



## **Albanesi S.A.**

### **Consolidated Interim Condensed Financial Statements**

At 31 March, 2018 and for the three-month periods  
ended 31 March, 2018 and 2017  
presented in comparative format

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# **Albanesi S.A.**

## **CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS AT 31 MARCH, 2018 AND 2017**

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Report of the Syndics' Committee

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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.

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

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

<b>Terms</b>	<b>Definitions</b>
GFSA	Generación Frías S.A.
GISA	Generación Independencia S.A.
GLBSA	Generación La Banda S.A.
GMSA	Generación Mediterránea S.A.
Large Users	MEM agents classified according to their consumption into: GUMAs, GUMEs, GUPAs and GUDIs
GRISA	Generación Riojana S.A.
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 (one thousand) volts
kW	Kilowatt Unit of power equivalent to 1,000 watts
kWh	Kilowatt hour Unit of energy equivalent to 1,000 watts hour
The Company/The Group	Albanesi S.A. and its subsidiaries
LGS	General Companies Law
LVFVD	Sales liquidations with maturity date to be defined
MAPRO	Major Scheduled Maintenance
MAT	Futures market
MEM	Wholesale Electric Market
MMm3	Million cubic meters
MVA	Mega-volt ampere, unit of energy equivalent to 1 volt x 1 ampere x 10 <sup>6</sup>
MW	Megawatt Unit of power equivalent to 1,000,000 watts
MWh	Megawatt hour Unit of energy equivalent to 1,000,000 watts hour
ARG GAAP	Argentine Generally Accepted Accounting Principles
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
NO	Negotiable obligations
PWPS	Pratt & Whitney Power System Inc
Resolution 220/07	Regulatory framework for the sale of energy to CAMMESA through the "MEM Supply Contracts" under Energy Secretariat Resolution No. 220/07
GR	General Resolution
RGA	Rafael G. Albanesi S.A.
RT	Technical Pronouncements
SADI	Argentine Interconnection System
SE	Energy Secretariat
TRASNOA S.A.	Empresa de Transporte de Energía Eléctrica por Distribución Troncal del Noroeste Argentino S.A.
CGU	Cash Generating Unit
USD	US dollars

# **Albanesi S.A.**

## **Composition of the Board of Directors and Syndics' Committee at 31 March, 2018**

### **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

Johanna M. Cárdenas

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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 Registration Number: 30-68250412-5

Date of registration with the Public Registry of Commerce:

By-laws or incorporation agreement: 28 June, 1994  
Latest amendment: 23 February, 2018

Registration number with the Superintendency of Commercial Companies: 6216 of Book 115, Volume A of Corporations

Expiration of By-laws or incorporation agreement: 28 June, 2093

<b>CAPITAL STATUS (see Note 10)</b>			
<b>Shares</b>			
<b>Number</b>	<b>Type</b>	<b>Number of votes per share</b>	<b>Subscribed, paid-in and registered</b>
64,451,745	Ordinary, registered, non-endorsable shares of \$ 1 par value each	1	<b>\$</b> 64,451,745

## Albanesi S.A.

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

### Consolidated Interim Condensed Statement of Financial Position

At March 31, 2018 and December 31, 2017

Stated in pesos

	Notes	03.31.2018	12.31.2017
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	14,408,973,549	10,953,281,351
Investments in associates	8	371,684,337	373,737,083
Investments in other companies		129,861	129,861
Deferred tax assets		13,310,347	11,565,410
Income tax credit balance, net		332,507	-
Other receivables		117,582,879	69,362,026
Trade receivables		-	1,698,757
<b>Total non-current assets</b>		<b>14,912,013,480</b>	<b>11,409,774,488</b>
<b>CURRENT ASSETS</b>			
Inventories		81,429,452	56,467,876
Other receivables		1,482,456,334	1,051,241,318
Trade receivables		1,619,359,477	1,174,211,047
Other financial assets at fair value through profit and loss		141,192,841	9,631,484
Cash and cash equivalents	9	360,693,799	98,296,792
<b>Total current assets</b>		<b>3,685,131,903</b>	<b>2,389,848,517</b>
<b>Total Assets</b>		<b>18,597,145,383</b>	<b>13,799,623,005</b>

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

## Albanesi S.A.

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

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

At 31 March, 2018 and December 31, 2015

Stated in pesos

	Notes	03.31.2018	12.31.2017
<b>EQUITY</b>			
Share Capital	10	64,451,745	62,455,160
Legal reserve		4,780,757	4,381,440
Optional reserve		110,777,490	101,010,691
Technical revaluation reserve		2,393,965,832	2,063,110,832
Other comprehensive income		(4,636,682)	(4,636,682)
Unappropriated retained earnings		322,990,615	352,742,465
<b>Equity attributable to shareholders</b>		<b>2,892,329,757</b>	<b>2,579,063,906</b>
<b>Non-controlling interest</b>		<b>286,450,389</b>	<b>134,822,815</b>
<b>Total Equity</b>		<b>3,178,780,146</b>	<b>2,713,886,721</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Provisions	13	6,382,997	7,405,069
Deferred tax liabilities		918,661,221	795,895,279
Other liabilities		2,443,160	6,619,454
Defined benefit plan		18,629,501	11,467,462
Tax payables		710,861	-
Income tax		55,460,098	-
Loans	12	9,759,207,124	7,023,696,572
Trade payables		658,499,041	783,012,955
<b>Total non-current liabilities</b>		<b>11,419,994,003</b>	<b>8,628,096,791</b>
<b>CURRENT LIABILITIES</b>			
Other liabilities		274,461,649	280,744,642
Social security debts		19,467,417	15,470,820
Defined benefit plan		97,837	97,837
Loans	12	2,101,528,773	732,336,925
Income tax, net		7,042,331	9,426,369
Tax payables		19,282,190	26,591,732
Trade payables		1,576,491,037	1,392,971,168
<b>Total current liabilities</b>		<b>3,998,371,234</b>	<b>2,457,639,493</b>
<b>Total liabilities</b>		<b>15,418,365,237</b>	<b>11,085,736,284</b>
<b>Total liabilities and equity</b>		<b>18,597,145,383</b>	<b>13,799,623,005</b>

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



## Albanesi S.A.

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

### Consolidated Interim Condensed Statement of Comprehensive Income

For the three-month periods ended 31 March, 2018 and 2017

Stated in pesos

	Notes	Three months period	
		03.31.2018	03.31.2017
Sales revenue	14	1,085,047,902	655,749,596
Cost of sales	15	(511,064,811)	(483,493,665)
<b>Gross income</b>		<b>573,983,091</b>	<b>172,255,931</b>
Selling expenses	16	(3,338,237)	18,144,118
Administrative expenses	17	(31,148,340)	(7,539,945)
Results from interests in associates	8	(2,052,746)	584,203
Other operating income	18	177,512,328	359,648
<b>Operating income</b>		<b>714,956,096</b>	<b>183,803,955</b>
Financial income	19	8,541,121	6,956,296
Financial expenses	19	(258,721,453)	(103,378,252)
Other financial results	19	(609,577,640)	74,983,810
<b>Financial results, net</b>		<b>(859,757,972)</b>	<b>(21,438,146)</b>
<b>(Loss) / income before tax</b>		<b>(144,801,876)</b>	<b>162,365,809</b>
Income tax		17,644,498	(62,805,281)
<b>(Loss) / income for the period</b>		<b>(127,157,378)</b>	<b>99,560,528</b>
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>
<b>Comprehensive (loss)/income for the period</b>		<b>(127,157,378)</b>	<b>99,560,528</b>
<b>(Loss)/Income for the period attributable to:</b>			
Shareholders		(112,382,178)	93,872,094
Non-controlling interest		(14,775,200)	5,688,434
<b>Comprehensive (loss)/income for the period attributable to:</b>			
Shareholders		(112,382,178)	93,872,094
Non-controlling interest		(14,775,200)	5,688,434
<b>(Loss)/income for the period attributable to shareholders</b>			
Basic and diluted earnings per share	20	(1.74)	1.50

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

## Albanesi S.A.

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### Consolidated Interim Condensed Statement of Changes in Equity

For the three-month periods ended 31 March, 2018 and 2017

Stated in pesos

Shareholders' contributions	Attributable to Shareholders						Non-controlling interest	Total equity
	Retained earnings							
	Legal reserve	Optional reserve	Technical revaluation reserve	Other comprehensive income	Unappropriated retained earnings	Total		
<b>Share capital (Note 10)</b>								
<b>Balances at 31 December, 2016</b>	1,942,908	-	1,760,090,123	(3,397,653)	103,449,223	1,924,539,761	100,881,306	2,025,421,067
Reversal of technical revaluation reserve	-	-	(22,386,716)	-	22,386,716	-	-	-
Income for the three-month period	-	-	-	-	93,872,094	93,872,094	5,688,434	99,560,528
<b>Balances at 31 March, 2017</b>	1,942,908	-	1,737,703,407	(3,397,653)	219,708,033	2,018,411,855	106,569,740	2,124,981,595
As resolved by the General Ordinary Shareholders' Meeting held on 18 April, 2017:								
- Legal reserve	2,438,532	-	-	-	(2,438,532)	-	-	-
- Optional reserve	-	101,010,691	-	-	(101,010,691)	-	-	-
Contributions from non-controlling interest	-	-	-	-	-	-	25,000	25,000
Reversal of technical revaluation reserve	-	-	(100,881,357)	-	100,881,357	-	-	-
Other comprehensive income for the period	-	-	426,288,782	(1,239,029)	-	425,049,753	17,487,198	442,536,951
Income for the supplementary nine-month period	-	-	-	-	135,602,298	135,602,298	10,740,877	146,343,175
<b>Balances at 31 December, 2017</b>	4,381,440	101,010,691	2,063,110,832	(4,636,682)	352,742,465	2,579,063,906	134,822,815	2,713,886,721
Addition due to merger as from January 1, 2018 (Note 28.2)	399,317	9,766,799	366,543,301	-	46,942,027	425,648,029	166,402,774	592,050,803
Reversal of technical revaluation reserve	-	-	(35,688,301)	-	35,688,301	-	-	-
Loss for the three-month period	-	-	-	-	(112,382,178)	(112,382,178)	(14,775,200)	(127,157,378)
<b>Balances at 31 March, 2018</b>	4,780,757	110,777,490	2,393,965,832	(4,636,682)	322,990,615	2,892,329,757	286,450,389	3,178,780,146

The accompanying notes form an integral part of the consolidated interim condensed financial statements.

## Albanesi S.A.

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### Consolidated Interim Condensed Statement of Cash Flows

For the three-month periods ended 31 March, 2018 and 2017

Stated in pesos

	Notes	03.31.2018	03.31.2017
<b>Cash flow from operating activities:</b>			
(Loss) income for the period		(127,157,378)	99,560,528
<b>Adjustments to arrive at net cash flows (used in) provided by operating activities:</b>			
Income tax		(17,644,498)	62,805,281
Results from investments in associates	8	2,052,746	(584,203)
Depreciation of property, plant and equipment	7 and 15	145,382,403	60,245,976
Fair value of receivables and debts		-	(135,436)
Decrease in provisions	13	(1,022,072)	(390,523)
Income/(Loss) from changes in the fair value of financial instruments	19	(24,878,466)	(33,814,411)
Interest and exchange differences and other		844,415,648	18,395,958
Forgiveness of debt	18	(176,687,491)	-
Accrual of benefit plans	15	6,519,540	151,047
<b>Changes in operating assets and liabilities:</b>			
(Increase) in trade receivables		(174,076,126)	(21,438,485)
(Increase)/ Decrease in other receivables (1)		(199,920,289)	53,567,500
(Increase)/Decrease in inventories		(4,638,801)	535,114
(Decrease) / Increase in trade payables		(315,876,685)	1,068,339,390
(Decrease)/Increase in other liabilities		(92,508,274)	17,439,181
(Decrease)/Increase in social security debts and taxes		(15,315,539)	6,455,304
<b>Cash flows (used in) provided by operating activities</b>		<b>(151,355,282)</b>	<b>1,331,132,221</b>
<b>Cash flow from investment activities:</b>			
Cash added as a result of the merger		97,284,286	-
Payments for acquisition of property, plant and equipment	7	(532,634,074)	(1,312,338,115)
Subscription of mutual funds		(81,539,169)	(18,353,003)
Collection of financial instruments		18,313,447	-
Loans granted		(6,797,993)	(5,807,375)
<b>Cash flows (applied to) investment activities</b>		<b>(505,373,503)</b>	<b>(1,336,498,493)</b>
<b>Cash flow from financing activities:</b>			
Repayment of loans	12	(753,508,414)	(680,884,879)
Repayment of interest	12	(483,098,968)	(214,506,121)
Loans	12	2,152,387,436	906,528,014
<b>Cash flows generated by financing activities</b>		<b>915,780,054</b>	<b>11,137,014</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>259,051,269</b>	<b>5,770,742</b>
Cash and cash equivalents at the beginning of the period		98,296,792	517,167,118
Financial results of cash and cash equivalents		3,345,738	28,626,995
Cash and cash equivalents at the end of the period	9	360,693,799	551,564,855
		<b>259,051,269</b>	<b>5,770,742</b>

The accompanying notes form an integral part of the consolidated interim condensed combined financial statements.

- 1) Includes advances to suppliers for the purchase of property, plant and equipment for \$230,425,161 and \$723,602,254 at March 31, 2018 and 2017, respectively.

## Albanesi S.A.

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

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

For the three-month periods ended 31 March, 2018 and 2017

Stated in pesos

#### *Material transactions not entailing changes in cash and cash equivalents*

	Notes	03.31.2018	03.31.2017
Acquisition of property, plant and equipment not yet paid	7	(22,957,744)	(698,889,100)
Advances to suppliers applied to the acquisition of property, plant and equipment	7	(10,113,504)	-
Financial costs capitalized in property, plant and equipment	7	(351,499,268)	(24,751,732)
<b>Addition of balances due to merger through absorption (Note 28.2)</b>			
<b>Assets</b>			
Property, plant and equipment		2,683,870,011	-
Deferred tax asset		1,163,688	-
Other receivables		282,380,131	-
Inventories		20,322,775	-
Other financial assets at fair value through profit or loss		29,676,880	-
Income tax credit balance, net		1,097,695	-
Trade receivables		320,005,184	-
Total assets		<u>3,338,516,364</u>	<u>-</u>
<b>Liabilities</b>			
Deferred tax liabilities, net		(195,289,289)	-
Loans		(2,356,005,292)	-
Other liabilities		(5,314,572)	-
Tax payables		(6,651,866)	-
Social security debts		(1,951,921)	-
Trade payables		(278,536,907)	-
Total liabilities		<u>(2,843,749,847)</u>	<u>-</u>
Equity attributable to the shareholders		(425,648,029)	-
Non-controlling interest		(166,402,774)	-
Cash added as a result of the merger		<u>(97,284,286)</u>	<u>-</u>

The accompanying notes form an integral part of the consolidated interim condensed financial statements.

## Albanesi S.A.

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

### Notes to the Consolidated Interim Condensed Financial Statements

For the three-month periods ended 31 March, 2018 and 2017

and the fiscal year ended December 31, 2017

Stated in pesos

#### **NOTE 1: GENERAL INFORMATION**

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

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

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

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

Companies	Country of creation	Main activity	% participation	
			3.31.18	12.31.2017
CTR <sup>(1)</sup>	Argentina	Generation of electric energy	75%	-
GECE	Argentina	Generation of electric energy	95%	95%
GLSA	Argentina	Generation of electric energy	95%	95%
GMSA	Argentina	Generation of electric energy	95%	95%
GROSA	Argentina	Generation of electric energy	95%	95%
Solalban Energía S.A.	Argentina	Generation of electric energy	42%	42%

(1) Company merged under the merger through absorption process, as described in Note 28.2.

At the date these consolidated interim condensed financial statements were signed, Albanesi Group had a total installed capacity of 1,410 MW, representing 6.2% of the total installed thermoelectric capacity in Argentina, it being expanded with additional 435 MW with all the new projects awarded and currently under way.

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

As part of a merger process in 2016, GFSA was merged into GMSA (the merging and continuing company). On November 15, 2016, a final merger agreement was signed which set January 1, 2017 as the effective date of the merger. The merger was approved by the CNV on March 2, 2017 and registered with the Superintendency of Commercial Companies on March 17, 2017 (See Note 28.1).

Furthermore, in 2017 ASA (merging and continuing company) has been part of a merger process in which AISA was merged. The final merger agreement was signed on November 21, 2017, which set January 1, 2018 as the effective date of the merger. The merger was approved by the CNV on January 11, 2018 and registered with the Superintendency of Commercial Companies on February 23, 2018 (See Note 28.2).

## **Albanesi S.A.**

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

### **Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)**

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

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

On July 7, 2016, under CNV Resolution No. 18110, GMSA, GFSA and CTR obtained authorization for the co-issuance in the domestic and international markets of simple guaranteed unsubordinated negotiable obligations, not convertible for shares. On July 27, 2016, Negotiable Obligations were issued for USD 250 million and on December 5, 2017 additional Negotiable Obligations for USD 86 million were issued, both falling due on July 27, 2013. Both issuances are unconditionally and fully guaranteed by ASA.

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

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

#### **Central Térmica Modesto Maranzana**

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

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

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

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

## **Albanesi S.A.**

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### **Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)**

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

##### **Central Térmica Modesto Maranzana (Cont'd)**

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

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

One of them is the closure of the combined cycle of units TG06 and TG07 of Central Modesto Maranzana, located in the city of Río Cuarto. The project consists in the installation of a new 50 MW Siemens SGT800 gas turbine (with a guaranteed power of 47.5 MW) and the conversion into combined cycle of the three gas turbines (3x1 configuration). For such conversion, a recovery boiler will be installed at the gas turbines exit, which will produce steam in two pressures to feed a SST-600 steam turbine that will deliver a further 65 MW to the network; also, the necessary infrastructure will be installed for its operation and maintenance. The project for the closure of CT Modesto Maranzana combined cycle will enable contributing a further 112.5 MW to Argentine Interconnection System (SADI). The addition of a new gas turbine will cause an additional demand for fuel to the system. The addition of the turbo steam machine will contribute 65 MW, without additional consumption of fuel, with the complete cycle recording a specific consumption of 1590 Kcal/kWh in the closure of the combined cycle. This project was awarded by SEE Resolution 926 – E/2017 on 17 October, 2017, and it is expected to become operative by mid-2020.

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

##### **Central Térmica Independencia**

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

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

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

## **Albanesi S.A.**

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### **Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)**

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

##### **Central Térmica Independencia (Cont'd)**

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

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

##### **Central Térmica Riojana**

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

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

##### **Central Térmica La Banda**

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

##### **Central Térmica Frías**

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

The turbine purchase agreement contemplated financing by PWPS of USD 12 million for 4 years, as from the provisional acceptance. This amount is disclosed under non-current trade payables for the equivalent to \$241,788,000.



## **Albanesi S.A.**

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### **Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)**

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

##### **Central Térmica Ezeiza**

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

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

For this purpose, on April 30, 2016, a contract was executed with Siemens Industrial Turbomachinery AB for the purchase of the mentioned turbines, paying on September 2016 50% and financing the remaining 50% in 24 installments as from September 2017. As regards the second stage of the project, on August 9, 2016, a contract was executed with Siemens Industrial Turbomachinery AB for the purchase of a third SGT-800 turbine of 50 MW, paying on March 2017 50% and financing the remaining 50% in 24 installments as from April 2018. The price of the turbine amounts to USD 20.3 million. Authorization for commercial operation of the second stage was obtained on February 1, 2018.

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

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

One of them is the closure of the combined cycle of units TG01, TG02 and TG03 of Central Térmica Ezeiza, located in the province of Buenos Aires. The project consists of: i) the installation of a fourth 50 MW Siemens SGT-800 gas turbine, and ii) the conversion into combined cycle of the four gas turbines. For the conversion into combined cycle, a recovery boiler will be installed at the gas turbines exit, which will produce steam in two pressures to feed two steam turbines (2x1 configuration), each of them delivering 44 MW to the network.

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

This project was awarded under SEE Resolution 926 - E/2017 on October 17, 2017 and its placing into service is planned for mid-2020.

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

## **Albanesi S.A.**

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### **Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)**

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

##### **Co-generation Project Arroyo Seco**

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

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

On August 9, 2017, a contract was signed with the supplier Siemens for the purchase of a Turbine for a total amount of SEK 270,216,600 million. The contract is for the purchase of the SGT800 Siemens gas turbine, including whatever is necessary for its installation and start up.

At the date of these consolidated financial statements, two advances have been paid to Siemens for the gas turbine which account for 50% of the contract.

##### **Central Térmica Roca**

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

The Plant, built in 1995, is equipped with an open cycle generation unit with EGT technology (European Gas Turbines) and has a nominal power of 130 MW. In fiscal year 2012 the first stage of repair and reconditioning was completed, and the Plant was authorized for commercial operation by the end of June 2012. In late June 2013 the second stage was completed, which consisted in the conditioning and modification of facilities and infrastructure for the purposes of the conversion to dual fuel, permitting feed of the turbo generator with alternative fuel (diesel).

CTR is developing a project to close the Power Plant cycle, which means expanding the current capacity by 60 MW with the installation of a steam turbine, a boiler and other equipment. Not only will this project increase power but will also be significant in environmental and energy efficiency terms, as the extra power to be generated will not require additional fuel.

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Its placing into operation is scheduled for the second quarter of 2018.

A new MEM Supply Contract for 55 MW was signed with CAMMESA in October 2015 under Energy Secretariat Resolution 220/07.

## **Albanesi S.A.**

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### **Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)**

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

##### **Central Térmica Sorrento**

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

With the aim of keeping the availability and dispatch levels as required by MEM, GROSA is executing the Third Stage for the Repair of the Unit TV13, performing additional investments in the boiler, steam turbine, transformers and ancillary equipment. In particular, in April 2016, scheduled maintenance tasks were conducted, including works in the boiler, the thermal cycle and the transformers. During the second half of October and first days of November 2016, new scheduled maintenance tasks were conducted, including the replacement of boiler tubes, of valves in the boiler thermal cycle and ancillary equipment, and the recovery of fuel oil pumps, among other tasks.

#### **NOTE 2: REGULATORY ASPECTS RELATED TO ELECTRICITY GENERATION**

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

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

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

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

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

## **Albanesi S.A.**

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### **Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)**

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

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

The regulation establishes that:

- Large Users with demand over 300 KW ("GU300") will be authorized to enter into contract for their demand of electricity in the forward market with the generating agents existing in the MEM at the moment, only for the electricity consumption in 2005 ("Basic Demand").
- The electricity consumed by GU300 above their Basic Demand must be supplied by new generation (Energía Plus) and contracted at a price agreed upon by the parties. This may not exceed 50% of the actual demand.

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

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

##### **b) MEM Supply Contract (Resolution No. 220/07)**

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

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

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

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

## Albanesi S.A.

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### Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

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

##### b) MEM Supply Contracts (Resolution No. 220/07) (Cont'd)

CTR and CAMMESA entered into a MEM supply contract for 116.7 MW, for a term of 10 years counted as from June 2012. Further, on October 14, 2015, the Company and CAMMESA entered into a new MEM supply contract for 55 MW, for a term of 10 years counted as from the date of commercial operation of the turbine at issue. This contract establishes a fixed rate remuneration of 31,916 USD/MW-month and a variable rate associated with the energy actually provided of 5.38 USD/MWh. The contract will be supported by the conversion of the current gas turbine generator into a combined cycle. To this end, the equipment must be installed, so that the exhaust fume recovery of the present gas turbine generates an amount of steam such that when expanded through a steam turbine, additional power of up to 60-MW may be generated.

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

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

Thermal power Plant	Fixed charge for power hired	Hired power
	USD/MW-month	MW
CTMM TG 5	USD 16,133	45
CTI TG 1 and 2	USD 17,155	100
CTF	USD 19,272	55.5
CTMM TG 6 and 7	USD 15,930	89.9
CTRi TG 24	USD 16,790	42
CTR	USD 12,540	116.7
CTR Closure of cycle	USD 31,916	55

- ii) The fixed charge recognizes transportation costs plus other generating agents' own costs  
iii) the variable charge associated with the energy effectively prescribed under the contract and which purpose is to remunerate the operation and maintenance of the Plant:

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

- iv) a variable charge for repayment of fuel costs, all of them at reference price; and  
v) a discount for penalties.

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

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

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### Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

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

c) Sales under SE Resolution No. 21/2016

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

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

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

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

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

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

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

- ii) The fixed charge recognizes transportation costs plus other generating agents' own costs  
 iii) the variable charge associated with the energy effectively prescribed under the contract and which purpose is to remunerate the operation and maintenance of the Plant:

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

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

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### Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

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

c) Sales under SE Resolution 21/2016 (Cont'd)

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

d) Sales under SE Resolution No. 19/2017

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

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

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

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

The balance not recognized for this item amounts to \$ 31,708,050.

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

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

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

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### **Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)**

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

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

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

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

The Generating Agents are excluded from this system in the framework of contracts regulated by Resolution No. 1281/2006, 220/2007, 21/2016 as well as any other type of MEM contract having a differential remuneration established or authorized by MEM competent authority.

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

The new resolution is effective from February 1, 2017.

The remuneration system basically comprises the following items:

1. Remuneration per power: this is proportional to the available monthly power and a price in USD/MW-month that varies according to different conditions.
  - MINIMUM price of power per technology and scale.
  - BASE price according to the Offered Guaranteed Power. Valued as from May 2017 until October 2017 at 6,000 USD/MW-month and as from November 2017 onwards, 7,000 USD/MW-month.
  - ADDITIONAL price with maximum in accordance with additional availability Offered and allocated. Valued as from May 2017 until October 2017 at 1,000 USD/MW-month and as from November 2017 onwards, 2,000 USD/MW-month.
2. Remuneration per Energy: It is comprised by:
  - 2.1 Energy generated: It is the remuneration received for the energy effectively generated, valued according to the type of fuel at 5USD/MWh for Natural Gas and 8 USD/MWh for diesel or fuel oil.
  - 2.2 Energy operated: The generators will receive an additional remuneration of 2 USD/MWh, irrespective of the type of fuel, for the Energy Operated, represented by the integration of hourly powers in the period.
  - 2.3 Additional remuneration incentive for efficiency:
    - 2.3.1 Additional remuneration variable costs efficient thermal power generation: The generating agent may receive an additional remuneration if the fuel consumption objectives are accomplished.
    - 2.3.2 Additional remuneration for thermal power generators of little use: An additional remuneration is established according to the frequency of starts based on the energy generated.



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### **Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)**

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

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

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

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

##### e) Supply of gas by RGA

The natural gas used by CTMM, CTI y CTR for the turbo generators assigned to Energía Plus and Resolution No. 220, in accordance with the supply requirements for those units in the Energía Plus market created by SE Resolution 1281/2006, is provided by RGA through an offer for gas supply.

#### **NOTE 3: BASIS FOR PRESENTATION**

These consolidated interim condensed financial statements for the three-month period ended 31 March, 2018 and 2017 were prepared in accordance with the provisions of IAS 34 "Interim Financial Reporting". These consolidated interim condensed financial statements should be read in conjunction with the Company's financial statements at December 31, 2017.

The presentation in the consolidated 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.

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

The preparation of these consolidated interim condensed financial statements in accordance with IFRS requires making estimates and valuations that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of issue of these consolidated interim condensed 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.

## **Albanesi S.A.**

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### **Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)**

#### **NOTE 3: BASIS FOR PRESENTATION**

The consolidated interim condensed financial statements for the three-month periods ended March 31, 2018 and 2017 have not been audited. The Company's management estimates that they include all adjustments necessary to reasonably present the results for each period.

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

These consolidated interim condensed financial statements for the three-month periods ended March 31, 2018 and 2017 were approved for issuance by the Company's Board of Directors on May 11, 2018.

#### **Comparative information**

Balances at December 31, 2017 and for the three-month period ended March 31, 2017, disclosed for comparative purposes in these financial statements, 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 year presentation.

#### **NOTE 4: ACCOUNTING POLICIES**

The accounting policies adopted for these consolidated interim condensed financial statements are consistent with those used in the audited financial information corresponding to the last fiscal year, which ended on December 31, 2017, except for those mentioned below.

There are no new IFRS or IFRIC applicable as from the current period which have a material impact on the consolidated interim condensed financial statements of the Company.

These consolidated interim condensed financial statements must be read together with the audited financial statements at 31 December, 2017 prepared under IFRS.

#### **4.1 New accounting standards, amendments and interpretations issued by the IASB**

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

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

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### Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

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

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

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

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

Expected losses of the Group at January 1, 2018 were determined based on the following ratios calculated for the numbers of days past due:

<b>RATIO PCE</b>	<b>Not yet due</b>	<b>30 days</b>	<b>60 days</b>	<b>90 days</b>	<b>120 days</b>	<b>150 days</b>	<b>180 days</b>	<b>+180 days</b>
CAMMESA	-	-	-	-	-	-	-	-
Interco	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	13%

No adjustment has been made to the allowance for impairment at January 1, 2018 as compared with the allowance at December 31, 2017 due to the application of the expected credit losses model in connection with trade receivables. Further, in the three-month period ended March 31, 2018, no allowance for impairment was set up.

At the date of these consolidated interim condensed financial statements, the Company set up a provision for trade receivables of \$2,750,107.

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

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

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### **Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)**

#### **NOTE 5: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of consolidated interim condensed 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 consolidated interim condensed financial statements were prepared.

In preparing these consolidated interim condensed 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 31 December, 2017.

#### **NOTE 6: FINANCIAL RISK MANAGEMENT**

The Group'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.

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## Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

### NOTE 7: PROPERTY, PLANT AND EQUIPMENT

Captions	ORIGINAL VALUE					DEPRECIATION					NET VALUE			
	Value at beginning of the period/year	Addition due to merger	Increases (1)	Decreases / Transfers	Revaluation of original values	Accumulated at beginning of period/year	Addition due to merger	For the period/year (2) and (3)	Decreases	Revaluation Depreciation Accum.	Accumulated at the end of period/year	03.31.2018	12.31.2017	3.31.2017
Land	218,229,699	8,422,700	-	-	-	226,652,399	-	-	-	-	226,652,399	226,652,399	218,229,699	186,508,094
Buildings	507,841,701	24,619,100	752,592	68,096,534	-	601,309,927	-	19,784,763	-	-	19,784,763	581,525,164	507,841,701	108,248,966
Facilities	1,108,218,402	139,544,000	-	33,119,065	-	1,280,881,467	-	1,669,729	-	-	1,669,729	1,279,211,738	1,108,218,402	283,672,656
Machinery and turbines	8,568,231,100	673,816,700	14,418,069	469,736,578	-	9,726,202,447	-	106,900,518	-	-	106,900,518	9,619,301,929	8,568,231,100	3,593,936,037
Computer and office equipment	11,596,267	1,365,772	1,740,929	128,800	-	14,741,768	6,095,626	900,645	-	-	7,523,601	7,218,167	5,410,641	3,981,448
Vehicles	8,855,068	1,480,032	-	-	-	10,335,100	3,001,777	309,522	-	-	4,199,723	6,135,377	5,833,331	4,920,793
Tools	3,783,611	-	-	3,342,602	-	7,126,213	1,685,356	458,411	-	-	2,143,767	4,982,446	2,098,235	2,047,188
Furniture and fixtures	528,760	-	-	-	-	528,760	328,646	16,821	-	-	545,467	183,293	200,114	244,378
Works in progress	331,243,841	1,854,344,801	876,594,401	(570,952,177)	-	2,471,230,866	-	2,471,230,866	-	-	2,471,230,866	2,471,230,866	331,243,841	2,900,178,215
Civil works on	15,402,242	-	-	10,030,037	-	25,432,279	9,833,139	1,287,276	-	-	11,120,415	14,331,864	5,569,103	6,918,419
Inclusions on third party property	138,977,727	-	-	17,175,799	-	156,153,526	81,150,665	6,196,669	-	-	87,347,334	68,906,192	57,827,062	71,117,663
Machinery and turbines on third party property	63,119,883	-	1,611,921	63,028,506	-	129,760,310	35,186,861	7,638,049	-	-	42,864,910	86,915,400	27,933,022	34,899,992
Leasehold improvements in progress	91,560,506	(7,367,089)	20,021,440	(95,725,744)	-	8,489,103	-	-	-	-	-	8,489,103	91,560,506	62,138,094
Inputs and spare parts	23,064,554	8,839,819	2,065,238	-	-	33,969,611	-	-	-	-	-	33,969,611	23,064,554	32,000,000
<b>Total at 03.31.2018</b>	<b>11,090,563,261</b>	<b>2,685,085,825</b>	<b>917,204,590</b>	<b>(16,395,015)</b>	<b>(133,544,061)</b>	<b>14,692,853,776</b>	<b>137,282,010</b>	<b>1,215,814</b>	<b>145,382,403</b>	<b>-</b>	<b>283,880,227</b>	<b>14,408,973,549</b>	<b>10,953,281,351</b>	<b>-</b>
<b>Total at 12.31.2017</b>	<b>5,469,311,119</b>	<b>-</b>	<b>5,771,191,318</b>	<b>(16,395,015)</b>	<b>(133,544,061)</b>	<b>11,099,563,361</b>	<b>102,698,684</b>	<b>300,441,666</b>	<b>-</b>	<b>(285,957,840)</b>	<b>137,282,010</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total at 03.31.2017</b>	<b>5,469,311,119</b>	<b>-</b>	<b>1,996,375,484</b>	<b>(16,395,015)</b>	<b>(133,544,061)</b>	<b>7,455,786,603</b>	<b>102,698,684</b>	<b>68,245,976</b>	<b>-</b>	<b>162,944,660</b>	<b>-</b>	<b>-</b>	<b>7,292,841,943</b>	<b>-</b>

(1) It includes the acquisition of assets of the project for the start-up and enlargement of the electricity generation plant.

(2) Depreciation was allocated to cost of sales.

(3) Depreciation charges for the three-month period ended March 31, 2018 and for the fiscal year ended December 31, 2017 were allocated to cost of sales, including \$45,970,105 and \$154,551,168 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 CNY.

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### Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

#### NOTE 8: EQUITY INTEREST IN ASSOCIATE

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

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

The development of investments in Group associates is disclosed below for the three-month periods ended 31 March, 2018 and 2017:

	03.31.2018	03.31.2017
At the beginning of the period	373,737,083	293,807,569
(Loss) / income from interests in associates	(2,052,746)	584,203
<b>Period end</b>	<b>371,684,337</b>	<b>294,391,772</b>

Below is a breakdown of the investments and the value of interests held by the Company in the associate at December 31, 2018 and 2017, as well as the Company share of profits of the associate for the years ended December 31, 2018 and 2017:

Name of issuing entity	Main business activity	% of equity interest		Equity value		Company share of profits	
		03.31.2018	12.31.2017	03.31.2018	12.31.2017	03.31.2018	12.31.2017
Associates							
Solalban Energía S.A.	Electricity	42%	42%	371,684,337	373,737,083	(2,052,746)	584,203
				<b>371,684,337</b>	<b>373,737,083</b>	<b>(2,052,746)</b>	<b>584,203</b>

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

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

	03.31.2018	12.31.2017
Total non-current assets	993,867,352	1,013,105,900
Total current assets	415,610,128	273,270,786
<b>Total Assets</b>	<b>1,409,477,480</b>	<b>1,286,376,686</b>
<b>Total equity</b>	<b>884,962,697</b>	<b>889,850,196</b>
Total non-current liabilities	229,920,982	233,377,671
Total current liabilities	294,593,801	163,148,819
<b>Total liabilities</b>	<b>524,514,783</b>	<b>396,526,490</b>
<b>Total liabilities and shareholder's equity</b>	<b>1,409,477,480</b>	<b>1,286,376,686</b>

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### Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

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

Summarized statement of income and statement of comprehensive income:

	<u>03.31.2018</u>	<u>03.31.2017</u>
Sales revenue	391,737,233	247,618,003
Net result for the period	(4,887,498)	1,390,959
Other comprehensive income	-	-
<b>Total comprehensive income/(loss) for the year</b>	<u>(4,887,498)</u>	<u>1,390,959</u>

#### Summary Statement of Cash Flows

	<u>03.31.2018</u>	<u>03.31.2017</u>
Net cash flow (used in)/generated by operating activities	(21,951,315)	7,829,449
Cash flow used in investment activities	(1,703,206)	(2,402,276)
Cash flow used in financing activities	(9,325)	-
<b>(Decrease)/Increase in cash and equivalents for the period</b>	<u>(23,663,846)</u>	<u>5,427,173</u>

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**

	<u>03.31.2018</u>	<u>12.31.2017</u>
Cash	628,339	466,472
Checks to be deposited	8,203,243	149,850
Banks	66,193,316	51,782,287
Mutual funds	285,668,901	45,898,183
<b>Cash and cash equivalents</b>	<u>360,693,799</u>	<u>98,296,792</u>

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

	<u>03.31.18</u>	<u>03.31.2017</u>
Cash and cash equivalents (bank overdrafts excluded)	360,693,799	555,610,863
Bank overdraft	-	(4,046,008)
<b>Cash and cash equivalents (bank overdraft included)</b>	<u>360,693,799</u>	<u>551,564,855</u>

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### Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

#### **NOTE 10: CHANGES IN SHARE CAPITAL**

Share capital at 31 March, 2018 is comprised of:

Capital	Amount \$	Date	Approved by Body	Date of registration with the Public Registry of Commerce
<b>Total at 12.31.2017</b>	<b>62,455,160</b>			
Capitalization due to merger (Note 28.2)	1,996,585	10/18/2017	Extraordinary Shareholders' Meeting	2/23/2018
<b>Total at 03.31.2018</b>	<b>64,451,745</b>			

#### **NOTE 11: DISTRIBUTION OF PROFITS**

##### *Dividends*

According to Law No. 25063, the payment of dividends in excess of the taxable profits accumulated at the end of the year immediately preceding the date of this payment (or, if this be the case, distribution of profits), creates an obligation to withhold 35% income tax on the exceeding amount, as sole and final payment. This withholding will no longer apply to dividends (profits) attributable to profits accrued in the fiscal years beginning on or after January 1, 2018.

As from the Tax Reform implemented by Law 27430, the declared dividends on accounting profits for the fiscal years 2018 and 2019 will be subject to a 7% withholding rate, while for dividends on profits from the fiscal year 2020 onwards, the applicable withholding rate will be 13%. The withholding will be made when such profits are distributed and paid as dividends to shareholders based in abroad.

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

Due to the issuance of the International Negotiable Obligation, co-issued by GMSA and CTR and guaranteed by ASA, the Companies must comply with ratios on a consolidated basis to be allowed to distribute dividends.

#### **NOTE 12: LOANS**

<u>Non-Current</u>	<u>03.31.2018</u>	<u>12.31.2017</u>
CAMMESA	1,687,330	193,854,659
Finance lease debts	60,925,439	49,445,832
Negotiable obligations	2,333,191,021	1,792,069,588
International bond	6,769,058,983	4,967,124,269
Foreign loan debt	398,723,611	-
Other bank debts	195,620,740	21,202,224
	<b><u>9,759,207,124</u></b>	<b><u>7,023,696,572</u></b>



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### Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

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

<u>Current</u>	<u>Note</u>	<u>03.31.2018</u>	<u>12.31.2017</u>
Finance lease debts		21,728,714	17,340,907
Other bank debts		820,817,090	62,175,039
Foreign loan debt		103,827,763	-
Related parties	<b>21</b>	291,336,589	-
NO		745,723,469	417,488,574
International bond		109,045,084	226,424,245
CAMMESA		9,050,064	8,908,160
		<b><u>2,101,528,773</u></b>	<b><u>732,336,925</u></b>

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

	<u>03.31.2018</u>	<u>12.31.2017</u>
<b>Fixed rate</b>		
Less than 1 year	940,292,618	295,778,901
Between 1 and 2 years	855,503,632	25,115,553
Between 2 and 3 years	636,391,922	1,065,684,618
After 3 years	6,771,354,773	4,912,119,268
	<b><u>9,203,542,945</u></b>	<b><u>6,298,698,340</u></b>
<b>Floating rate</b>		
Less than 1 year	1,161,236,155	436,558,024
Between 1 and 2 years	326,109,380	432,014,029
Between 2 and 3 years	442,899,902	82,316,004
After 3 years	726,947,515	506,447,100
	<b><u>2,657,192,952</u></b>	<b><u>1,457,335,157</u></b>
	<b><u>11,860,735,897</u></b>	<b><u>7,756,033,497</u></b>

Group loans are denominated in the following currencies:

	<u>03.31.2018</u>	<u>12.31.2017</u>
Argentine pesos	2,105,789,903	1,410,113,431
US dollars	9,754,945,994	6,345,920,066
	<b><u>11,860,735,897</u></b>	<b><u>7,756,033,497</u></b>

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### Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

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

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

	03.31.2018	03.31.2017
<b>Loans at beginning of the period</b>	<b>7,756,033,497</b>	<b>4,642,521,657</b>
Loans received	2,152,387,436	1,605,417,114
Loans paid	(753,508,414)	(680,884,879)
Forgiveness of debt CAMMESA (Note 12.D)	(190,480,000)	-
Accrued interest	387,239,008	170,775,325
Interest paid	(483,098,968)	(214,506,121)
Exchange difference	734,625,051	(124,353,432)
Bank overdraft	-	(10,611,856)
Addition due to merger	2,275,143,290	-
Capitalized expenses	(17,605,003)	(33,017,147)
<b>Loans at period end</b>	<b>11,860,735,897</b>	<b>5,355,340,661</b>

At 31 March, 2018, the total financial debt amounts to \$11,861 million. The following table shows the total debt at that date.

	Borrower	Principal	Balances at 03.31.2018	Interest rate	Currency	Date of Issue	Maturity date
<b>Loan agreement</b>							
Cargill	GMSA	USD 25,000,000	502,551,374	LIBOR + 4.25%	USD	2/16/2018	01/29/2021
<b>Subtotal</b>			<b>502,551,374</b>				
<b>Debt securities</b>							
International NO	GMSA/ CTR	USD 336,000,000	6,878,104,067	9625%	USD	7/27/2016	07/27/2023
Class V NO	GMSA	\$953,644	1,070,194	BADLAR + 4%	ARS	6/30/2016	06/30/2018
Class VI NO	GMSA	USD 34,696,397	698,832,454	8.0%	USD	2/16/2017	02/16/2020
Class VII NO	GMSA	\$ 553,737,013	590,722,539	BADLAR + 4%	ARS	2/16/2017	02/16/2019
Class VIII NO	GMSA	\$ 312,884,660	312,057,418	BADLAR + 5%	ARS	8/28/2017	08/28/2021
Class III NO (GFSA(1))	GMSA	\$2,908,499	3,041,024	BADLAR + 5.6%	ARS	7/6/2016	07/06/2018
Class I Negotiable Obligation co-issuance	GMSA-CTR	USD 30,000,000	610,168,594	6.68%	USD	10/11/2017	10/11/2020
Class II NO	CTR	\$270,000,000	274,243,939	BADLAR + 2%	ARS	11/17/2015	11/17/2020
Class III NO	CTR	\$5,120,000	5,235,453	BADLAR + 5.76%	ARS	6/10/2016	06/10/2018
Class IV NO	CTR	\$291,119,753	303,512,936	BADLAR + 5%	ARS	7/24/2021	07/24/2021
Class II NO	ASA	\$25,820,000	27,053,161	BADLAR + 4%	ARS	10/25/2016	10/25/2018
Class III NO	ASA	\$ 255,826,342	252,976,778	BADLAR + 4.25%	ARS	6/15/2017	06/15/2021
<b>Subtotal</b>			<b>9,957,018,557</b>				
<b>Other debts</b>							
CAMMESA	GMSA		10,737,394				
Supervielle loan	GMSA	USD 4,480,785	73,846,642	7.25%	USD	10/20/2017	04/22/2019
Hipotecario loan	GMSA	USD 17,777,778	355,488,000	6.75%	USD	1/3/2018	07/02/2019
Citibank loan	GMSA	USD 10,000,000	202,900,430	3.50%	USD	1/17/2018	01/17/2019
Banco Ciudad loan	CTR	USD 8,363,636	170,014,803	6.00%	USD	8/4/2017	08/04/2020
BAPRO loan	CTR	USD 10,600,000	214,187,955	4.00%	USD	2/5/2018	01/03/2019
Related companies	GECE		291,336,589				
Finance lease	GMSA-CTR		82,654,153				
<b>Sub-total</b>			<b>1,401,165,966</b>				
<b>Total financial debt</b>			<b>11,860,735,897</b>				

(1) Company absorbed by GMSA as from January 1, 2017 (See Note 28.1).

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### Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

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

The main financial debts are described below.

##### **A) INTERNATIONAL BOND ISSUE**

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

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

This issuance allowed financing investments under the Company's expansion plans, as a result of the award by the SE of Wholesale Demand Contracts through Resolution 115/2016 dated June 14, 2016, and also the Group's projects under development, which in the aggregate represent works for installing 460 nominal MW. In addition, it allows for improving the Group's financial profile with the early repayment of existing loans, obtaining a term for financing in accordance with the projects under financing and also a considerable decrease in related costs, which implies greater financial efficiency and release of guarantees.

On November 8, 2017, under RESFC-2017-19033-APN-DIR#CNV Resolution, GMSA and CTR obtained authorization from the CNV for the reopening of the International Bond. On December 5, 2017, NO were issued for USD 86 million, with a nominal value of USD 336 million. The NO have the same conditions as the originally issued ones.

##### **International Bond:**

**Principal:** Nominal value: USD 336,000,000; amount assigned to GMSA: USD 266,000,000 (Considering the effect of the merger with GFSA) and to CTR. USD 70,000,000

**Interest:** Fixed rate of 9.625%

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

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

Principal balance on those International NO at 31 March, 2018 is USD 336,000,000.

As a result of the issue of International Bonds, GMSA and CTR have undertaken standard commitment for this type of issue, whose specific conditions are detailed in the pertinent public prospect. At the date of these combined financial statements, ASA and its subsidiaries are complying with all its commitments undertaken as a result of loan agreements.

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### **Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)**

#### **B) CLASS I NO (GMSA AND CTR CO-ISSUANCE)**

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

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

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

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

The Negotiable Obligations were paid up in cash.

The proceeds from the issue of the Class I Negotiable Obligations will be destined mainly to investments in property, plant and equipment on the various expansion projects at GMSA and CTR and, to a lesser extent, to working capital and refinancing liabilities.

The remaining balance of principal corresponding to the Negotiable Obligation at 31 March, 2018 amounts to USD 30,000,000.

#### **C) LOAN AGREEMENTS – GENERACIÓN MEDITERRÁNEA S.A.**

##### **C.1) Negotiable obligations**

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

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

At 31 March, 2018 there are outstanding Class V, VI, VII and VIII Negotiable Obligations issued by GMSA, and Class III Negotiable Obligations issued by GFSa for the amounts and under the following conditions:

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### Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

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

#### **C) LOAN AGREEMENTS – GENERACIÓN MEDITERRÁNEA S.A. (Cont'd)**

##### **C.1) Negotiable obligations (Cont'd)**

##### **Class V NO:**

**Principal:** Nominal value: \$ 200,000,000

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

**Term and repayment:** interest on Class IV NO 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 NO shall be amortized in 3 quarterly installments, the first two equivalent to 30% of nominal value of the NO and the last installment to 40% of nominal value, payable on December 30, 2017, March 30, 2018 and June 30, 2018, respectively.

The proceeds from the issuance of Class V NO were applied to the repurchase of the remaining balance of GISA Class III NO, investments and working capital.

On February 16, 2017, Class VI and Class VII NO were issued, a portion subscribed in cash and the remainder through a voluntary swap for Class IV and Class V (GMSA) and Class II and Class III (GFSA) NO, improving GMSA's indebtedness profile (term and rate). The amount paid of Class V NO was \$64,838,452.

On August 29, 2017, Class VIII NO were issued and fully subscribed through a voluntary swap of Class V (GMSA) and Class II and III (GFSA) NO, improving GMSA's indebtedness profile (term and rate). The amount paid of Class V NO was \$132,777,453, with a principal balance outstanding of \$2,384,100.

The principal balance of this Negotiable Obligation amounts to \$953,644 at 31 March, 2018.

##### **Class VI NO:**

**Principal:** Nominal value: USD 34,696,397

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

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

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

The proceeds from the issuance of the Class VI NO were destined to investments in physical assets on the various expansion projects at GMSA and to refinancing liabilities, improving GMSA's financial profile.

The principal balance of this negotiable obligation amounts to USD 34,696,397 at 31 March, 2018.

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### Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

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

##### **C) LOAN AGREEMENTS – GENERACIÓN MEDITERRÁNEA S.A. (Cont'd)**

###### **C.1) Negotiable obligations (Cont'd)**

###### **Class VII NO:**

**Principal:** Nominal value: \$ 553,737,013

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

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

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

The principal balance of this Negotiable Obligation amounts to \$553,737,013 at 31 March, 2018.

###### **Class VIII NO:**

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

**Principal:** Nominal value: \$ 312,884,660

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

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

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

The principal balance of this Negotiable Obligation amounts to \$312,884,660 at 31 March, 2018.

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### **Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)**

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

#### **C) LOAN AGREEMENTS – GENERACIÓN MEDITERRÁNEA S.A. (Cont'd)**

##### **C.1) Negotiable obligations (Cont'd)**

##### **Class II NO (GFSA):**

**Principal:** nominal value: \$ 130,000,000

**Interest:** Private Banks BADLAR plus 6.5 %

**Amortization term and method:** Interest will be paid quarterly in arrears, on the following dates: (i) June 08, 2016; (ii) September 08, 2016; (iii) December 08, 2016; (iv) March 08, 2017; (v) June 08, 2017; (vi) September 08, 2017; (vii) December 08, 2017 and (viii) March 08, 2018; or if that date was not a business day, the date for interest payment to be considered shall be the first immediate following business day.

Principal shall be amortized in 3 (three) quarterly and consecutive installments, the first two equivalent to 30% of nominal value of Class II NO and the remaining equivalent to 40% of nominal value of Class II NO, at the dates in which 18, 21 and 24 months have elapsed counted as from the issue and settlement, (i) September 8, 2017; (ii) December 8, 2017; (iii) March 8, 2018, or if that date was not a business day, on the first following business day. Maturity date of Class II Negotiable Obligation: March 8, 2018

On February 16, 2017, Class VI and VII NO were issued, a portion in cash and the remainder through a voluntary swap for Class III NO (GFSA), improving the Company's indebtedness profile (term and rate). The principal amount paid on Class II NO was \$ 51,254,716.

On 28 August, 2017, Class VIII NO were issued and fully subscribed through a voluntary swap of Class V (GMSA) and Class II and III (GFSA) NO, improving the Company's indebtedness profile (term and rate). The principal amount paid on Class II NO was \$58,245,284.

At the date of these consolidated interim condensed financial statements, this debt has been repaid in full.

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### **Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)**

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

##### **C) LOAN AGREEMENTS – GENERACIÓN MEDITERRÁNEA S.A. (Cont'd)**

###### **C.1) Negotiable obligations (Cont'd)**

###### **Class III NO (GFSA):**

**Principal:** nominal value: \$160,000,000 (pesos one hundred and sixty million)

**Interest:** private banks BADLAR plus 5.6 %

**Amortization term and method:** Interest will be paid quarterly in 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.

Principal shall be amortized in 3 (three) quarterly and consecutive installments, the first two equivalent to 30% of nominal value of Class III negotiable obligations and the remaining equivalent to 40% of nominal value of Class III negotiable obligations, at the dates in which 18, 21 and 24 months have elapsed counted as from the issue and settlement, (i) January 6, 2018; (ii) April 6, 2018; (iii) July 6, 2018, or if that date was not a business day, on the first following business day.

Maturity of Class III Negotiable Obligation: July 6, 2018.

The proceeds from the issue of Class III Negotiable Obligations were applied to the repayment of the loan with Puente Hnos. S.A., to the repurchase of the remaining balance of Class I (GFSA) Negotiable Obligations, working capital and investment in property, plant and equipment; with the process to formalize the release of timely granted guarantees having been complied with.

On February 16, 2017, Class VI and VII Negotiable Obligations were issued, a portion in cash and the remainder through a voluntary swap for Class III Negotiable Obligations (GFSA), improving the Company's indebtedness profile (term and rate). The amount amortized on Class III Negotiable Obligation was \$ 49,540,493.

On August 29, 2017, Class VIII Negotiable Obligations were issued and fully subscribed through a voluntary swap of Class V (GMSA) and Class II and III (GFSA) Negotiable Obligations, improving the Company's indebtedness profile (term and rate). Principal paid on Class III Negotiable Obligations was \$106,304,507.

The principal balance of this Negotiable Obligation amounts to \$2,908,499 at 31 March, 2018.



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### **Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)**

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

#### **C) LOAN AGREEMENTS – GENERACIÓN MEDITERRÁNEA S.A. (Cont'd)**

##### **C.2) Loan with CAMMESA (GRISA)**

At 31 March, 2018, GMSA holds financial debts with CAMMESA for \$10,737,394, guaranteed by the assignment of 100% of the present and future credit rights for the sale of electricity in the Spot market of the MEM, from the implementation of a trust agreement in accordance with Law No. 24441.

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

This loan has a repayment period set in 48 monthly and consecutive installments, to which interest must be added applying the rate equivalent to the return obtained by the Dispatch Management Agency (CAMMESA) on financial placements in the MEM. At the date of these consolidated interim condensed financial statements, 33 installments have been paid, equivalent \$18,560,626.

The principal balance of this debt is \$10,737,394 at 31 March, 2018.

##### **C.3) Cargill loan**

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

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

On March 13, 2012, GMSA executed a new mutuum 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 energy generation to 140 MW, for an amount equivalent to \$ 190,480,000.

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 Energy Secretariat.

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

## **Albanesi S.A.**

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### **Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)**

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

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

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.

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 SE Resolution No. 529/2014.

Between June 15 and 13 March, 2018, GROSA sent nineteen notes to CAMMESA for a total amount of \$74,177,878 (with taxes), corresponding to the payment of suppliers of materials and services for the period between November 2015 and February 2018. At 31 March, 2018, the total amount of disbursements received from CAMMESA is \$ 66,921,596.

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

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

At 31 March, 2018, the receivables with CAMMESA amount to 85,153,934 and are recorded under current trade receivables.

On January 26, 2018, GROSA filed a report with CAMMESA to establish that, according to the interpretation by GROSA, the mutuum agreement between GROSA and CAMMESA, entered into on March 13, 2012 and its subsequent addendum dated February 14, 2014, could be terminated. The events that strengthen that interpretation are that the TV13 unit of the Central Sorrento was available with 130 MW with capacity to burn natural gas and fuel oil, with an average availability of 120 MW. In addition, the dispatch of the unit meant quite important economic benefits to the Electric System as a whole, as a result of the generation with fuel oil in replacement of equivalent diesel. These economic benefits for the MEM were sufficient to compensate, consequently, the financing of the work carried out in the unit under the responsibility of the MEM. However, considering that the maximum availability reached has been somewhat lower than the power to be supplied in the mutuum agreement, GROSA would return to the Stabilization Fund the amount arising from the difference between the power to be supplied and the power actually reached between 2014 and 2016 in order to compensate for the lack of availability that would have been verified during the enforcement of the Mutuum Agreement referred to above.

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### **Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)**

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

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

On February 8, 2018, CAMMESA agreed on the interpretation made by GROSA related to the return of the financing, thus imposing a penalty due to the maximum power reached in relation to that to be supplied.

At 31 March, 2018, CAMMESA deducted the penalty for an amount of \$13,972,509; thus, the enforcement and the commitments undertaken by the parties under the Mutuum Agreement were considered completed.

At 31 March, 2018, the net profit for the return of the financing is stated under Other income for an amount of \$176,687,491.

##### **E) PROGRAM FOR THE ISSUE OF NEGOTIABLE OBLIGATIONS OF ALBANESI S.A.**

To improve the Company's financial profile, on November 20, 2015, ASA obtained, under CNV Resolution No. 17887 authorization for: (i) incorporation of ASA to the public offering system; and (ii) creation of a global program to issue simple negotiable obligations (non-convertible into shares), for a total outstanding nominal value of up to USD 100,000,000 (one hundred million US dollars) or its equivalent in other currencies, in one or more classes or series.

##### **Class II NO**

On 25 October, 2016, ASA issued Class II Negotiable Obligations under the following conditions:

**Principal:** Nominal value: \$ 220,000,000

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

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

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

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

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

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The principal balance of this Negotiable Obligation amounts to \$ 25,820,000 at 31 March, 2018.

## **Albanesi S.A.**

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### **Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)**

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

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

###### **Class III NO**

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

**Principal:** Nominal value: \$ 255,826,342

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

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

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

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

The principal balance of this negotiable obligation is \$255,826,342 at March 31, 2018.

##### **E) LOAN AGREEMENT - CENTRAL TERMICA ROCA S.A.**

###### **E.1) Negotiable obligations**

To improve the Company's financial profile, on August 8, 2014 CTR obtained, under Resolution 17413 of the CNV, authorization for: (i) the incorporation of CTR into the public offering system; and (ii) creation of a global program to issue simple (non-convertible) negotiable obligations for a total nominal value outstanding of USD 50,000,000 (fifty million US dollars) or its equivalent in other currencies, in one or more classes or series.

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

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At 31 March, 2018, there are Class II, III and IV negotiable obligations outstanding, issued by CTR for the amounts and under the following conditions:

###### **Class II NO:**

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

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### Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

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

##### E.1) Negotiable obligations (Cont'd)

##### Class II Negotiable Obligations (Cont'd)

**Principal:** nominal value: \$ 270,000,000 (pesos two hundred and seventy million).

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

**Interest:** Private Banks BADLAR plus 2% margin.

##### **Payment term and method:**

Amortization: Principal on negotiable obligations will be amortized in ten (10) consecutive installments payable on a quarterly basis, equivalent to 10% of the nominal value of the negotiable obligations, on the following dates: August 17, 2018, November 17, 2018, February 17, 2019, May 17, 2019, August 17, 2019, November 17, 2019, February 17, 2020, May 17, 2020, August 17, 2020 and November 17, 2020. At the date of issue of these financial statements, principal amount due under Class II Negotiable Obligations was \$270,000,000.

The outstanding balance of principal corresponding to this negotiable obligation amounts to \$ 270,000,000 at 31 March, 2018.

##### Class III NO:

On June 10, 2016, CTR issued Class III Negotiable Obligations in the amount and under the conditions described below:

**Principal:** nominal value: \$ 170,262,333 (pesos one hundred and seventy million, two hundred and sixty two thousand three hundred and thirty three).

**Interest:** Private Banks BADLAR rate plus 5.76% margin. Under the issuance terms, a minimum rate of 36% has been set for the first quarter, and 35% for the second quarter.

Interest on Class III Negotiable Obligations will be paid quarterly in arrears, on the following dates: (i) September 10, 2017; (ii) December 10, 2017, (iii) March 10, 2018 and (iv) June 10, 2018.

**Payment term and method:** Principal on Class III negotiable obligations will be amortized in three installments, equivalent to 30%, 30% and 40%, respectively, of the nominal value of Class III Negotiable Obligations, on the following dates: (i) December 10, 2017; (ii) March 10, 2018, and; (iii) June 10, 2018.

**Maturity of Class III Negotiable Obligations:** June 10, 2018 The negotiable obligations were paid up in cash and in kind, in the latter case through a swap of Class I negotiable obligations for \$41,743,233. The proceeds from the issuance of Class III negotiable obligations were applied to the repurchase of the outstanding balance of Class I negotiable obligations for \$ 11,856,767, to investments and working capital. The swap and subsequent repurchase of Class I Negotiable Obligations improved CTR's financial profile.

Class IV Negotiable Obligations were issued on July 24, 2017, and were partially paid up in kind through the delivery of Class III Negotiable Obligations. The amount swapped of Class III Negotiable Obligations was \$159 million.

The outstanding balance of principal corresponding to this negotiable obligation amounts to \$ 5,120,000 at March 31, 2018.

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### **Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)**

#### **F) LOAN AGREEMENTS – CENTRAL TÉRMICA ROCA S.A. (Cont'd)**

##### **E.1) Negotiable obligations (Cont'd)**

###### **Class IV NO:**

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

**Principal:** nominal value: \$ 291,119,753 (pesos two hundred ninety one million one hundred nineteen thousand seven hundred and fifty three).

**Interest:** Private Banks BADLAR plus 5% margin.

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

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

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

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

The outstanding balance of principal corresponding to this negotiable obligation amounts to \$ 291,119,753 at March 31, 2018.

##### **E.2) Banco Ciudad loan**

On August 4, 2017, CTR obtained a loan from Banco Ciudad de Buenos Aires for USD 9,200,000 in 36 installments, with a grace period of 6 months. Amortization will be made in quarterly principal installments and interest will accrue at a 6% fixed rate, payable quarterly, with the contracts entered into between Rafael G. Albanesi, Vidriería Argentina, San Miguel, Danone, OPP Film, Bopp and Chevron being assigned as collateral. At March 31, 2018, principal due amounts to USD 8,363,636.

##### **E.3) Loan from Banco Provincia de Buenos Aires**

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

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### Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

#### **NOTE 13: ALLOWANCES AND PROVISIONS**

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 and probabilities of occurrence, the opinion of the Company's legal advisors has been considered.

	For trade receivables	For other receivables	For contingencies
<b>Balance at December 31, 2016</b>	<b>2,826,976</b>	<b>1,859,200</b>	<b>9,135,552</b>
Decreases	(76,869)	-	(1,730,483)
<b>Balances at December 31, 2017</b>	<b>2,750,107</b>	<b>1,859,200</b>	<b>7,405,069</b>
Decreases	-	-	(1,022,072)
<b>Balances at 31 March, 2018</b>	<b>2,750,107</b>	<b>1,859,200</b>	<b>6,382,997</b>

<sup>(1)</sup> The charge is shown under Selling expenses

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

#### **NOTE 14: SALES REVENUE**

	03.31.2018	03.31.2017
Sale of electricity Res. No. 95/529/482/22/19 plus Spot market	129,645,469	100,711,995
Energía Plus sales	253,548,057	233,470,587
Sale of electricity Res. No. 220	440,561,264	321,567,014
Sale of electricity Res. No. 21	261,293,112	-
	<b>1,085,047,902</b>	<b>655,749,596</b>

#### **NOTE 15: COST OF SALES**

	03.31.2018	03.31.2017
Cost of purchase of electric energy	(207,397,277)	(179,673,861)
Cost of gas and gas oil consumption at the plant	(4,263,534)	(151,833,723)
Salaries and social security charges	(40,822,012)	(27,458,687)
Defined benefit plan	(6,519,540)	(151,047)
Other employee benefits	(2,668,449)	(1,242,248)
Rental	(2,095,397)	(893,997)
Fees for professional services	(6,369,769)	(705,613)
Depreciation of property, plant and equipment	(145,382,403)	(60,245,976)
Insurance	(11,041,416)	(6,268,884)
Maintenance	(72,309,136)	(44,166,096)
Electricity, gas, telephone and postage	(1,772,351)	(1,491,319)
Duties and taxes	(6,142,736)	(7,646,529)
Travel and per diem	(1,148,120)	(289,799)
Security guard and cleaning	(1,828,829)	(371,048)
Miscellaneous expenses	(1,303,842)	(1,054,838)
	<b>(511,064,811)</b>	<b>(483,493,665)</b>

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### Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

#### **NOTE 16: SELLING EXPENSES**

	Note	03.31.2018	03.31.2017
Duties and taxes		(3,338,237)	1,499,614
Recovery of Turnover tax	31	-	19,643,732
		<u>(3,338,237)</u>	<u>18,144,118</u>

#### **NOTE 17: ADMINISTRATIVE EXPENSES**

	03.31.2018	03.31.2017
Salaries and social security charges	(11,959)	-
Other employee benefits	-	(158,045)
Rental	(1,779,000)	(1,154,000)
Fees for professional services	(26,153,479)	(3,298,077)
Insurance	(9,313)	(374,102)
Electricity, gas, telephone and postage	(987,851)	(937,152)
Duties and taxes	(792,355)	(494,274)
Travel and per diem	(836,128)	(831,438)
Miscellaneous expenses	(578,255)	(292,857)
	<u>(31,148,340)</u>	<u>(7,539,945)</u>

#### **NOTE 18: OTHER OPERATING INCOME AND EXPENSES**

	03.31.2018	03.31.2017
<u>Other operating income</u>		
Recovery of insurance claim	-	135,848
Sundry income	824,833	223,800
Forgiveness of debt (Note 12.D)	176,687,491	-
<b>Total other operating income</b>	<u>177,512,324</u>	<u>359,648</u>



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### Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

#### NOTE 19: FINANCIAL RESULTS

	<u>03.31.2018</u>	<u>03.31.2017</u>
<u>Financial income</u>		
Interest on loans granted	2,074,667	2,299,935
Commercial interest	6,466,454	4,656,361
<b>Total financial income</b>	<b>8,541,121</b>	<b>6,956,296</b>
<u>Financial expenses</u>		
Loan interest	(248,522,817)	(97,801,608)
Commercial and other interest	(8,262,251)	(3,728,857)
Bank expenses and commissions	(1,936,385)	(1,847,787)
<b>Total financial expenses</b>	<b>(258,721,453)</b>	<b>(103,378,252)</b>
<u>Other financial results</u>		
Exchange differences, net	(597,916,256)	59,189,699
Changes in the fair value of financial instruments	24,878,466	33,814,411
Other financial results	(36,539,850)	(18,020,300)
<b>Total other financial results</b>	<b>(609,577,640)</b>	<b>74,983,810</b>
<b>Total financial results, net</b>	<b>(859,757,972)</b>	<b>(21,438,146)</b>

#### NOTE 20: EARNINGS (LOSSES) PER SHARE

##### *Basic*

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

	<u>03.31.2018</u>	<u>03.31.2017</u>
(Loss) income for the period attributable to the owners:	(112,382,178)	93,872,094
Weighted average of outstanding ordinary shares	64,451,745	62,455,160
<b>Basic and diluted earnings (losses) per share</b>	<b>(1.74)</b>	<b>1.50</b>

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

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### Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

#### **NOTE 21: TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

##### *a) Transactions with related parties and associates*

		03.31.2018	03.31.2017
		\$	
		Profit / (Loss)	
<b>Purchase of gas</b>			
RGA (1)	Related company	(916,540,952)	(396,479,794)
<b>Purchase of energy</b>			
Solalban Energía S.A.	Related company	(76,000)	-
<b>Purchase of wine</b>			
BDD	Related company	(273,203)	(34,289)
<b>Purchase of flights</b>			
AJSA	Related company	(8,080,750)	(3,477,999)
<b>Sale of energy</b>			
RGA	Related company	15,329,547	12,440,456
Solalban Energía S.A.	Related company	5,335,802	16,035,564
<b>Leases and services agreements</b>			
RGA	Related company	(50,529,263)	(2,174,201)
<b>Reimbursement of expenses</b>			
CTR (2)	Related company	-	5,375,247
RGA	Related company	15,944,352	-
AESA	Related company	-	1,601,561
<b>Gas pipeline works</b>			
RGA	Related company	(31,905,911)	(50,529,396)
<b>Interest generated due to loans granted</b>			
AISA	Related company	-	2,299,935
Directors	Related party	2,074,667	-
<b>Guarantees provided/received</b>			
CTR (2)	Related company	-	223,800
AJSA	Related company	73,295	-

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

(2) Consolidated Company as from January 1, 2018, by virtue of the merger through absorption process of ASA (Note 28.2).

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### Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

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

##### *b) Remuneration of key managerial staff*

The senior management includes directors (executive and non-executive). Their remunerations at 31 March, 2018 and 2017 amounted to \$10,661,201 and \$3,034,355, respectively.

	<b>03.31.2018</b>	<b>03.31.2017</b>
Salaries	<u>(10,661,201)</u>	<u>(3,034,355)</u>
	<b><u>(10,661,201)</u></b>	<b><u>(3,034,355)</u></b>

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

<b>NON-CURRENT ASSETS</b>			
<b>Other receivables</b>			
TEFU S.A.	Related company	18,154,808	-
		<b>18,154,808</b>	-
<b>Other receivables</b>			
Minority shareholders' accounts			
	Related parties	178,443,628	171,602,918
AJSA	Related company	841	841
AISA <sup>(3)</sup>	Related company	-	80,862,002
CTR <sup>(2)</sup>	Related company	-	936,085
Loans to Directors	Related parties	44,310,875	25,285,532
Advances to directors	Related parties	170,200	170,200
		<b>222,925,544</b>	<b>278,857,578</b>
<b>CURRENT LIABILITIES</b>			
<b>Trade payables</b>			
AJSA	Related company	-	674,260
RGA	Related company	160,490,594	247,625,440
		<b>160,490,594</b>	<b>248,299,700</b>
<b>Other debts</b>			
RGA	Related company	97,656,950	108,559,450
BDD	Related company	914,955	584,380
Directors' fees	Related parties	37,576,141	32,392,009
		<b>136,148,046</b>	<b>141,535,839</b>
<b>Loans</b>			
RGA	Related company	291,336,589	-
		<b>291,336,589</b>	-

<sup>(2)</sup> Consolidated Company as from January 1, 2018, by virtue of the merger through absorption process of ASA (Note 28.2).

<sup>(3)</sup> Company absorbed by ASA as from January 1, 2018, by virtue of the merger through absorption process (Note 28.2).

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### Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

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

d) Loans granted to related parties

	03.31.2018	03.31.2017
<b>Loans to Albanesi Inversora S.A.</b>		
Balances at beginning of the period	80,862,002	66,798,695
Loans added as a result of the merger through absorption, deleted in the consolidation (Note 28.2)	(80,862,002)	-
Accrued interest	-	2,299,935
<b>Balance at the period end</b>	<b>-</b>	<b>69,098,630</b>
	03.31.2018	03.31.2017
<b>Loans to Directors</b>		
Balances at beginning of the period	25,285,532	17,343,215
Loans granted	6,797,993	5,807,375
Loans added as a result of the merger (Note 28.2)	10,152,683	-
Accrued interest	2,074,667	1,228,004
<b>Balance at the period end</b>	<b>44,310,875</b>	<b>24,378,594</b>

The loans are governed by the following terms and conditions:

Entity	Amount	Interest rate	Conditions
At 03.31.2018			
Directors	36,452,598	BADLAR + 3%	Maturity date: 3 years
<b>Total in pesos</b>	<b>36,452,598</b>		

	03.31.2018	03.31.2017
<b>RGA Loans to GECE</b>		
Balances at beginning of year	-	-
Loans granted	291,336,589	-
<b>Balance at year end</b>	<b>291,336,589</b>	<b>-</b>

Granted loans have the following terms and conditions:

Entity	Amount	Interest rate	Conditions
At 03.31.2018			
RGA Loans to GECE	291,336,589	BADLAR + 3%	Maturity date: 1 year
<b>Total in pesos</b>	<b>291,336,589</b>		

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 consolidated interim condensed financial statements. Trade payables with related parties arise mainly from gas purchase transactions and fall due in the month following the transaction date. Transactions with related parties are performed under similar conditions to those carried out with independent parties.

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## Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

### **NOTE 22: WORKING CAPITAL**

At March 31, 2018, the Company records a negative working capital of \$313.239.331 (calculated as current assets less current liabilities). The deficit is mainly due to the application of funds due to the progress of investment projects developed by the Group.

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

### **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 Board of Directors of the Company has been identified as the highest authority in decision-making, responsible for allocating resources and assessing the performance of the operating segments.

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

The Board of Directors considers the business as a single segment: the electricity segment. It comprises the generation and sale of electricity and the development of energy projects, execution of projects, advisory, service delivery, management and execution of works of any nature.

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

### **NOTE 24: RESTRICTED ASSETS AND OTHER COMMITMENTS**

#### **A. GMSA**

##### **A.1 Other commitments**

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

	Total	Up to 1 year	From 1 to 3 years
<i>Sale commitments<sup>(1)</sup></i>			
Electric energy and power - Plus	1,112,218,403	610,524,514	501,693,889

- (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 31 March, 2018, under SE Resolution No. 1281/06.

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### **Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)**

#### **NOTE 24: RESTRICTED ASSETS AND OTHER COMMITMENTS (Cont'd)**

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

##### **A.2) Loan 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 the UBS AG loan was repaid in full in February 2016, BAF Latam Trade Finance Funds B.V. became the only beneficiary as to all the assets and rights assigned as collateral in accordance with that Contract, with Banco de Servicios y Transacciones S.A. acting as trustee and Generación Mediterránea as trustor.

The rights assigned under the contract are detailed below:

- All the GMSA rights under the Project Documents.
- All rights of GMSA 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 rights of GMSA to collect and receive all payments in cash or in kind, for any item, due to GMSA by any Insurance Company, at this date or in the future.
- 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 right of collection related to the rights assigned in these paragraphs.
- Any and all rights that ASA has or may have with GMSA by reason of any irrevocable capital contribution.
- All the Funds existing in GMSA Account that have been received by GMSA in relation to the assigned rights.

At the date of issue of these consolidated financial statements, and considering that the loan from BAF was repaid on June 28, 2017, GMSA is in the process of releasing the guarantees provided.

##### **B. GROSA**

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

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

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

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### Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

#### **NOTE 24: RESTRICTED ASSETS AND OTHER COMMITMENTS (Cont'd)**

##### **B. GROSA (Cont'd)**

In addition, within the framework of the case file "Central Térmica Sorrento S.A. c/ Generación Rosario S.A. s/Medidas Precautorias" "Central Térmica Sorrento S.A. v. Generación Rosario S.A. on precautionary measures), an attachment was levied on the funds that CAMMESA should settle with GROSA for \$ 13,816,696.37, plus the sum of \$ 6,900,000 on account of interest, which was recorded by CAMMESA in the settlement dated December 12, 2017. In response to this ruling dated April 17, 2018, the attachment against GROSA was replaced by a bond insurance.

At 31 March, 2018, seized receivables for \$20,716,696 are disclosed under Other Current receivables.

#### **NOTE 25: EXECUTION OF CONTRACTS TO PURCHASE MACHINERY**

##### *BLC Asset Solutions B.V.*

On February 21, 2018, GMSA signed an agreement with BLC Asset Solutions B.V. (BLC) for the purchase of 2 (two) gas turbines, 3 (three) steam turbines and 7 (seven) steam recovery boilers. Such equipment will be installed at the electric power generation plants located in Río Cuarto, Córdoba, and in Ezeiza, Province of Buenos Aires, for expansion through cycle closures at the two power plants. The purchase agreement sets forth financing by BLC of the total price of the equipment agreed at USD149,452,524, for a term of 5 years and 5 months.

##### *Siemens Industrial Turbomachinery AB*

On June 14, 2016 a Deferred Payment Agreement was entered into with Siemens Industrial Turbomachinery AB, by means of which, upon compliance of the preceding conditions set forth in the agreement, the Company obtained commercial financing for 50% of the amount of the contract signed for the CTMM plant enlargement, equivalent to SEK 177,000,000 (approximately USD 21 million).

The commercial financing granted will be repaid in 24 equal and consecutive monthly installments of 4.17% of the total amount of each, with the first installment being payable in August 2017. Payments shall be made in SEK (Swedish Crown).

On September 13, 2016, four Deferred Payment Agreements were executed with Siemens Industrial Turbomachinery AB for the turbines to be installed in CTE and CTI whereby, once fulfilled the preceding conditions fixed in the agreements, the Company will be granted a commercial financing of 50% of the amount of the agreement signed for the enlargement of CTI and the work of Ezeiza, equivalent to SEK 438,960,000 (approximately USD 50.7 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).

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### Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

#### **NOTE 25: EXECUTION OF CONTRACTS TO PURCHASE MACHINERY (Cont'd)**

##### *Siemens Industrial Turbomachinery AB (Cont'd)*

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

Commitments (1)		SEK	Total	2018	2019	2020
			USD			
Siemens Industrial Turbomachinery AB for the purchase of two turbines Siemens SGT 800	CTMM	177,000,000	<b>14,600,001</b>	8,212,500	6,387,500	-
Siemens Industrial Turbomachinery AB for the purchase of three turbines Siemens SGT 800	CTE	263,730,000	<b>25,500,000</b>	11,878,676	12,308,824	1,312,500
Siemens Industrial Turbomachinery AB for the purchase of three turbines Siemens SGT 800	CTI	175,230,000	<b>17,737,499</b>	7,795,588	8,629,412	1,312,500

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

##### *Pratt & Whitney Power System Inc*

GFSA signed an agreement with Pratt & Whitney Power System Inc. for the purchase of the FT4000™ SwiftPac® 60 turbine, including whatever is necessary for its installation and start-up. The purchase agreement sets out 4-year financing for USD 12 million by PWPS, upon provisional acceptance by GFSA. This amount is disclosed under non-current trade payables for the equivalent to \$241.788.000.

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

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

Commitments (1)	Total	2018	2019	2020	2021	2022	2023
	USD						
PWPS for the purchase of the turbine FT4000™ SwiftPac®	<b>16,287,901</b>	562,500	750,000	3,743,495	3,743,495	3,743,495	3,744,916

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



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### **Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)**

#### **NOTE 26 - LONG TERM MAINTENANCE SERVICE AGREEMENT**

##### **a) POWER PLANTS CTMM, CTI, CTF AND CTE**

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

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

Compliance with the energy sale agreements is thus guaranteed.

##### **b) CTR**

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

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### Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

#### **NOTE 27: BUSINESS INTERRUPTION INSURANCE COVERAGE**

##### *All-risk insurance with business interruption insurance coverage*

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

This insurance covers all physical assets of any type and description, not expressly excluded from the text of the policy, belonging to the insured or in his/her care, custody or control, for which the insured has assumed a responsibility for insuring against any damage, or for which the insured may acquire an insurable interest.

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

##### *Contractors' all-risk and assembly insurance*

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

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

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

#### **NOTE 28: MERGER THROUGH ABSORPTION**

##### 1) GMSA-GFSA MERGER THROUGH ABSORPTION

On November 15, 2016, GMSA and GFSA entered into a final merger agreement (the "GMSA-GFSA Final Merger Agreement"), whereby it was decided to merge the company GFSA into GMSA (the "GMSA-GFSA Corporate Reorganization").

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### Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

#### **NOTE 28: MERGER THROUGH ABSORPTION (Cont'd)**

##### 1) GMSA – GFSA MERGER THROUGH ABSORPTION (Cont'd)

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 MEM 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 Corporate Reorganization will be tax free under the terms of Section 77 and following provisions of the Income Tax Law No. 26839.

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.

In particular, at GFSA Shareholders' Meeting the following was also approved: (i) the early dissolution without liquidation of GFSA as a result of the merger, and its de-registration 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.

Further, the Shareholders' Meeting of GMSA, within the framework of the merger process, among other issues, approved a 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 the corporate bylaws.

By reason of the merger, and as set forth in the GMSA-GFSA Final Merger Agreement approved by the Extraordinary Meeting of Shareholders of GFSA and the Ordinary and Extraordinary Meeting of Shareholders of GMSA, both held on October 18, 2016, as from the Effective Merger Date (January 1, 2017): (a) all of GFSA's assets were transferred to GMSA, thus acquiring the ownership of all rights and obligations of GFSA; (b) GFSA was dissolved without liquidation, therefore it was absorbed by GMSA; (c) GMSA capital stock was increased from \$125,654,080 to \$138,172,150, with the consequent amendments to the by-laws of the merging company.

## **Albanesi S.A.**

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### **Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)**

#### **NOTE 28: MERGER THROUGH ABSORPTION (Cont'd)**

##### **2) ASA-AISA MERGER THROUGH ABSORPTION**

On October 18, 2017, ASA and AISA held the respective Extraordinary Shareholders' Meetings, at which the shareholders of both companies approved the corporate reorganization process by which ASA absorbed AISA ("ASA – AISA merger"), as well as the respective documentation. In addition, at the AISA meeting in particular, the early dissolution without liquidation of AISA as a result of the merger was also approved, and its de-registration as a corporation in due course. Further, the Shareholders' Meeting of ASA, within the framework of the merger process, among other issues, approved a capital increase from \$62,455,160 to \$64,451,745, by issuing 1,996,585 new ordinary registered non-endorsable shares of ASA, 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, 2018), delegating to the Board of Directors the power to decide when the new shares will be issued. Furthermore, as a result of that capital increase, it was resolved to approve the amendment to section 4 of the corporate bylaws.

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

On January 11, 2018, through RESFC- 2018-19281-APN-DIR#CNV Resolution, the CNV approved the merger through absorption under the terms of Section 82 of the General Companies Law No. 19550 and the capital increase with the amendment to the bylaws as decided within the framework of the merger. Both procedures were registered with the Superintendency of Commercial Companies on February 23, 2018 under No. 3452 of Book 88, Volume: -, Companies by Shares. Also on that date, the dissolution without liquidation of AISA was registered with the IGJ and its deregistration under No. 3453 of Book 88, Volume: -, Companies by Shares.

#### **NOTE 29: 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 No. 529/14 for CTMM. Since the effective date of that Resolution, in February 2014 and until June 2015, GMSA has generated a total of 540,614 MWh, equivalent to the amount of \$ 14,268,553.

On August 26, 2015, GMSA made a new presentation to CAMMESA updating the amount in the request mentioned in the preceding paragraph under Resolution No. 529/14.

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

## Albanesi S.A.

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### Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

#### **NOTE 29: GMSA - PRESENTATION TO CAMMESA (Cont'd)**

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

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

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

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

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

	Total 2015		Total 2016		Total 2017		Total 2018	
USD without VAT	311,142	5%	195,007	3%	5,242,017	76%	1,140,754	17%

Between November 2016 and December 2017, GMSA made ten filings through note to CAMMESA for \$44,681,566.

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

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

## Albanesi S.A.

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### Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

#### **NOTE 30: SUPPLY CONTRACT WITH CAMMESA: AGREED UPON DATE OF AUTHORIZATION FOR THE COMMERCIAL OPERATION OF THE POWER PLANTS**

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

To secure that the authorization for commercial operation could be obtained by the agreed upon date, both power plants set up a Contract Performance Bond in favor and to the satisfaction of CAMMESA, for amounts equivalent to USD 12,483,000 (CTE) and USD 6,077,250 (CTI).

In case of non-compliance with the date of commercial operation, CAMMESA is entitled to claim the payment of the amounts resulting from the non-compliance; further, and only in the case that the invoiced penalties are not paid after request of payment from CAMMESA, the latter is entitled to foreclose the guarantees mentioned above. Should the Company contest the occurrence of non-compliance or the amounts claimed, CAMMESA must solve this issue prior to being entitled to claim the payment of any penalties.

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

- (i) Unfavorable weather conditions, considering the volume of rainfall above average, and its timing (in relation to the tasks being performed at the work site), which delayed the civil works;
- (ii) Generalized forcible actions and strikes, owing to the measures adopted by several unions, and certain forcible measures specific to the UOCRA (construction workers' union) that impacted on CTE;
- (iii) Delays on the part of EDESUR S.A., the concessionaire of the public utility service of electricity distribution, with the laying of new electricity lines and connection to the "New ET 132 Kv-Line – Cañuelas Spegazzini" (only for CTE).

Considering the mentioned factors, GMSA requested from CAMMESA and the EES to: (i) acknowledge a force majeure event, in the terms of clause 21 of the Supply Contract; (ii) provide an extension of the Agreed upon Date set for commercial operation and, when pertinent (iii) consider the penalties comprised in the Supply Contract as not applicable.

On August 18, 2017, GMSA made a new filing ratifying its arguments and reserving the right to enlarge the explanations and the evidence brought.

## **Albanesi S.A.**

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

### **Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)**

#### **NOTE 30: SUPPLY CONTRACT WITH CAMMESA: AGREED UPON DATE OF AUTHORIZATION FOR THE COMMERCIAL OPERATION OF THE POWER PLANTS (Cont'd)**

At the date of signing these consolidated interim condensed financial statements, the proceedings mentioned are pending resolution by CAMMESA, and the eventual later intervention and resolution by the EES; this means that CAMMESA will not be entitled to invoice penalties or collect the amount claimed until the issue is decided upon by the enforcement authority.

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

The Company and its external legal advisors consider that there are defense elements to estimate GMSA's reasonable possibility of success and of obtaining a favorable decision.

Based on the above, at 31 March, 2018 GMSA has not recognized any liability.

#### **NOTE 31: EXEMPTION GRANTED BY THE GENERAL REVENUE BOARD OF TUCUMÁN**

On March 3, 2017, the General Revenue Board of Tucuman resolved to exempt revenue generated by the electricity generation activity from Turnover Tax in that jurisdiction. This exemption is retroactive to the commencement of activities by the Company; therefore, an action has been filed for refund of the amounts of \$ 19,643,732 deposited into the provincial tax authorities for this item. In addition, this request exempted from Public Health Tax only the staff assigned to the generation of electricity, and from stamp tax the works and power stations directly affecting performance of GMSA's activity.

#### **NOTE 32: STORAGE OF DOCUMENTATION**

On August 14, 2014, the CNV adopted General Resolution No. 629 introducing amendments to its regulations on storage and preservation of corporate books, accounting records and business documents. The Company stores its working papers and information at its principal place of business, located at Av. L.N. Alem 855, 14th floor - City of Buenos Aires

#### **NOTE 33: SUBSEQUENT EVENTS**

##### **a) Ordinary Shareholders' Meeting of ASA**

The Ordinary Shareholders' Meeting held on April 19, 2018 approved the financial statements at December 31, 2017, which showed a profit of \$229,474,392, and the technical revaluation reserve for \$123,268,073 was reversed and reclassified as unappropriated retained earnings, as established by the applicable accounting standard. The Shareholders' Meeting resolved that the amount of \$8,508 be applied to the Legal Reserve account and the \$344,233,556 balance to the Optional Reserve account, with no dividends having been distributed among the Shareholders. Furthermore, the December 31, 2017 financial statements of Albanesi Inversora were approved, which showed a profit of \$37,001,411 for the fiscal year; this profit was approved without being given a specific treatment because in view of the merger approved by the National Securities Commission, all assets and liabilities of Albanesi Inversora S.A. would form part of Albanesi S.A. assets and liabilities effective January 1, 2018.

## Albanesi S.A.

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### Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)

#### **NOTE 33: SUBSEQUENT EVENTS (Cont'd)**

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

On April 6, 2018, GMSA obtained from BAF Capital a 9-month loan for USD 10,000,000, with bullet amortization of principal and interest payments repayable in two installments to be due on 07/02/18 and 12/28/18, at a fixed rate of 6.75%

##### **c) Borrowings**

In April 2018, GMSA signed a loan agreement with the aim of allocating the funds received to investments.

<u>Entity</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Due date</u>
ICBC Bank	USD 15,000,000	4.7%	June 2018

In April 2018, CTR signed a loan agreement with the aim of allocating the funds received to investments.

<u>Entity</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Due date</u>
ICBC Bank	USD 7,000,000	4.7%	June 2018

On April 23, 2018, GECE together with ALEN, as borrower, Credit Suisse Securities (USA) LLC and UBS Securities LLC as joint lead arrangers, UBS AG, Banco Hipotecario S.A., BACS Banco de Crédito y Securitización S.A., Banco de Inversión y Comercio Exterior S.A. and Credit Suisse AG, entered into a loan agreement for an amount of up to three hundred ninety five million US dollars (USD 395,000,000). The first disbursement was made on April 25, 2018 for an amount of sixty-five million dollars (USD 65,000,000).

These funds will be allocated to (i) the construction, implementation and operation by GECE of an electric generation plant of approximately 133 MW in the Arroyo Seco region, Province of Santa Fe, Argentina, and (ii) the advance payment of the loan dated January 26, 2017 taken by Albanesi Energía S.A. for the construction, implementation and operation of a 170 MW electric generation plant in the Timbúes region, Province of Santa Fe, Argentina.

Capital will be disbursed in two stages, "Stage A" and "Stage B", and will be repaid within a period of up to 5 (five) years for Stage A and up to 6 (six) years for Stage B. The capital, in addition, will accrue compensatory interest in accordance with the terms of the Agreement.

The Company will secure its obligations under the Loan with the assignment in trust of certain agreements related to the Project, the chattel mortgage of some equipment of the Project, the pledge by shareholders of 100% of outstanding shares, and a reserve account, among others, pursuant to the terms of the loan.

##### **d) Allocated dividends**

The Ordinary Shareholders' Meeting of GROS A, held on April 11, 2018, decided, among other issues, the distribution of dividends among the shareholders in proportion to their shares, for an amount of \$19,404,270. At 31 March, 2018, ASA hold 95% interest in that Company.



## **Albanesi S.A.**

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

### **Notes to the Consolidated Interim Condensed Financial Statements (Cont'd)**

#### **NOTE 34: FINANCIAL STATEMENTS TRASLATION INTO ENGLISH LANGUAGE**

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

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

### Summary of Activity at March 31, 2018 and 2017

1. A brief description of the activities of the issuing company, including reference to relevant circumstances subsequent to the fiscal closing date.

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

	Three-month period ended March 31:			
	2018	2017	Variation	Variation %
	GWh			
<b>Sales by type of market</b>				
Sales of Electricity Res. 95/529/482/22/19 plus Spot	238	262	(24)	(9%)
Sales under Energía Plus	132	128	4	3%
Sales to CAMMESA Res. No. 220	109	216	(107)	(50%)
Sales of Electricity Res. 21	62	-	62	100%
	<b>541</b>	<b>606</b>	<b>(65)</b>	<b>(11%)</b>

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

	Three-month period ended March 31:			
	2018	2017	Variation	Variation %
	(in millions of pesos)			
<b>Sales by type of market</b>				
Sales of Electricity Res. 95/529/482/22/19 plus Spot	129.6	100.7	28.9	29%
Sales under Energía Plus	253.5	233.5	20.0	9%
Sales to CAMMESA Res. No. 220	440.6	321.6	119.0	37%
Sales of Electricity Res. 21	261.3	-	261.3	100%
	<b>1,085.0</b>	<b>655.7</b>	<b>429.3</b>	<b>65%</b>

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## Summary of Activity at March 31, 2018 and 2017

Profit/ (loss) for the three-month period ended March 31, 2018 and 2017 (in thousands of pesos):

	Three-month period ended March 31:			
	2018	2017	Variation	Variation %
Sales of energy	1,085.0	655.7	429.3	65%
<b>Net sales</b>	<b>1,085.0</b>	<b>655.7</b>	<b>429.3</b>	<b>65%</b>
Purchase of electricity	(207.4)	(179.7)	(27.7)	15%
Gas and diesel consumption by the plant	(4.3)	(151.8)	147.5	(97)%
Salaries and social security contributions	(40.8)	(27.5)	(13.3)	48%
Pension plan	(6.5)	(0.2)	(6.3)	3,150%
Maintenance services	(72.3)	(44.2)	(28.1)	64%
Depreciation of property, plant and equipment	(145.4)	(60.2)	(85.2)	142%
Insurance	(11.0)	(6.3)	(4.7)	75%
Sundry	(23.3)	(13.6)	(9.7)	71%
<b>Cost of sales</b>	<b>(511.0)</b>	<b>(483.5)</b>	<b>(27.5)</b>	<b>6%</b>
<b>Gross income/(loss)</b>	<b>574.0</b>	<b>172.3</b>	<b>401.7</b>	<b>233%</b>
Taxes, rates and contributions	(3.3)	(1.5)	(1.8)	120%
Turnover tax recoveries	-	19.6	(19.6)	100%
<b>Administrative expenses</b>	<b>(3.3)</b>	<b>18.1</b>	<b>(21.4)</b>	<b>(118%)</b>
Fees and compensation for services	(26.2)	(3.3)	(22.9)	694%
Per diem, travel and representation expenses	(0.8)	(0.8)	-	0%
Taxes and rates	(0.8)	(0.5)	(0.3)	60%
Sundry	(3.4)	(2.9)	(0.5)	17%
<b>Administrative expenses</b>	<b>(31.1)</b>	<b>(7.5)</b>	<b>(23.6)</b>	<b>315%</b>
Gain/(loss) on investments in related companies	(2.1)	0.6	(2.7)	(450)%
Other operating income	177.5	0.4	177.1	44,275%
<b>Operating income/(loss)</b>	<b>715.0</b>	<b>183.8</b>	<b>531.2</b>	<b>289%</b>
Commercial interest	(1.8)	0.9	(2.7)	(300)%
Interest on loans, net	(246.4)	(95.5)	(150.9)	158%
Exchange differences, net	(597.9)	59.2	(657.1)	(1,110)%
Bank expenses	(1.9)	(1.8)	(0.1)	6%
Other financial results	(11.7)	15.8	(27.5)	(174)%
<b>Financial results, net</b>	<b>(859.7)</b>	<b>(21.4)</b>	<b>(838.3)</b>	<b>3,917%</b>
<b>Profit/(loss) before tax</b>	<b>(144.8)</b>	<b>162.4</b>	<b>(307.1)</b>	<b>(189%)</b>
Income tax	17.6	(62.8)	80.4	(128)%
<b>Net result for the period</b>	<b>(127.2)</b>	<b>99.6</b>	<b>(226.8)</b>	<b>(228)%</b>
Other comprehensive income for the period	-	-	-	0%
<b>Total comprehensive (loss)/income for the period</b>	<b>(127.2)</b>	<b>99.6</b>	<b>(226.8)</b>	<b>(228%)</b>

## Summary of Activity at March 31, 2018 and 2017

### Sales:

Net sales were worth \$ 1,085.0 million in the three-month period ended March 31, 2018, as against \$ 655.7 million for the same period of 2017, which is equivalent to an increase of \$ 429.3 million (65%).

During the three-month period ended March 31, 2018 energy dispatch reached 541 GWh, 11% lower than the 606 GWh in the same period of 2017.

The main sources of income of the Company and their performance during the three-month period ended March 31, 2018 compared with the same period of the previous year are described below:

- (i) \$ 253.5 million from sales under Energía Plus, up 9% from the \$ 233.5 million sold in the same period of 2017. This variation is attributed to the favorable effect on prices due to a higher exchange rate and an increase in sales volume.
- (ii) \$ 440.6 million for sales of electricity in the forward market to CAMMESA under the framework of Resolution No. 220/07, representing a 37% increase with regard to the \$ 321.6 million in the same period of 2017. This variation is attributed to the rise in prices due to a higher exchange rate.
- (iii) \$ 129.6 million for sales of energy under Resolutions Nos. 95/529/482/22/19 and spot market, accounting for a 29% increase with regard to the \$ 100.7 million for the same period of 2017. This variation is attributed to the management of surplus volumes of electricity generation carried out by CAMMESA.
- (iv) \$ 261.3 million for sales of energy under Resolution No. 21, accounting for a 100% increase. That variation is due to the putting into operation of the new turbines during the third quarter of fiscal year 2017.

### Cost of sales:

The total cost of sales for the three-month period ended March 31, 2018 reached \$ 511.0 million, compared with \$ 483.5 million for the same period of 2017, reflecting an increase of \$ 27.5 million (or 6%).

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

- (i) \$ 207.4 million corresponding to purchases of electricity, representing an increase of 15% compared with \$ 179.7 million recorded for the same period of 2017, due to the effect of the exchange rate variation.
- (ii) \$ 4.3 million for gas and diesel consumption at the plant, representing a decrease of 97% as against \$ 151.8 million for the same period of 2017. This variation was attributed to a change in the calculation of gas consumption by CAMMESA.
- (iii) \$ 72.3 million in maintenance services, up 64% from the \$ 44.2 million for the same period of 2017. This increase is explained by the higher dollar exchange rate and the start-up of the new turbines.

### Summary of Activity at March 31, 2018 and 2017

- (iv) \$ 145.4 million for depreciation of PP&E, up 142% from the \$ 60.2 million for the same period of 2017. This variation was mainly due to the higher depreciation value of buildings, installations and machinery as a result of their revaluation at December 31, 2017, and the start-up of new projects.
- (v) \$ 40.8 million in salaries, wages and social security contributions, which represented an increase of 48% with respect to the \$ 27.5 million for the same period of 2017. This increase was mainly attributable to higher salaries and new hires.
- (vi) \$ 11.0 million in insurance, up 75% from the \$ 6.3 million for the same period of 2017 as a result of the exchange rate variation and the start-up of new turbines.

#### Gross profit/ (loss):

The gross profit/(loss) for the three-month period ended March 31, 2018 was a profit of \$ 574.0 million, compared with a profit of \$ 172.2 million for the same period of 2017, representing an increase of 234%. This was attributable to the exchange rate variation and the start-up of the new turbines.

#### Selling expenses

Selling expenses for the three-month period ended March 31, 2018 amounted \$ 3.3 million loss, compared with \$ 18.1 million profit for the same period of 2017, reflecting an increase of \$ 21.4 million (or 119%). On March 3, 2017, the revenue department of the General Revenue Board of Tucuman resolved to exempt GMSA from payment of Turnover Tax in that jurisdiction, amending the tax determined as from the period December 2011.

#### Administrative expenses:

The administrative expenses for the three-month period ended March 31, 2018 amounted to \$ 31.1 million, compared with \$ 7.5 million for the same period of 2017, reflecting an increase of \$ 23.6 million (or 311%).

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

- (i) \$ 26.2 million in fees and compensation for services, up 694% from the \$ 3.3 million for the same period of the 2017.
- (ii) \$ 3.4 million in sundry expenses, accounting for a 13% increase from the \$ 3.0 million for the same period of 2017. The main variations are due to the captions taxes and rates and insurance.

#### Operating profit/ (loss):

Operating profit/ (loss) for the three-month period ended March 31, 2018 was \$ 715.0 million profit, compared with a profit of \$ 183.8 million for the same period of 2017, accounting for a 289% increase. The increase was mainly due to the effect of a higher exchange rate on the operating activities of the controlled companies and the start-up of new projects.

In addition, in other operating income for the first quarter of 2018, net profit is included for the repayment of financing by CAMMESA to GROSA corresponding to the second stage of repair of the TV13 unit, for \$ 176.7 million.

## Summary of Activity at March 31, 2018 and 2017

### Financial profit/ (loss):

Financial profit/ (loss) for the three-month period ended March 31, 2018 amounted to a total loss of \$ 859.7 million, compared with a loss of \$ 21.4 million for the same period of 2017, which accounted for an increase of \$ 838.3 million.

The most salient aspects of this variation are as follows:

- (i) \$ 246.4 million loss corresponding to financial interest, up 158% from the \$ 95.5 million loss for the same period of 2017 as a result of an increase in the financial debt generated by investment projects.
- (ii) \$ 11.7 million loss generated by other financial results, compared with a \$ 15.8 million profit for the same period of 2017.
- (iii) \$ 597.9 million loss due to net exchange differences, reflecting an increase of \$ 657.1 million compared with the \$ 59.2 million profit for the same period of 2017.

### Profit/(loss) before tax:

The Company reported loss before tax for \$ 144.8 million for the three-month period ended March 31, 2018, as against \$ 162.4 million profit for the same period of 2017, which accounted for a decrease of 189%.

The Company reported profit before tax for \$ 17.6 million for the three-month period ended March 31, 2018 compared to \$ 62.8 million loss for the same period of the prior year.

### Net profit/ (loss):

The net profit/(loss) for the three-month period ended March 31, 2018 was a loss of \$ 127.2 million, compared with the profit of \$ 99.6 million reported for the same period of 2017, accounting for a 228% decrease.

### Summary of Activity at March 31, 2018 and 2017

#### Adjusted EBITDA

	2018	Three-month period ended		
		2017 (*)	Variation	Variation %
		(In thousands of pesos)		
Operating profit/(loss) excluding non-recurring profit/(loss)	538,269	236,717	301,552	127%
Depreciation and amortization	145,382	70,349	75,033	107%
Non-recurring profit/(loss) (***)	176,687	-	176,687	100%
Gain/(loss) on investments in related companies	2,053	(584)	2,637	(452%)
<b>Adjusted EBITDA in thousands of pesos (**)</b>	<b>862,391</b>	<b>306,482</b>	<b>555,909</b>	<b>181%</b>
<b>Adjusted EBITDA in thousands of US dollars (**)</b>	<b>43,825</b>	<b>19,547</b>	<b>24,279</b>	<b>124%</b>
		Twelve-month period ended		
		2017 (*)	Variation	Variation %
		(In thousands of pesos)		
Operating profit/(loss) excluding non-recurring profit/(loss)	1,581,941	836,784	745,157	89%
Depreciation and amortization	415,140	225,971	189,169	84%
Non-recurring profit/(loss) (***)	176,687	-	176,687	100%
Gain/(loss) on investments in related companies	9,620	(453)	10,073	(2,224%)
Dividends received	5,880	-	5,880	100%
<b>Adjusted EBITDA in thousands of pesos (**)</b>	<b>2,189,268</b>	<b>1,062,302</b>	<b>387,036</b>	<b>42%</b>
<b>Adjusted EBITDA in thousands of US dollars (**)</b>	<b>121,589</b>	<b>70,286</b>	<b>51,303</b>	<b>73%</b>

(\*) CTR accounting information and related deletions are included.

(\*\*) Amounts not covered in the Review Report.

(\*\*\*) Corresponds to the end of the term and commitments undertaken under the mutuum agreement between GROSA and CAMMESA.

See Note 12.D) to the condensed interim consolidated financial statements

Adjusted EBITDA corresponding to the three-month period ended March 31, 2018 increased \$ 555.9 million (181%), from \$ 306.5 million for the three-month period ended March 31, 2017 to \$ 862.4 million reported for the same period of 2017. This increment was mainly due to the following factors: i) the start-up of the TG6 and 7 of CTMM, of the TG3 of CTI, of the TG24 of CTRi, and of the power plant CTE during 2017; and ii) the simplification of the calculation of remunerations and their value in US dollars since February 2017, established by Resolution ES 19/17, superseding Resolution ES 22/16, thus increasing the company's operating income.

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## Summary of Activity at March 31, 2018 and 2017

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

	03.31.2018	03.31.2017	03.31.2016	03.31.2015
Non-current assets	14,912.0	7,740.3	3,274.2	2,276.2
Current Assets	3,685.1	2,657.2	1,177.9	756.0
<b>Total Assets</b>	<b>18,597.1</b>	<b>10,397.5</b>	<b>4,452.1</b>	<b>3,032.2</b>
Equity attributable to shareholders	2,892.3	2,018.4	1,330.6	662.5
Non-Controlling interest	286.5	106.6	69.5	50.5
<b>Total equity</b>	<b>3,178.8</b>	<b>2,125.0</b>	<b>1,400.1</b>	<b>713.0</b>
Non-Current Liabilities	11,420.0	6,436.9	2,123.3	1,091.4
Current Liabilities	3,998.4	1,835.6	928.7	1,227.8
<b>Total Liabilities</b>	<b>15,418.4</b>	<b>8,272.5</b>	<b>3,052.0</b>	<b>2,319.2</b>
<b>Total equity and Liabilities</b>	<b>18,597.2</b>	<b>10,397.5</b>	<b>4,452.1</b>	<b>3,032.2</b>

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

	Three-month period ended March 31:			
	03.31.2018	03.31.2017	03.31.2016	03.31.2015
Ordinary operating profit/(loss)	715.0	183.8	176.2	81.8
Financial results	(859.7)	(21.4)	(163.1)	(54.2)
<b>Ordinary net income/(loss)</b>	<b>(144.8)</b>	<b>162.4</b>	<b>13.1</b>	<b>27.6</b>
Income tax	17.6	(62.8)	(9.6)	(9.2)
<b>(Loss)/profit for the period</b>	<b>(127.2)</b>	<b>99.6</b>	<b>3.5</b>	<b>18.4</b>
Discontinued operations	-	-	-	(5.2)
<b>Loss/(income) for the period</b>	<b>(127.2)</b>	<b>99.6</b>	<b>3.5</b>	<b>13.2</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>0.1</b>	<b>(2.5)</b>
<b>Total comprehensive income</b>	<b>(127.2)</b>	<b>99.6</b>	<b>3.6</b>	<b>10.7</b>

### 4. Breakdown of cash flows presented comparatively with the previous fiscal year: (in millions of pesos)

	Three-month period ended March 31:			
	03.31.2018	03.31.2017	03.31.2016	03.31.2015
Cash flows (used in) provided by operating activities	(151.4)	1,331.1	(202.7)	61.8
Cash flows used in investment activities	(505.4)	(1,336.5)	(23.2)	(38.6)
Cash flows provided by (used in) financing activities	915.8	11.1	239.0	(34.9)
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>259.1</b>	<b>5.7</b>	<b>13.1</b>	<b>(11.7)</b>



## Summary of Activity at March 31, 2018 and 2017

### 5. Ratios presented comparatively with the previous year:

	03.31.2018	03.31.2017	03.31.2016	03.31.2015
Liquidity (1)	0.92	1.45	1.27	0.62
Solvency (2)	0.19	0.24	0.44	0.29
Tied-up capital (3)	0.80	0.74	0.74	0.75
Indebtedness ratio (4) (*)	5.90	5.97	3.03	2.51

(1) Current assets/Current liabilities

(2) Shareholders' equity/Total liabilities

(3) Non-current assets/Total assets

(4) Financial debt/Annualized EBITDA

(\*) Amounts not covered in the Review Report.

### 6. Brief comment on the outlook for fiscal year 2018

#### Company Outlook for Fiscal Year 2018

##### Commercial and operating sector

The Company expects that the various generating units will continue to operate normally in line with dispatches and fuel allocations defined by CAMMESA. The Company's main objective is to maintain high availability of its units. This ensures that the Company will remain profitable. The Company plans to carry out an exhaustive preventive maintenance plan on power generating units to guarantee high availability of the plants' turbines.

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

GMSA participated in that call and was awarded two projects for the closure of combined cycles under ES Resolution 926 - E/2017.

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

### **Summary of Activity at March 31, 2018 and 2017**

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

The two projects were awarded by ES Resolution 926 – E/2017 on October 17, 2017, and are expected to become operative by mid-2020.

The Wholesale Demand Contract between GMSA and CAMMESA was signed on December 14, 2017.

CTR is developing a project to close the Power Plant cycle, which means expanding the current capacity by 60 MW with the installation of a steam turbine, a boiler and other equipment. In addition to increase power, it is an important contribution in environmental and energy efficiency terms, since the additional electricity to be generated will not imply additional fuel consumption.

A new WEM Supply Contract for 55 MW was signed between CTR and CAMMESA in October 2015 under Energy Secretariat Resolution 220/07.

Its placing into operation is scheduled for the second quarter of 2018.

#### **Financial Condition**

During the year, the main objective of the controlled companies is to improve their financing structure and ensure the progress of the investment projects described under the agreed schedules and budgets.

On July 27, 2016, GMSA, CTR and GFSA co-issued an international bond for a total amount of USD 250 million, maturing within 7 years. The international bond is secured by ASA. From the total issued, USD 173 million were allocated to GMSA, and USD 7 million to GFSA, to prepay financial debts and the financing of investment projects. On November 8, 2017, GMSA and CTR obtained the authorization for the reopening of the International Bonds. On December 5, 2017, NOs were issued amounting to USD 86 million for the advance settlement of financial debts.

At the date of signing these financial statements, the Group obtained loans for the new investment projects .

These measures have contributed to improving working capital and the financial debt profile, extending maturities and reducing the Group's financial cost, thus securing the financing of investment projects.

## Summary of Activity at March 31, 2018 and 2017

### 7. Additional Information (\*)

For the purpose of providing information in the context of the transaction of the international Negotiable Obligation issue, a summarized statement of financial position and income statement deconsolidating the subsidiary Generación Centro SA, known as "Project Finance", as per Minutes of the Board of Directors meeting dated November 23, 2017 is detailed below.

Statement of Financial Position (in thousands of Pesos)	Consolidated Albanesi S.A.	Deletion GECE	Deletion of related party balances and Equity value	Total
<b>Assets</b>				
Non-current assets	14,912,013	(293.096)	570	14,619,487
Current Assets	3,685,132	(8.936)	5.849	3,682,045
<b>Total Assets</b>	<b>18,597,145</b>	<b>(302.032)</b>	<b>6.419</b>	<b>18,301,532</b>
<b>Equity</b>				
Equity attributable to shareholders	2,892,330	(600)	600	2,892,330
Non-controlling interest	286.450	-	(30)	286.420
<b>Total Equity</b>	<b>3,178,780</b>	<b>(600)</b>	<b>570</b>	<b>3,178,750</b>
<b>Liabilities</b>				
Non-current liabilities	11,419,994	(711)	-	11,419,283
Current Liabilities	3,998,371	(300.722)	5.849	3,703,499
<b>Total liabilities</b>	<b>15,418,365</b>	<b>(301.433)</b>	<b>5.849</b>	<b>15,122,782</b>
<b>Total liabilities and shareholder's equity</b>	<b>18,597,145</b>	<b>(302.032)</b>	<b>6.419</b>	<b>18,301,532</b>
<b>Statement of Income (in thousands of Pesos)</b>	<b>Consolidated Albanesi S.A.</b>	<b>Deletion GECE</b>	<b>Deletion equity value</b>	<b>Total</b>
Sales revenue	1,085,048	-	-	1,085,048
Cost of sales	(511.065)	-	-	(511.065)
<b>Gross income/(loss)</b>	<b>573.983</b>	<b>-</b>	<b>-</b>	<b>573.983</b>
Selling expenses	(3.338)	-	-	(3.338)
Administrative expenses	(31.148)	36	-	(31.113)
Loss from interests in associates	(2.053)	-	188	(1.864)
Other operating income	177.512	-	-	177.512
<b>Operating income/(loss)</b>	<b>714.956</b>	<b>36</b>	<b>188</b>	<b>715.180</b>
<b>Financial results, net</b>	<b>(859.758)</b>	<b>(369)</b>	<b>-</b>	<b>(860.127)</b>
<b>(Loss)/profit before tax</b>	<b>(144.802)</b>	<b>(333)</b>	<b>188</b>	<b>(144.947)</b>
Income tax	17.644	135	-	17.780
<b>(Loss) income for the period</b>	<b>(127.157)</b>	<b>(198)</b>	<b>188</b>	<b>(127.167)</b>
<b>Loss for the period attributable to:</b>				
Shareholders	(112.382)	(188)	188	(112.382)
Non-controlling interest	(14.775)	(10)	-	(14.785)
	<b>(127.157)</b>	<b>(198)</b>	<b>188</b>	<b>(127.167)</b>

(\*\*) Information not covered in the Review Report.



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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. (hereinafter, "the Company") which comprise the consolidated statement of financial position at March 31, 2018 and the consolidated statement of comprehensive income for the three-month period ended March 31, 2018, the consolidated statements of changes in equity and of consolidated cash flows for the three-month period then ended, and the selected explanatory notes.

The balances and other information corresponding to the fiscal year 2017 and to 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 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.

*Price Waterhouse & Co. S.R.L., Bouchard 557, piso 8°, C1106ABG - Ciudad de Buenos Aires  
T: +(54.11) 4850.0000, F: +(54.11) 4850.1800, www.pwc.com/ar*



## **Conclusion**

On the basis of our review, nothing has come to our attention that make 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:

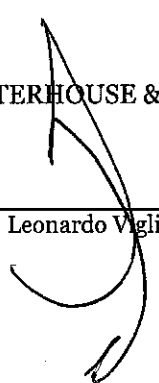
- a) the interim condensed consolidated financial statements of Albanesi S.A. are transcribed into the "Inventory and Balance Sheet" book and as regards those matters that are within our competence, they comply with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission;
- b) the interim condensed separate financial statements of Albanesi S.A. arise from accounting records carried in all formal aspects in accordance with legal requirements;
- 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 March 31, 2018, there is no debt accrued in favor of the Argentine Integrated Social Security System;

City of Buenos Aires, May 11, 2018

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Raúl Leonardo Viglione



## 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 March 31, 2018, the statement of comprehensive income for the three-month period ended March 31, 2018, the statements of changes in equity and of cash flows for the three-month period then ended, and the selected explanatory notes. The balances and other information corresponding to the fiscal year 2017 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 May 11, 2018. 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, May 11, 2018

A handwritten signature in black ink, consisting of a large, stylized loop followed by a vertical line and a horizontal stroke.

Marcelo P. Lerner  
Full Syndic  
For the Syndics' Committee

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**Albanesi S.A.**

**Interim condensed separate financial statements**

At March 31, 2018 and for the three-month periods  
ended March 31, 2018 and 2017  
presented in a comparative format



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## **Albanesi S.A.**

### **INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS AT MARCH 31, 2018**

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Additional information required by Section 12, Chapter III, Title IV, of the National Securities Commission regulations

Review Report on the Interim Condensed Separate Financial Statements

Report of the Syndics' Committee

## 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.

<b>Terms</b>	<b>Definitions</b>
/day	Per day
AESA	Albanesi Energía S.A.
AFIP	Federal Administration of Public Revenue
AISA	Albanesi Inversora S.A. (absorbed by ASA)
AJSA	Alba Jet S.A.
ASA	Albanesi S.A.
AVRC	Alto Valle Río Colorado S.A.
AVSA	Albanesi Venezuela S.A.
BADCOR	Adjusted BADLAR rate
BADLAR	Average interest rate paid by financial institutions on time deposits for over one million pesos.
BCRA	Central Bank of the Argentine Republic
BDD	Bodega del Desierto S.A.
CAMMESA	Wholesale Electricity Market Management Company (Compañía Administradora del Mercado Mayorista Eléctrico S.A.)
CC	Combined cycle
IFRIC	International Financial Reporting Interpretations Committee
CNV	National Securities Commission
CTE	Central Térmica Ezeiza (Ezeiza Thermal Power Plant)
CTI	Central Térmica Independencia, located in San Miguel de Tucumán, Tucumán
CTLB	Central Térmica La Banda, located in La Banda, Santiago del Estero
CTMM	Central Térmica Modesto Maranzana, located in Río Cuarto, Córdoba
CTR	Central Térmica Roca S.A.
CTRi	Central Térmica Riojana, located in La Rioja
CVP	Variable Production Cost
Dam <sup>3</sup>	Cubic decameter Volume equivalent to 1,000 (one thousand) cubic meters
DH	Historical Availability
Availability	Percentage of time in which the power plant or machinery, as applicable, is in operation (generating power) or available for power generation, but not called by CAMMESA
DMC	Minimum Availability Committed
DO	Target Availability
DR	Registered Availability
ENARSA	Energía Argentina S.A.
Energía Plus	Plan created under ES Resolution No. 1281/06
ENRE	National Electricity Regulatory Authority
EPEC	Empresa Provincial de Energía de Córdoba
FACPCE	Argentine Federation of Professional Councils in Economic Sciences
FONINVEMEM	Fund for investments required to increase the electric power supply in the WEM
GE	General Electric
GECE	Generación Centro S.A.
GLSA	Generación Litoral S.A.

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

<b>Terms</b>	<b>Definitions</b>
GF	Central Térmica Frías, located in Frías, Santiago del Estero
GFSA	Generación Frías S.A. (absorbed by GMSA)
GISA	Generación Independencia S.A. (absorbed by GMSA)
GLBSA	Generación La Banda S.A. (absorbed by GMSA)
GMSA	Generación Mediterránea S.A.
Large Users	WEM agents classified according to their consumption into: GUMAs, GUMEs, GUPAs and GUDIs
GRISA	Generación Riojana S.A. (absorbed by GMSA)
GROSA	Generación Rosario S.A.
GUDIs	Large Demand from Distributors, with declared or demanded supply of over 300kW
GUMAs	Major Large Users
GUMEs	Minor Large Users
GUPAs	Large Users - Individuals
GW	Gigawatt. Unit of power equivalent to 1,000,000,000 watts
GWh	Gigawatt-hour Unit of energy equivalent to 1,000,000,000 watts hour
IASB	International Accounting Standards Board
IGJ	Superintendency of Commercial Companies
kV	Kilovolt Unit of electromotive force equivalent to 1,000 (one thousand) volts
kW	Kilowatt Unit of power equivalent to 1,000 watts
kWh	Kilowatt-hour Unit of energy equivalent to 1,000 watts hour
The Company/The Group	Albanesi S.A. and its subsidiaries
LGS	General Companies Law
LVFVD	Sales liquidations with maturity date to be defined
MAPRO	Major Scheduled Maintenance
MAT	Futures market
WEM	Wholesale Electric Market
MMm3	Million cubic meters
MVA	Mega-volt ampere, unit of energy equivalent to 1 volt x 1 ampere x 106
MW	Megawatt Unit of power equivalent to 1,000,000 watts
MWh	Megawatt hour Unit of energy equivalent to 1,000,000 watts hour
ARG GAAP	Argentine Generally Accepted Accounting Principles
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
NO	Negotiable Obligations
PWPS	Pratt & Whitney Power System Inc
Resolution No. 220/07	Regulatory framework for the sale of energy to CAMMESA through the "WEM Supply Contracts" under Energy Secretariat Resolution No. 220/07
RG	General Resolution
RGA	Rafael G. Albanesi S.A.
RT	Technical Pronouncements
SADI	Argentine Interconnection System
ES	Energy Secretariat
TRASNOA S.A.	Empresa de Transporte de Energía Eléctrica por Distribución Troncal del Noroeste Argentino S.A.
CGU	Cash Generating Unit
USD	US Dollars

## **Albanesi S.A.**

### **Composition of the Board of Directors and Syndics' Committee at March 31, 2018**

#### **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

Johanna M. Cárdenas

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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 Registration Number: 30-68250412-5

### **DATES OF REGISTRATION WITH THE PUBLIC REGISTRY OF COMMERCE:**

Bylaws or incorporation agreement: June 28, 1994  
Latest amendment: February 23, 2018

Registration with the Superintendency of Commercial  
Companies under number: 6216 of Book 115, Volume A of Corporations

Expiration of bylaws or incorporation agreement: June 28, 2093

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

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

## Albanesi S.A.

### Interim Condensed Separate Statement of Financial Position

At March 31, 2018 and December 31, 2017

Stated in pesos

	Notes	03.31.2018	12.31.2017
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investments in subsidiaries and associates	6	3,340,004,265	2,935,370,434
Deferred tax assets		13,103,322	11,245,167
Other receivables	7	23,349,518	4,006,288
<b>Total non-current assets</b>		<b>3,376,457,105</b>	<b>2,950,621,889</b>
<b>CURRENT ASSETS</b>			
Other receivables	7	180,168,561	184,150,078
Cash and cash equivalents	8	323,104	455,563
<b>Total current assets</b>		<b>180,491,665</b>	<b>184,605,641</b>
<b>Total Assets</b>		<b>3,556,948,770</b>	<b>3,135,227,530</b>
<b>EQUITY</b>			
Share Capital	15	64,451,745	62,455,160
Legal reserve		4,780,757	4,381,440
Optional reserve		110,777,490	101,010,691
Technical revaluation reserve		2,393,965,832	2,063,110,832
Other comprehensive income		(4,636,682)	(4,636,682)
Unappropriated retained earnings		322,990,615	352,742,465
<b>TOTAL EQUITY</b>		<b>2,892,329,757</b>	<b>2,579,063,906</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Loans	10	251,279,044	250,754,356
Other liabilities	9	23,119,876	24,386,058
<b>Total non-current liabilities</b>		<b>274,398,920</b>	<b>275,140,414</b>
<b>CURRENT LIABILITIES</b>			
Loans	10	113,502,149	28,471,850
Other liabilities	9	260,073,880	232,783,368
Tax payables		6,443	2,809,605
Trade payables		16,637,621	16,958,387
<b>Total current liabilities</b>		<b>390,220,093</b>	<b>281,023,210</b>
<b>Total liabilities</b>		<b>664,619,013</b>	<b>556,163,624</b>
<b>Total liabilities and shareholder's equity</b>		<b>3,556,948,770</b>	<b>3,135,227,530</b>

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

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

## Albanesi S.A.

### Interim Condensed Separate Statement of Comprehensive Income

For the three-month periods ended March 31, 2018 and 2017

Stated in pesos

	<u>Notes</u>	<u>Three months at</u>	
		<u>03.31.2018</u>	<u>03.31.2017</u>
Loss/Gain on investment in subsidiaries and associates	6	(89,785,871)	108,664,442
Selling expenses	11	(69,640)	(117,229)
Administrative expenses	12	(548,993)	(427,237)
Other operating income	13	1,266,182	799,286
<b>Operating (loss) / income</b>		<b>(89,138,322)</b>	<b>108,919,262</b>
Financial expenses	14	(23,948,981)	(17,180,242)
Other financial results	14	10,658	(452)
<b>Financial results, net</b>		<b>(23,938,323)</b>	<b>(17,180,694)</b>
<b>(Loss) / income before taxes</b>		<b>(113,076,645)</b>	<b>91,738,568</b>
Income tax		694,467	2,133,526
<b>Net (loss) / income for the period</b>		<b>(112,382,178)</b>	<b>93,872,094</b>
<b>Other Comprehensive Income</b>			
<b>Other comprehensive income for the period</b>		-	-
<b>Comprehensive (loss) income for the period</b>		<b>(112,382,178)</b>	<b>93,872,094</b>
<b>Earnings per share</b>			
Basic and diluted (loss) earnings per share	17	(1.74)	1.50

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

## Albanesi S.A.

### Interim Condensed Separate Statement of Changes in Equity

For the three-month periods ended March 31, 2018 and 2017

Stated in pesos

	Attributable to shareholders					Total equity
	Shareholders' contributions	Legal reserve	Optional reserve	Technical revaluation reserve	Other comprehensive income	
<b>Balances at December 31, 2016</b>	62,455,160	1,942,908	-	1,760,090,123	(3,397,653)	1,924,539,761
Reversal of technical revaluation reserve	-	-	-	(22,386,716)	-	22,386,716
Income for the three-month period	-	-	-	-	-	93,872,094
<b>Balances at March 31, 2017</b>	62,455,160	1,942,908	-	1,737,703,407	(3,397,653)	2,018,411,855
As resolved by the General Ordinary Shareholders' Meeting held on April 18, 2017:						
- Legal reserve	-	2,438,532	-	-	-	(2,438,532)
- Optional reserve	-	-	101,010,691	-	-	(101,010,691)
Reversal of technical revaluation reserve	-	-	-	(100,881,357)	-	100,881,357
Other comprehensive income for the period	-	-	-	426,288,782	(1,239,029)	425,049,753
Income for the supplementary nine-month period	-	-	-	-	-	135,602,298
<b>Balances at December 31, 2017</b>	62,455,160	4,381,440	101,010,691	2,063,110,832	(4,636,682)	2,579,063,906
Addition due to merger as from January 1, 2018 (Note 22.2)	1,996,585	399,317	9,766,799	366,543,301	-	46,942,027
Reversal of technical revaluation reserve	-	-	-	(35,688,301)	-	35,688,301
Loss for the three-month period	-	-	-	-	-	(112,382,178)
<b>Balances at March 31, 2018</b>	64,451,745	4,780,757	110,777,490	2,393,965,832	(4,636,682)	2,892,329,757

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



## Albanesi S.A.

### Interim Condensed Separate Statement of Cash Flows For the three-month periods ended March 31, 2018 and 2017 Stated in pesos

	<u>Notes</u>	<u>03.31.2018</u>	<u>03.31.2017</u>
<b>Cash flow from operating activities:</b>			
(Loss) income for the period		(112,382,178)	93,872,094
<b>Adjustments to arrive at net cash flows provided by operating activities:</b>			
Income tax		(694,467)	(2,133,526)
Interest, exchange differences and other financial results		23,938,323	17,181,427
Loss / (Gain) on investment in subsidiaries and associates	6	89,785,871	(108,664,442)
<b>Changes in operating assets and liabilities:</b>			
Decrease/ (Increase) in other receivables		4,201,268	(1,676,911)
Decrease in trade payables		(356,797)	(332,585)
(Decrease) / Increase in tax payables		(3,125,651)	1,262,378
Increase in other liabilities		44,656,595	20,248,571
<b>Net cash flow provided by operating activities</b>		<b>46,022,964</b>	<b>19,757,006</b>
<b>Cash flow from investment activities:</b>			
Increase in other liabilities with subsidiaries		(16,338,012)	(3,670,533)
Addition of cash as a result of the merger		57,938	-
<b>Net cash flow used in investment activities</b>		<b>(16,280,074)</b>	<b>(3,670,533)</b>
<b>Cash flow from financing activities:</b>			
Payment of interest	10	(18,933,507)	(16,870,060)
(Decrease) / increase in other liabilities with related companies		(10,952,500)	734,000
<b>Net cash flow used in financing activities</b>		<b>(29,886,007)</b>	<b>(16,136,060)</b>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>			
		<b>(143,117)</b>	<b>(49,587)</b>
Cash and cash equivalents at the beginning of the period		455,563	151,644
Exchange difference of cash and cash equivalents		10,658	733
Cash and cash equivalents at the end of the period	8	323,104	101,324
		<b>(143,117)</b>	<b>(49,587)</b>

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

## Albanesi S.A.

### Interim Condensed Separate Statement of Cash Flows (Cont'd)

For the three-month periods ended March 31, 2018 and 2017

Stated in pesos

Significant transactions not representing changes in cash and cash equivalents:	03.31.2018	03.31.2017
<b>Addition of balances due to merger through absorption (Note 22.2)</b>		
Assets		
Deferred tax assets	1,163,688	-
Investments in subsidiaries	494,419,702	-
Other receivables	18,465,286	-
Income tax credit balance, net	1,097,695	-
Total assets	515,146,371	-
Liabilities		
Other liabilities	(8,658,247)	-
Loans	(80,862,002)	-
Trade payables	(36,031)	-
Total liabilities	(89,556,280)	-
Added equity	(425,648,029)	-
Cash added as a result of the merger	(57,938)	-

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

## Albanesi S.A.

### Notes to the Interim Condensed Separate Financial Statements

For the three-month periods ended March 31, 2018 and 2017

and the fiscal year ended December 31, 2017

Stated in pesos

#### **NOTE 1: GENERAL INFORMATION**

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

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

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

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

Companies	Country of incorporation	Main activity	% participation	
			03.31.2018	12.31.2017
CTR <sup>(1)</sup>	Argentina	Electric power generation	75%	-
GECE	Argentina	Electric power generation	95%	95%
GLSA	Argentina	Electric power generation	95%	95%
GMSA	Argentina	Electric power generation	95%	95%
GROSA	Argentina	Electric power generation	95%	95%
Solalban Energía S.A.	Argentina	Electric power generation	42%	42%

(1) Company merged under the merger through absorption process, as described in Note 22.2.

At the date these financial statements were signed, Albanesi Group had a total installed capacity of 1,410 MW, representing 6.2% of the total installed thermoelectric capacity in Argentina, it being expanded with additional 435 MW with all the new projects awarded and currently under way.

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

As part of a merger process in 2016, GFSA was merged into GMSA (the merging and continuing company). On November 15, 2016, a final merger agreement was signed which set January 1, 2017 as the effective date of the merger. The merger was approved by the CNV on March 2, 2017 and registered with the Superintendency of Commercial Companies on March 17, 2017 (See Note 22.1).

In 2017 ASA (merging and continuing company) has been part of a merger process in which AISA was merged. The final merger agreement was signed on November 21, 2017, which set January 1, 2018 as the effective date of the merger. The merger was approved by the CNV on January 11, 2018 and registered with the Superintendency of Commercial Companies on February 23, 2018 (See Note 22.2).

## **Albanesi S.A.**

### **Notes to the Interim Condensed Separate Financial Statements (Cont'd)**

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

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

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

#### **Central Térmica Modesto Maranzana:**

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

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

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

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

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

## **Albanesi S.A.**

### **Notes to the Interim Condensed Separate Financial Statements (Cont'd)**

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

##### **Central Térmica Modesto Maranzana (Cont'd)**

One of them is the closure of the combined cycle of units TG06 and TG07 of Central Modesto Maranzana, located in the city of Río Cuarto. The project consists in the installation of a new 50 MW Siemens SGT800 gas turbine (with a guaranteed power of 47.5 MW) and the conversion into combined cycle of the three gas turbines (3x1 configuration). For such conversion, a recovery boiler will be installed at the gas turbines exit, which will produce steam in two pressures to feed a SST-600 steam turbine that will deliver a further 65 MW to the network; also, the necessary infrastructure will be installed for its operation and maintenance. The project for the closure of CT Modesto Maranzana combined cycle will enable contributing a further 112.5 MW to Argentine Interconnection System (SADI). The addition of a new gas turbine will cause an additional demand for fuel to the system. The addition of the turbo steam machine will contribute 65 MW, without additional consumption of fuel, with the complete cycle recording a specific consumption of 1590 Kcal/kWh in the closure of the combined cycle. This project was awarded by EES Resolution No. 926 - E/2017 on October 17, 2017 and is expected to become operative in mid-2020.

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

##### **Central Térmica Independencia**

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

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

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

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

## **Albanesi S.A.**

### **Notes to the Interim Condensed Separate Financial Statements (Cont'd)**

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

##### **Central Térmica Independencia (Cont'd)**

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

##### **Central Térmica Riojana**

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

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

##### **Central Térmica La Banda**

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

##### **Central Térmica Frías**

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

The turbine purchase agreement contemplated financing by PWPS of USD 12 million for 4 years, as from the provisional acceptance.

##### **Central Térmica Ezeiza**

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

## **Albanesi S.A.**

### **Notes to the Interim Condensed Separate Financial Statements (Cont'd)**

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

##### **Central Térmica Ezeiza (Cont'd)**

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

For this purpose, on April 30, 2016, a contract was executed with Siemens Industrial Turbomachinery AB for the purchase of the mentioned turbines, paying on September 2016 50% and financing the remaining 50% in 24 installments as from September 2017. As regards the second stage of the project, on August 9, 2016, a contract was executed with Siemens Industrial Turbomachinery AB for the purchase of a third SGT-800 turbine of 50 MW, paying on March 2017 50% and financing the remaining 50% in 24 installments as from April 2018. The price of the turbine is USD 20.3 million. Authorization for commercial operation of the second stage was obtained on February 1, 2018.

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

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

One of them is the closure of the combined cycle of units TG01, TG02 and TG03 of Central Térmica Ezeiza, located in the province of Buenos Aires. The project consists of: i) the installation of a fourth 50 MW Siemens SGT-800 gas turbine, and ii) the conversion into combined cycle of the four gas turbines. For the conversion into combined cycle, a recovery boiler will be installed at the gas turbines exit, which will produce steam in two pressures to feed two steam turbines (2x1 configuration), each of them delivering 44 MW to the network.

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

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

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

## **Albanesi S.A.**

### **Notes to the Interim Condensed Separate Financial Statements (Cont'd)**

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

##### **Co-generation Project Arroyo Seco**

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

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

On August 9, 2017, a contract was signed with the supplier Siemens for the purchase of a Turbine for a total amount of SEK 270,216,600 million. The contract is for the purchase of the SGT800 Siemens gas turbine, including whatever is necessary for its installation and start up.

At the date of these interim condensed separate financial statements, four advance payments had been made to Siemens for the gas turbines, which account for 50% of the contract.

##### **Central Térmica Roca**

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

The Plant, built in 1995, is equipped with an open cycle generation unit with EGT technology (European Gas Turbines) and has a nominal power of 130 MW. In fiscal year 2012 the first stage of repair and reconditioning was completed, and the Plant was authorized for commercial operation by the end of June 2012. In late June 2013 the second stage was completed, which consisted in the conditioning and modification of facilities and infrastructure for the purposes of the conversion to dual fuel, permitting feed of the turbo generator with alternative fuel (diesel).

CTR is developing a project to close the Power Plant cycle, which means expanding the current capacity by 60 MW with the installation of a steam turbine, a boiler and other equipment. Not only will this project increase power but will also be significant in environmental and energy efficiency terms, as the extra power to be generated will not require additional fuel.

Its placing into operation is scheduled for the second quarter of 2018.

A new WEM Supply Contract for 55 MW was signed with CAMMESA in October 2015 under Energy Secretariat Resolution 220/07.



**Albanesi S.A.**  
**Notes to the Interim Condensed Separate Financial Statements (Cont'd)**

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

**Central Térmica Sorrento**

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

With the aim of keeping the availability and dispatch levels as required by WEM, the Company is executing the Third Stage for the Repair of the Unit TV13, performing additional investments in the boiler, steam turbine, transformers and ancillary equipment. In particular, in April 2016, scheduled maintenance tasks were conducted, including works in the boiler, the thermal cycle and the transformers. During the second half of October and first days of November 2016, new scheduled maintenance tasks were conducted, including the replacement of boiler tubes, of valves in the boiler thermal cycle and ancillary equipment, and the recovery of fuel oil pumps, among other tasks.

**NOTE 2: BASIS FOR PRESENTATION**

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

The interim condensed separate financial statements of the Company for the three-month periods ended March 31, 2018 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

These interim condensed financial statements should be read in conjunction with the Company's financial statements at December 31, 2017.

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 twelve months following the end of the reporting period. 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, in proportion 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 financial liabilities at fair value through profit or loss.

**Albanesi S.A.**  
**Notes to the Interim Condensed Separate Financial Statements (Cont'd)**

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

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 interim condensed separate financial statements for the three-month periods ended March 31, 2018 and 2017 have not been audited. Company Management considers that they include all the necessary adjustments to reasonably present the results for each period.

The results for the three-month periods ended March 31, 2018 and 2017 do not necessary reflect the proportion of Company's results for full fiscal years.

These interim condensed separate financial statements for the three-month periods ended March 31, 2018 and 2017 were approved for issuance by the Company's Board of Directors on May 11, 2018.

**Comparative information**

Balances at December 31, 2017 and for the three-month period ended March 31, 2017, disclosed in these interim condensed separate financial statements for comparative purposes, arise from financial statements at those dates. 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 financial statements are consistent with the accounting policies used in the preparation of the audited financial statements corresponding to the last fiscal year, which ended on December 31, 2017.

There are no new IFRS or IFRIC applicable as from the current period which have a material impact on the Company's interim condensed financial statements.

These interim condensed financial statements should be read in conjunction with the audited financial statements at December 31, 2017 prepared under IFRS.

**Albanesi S.A.**  
**Notes to the Interim Condensed Separate Financial Statements (Cont'd)**

**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 the preparation of these interim condensed separate financial statements, certain critical judgments made by the Management when applying Company's accounting policies and sources of information used for the pertinent estimates are the same as those applied to the financial statement for the year ended December 31, 2017.

**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, 2017. 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. The development of investments in subsidiaries and associates of the Company for the three-month periods ended March 31, 2018 and 2017 is disclosed below:

	<u>03.31.2018</u>	<u>03.31.2017</u>
<b>At the beginning of the period</b>	2,935,370,434	2,210,552,404
Addition due to merger through absorption (Note 22.2)	494,419,702	-
Gain/Loss on investment in subsidiaries and associates	(89,785,871)	108,664,442
<b>Period end</b>	<u>3,340,004,265</u>	<u>2,319,216,846</u>

**Albanesi S.A.**  
**Notes to the Interim Condensed Separate Financial Statements (Cont'd)**

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

Below is a breakdown of the investments and the values of interests held by the Company in subsidiaries and associates at March 31, 2018 and December 31, 2017, as well as the Company share of profits of these companies for the three-month periods ended March 31, 2018 and 2017.

Name of the entity	Registered office of the entity	Main activity	Ordinary Shares I vote	Value of the Group's equity interest		Group share of profits		% of equity interest		Latest financial statement (1)		
				03.31.2018	12.31.2017	03.31.2018	03.31.2017	03.31.2018	12.31.2017	Share capital (par value)	Net results for the period	Equity
<b>Subsidiaries</b>												
CTR (2)	Argentina	Electricity	54,802,853	458,232,996	-	(36,186,707)	-	75%	75,070,470	(48,248,941)	617,362,149	
GMSA	Argentina	Electricity	131,263,543	2,334,538,905	2,508,105,135	(173,546,233)	111,941,229	95%	138,172,150	(182,680,242)	2,457,430,424	
GROSA	Argentina	Electricity	16,473,625	174,668,386	52,794,317	(3,851,728)	121,874,070	95%	17,340,658	128,288,494	183,861,459	
GLSA	Argentina	Electricity	475,000	289,805	352,402	(9,262)	(9,262)	95%	500,000	(65,891)	305,057	
GECE (3)	Argentina	Electricity	475,000	569,840	381,497	188,342	-	95%	500,000	198,255	599,831	
<b>Associates</b>												
Solaban Energía S.A.	Argentina	Electricity	73,184,160	371,684,333	373,737,083	(2,052,746)	584,203	42%	174,248,000	(4,887,499)	884,962,697	
				3,340,004,265	2,955,370,434	(89,785,871)	108,664,442			884,962,697		

(1) Information of the financial statements at March 31, 2018 converted to IFRS.

(2) Investment included as from January 1, 2018 as a result of the merger through absorption of ALSA (Note 22.2).

(3) Company established on July 12, 2017.

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

**Albanesi S.A.**  
**Notes to the Interim Condensed Separate Financial Statements (Cont'd)**

**NOTE 7: OTHER RECEIVABLES**

	<u>Note</u>	<u>03.31.2018</u>	<u>12.31.2017</u>
<b>Non-Current</b>			
Related parties	18	18,154,808	-
Minimum notional income tax		3,923,117	3,727,728
Other tax credits		1,271,593	278,560
		<u>23,349,518</u>	<u>4,006,288</u>
<b>Current</b>			
Related parties	18	178,613,828	182,808,845
Value added tax		275,539	-
Minimum notional income tax		559,327	-
Turnover tax		392,994	-
Tax Law 25413		48,313	-
Other tax credits		278,560	1,341,233
		<u>180,168,561</u>	<u>184,150,078</u>

**NOTE 8: CASH AND CASH EQUIVALENTS**

	<u>Note</u>	<u>03.31.2018</u>	<u>12.31.2017</u>
Banks in local currency		153,530	320,649
Banks in foreign currency	23	109,980	134,914
Checks to be deposited		59,594	-
<b>Cash and cash equivalents</b>		<u>323,104</u>	<u>455,563</u>

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

	<u>03.31.2018</u>	<u>03.31.2017</u>
Cash and cash equivalents	323,104	101,324
<b>Cash and cash equivalents</b>	<u>323,104</u>	<u>101,324</u>

**NOTE 9: OTHER DEBTS**

	<u>Note</u>	<u>03.31.2018</u>	<u>12.31.2017</u>
<b>Non-Current</b>			
Other income to be accrued		23,119,876	24,386,058
		<u>23,119,876</u>	<u>24,386,058</u>
<b>Current</b>			
<b>In local currency</b>			
Other income to be accrued		5,064,729	5,064,729
Related parties	18	255,009,151	227,718,639
		<u>260,073,880</u>	<u>232,783,368</u>

## Albanesi S.A.

### Notes to the Interim Condensed Separate Financial Statements (Cont'd)

#### NOTE 10: LOANS

	Note	03.31.2018	12.31.2017
<b>Non-current</b>			
Negotiable obligations		251,279,044	250,754,356
		<u>251,279,044</u>	<u>250,754,356</u>
<b>Current</b>			
Negotiable obligations		28,750,895	28,471,850
Related parties	18	84,751,254	-
		<u>113,502,149</u>	<u>28,471,850</u>

At March 31, 2018, total financial debt amounts to \$364.8 million. The following table shows our total debt at that date.

	Principal	03.31.2018 (Pesos)	Interest rate (%)	Currency	Date of issuance	Maturity date
<b>Debt securities</b>						
Class II NO	\$25,820,000	27,053,161	BADLAR + 4%	ARS	October 25, 2016	October 25, 2018
Class III NO	\$ 255,826,342	252,976,778	BADLAR + 4.25%	ARS	June 15, 2017	June 15, 2021
<b>Subtotal</b>		<u>280,029,939</u>				
<b>Other debts</b>						
Related parties	\$ 60,000,000	84,751,254	BADLAR + 3%	ARS	Maturity date: 1 year, renewable	
<b>Subtotal</b>		<u>84,751,254</u>				
<b>Total financial debt</b>		<u>364,781,193</u>				

With the purpose of improving the financial profile of the company, on November 20, 2015 ASA obtained, under Resolution 17887 of the CNV, authorization for: (i) incorporation of ASA to the public offering system; and (ii) creation of a global program to issue simple (non-convertible) NO for a total nominal value outstanding of USD 100,000,000 (one hundred million US dollars) or its equivalent in other currencies, in one or more classes or series.

#### Class II NO

On October 25, 2016 the Company issued Class II NO under the conditions described below:

**Principal:** Nominal value: \$ 220,000,000

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

**Payment term and method:** interest on Class II NO will be paid on a quarterly basis, in arrears, on the following dates: January 25, 2017, April 25, 2017, July 25, 2017, October 25, 2017, January 25, 2018, April 25, 2018, July 25, 2018 and October 25, 2018.

Principal on Class II NO will be paid in three (3) consecutive installments, on a quarterly basis, the first two equivalent to 30% of the nominal value of the NO and the last one to 40%, on the dates on which 18, 21 and 24 months have elapsed, counted as from the date of issuance; i.e., on April 25, 2018, July 25, 2018 and October 25, 2018.

The proceeds from the issuance of Class II NO were fully applied to the partial repayment of current liabilities that ASA holds with the related company RGA.

## Albanesi S.A.

### Notes to the Interim Condensed Separate Financial Statements (Cont'd)

#### **NOTE 10: LOANS (Cont'd)**

##### Class II NO (Cont'd)

On June 15, 2017, Class III NO were issued, and subscribed by paying up Class I and Class II NO, improving the Company's working capital and indebtedness profile (term and rate). The amount paid was \$ 194,180,000.

Principal balance on that Negotiable Obligation amounts to \$ 25,820,000 at March 31, 2018.

##### Class III NO

On June 15, 2017 the Company issued Class III NO under the conditions described below:

**Principal:** Nominal value: \$ 255,826,342

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

**Amortization term and method:** interest on Class II NO will be paid on a quarterly basis, in arrears, on the following dates: September 15, 2017; December 15, 2017; March 15, 2018; June 15, 2018; September 15, 2018; December 15, 2018; March 15, 2019; June 15, 2019; September 15, 2019; December 15, 2019; March 15, 2020; June 15, 2020; September 15, 2020; December 15, 2020; March 15, 2021, and June 15, 2021; if other than a business day, or if such day does not exist, the interest payment date will be the immediately following business day.

Principal of the Class III NO will be paid in three (3) consecutive installments, on a quarterly basis, the first two equivalent to 30% of the nominal value of the NO and the last one to 40%, on the dates on which 42, 45 and 48 months are completed, counted as from the date of issuance; i.e., on December 7, 2020, March 15, 2021 and June 15, 2021; if other than a business day, or if such day does not exist, the interest payment date will be the immediately following business day.

The issuance of Class III NO was fully paid up with in-kind contributions as follows: a partial payment of Class I NO for \$52,519,884 and of Class II NO for \$203,306,458.

Principal balance on that class of negotiable obligation outstanding at March 31, 2018 is \$ 255,826,342.

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

	<b>03.31.2018</b>	<b>12.31.2017</b>
<b>Floating rate</b>		
Less than 1 year	113,502,149	28,471,850
Between 2 and 3 years	151,222,156	74,211,910
More than 3 years	100,056,888	176,542,446
	<b>364,781,193</b>	<b>279,226,206</b>

Company loans are denominated in the following currencies:

	<b>03.31.2018</b>	<b>12.31.2017</b>
Argentine pesos	364,781,193	279,226,206
	<b>364,781,193</b>	<b>279,226,206</b>

**Albanesi S.A.**  
**Notes to the Interim Condensed Separate Financial Statements (Cont'd)**

**NOTE 10: LOANS (Cont'd)**

Changes in Company loans were as follows:

	<u>03.31.2018</u>	<u>03.31.2017</u>
Loans at beginning of the period	279,226,206	274,923,829
Addition due to merger through absorption (Note 22.2)	80,862,002	-
Accrued interest	23,626,492	16,963,813
Interest paid	(18,933,507)	(16,870,060)
<b>Loans at the period end</b>	<b><u>364,781,193</u></b>	<b><u>275,017,582</u></b>

**NOTE 11: SELLING EXPENSES**

	<u>03.31.2018</u>	<u>03.31.2017</u>
Duties and taxes	(69,640)	(117,229)
	<b><u>(69,640)</u></b>	<b><u>(117,229)</u></b>

**NOTE 12: ADMINISTRATIVE EXPENSES**

	<u>03.31.2018</u>	<u>03.31.2017</u>
Fees	(538,678)	(416,217)
Others	(10,315)	(11,020)
	<b><u>(548,993)</u></b>	<b><u>(427,237)</u></b>

**NOTE 13: OTHER OPERATING INCOME AND EXPENSES, NET**

<u>Other income</u>	<u>Note</u>	<u>03.31.2018</u>	<u>03.31.2017</u>
Income from guarantees granted	18	1,266,182	799,286
		<b><u>1,266,182</u></b>	<b><u>799,286</u></b>

**NOTE 14: FINANCIAL RESULTS**

	<u>03.31.2018</u>	<u>03.31.2017</u>
<u>Financial expenses</u>		
Interest on loans	(23,626,492)	(16,963,813)
Bank expenses and taxes	(322,489)	(216,429)
<b>Total financial expenses</b>	<b><u>(23,948,981)</u></b>	<b><u>(17,180,242)</u></b>
<u>Other financial results</u>		
Exchange difference	10,658	(452)
<b>Total other financial results</b>	<b><u>10,658</u></b>	<b><u>(452)</u></b>
<b>Total financial results, net</b>	<b><u>(23,938,323)</u></b>	<b><u>(17,180,694)</u></b>



**Albanesi S.A.**  
**Notes to the Interim Condensed Separate Financial Statements (Cont'd)**

**NOTE 15: CAPITAL STATUS**

Share capital at March 31, 2018 is comprised of:

Capital	Amount \$	Date	Approved by Body	Date of registration with the Public Registry of Commerce:
<b>Total at 12.31.2017</b>	<b>62,455,160</b>			
Capitalization due to merger (Note 22.2)	1,996,585	10/18/2017	Extraordinary Shareholders' Meeting	2/23/2018
<b>Total at 03.31.2018</b>	<b>64,451,745</b>			

**NOTE 16: DISTRIBUTION OF PROFITS**

As provided for by Law 25063, payment of dividends in excess of taxable profits accumulated at the end of the fiscal year immediately preceding such payment date (distribution of profits, as the case may be) imposes an obligation to withhold from such excess a 35% rate for income tax as a sole and final payment. This withholding will no longer apply to dividends (profits) attributable to profits accrued in the fiscal years beginning on or after January 1, 2018.

As from the Tax Reform implemented by Law 27430, the declared dividends on accounting profits for the fiscal years 2018 and 2019 will be subject to a 7% withholding rate, while for dividends on profits from the fiscal year 2020 onwards, the applicable withholding rate will be 13%. The withholding will be made when such profits are distributed and paid as dividends to shareholders based in abroad.

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

Due to the issuance of the International Negotiable Obligation, co-issued by GMSA and CTR and guaranteed by ASA, the Company must comply with ratios on a combined basis to be allowed to distribute dividends.

**NOTE 17: 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.

	<u>03.31.2018</u>	<u>03.31.2017</u>
(Loss) income for the period attributable to the owners:	(112,382,178)	93,872,094
Weighted-average of outstanding ordinary shares	64,451,745	62,455,160
<b>Basic and diluted earnings (losses) per share</b>	<b>(1.74)</b>	<b>1.50</b>

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

**Albanesi S.A.**  
**Notes to the Interim Condensed Separate Financial Statements (Cont'd)**

**NOTE 18: TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

*a) Operations for the period*

		03.31.2018	03.31.2017
<u>Relationship nature</u>		<u>Gain / (loss)</u>	
<u>Interest paid</u>			
GMSA		(3,889,252)	-
		<u>(3,889,252)</u>	<u>-</u>
<u>Income from guarantees granted</u>			
CTR	Related parties	223,800	223,800
AJSA	Subsidiary	73,295	-
GMSA	Subsidiary	969,087	575,486
		<u>1,266,182</u>	<u>799,286</u>
<u>Recovery of expenses</u>			
GECE (1)	Subsidiary	25,816	-
GLSA	Subsidiary	25,816	-
		<u>51,632</u>	<u>-</u>

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

**Albanesi S.A.**

**Notes to the Interim Condensed Separate Financial Statements (Cont'd)**

	<u>Relationship nature</u>	<u>03.31.2018</u>	<u>12.31.2017</u>
<b><u>Other receivables</u></b>			
<b>Non-current</b>			
TEFU S.A. (2)	Related company	18,154,808	-
		<b>18,154,808</b>	<b>-</b>
<b>Current</b>			
Shareholders' accounts	Related parties	178,443,628	171,584,168
Advances to directors	Related parties	170,200	170,200
GECE (1)	Subsidiary	-	10,985,688
GLSA	Subsidiary	-	68,789
		<b>178,613,828</b>	<b>182,808,845</b>
<b><u>Trade payables</u></b>			
<b>Current</b>			
RGA	Related parties	16,245,830	16,245,830
		<b>16,245,830</b>	<b>16,245,830</b>
<b><u>Other liabilities</u></b>			
<b>Current</b>			
CTR	Subsidiary	6,733,872	-
GMSA	Subsidiary	136,267,265	106,726,555
Directors' fees	Related parties	14,000,759	12,076,384
GECE	Subsidiary	125,000	-
GLSA - Capital to be paid-in	Subsidiary	-	356,250
RGA	Related parties	97,606,950	108,559,450
GLSA	Subsidiary	275,305	-
		<b>255,009,151</b>	<b>227,718,639</b>
<b><u>Loans</u></b>			
<b>Current</b>			
GMSA (2)	Subsidiary	84,751,254	-
		<b>84,751,254</b>	<b>-</b>

**Albanesi S.A.**  
**Notes to the Interim Condensed Separate Financial Statements (Cont'd)**

**NOTE 18: TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

*c) Loans received from related parties <sup>(2)</sup>*

Entity	Amount	Interest rate	Conditions
<b>At 03.31.2018</b>			
GMSA	60,000,000	BADLAR + 3 %	Maturity date: 1 year, renewable automatically up to 5 years
<b>Total in pesos</b>	<u>60,000,000</u>		

(1) Company established on July 12, 2017.

(2) Balance added as a result of the merger through absorption of AISA. See Note 22.2.

	<u>03.31.2018</u>	<u>03.31.2017</u>
<b><i>Loans from GMSA</i></b>		
Opening balances	-	-
Loans added as a result of the merger (Note 22.2)	80,862,002	-
Accrued interest	3,889,252	-
<b>Closing balance</b>	<u>84,751,254</u>	<u>-</u>

**Albanesi S.A.**

**Notes to the Interim Condensed Separate Financial Statements (Cont'd)**

**NOTE 19: 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 03.31.2018
AJSA	Surety bond	SFG Equipment Leasing Corporation	Leasing aircraft Jet Lear 45XR	11/14/2008	1/21/2019	USD 7,330,000	USD 871,382
GMSA	Surety bond	CAMMESA	Repair of machinery	12.31.12	5/30/2019	\$ 26,997,275	\$ 10,737,394
GMSA	Guarantor	Siemens Industrial Turbomachinery AB	Acquisition of two Siemens SGT 800 turbines for CTMM	6/14/2016	7/14/2019	SEK 177,000,000	SEK 177,000,000
GMSA	Guarantor	Siemens Industrial Turbomachinery AB	Acquisition of two Siemens SGT 800 turbines for CTI	9/13/2016	3/13/2020	SEK 175,230,000	SEK 175,230,000
GMSA	Guarantor	Siemens Industrial Turbomachinery AB	Acquisition of three Siemens SGT 800 turbines for CTE	9/13/2016	3/13/2020	SEK 263,730,000	SEK 263,730,000
GMSA-GFSA <sup>(2)</sup> -CTR	Guarantor <sup>(1)</sup>	International bond	Project financing	7/27/2016	7/27/2023	USD 250,000,000	USD 250,000,000
GMSA-CTR	Guarantor <sup>(1)</sup>	International bond	Project financing	12/5/2017	7/27/2023	USD 86,000,000	USD 86,000,000
GFSA <sup>(2)</sup>	Guarantor	PW Power Systems, Inc.	Turbine financing	3/30/2016	12/2023	USD 12,000,000	USD 12,000,000
AJSA <sup>(3)</sup>	Guarantor	Export Development Canadá	Leasing aircraft Bombardier Inc. Model BD-100-1A10 (Challenger 350 Variant)	7/19/2017	7/19/2027	USD 16,480,000	USD 15,656,000
GMSA	Guarantor	Cargill Limited	Project financing	2/15/2018	1/29/2021	USD 25,000,000	USD 25,000,000

- (1) The Guarantee granted by ASA to the Co-Issuers of the International Bond GMSA, GFSA (absorbed by GMSA) and CTR was approved by the Board of Directors on June 6, 2016. The fees agreed upon as consideration for the services and responsibilities assumed for the issuance at July 27, 2016, are \$ 22,380,000 and for the issuance at December 5, 2017 were \$ 8,921,640.
- (2) Company absorbed by GMSA as from January 1, 2017 (See Note 22.1).
- (3) The Guarantee provided to AJSA by ASA on July 13, 2017 and the fees agreed upon as consideration for the services and responsibilities assumed were worth \$ 2,931,792.

## **Albanesi S.A.**

### **Notes to the Interim Condensed Separate Financial Statements (Cont'd)**

#### **NOTE 20: WORKING CAPITAL**

At March 31, 2018, ASA recorded a deficit of \$209,728,428 in its working capital (calculated as current assets less current liabilities).

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

- i) Approximately \$ 91.7 million corresponding to dividends expected to be received from subsidiaries and associates for the year 2017.

#### **NOTE 21: BALANCE OF DEBT WITH RAFAEL G. ALBANESI S.A.**

At March 31, 2018 the balance of trade payables and other debt with RGA amounted to \$ 113,852,780.

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 20 with the aim of partially settling it.

#### **NOTE 22: MERGER**

##### **1) GMSA-GFSA MERGER THROUGH ABSORPTION**

On November 15, 2016, GMSA and GFSA entered into a final merger agreement (the "GMSA-GFSA Final Merger Agreement"), whereby it was decided to merge the company GFSA into GMSA (the "GMSA-GFSA 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 to increase the financial ability to develop new projects; e) a better allocation of existing resources; f) benefiting from a centralized administration, unifying the political and strategic decision-making processes in relation to the business, thus eliminating multiple costs (legal, accounting, administrative, financial and other costs); and g) the creation of more career opportunities for the employees of the participating companies. Furthermore, the above-mentioned benefits will be obtained without incurring tax costs, as the Corporate Reorganization will be tax free under the terms of Section 77 and following provisions of the Income Tax Law No. 26839.

On 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.

## **Albanesi S.A.**

### **Notes to the Interim Condensed Separate Financial Statements (Cont'd)**

#### **NOTE 22: MERGER (Cont'd)**

##### **1) GMSA – GFSA merger through absorption (Cont'd)**

In particular, at GFSA Shareholders' Meeting the following was also approved: (i) the early dissolution without liquidation of GFSA as a result of the merger, and its de-registration 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.

Further, the Shareholders' Meeting of GMSA, within the framework of the merger process, among other issues, approved a 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 the corporate bylaws.

By reason of the merger, and as set forth in the GMSA-GFSA Final Merger Agreement approved by the Extraordinary Meeting of Shareholders of GFSA and the Ordinary and Extraordinary Meeting of Shareholders of GMSA, both held on October 18, 2016, as from the Effective Merger Date (January 1, 2017): (a) all of GFSA's assets were transferred to GMSA, thus acquiring the ownership of all rights and obligations of GFSA; (b) GFSA was dissolved without liquidation, therefore it was absorbed by GMSA; (c) GMSA capital stock was increased from \$ 125,654,080 to \$ 138,172,150, with the consequent amendments to the by-laws of the merging company.

On March 2, 2017, the CNV approved under Resolution No. 18537 the Merger through Absorption under the terms of Section 82 of General Companies Law No. 19550 and the capital increase, with the pertinent amendment to the bylaws, decided within the framework of the merger, ordering that the respective documents be sent to the IGJ for registration purposes. The merger was registered with the IGJ on March 17, 2017. Also, by Resolution No. 18538 dated March 2, 2017, the CNV approved the dissolution without liquidation of GFSA, which was registered with the IGJ on March 17, 2017. On May 10, 2017, the CNV approved by Resolution No. 18648 the transfer of the public offering from GFSA to GMSA for the issuance of simple negotiable obligations, not convertible into shares, for a nominal value of up to USD 50,000,000; said public offering had been granted under Resolution No. 17402 whereby Class II and Class III Negotiable Obligations were issued. On July 24, 2017, the CNV approved under Resolution No. 18848 the transfer of authorization No. 18110 of the public offering for the co-issuance of negotiable obligations not convertible for shares for a nominal value of up to USD 250,000,000.

##### **2) ASA-AISA MERGER THROUGH ABSORPTION**

On October 18, 2017, ASA and AISA held the respective Extraordinary Shareholders' Meetings, at which the shareholders of both companies approved the corporate reorganization process by which ASA absorbed AISA ("ASA – AISA merger"), as well as the respective documentation. In addition, at the AISA meeting in particular, the early dissolution without liquidation of AISA as a result of the merger was also approved, and its de-registration as a corporation in due course. Further, within the framework of the merger process, the Shareholders' Meeting of ASA approved, among other issues, a capital increase from \$62,455,160 to \$64,451,745, by issuing 1,996,585 new ordinary registered non-endorsable shares of ASA, of \$1 par value each and entitled to 1 (one) voting right per share, as from the effective merger date (January 1, 2018), delegating to the Board of Directors the power to decide when the new shares will be issued. Furthermore, as a result of that capital increase, it was resolved to approve the amendment to section 4 of the corporate bylaws.

## Albanesi S.A.

### Notes to the Interim Condensed Separate Financial Statements (Cont'd)

#### **NOTE 22: MERGER (Cont'd)**

##### 2) ASA-AISA MERGER THROUGH ABSORPTION (Cont'd)

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 to increase the financial ability to develop new projects; e) a better allocation of existing resources; f) benefiting from a centralized administration, unifying the political and strategic decision-making processes in relation to the business, thus eliminating multiple costs (legal, accounting, administrative, financial and other costs); and g) the creation of more career opportunities for the employees of the participating companies. Furthermore, the above-mentioned benefits will be obtained without incurring tax costs, as the Corporate Reorganization will be tax free under the terms of Section 77 and following provisions of the Income Tax Law No. 26839.

On January 11, 2018, through RESFC- 2018-19281-APN-DIR#CNV Resolution, the CNV approved the merger through absorption under the terms of Section 82 of the General Companies Law No. 19550 and the capital increase with the amendment to the bylaws as decided within the framework of the merger. Both procedures were registered with the Superintendency of Commercial Companies on February 23, 2018 under No. 3452 of Book 88, Volume: -, Companies by Shares. Also on that date, the dissolution without liquidation of AISA was registered with the IGJ and its deregistration under No. 3453 of Book 88, Volume: -, Companies by Shares.

#### **NOTE 23: FOREIGN CURRENCY ASSETS AND LIABILITIES**

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

	03.31.2018			12.31.2017
	Type and amount of foreign currency	Exchange rate (1)	Amount recorded in pesos	Amount recorded in pesos
<b>ASSETS</b>			\$	
<b>CURRENT ASSETS</b>				
Banks	USD 5,486	20,049	109,980	134,914
<b>Total Current Assets</b>			109,980	134,914
<b>Total Assets</b>			109,980	134,914

(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.



**Albanesi S.A.**

**Notes to the Interim Condensed Separate Financial Statements (Cont'd)**

**NOTE 24: CLASSIFICATION OF RECEIVABLES AND DEBTS BY DUE DATES AND INTEREST ACCRUAL**

The breakdown of receivables and debts at March 31, 2018, according to their collection or payment term and restatement clauses, is detailed in the table below:

	Other receivables	Deferred tax assets	Trade payables	Tax payables	Other liabilities	Loans
	\$					
To be due						
First quarter	179,959,641	-	391,791	6,443	15,266,941	11,584,957
Second quarter	69,640	-	-	-	1,266,182	7,291,969
Third quarter	69,640	-	-	-	1,266,182	9,873,969
Fourth quarter	69,640	-	-	-	8,275,360	84,751,254
More than 1 year	23,349,518	13,103,322	-	-	23,119,876	251,279,044
Subtotal	203,518,079	13,103,322	391,791	6,443	49,194,541	364,781,193
No stated term	-	-	16,245,830	-	233,999,215	-
<b>Total</b>	<b>203,518,079</b>	<b>13,103,322</b>	<b>16,637,621</b>	<b>6,443</b>	<b>283,193,756</b>	<b>364,781,193</b>
Non-interest bearing	203,518,079	13,103,322	16,637,621	6,443	283,193,756	-
At floating rate	-	-	-	-	-	364,781,193
<b>Total at 03.31.2018</b>	<b>203,518,079</b>	<b>13,103,322</b>	<b>16,637,621</b>	<b>6,443</b>	<b>283,193,756</b>	<b>364,781,193</b>

**NOTE 25: STORAGE OF DOCUMENTATION**

On August 14, 2014, the CNV issued General Resolution No. 629 that introduces amendments to its regulations involving storage and preservation of corporate books, accounting records and business documents. The Company keeps and preserves its corporate books, accounting records and relevant business documents at its principal place of business located at Av. L.N. Alem 855, 14th floor - City of Buenos Aires

Furthermore, it is informed that the Company sent its working papers and non-sensitive information for fiscal years not yet statute-barred to its storage services supplier:

Entity responsible for warehousing of information - Domicile

Iron Mountain Argentina S.A. – Av. Amancio Alcorta 2482, City of Buenos Aires

Iron Mountain Argentina S.A. San Miguel de Tucumán 601, Spégazzini, Ezeiza, Province of Buenos Aires

A detail of the documentation sent for preservation is available at the registered office of that entity, as well as the documentation referred to by article 5, clause a.3), Section I of Chapter V of Title II of the REGULATIONS (N.T. 2013, as amended).

## **Albanesi S.A.**

### **Notes to the Interim Condensed Separate Financial Statements (Cont'd)**

#### **NOTE 26: SUBSEQUENT EVENTS**

##### **Ordinary Shareholders' Meeting**

The Ordinary Shareholders' Meeting held on April 19, 2018 approved the financial statements at December 31, 2017, which showed a profit of \$229,474,392, and the technical revaluation reserve for \$123,268,073 was reversed and reclassified as unappropriated retained earnings, as established by the applicable accounting standard. The Shareholders' Meeting resolved that the amount of \$8,508 be applied to the Legal Reserve account and the \$344,233,556 balance to the Optional Reserve account, with no dividends having been distributed among the Shareholders. Furthermore, the December 31, 2017 financial statements of Albanesi Inversora were approved, which showed a profit of \$37,001,411 for the fiscal year; this profit was approved without being given a specific treatment because in view of the merger approved by the National Securities Commission, all assets and liabilities of Albanesi Inversora S.A. would form part of Albanesi S.A. assets and liabilities effective January 1, 2018.

#### **NOTE 27: FINANCIAL STATEMENTS TRASLATION INTO ENGLISH LANGUAGE**

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

**Additional information required by Section 12, Chapter III, Title IV, of the National Securities Commission regulations, for the three-month period ended March 31, 2018**

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

1. Significant specific legal systems entailing the lapsing or rebirth of contingent benefits set forth by those regulations.  
None.
2. Significant changes in the company business activities or similar circumstances that took place during the fiscal years covered by the financial statements, which affect their comparability with those presented in prior periods, or which could affect comparability with those to be presented in future years.  
None.
3. Breakdown of balances receivable and debts according to their age and due date  
See Note 24 to the condensed interim separate financial statements at March 31, 2018.
4. Breakdown of receivables and liabilities according to the financial impact of maintaining the balances.  
See Note 24 to the condensed interim separate financial statements at March 31, 2018.
5. Companies encompassed by Section 33 of Law 19550:  
Percentage of equity interest in companies encompassed by Sect. 33 of Law No. 19550:  
See Note 6 to the condensed interim separate financial statements at March 31, 2018.  
Intercompany payables and receivables:  
See Note 18 to the condensed interim separate financial statements at March 31, 2018.
6. Trade receivables or loans to directors, syndics, members of the surveillance committee or their relatives in the second degree inclusive.  
See Note 18 to the condensed interim separate financial statements at March 31, 2018.
7. Frequency and scope of the physical inventory of materials and spare parts.  
The Company has no physical inventory of materials and spare parts.

Current values

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

Not applicable.

Property, plant and equipment

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

None.

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

None.

Equity interest in other companies

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

See Note 6 to the condensed interim separate financial statements at March 31, 2018.

Recoverable values

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

None.

Insurance

13. Insured items:

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

Kind of risk	Insured amount 03-2018	Insured amount 12-2017
Operational all risks - Material damage	USD 796,945,092	USD 675,345,092
Operational all risk - Loss of profit	USD 191,793,143	USD 150,237,090
Contractors' all-risk - enlargement of power plants - material damages	USD 246,355,269	USD 179,937,714
Contractors' all-risk - Enlargement of power plant - advance loss of profit (ALOP)	USD 91,811,755	USD 69,400,838
Civil Liability (primary)	USD 11,000,000	USD 10,000,000
Civil Liability (excess coverage)	USD 18,000,000	USD 9,000,000
Directors and Officers (D&O) liability insurance	USD 30,000,000	USD 15,000,000
Transport Argentine and international market	USD 20,000,000	USD 10,000,000
Automobile	\$ 4,393,100	\$ 2,056,000
Personal accidents	\$ 1,050,000	\$ 1,050,000
Personal accidents	USD 500,000	USD 500,000
Directors' bond	\$ 1,900,000	\$ 1,950,000
Customs bond	\$ 782,293,174	\$ 512,335,306
Financial advances bond	\$ 175,150,000	\$ 175,150,000
Contract execution bond	\$ 17,072,436	\$ 11,266,549
ENES Bond	\$ 701,594,713	\$ 900,109,665
Bond for commercial authorization of projects	\$ 1,489,382,070	\$ 1,183,048,020
Bond to secure offer maintenance in projects	\$ 81,998,045	\$ 81,998,045
Judicial bond	\$ 31,421,169	\$ 10,705,473
Environmental insurance	\$ 63,201,808	\$ 18,262,245
Technical equipment insurance	USD 301,452	USD 256,683
Life insurance - mandatory life insurance	\$ 110,000	\$ 44,330
Life - mandatory group life insurance (LCT, employment contract law)	Disability: 1 salary per year Death: 1/2 salary per year 24 salaries	Disability: 1 salary per year Death: 1/2 salary per year 24 salaries
Life - Additional group life insurance		

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

**Operational all-risk:**

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

**Contractors' all-risk and ALOP:**

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

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

**Civil liability:**

The Company has taken out insurance coverage for underlying civil liability of the insured, as a result of injuries and/or death of third parties and/or damages to property of third parties, caused and /or derived from the development of the insured activity, subject to the terms, conditions, limitations and exclusions contained in the policy.

Said coverage is structured as follows:

Individual policies were taken out for each of Albanesi Group companies, with a maximum compensation of USD 1,000,000 per event and two reinstatement clauses over the life of the policy.

In addition, an insurance policy common to all Group companies has been taken out with a compensation limit of USD 9,000,000 per event and over the life of the policy in excess of USD 1,000,000 (individual policies), with two limit reinstatements.

**Directors and Officers (D&O) liability insurance**

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

The policy also provides coverage to the company against claims related to stocks or securities or claims filed by the holders of its shares or bonds.

It covers the personal equity of present, past or future directors and/or executives, and the company's exposure to capital market issues.

**Transport insurance:**

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

**Personal accidents insurance:**

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

**Automobile insurance:**

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

**Directors' qualification 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 bond protects the Company against non-compliance with obligations by Directors or Managing partners while performing their duties.

**Customs Guarantees:**

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

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

**Financial bond:**

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

**Contract execution bond:**

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

**Environmental bond:**

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

**Bond to secure offer maintenance in projects:**

It guarantees the offer maintenance and signing of the contract in the time and manner required by law and bidding rules.

**Judicial bond:**

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

These coverages apply both in cases in which the judge hearing the case has ordered the lock of a provisional remedy, and in those in which the constitution of a counterbond has been arranged: replacement of provisional remedies : the provisional remedy can be substituted by the defendant in a lawsuit through this policy, thereby releasing the equity affected by such measure.

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

**Mandatory life insurance:**

The employer must take out mandatory life insurance coverage for its employees. It covers the risk of death of worker in an employment relationship, for any cause, without limitations of any kind, 24 hours a day, in or outside the country. The insured amount is \$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, if the company has to pay compensation in case of a total and permanent disability or death of the employee, whichever the cause.

**Group Life insurance:**

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

Positive and negative contingencies

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

There have not been changes in the issues previously reported.

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

None.

Irrevocable advances on account of future subscriptions

16. Status of the capitalization procedure.

None.



17. Unpaid cumulative dividends on preferred shares.

None.

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

See Note 16 to the condensed interim separate financial statements at March 31, 2018.



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

## 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. (hereinafter, "the Company") which comprise the separate statement of financial position at March 31, 2018 and the separate statement of comprehensive income for the three-month period ended March 31, 2018, the separate statements of changes in equity and of separate cash flows for the three-month period then ended, and the selected explanatory notes.

The balances and other information corresponding to the fiscal year 2017 and to 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 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.

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T: +(54.11) 4850.0000, F: +(54.11) 4850.1800, www.pwc.com/ar



### **Conclusion**

On the basis of our review, nothing has come to our attention that make 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, in connection with Albanesi S.A., that:

- a) the interim condensed separate financial statements of Albanesi S.A. are transcribed into the "Inventory and Balance Sheet" book and as regards those matters that are within our competence, they 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 Albanesi S.A. arise from accounting records carried in all formal aspects in accordance with legal requirements;
- 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 March 31, 2018, there is no debt accrued in favor of the Argentine Integrated Social Security System;

City of Buenos Aires, May 11, 2018

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Raúl Leonardo Viglione

## 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 March 31, 2018, the statement of comprehensive income for the three-month period ended March 31, 2018, the statements of changes in equity and of cash flows for the three-month period then ended, and the selected explanatory notes. The balances and other information corresponding to the fiscal year 2017 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 limited review report on the condensed interim statements at the same date as this report without observations. 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.

A handwritten signature in black ink, consisting of a large, stylized loop on the left and a horizontal line extending to the right, with a vertical stroke intersecting the horizontal line.

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, May 11, 2018

A handwritten signature in black ink, consisting of a large, stylized loop on the left and a long, horizontal stroke extending to the right.

---

Marcelo P. Lerner  
Full Syndic  
For the Syndics' Committee