General Companies Law

   Percentage of participation in intercompany:

   See Note 6 to the special separate financial statements at September 30, 2016.

   Accounts payable and receivable with intercompany

   See Note 16 to the special separate financial statements at September 30, 2016.

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

   See Note 16 to the special separate financial statements at September 30, 2016.

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

   The Company has no physical inventory of materials and spare parts.

Current values

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

   Not applicable.

Property, plant and equipment

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

   There are none.

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

    There are none.

Equity interest in other companies

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

    See Note 6 to the special separate financial statements at September 30, 2016.

Recoverable values

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

    There are none.

Insurance

13. Insured items:

    Below is a detail of insured amounts by Albanesi S.A. and its subsidiaries

| Kind of risk | Insured amount 09-2016 | Insured amount 12-2015 |
|---|---|---|
| Operational all risks - Material damage | USD 398,107,776 | USD 398,107,776 |
| Operational all risks - Loss of profit | USD 131,734,682 | USD 131,734,682 |
| Construction all risk – Plant enlargement - Material damage | USD 68,500,000 | - |
| Construction all risk – Plant enlargement - Loss of profit | USD 20,000,000 | - |
| Construction all risk - Siemens STG-800 | USD 38,008,729 | USD 38,008,729 |
| Alop - Siemens STG-800 | USD 10,345,518 | USD 10,345,518 |
| RC - Siemens STG-800 | USD 5,000,000 | USD 5,000,000 |
| Civil Liability (primary) | USD 6,000,000 | USD 6,000,000 |
| Civil Liability (excess coverage) | USD 9,000,000 | USD 10,000,000 |
| Civil liability of Directors and Executives (D&O) | USD 15,000,000 | USD 15,000,000 |
| Siemens Transport STG-800 | USD 130,976,000 | - |
| Automobile | $ 5,954,999 | $ 3,217,950 |
| Automobile | USD 36,873 | USD 36,873 |
| Personal accidents | $ 750,000 | $ 3,500,000 |
| Transport insurance, Argentine and international market | USD 10,000,000 | USD 10,000,000 |
| Directors' bond | $ 2,250,000 | $ 3,098,000 |
| Customs bond | $ 349,250,245 | $ 185,262,762 |
| Business enablement project bond | $ 860,200,000 | - |
| Guarantee project deals bond | $ 39,711,700 | - |
| Environmental bond | $ 12,957,091 | $ 6,982,092 |
| Financial bond | - | $ 29,618,026 |
| Technical equipment insurance | $ 550,277 | $ 315,317 |
| Technical equipment insurance | USD 484,956 | - |
| Life insurance - mandatory life insurance | $ 33,330 | $ 20,000 |
| Life - group life insurance (LCT, employment contract law) | Disability 1 salary per year<br>Death 1/2 salary per year | Disability 1 salary per year<br>Death 1/2 salary per year |
| Life - Additional group life insurance | 24 salaries | 24 salaries |

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

**Operational all risk:**

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

**Construction all risk and Alop:**

Construction all risk covers all damages that either accidentally or unexpectedly occur in the civil works during its execution, including those caused by natural phenomena, except exclusions.
As for the coverage for the delay in the start-up (Alop) the expected margin of the business for the sale of energy an power is insured, discounting variable costs during the period of repair or replacement of the event occurred.

**Civil liability:**

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

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

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

**Civil liability of Directors and Executives (D&O)**

This policy covers all actions or decision making of directors and/or executives as such, outside the professional service or company where they work; for example, dismissal of employees, hirings, financial decisions, advertising and marketing, merger or acquisitions, shareholders' statements, accounting records, which may be performed with negligence or fault, error or imprudence and cause an economic damage to an employee, shareholder or third party. It does not cover malicious intent.
It covers the company in case of stock-exchange claims or from holders of bonds or securities.
It covers the personal equity of the present, past or future directors and/or executives, and to the company for capital market issues.

**Transport insurance:**

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

**Mandatory life insurance:**

Mandatory life insurance is a coverage that the employer has mandatorily to take out on behalf of its employees. It covers the risk of death of worker on an employment relationship, for any cause, without limitations of any kind, 24 hours a day, in or outside the country.
The insured amount is $ 33,330, as established by the National Insurance Superintendency.

**Life insurance (LCT, employment contract Law):**

This insurance covers underlying obligations from the Employment Contract Law, in case the company has to pay compensation in case of a total and permanent disability or death of the employee, whichever the case.

**Group Life insurance:**

The Company has taken out a group life insurance policy, on behalf of all Group employees. It grants compensation in case of death, double severance pay in case of accidental death, partial losses due to accident, advances for terminal diseases, organ transplant and birth of child after death.

**Automobile insurance:**

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

**Customs Guarantees:**

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

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

**Directors' bond:**

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

**Environmental bond:**

The environmental bond for damage with group incidence covers the environmental bond established by the General Law on Environment 25675, section 22 in agreement with the provisions of enforcement authorities.

**Financial bond:**

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

Positive and negative contingencies

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

    There are no changes as to the information timely provided.

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

    There are none.

Irrevocable contributions on account of the future subscription of shares

16. Status of the procedure for its capitalization.

    There are none.

17. Unpaid cumulative dividends on preferred shares.

    There are none.

18. Conditions, circumstances or terms for the cease of restrictions on the distribution of unappropriated earnings.

    There are none.

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# REVIEW REPORT ON THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

To the Shareholders, President and Directors of
Albanesi S.A.
Legal address: Av. L.N. Alem 855, 14th Floor
Autonomous City of Buenos Aires
Tax Code No. 30-68250412-5

## Introduction

We have reviewed the accompanying interim condensed separate financial statements of Albanesi S.A. which comprise the separate statement of financial position at September 30, 2016, the separate statement of comprehensive income for the nine and three-month period ended September 30, 2016, the separate statements of changes in equity and of cash flows for the nine-month period then ended, and the selected explanatory notes.

The balances and other information corresponding to the fiscal year 2015 and its interim periods are an integral part of the 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 presentation of the financial statements in accordance with International Financial Reporting Standards, adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and included by the National Securities Commission (CNV) in its regulations, as approved by the International Accounting Standards Board (IASB), and is therefore responsible for the preparation and presentation of the interim condensed separate financial statements mentioned in the first paragraph, in accordance with International Accounting Standard 34 "Interim Financial Information" (IAS 34).

## Scope of our review

Our review was limited to the application of the procedures established by International Standards on Review Engagements (ISRE) 2410 "Review of the interim financial information performed by the independent auditor of the entity", adopted as a review standard in Argentina through Technical Pronouncement No. 33 of the FACPCE, as approved by the International Auditing and Assurance Standards Board (IAASB). A review of interim financial information consists of making inquiries of the Company's personnel responsible for preparing the information included in the interim condensed separate financial statements and performing analytical and other review procedures. This review is substantially less in scope than an audit examination conducted in accordance with international standards on auditing and consequently it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the separate financial position, the separate comprehensive income and the separate cash flows of the Company.

## Conclusion

On the basis of our review, nothing has come to our attention that causes us to believe that the interim condensed separate financial statements mentioned in the first paragraph of this report have not been prepared, in all material respects, in accordance with International Accounting Standard 34.

## Report on compliance with regulations in force

In accordance with current regulations, we report that:

a) the interim condensed separate financial statements of the Company are transcribed into the "Inventory and Balance Sheet" book and as regards those matters that are within our competence, they comply with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission;

b) the interim condensed separate financial statements of the Company stem from accounting records kept in all formal respects in conformity with legal regulations;

c) we have read the additional information to the notes to the interim condensed separate financial statements required by Section 12, Chapter III, Title IV, of the National Securities Commission regulations, on which we have no observation to make insofar as concerns matters within our field of competence;

d) as of September 30, 2016, there is no debt accrued in favor of the Argentine Integrated Social Security System;

Autonomous City of Buenos Aires, November 11, 2016

PRICE WATERHOUSE & CO. S.R.L.

Dr. Raúl Leonardo Viglione
(Partner)

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**Report of the Syndics' Committee**

To the Shareholders of
Albanesi S.A.

1. Pursuant to the provisions of section 294 of the Law 19550 and National Securities Commission regulations, we have reviewed the accompanying interim condensed separate financial statements of Albanesi S.A. (hereinafter, "the Company") which comprise the statement of financial position at September 30, 2016, the statement of comprehensive income for the nine-month period ended September 30, 2016, the statements of changes in equity and of cash flows for the nine-month period then ended, and the selected explanatory notes. The balances and other information corresponding to the fiscal year 2015 are an integral part of the financial statements mentioned above; therefore, they must be considered in connection with these financial statements.

2. The Board of Directors of the Company is responsible for the preparation and presentation of the financial statements in accordance with International Financial Reporting Standards, adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and included by the National Securities Commission (CNV) in its regulations, as approved by the International Accounting Standards Board (IASB), and is therefore responsible for the preparation and presentation of the interim condensed separated financial statements mentioned in paragraph 1, in accordance with International Accounting Standard 34 "Interim Financial Information" (IAS 34). Our responsibility is to express a conclusion based on the review performed with the scope detailed in paragraph 3.

3. Our review was carried out in accordance with standards applicable to syndics. Those standards require that the procedures established in Technical Pronouncement No. 33 of the Argentina Federation of Professional Councils in Economic Sciences for limited reviews of interim financial statements be performed, and include verifying the consistency of the documents reviewed with the information on corporate decisions disclosed in minutes and the conformity of those decisions to 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 review report on the interim condensed separate financial statements on November 11, 2016. A review of interim financial information consists of making inquiries of the Company's personnel responsible for preparing the information included in the interim condensed separate financial statements and performing analytical and other review procedures. This review is substantially less in scope than an audit examination conducted in accordance with international standards on auditing and consequently it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the financial position, the comprehensive income and the cash flows of the Company. We have not assessed the administrative, financing, marketing or operating business criteria as these matters fall within the exclusive competence of the Board of Directors and Shareholders' meeting.

4. As indicated in Note 2, the interim condensed separate financial statements mentioned in paragraph 1 have been prepared in accordance with International Accounting Standard 34.

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5. Based on our review, we are not aware of any significant modification to be introduced to the interim condensed separate financial statements mentioned in paragraph 1, for their presentation in accordance with the pertinent regulations of Law No. 19550, the National Securities Commission and standards mentioned in paragraph 2.

6. The provisions of Section 294 of the Law No. 19550 have been duly fulfilled.

Autonomous City of Buenos Aires, November 11, 2016

Marcelo P. Lerner
Full Syndic
For the Syndics' Committee