

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

Generación Mediterránea S.A.

Interim Condensed Financial Statements

at June 30, 2018 and for the six- and three-month periods
ended June 30, 2018 and 2017,
presented in comparative format

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Report on the Interim Condensed Financial Statements

Report of the Syndics' Committee

Generación Mediterránea S.A.

GLOSSARY OF TECHNICAL TERMS

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

Terms	Definitions
/day	Per day
AISA	Albanesi Inversora S.A. (company absorbed by Albanesi S.A.)
AJSA	Alba Jet S.A.
ASA	Albanesi S.A.
AFIP	Federal Administration of Public Revenue
AVRC	Alto Valle Río Colorado S.A.
BADLAR	Average interest rate paid by financial institutions on time deposits for over one million pesos.
BADCOR	Adjusted BADLAR rate
BDD	Bodega del Desierto S.A.
BCRA	Central Bank of Argentina
CAMMESA	Compañía Administradora del Mercado Mayorista Eléctrico S.A. (Wholesale Electricity Market Management Company)
CC	Combined cycle
IFRIC	International Financial Reporting Interpretations Committee
CNV	National Securities Commission
CTE	Central Térmica Ezeiza located in Ezeiza, Buenos Aires.
CTF	Central Térmica Frías located in Frías, Santiago del Estero.
CTI	Central Térmica Independencia located in San Miguel de Tucumán, Tucumán.
CTLB	Central Térmica La Banda located in La Banda, Santiago del Estero.
CTMM	Central Térmica Modesto Maranzana, located in Río Cuarto, Córdoba
CTR	Central Térmica Roca S.A.
CTRi	Central Térmica Riojana located in La Rioja, province of La Rioja.
CVP	Variable Production Cost
Dam3	Cubic decameter. Volume equivalent to 1,000 (one thousand) cubic meters
DH	Historical Availability
Availability	Percentage of time in which the power plant or machinery, as applicable, is in operation (generating power) or available for power generation, but not called by CAMMESA
DMC	Minimum Availability Committed
DO	Target Availability
DR	Registered Availability
The Group	Albanesi S.A. Jointly with its subsidiaries and other related companies
Energía Plus	Plan created under ES Resolution No. 1281/06
ENRE	National Electricity Regulatory Authority
EPEC	Empresa Provincial de Energía de Córdoba
FACPCE	Argentine Federation of Professional Councils in Economic Sciences
FONINVEMEM	Fund for investments required to increase the electric power supply in the WEM
GE	General Electric
GECEN	Generación Centro S.A.

Generación Mediterránea S.A.

GLOSSARY OF TECHNICAL TERMS (Cont'd)

Terms	Definitions
GFSA	Generación Frías S.A. (company merged into GMSA)
GISA	Generación Independencia S.A. (company merged into GMSA)
GLBSA	Generación La Banda S.A. (company merged into GMSA)
GMSA	Generación Mediterránea S.A.
Large Users	WEM agents classified according to their consumption into: GUMAs, GUMEs, GUPAs and GUDIIs
GRISA	Generación Riojana S.A. (company merged into GMSA)
GROSA	Generación Rosario S.A.
GUDIIs	Large Demand from Distributors' customers, 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 which is equal to 1,000 (one thousand) volts
kW	Kilowatt Unit of power equivalent to 1,000 watts
kWh	Kilowatt-hour Unit of energy equivalent to 1,000 watts hour
LGS	General Companies Law
LVFVD	Sales liquidations with maturity date to be defined
MAT	Futures market
MAPRO	Major Scheduled Maintenance
WEM	Wholesale Electric Market
MMm3	Million cubic meters
MW	Megawatt Unit of power equivalent to 1,000,000 watts
MWh	Megawatt hour Unit of energy equivalent to 1,000,000 watts hour
MVA	Mega-volt ampere, unit of energy equivalent to 1 volt x 1 ampere x 106
Argentine GAAP	Argentine Generally Accepted Accounting Principles
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
ON	Negotiable Obligations
PWPS	Pratt & Whitney Power System Inc
Resolution No. 220/07	Regulatory framework for the sale of energy to CAMMESA through the "WEM Supply Contracts" under Energy Secretariat Resolution No. 220/07
GR	General Resolution
RGA	Rafael G. Albanesi S.A.
RT	Technical Pronouncements
TRASNOA S.A.	Empresa de Transporte de Energía Eléctrica por Distribución Troncal del Noroeste Argentino S.A.
SADI	Argentine Interconnection System
ES	Energy Secretariat
CGU	Cash Generating Unit
USD	US Dollars

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Generación Mediterránea S.A.

Composition of the Board of Directors and Syndics' Committee.

President

Armando Losón (h)

1st Vice President

Guillermo G. Brun

2nd Vice President

Julián P. Sarti

Full Directors

Carlos A. Bauzas

Sebastián A. Sánchez Ramos

Oscar C. De Luise

Roberto J. Volonté

Juan Carlos Collin

Jorge Hilario Schneider

Alternate Directors

José Leonel Sarti

Juan G. Daly

Maria de los Milagros D. Grande

Ricardo M. López

Romina S. Kelleyian

Full Syndics

Enrique O. Rucq

Marcelo P. Lerner

Francisco A. Landó

Alternate Syndics

Juan Cruz Nocciolino

Carlos I. Vela

Johanna M. Cárdenas

Legal information

Company Name: Generación Mediterránea S.A.

Legal address: 855 L. N. Alem Ave., Floor 14, City of Buenos Aires.

Main business activity: Generation and sale of electric energy Development of energy projects, execution of projects, advisory services, provision of services, management, administration and performance of works of any kind. Investments and financial operations of any kind, except those established by Law No. 21526

Tax ID: 30-68243472-0

Date of registration with the Public Registry of Commerce:

By-laws: January 28, 1993
Latest amendment: March 17, 2017

Registration with the Superintendency of Commercial Companies under number: 644 of Book 112, Volume A of Corporations

Expiration date of Company By-laws: January 28, 2092

Parent company: Albanesi S.A.
Legal address: 855 L. N. Alem Ave., Floor 14, City of Buenos Aires.

Main line of business of Parent Company: Investment and financial activities
Percentage of equity interest held by Parent Company: 95%
Percentage of voting rights of Parent Company: 95%

CAPITAL STATUS (Note 15)	
Class of shares	Subscribed, paid-in and registered
	\$
Ordinary, registered, non-endorsable shares of \$1 par value each and entitled to 1 vote per share.	138,172,150

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Generación Mediterránea S.A.
Interim Condensed Statement of Financial Position
at June 30, 2018 and December 31, 2017
Stated in pesos

	Note	06.30.18	12.31.17
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	15,363,640,735	10,767,584,364
Investments in Companies		129,861	129,861
Other receivables		62,800,688	64,889,055
Trade receivables		-	1,698,757
Total non-current assets		15,426,571,284	10,834,302,037
CURRENT ASSETS			
Inventories		79,027,931	50,194,227
Other receivables		1,030,595,012	997,565,935
Other financial assets at fair value through profit or loss		438,407,476	9,631,484
Trade receivables		1,685,512,342	1,042,194,837
Cash and cash equivalents	14	556,688,728	84,615,576
Total current assets		3,790,231,489	2,184,202,059
Total Assets		19,216,802,773	13,018,504,096
EQUITY			
Share Capital	15	138,172,150	138,172,150
Additional paid-in capital		211,405,124	211,405,124
Legal reserve		23,170,964	5,147,981
Optional reserve		394,168,406	51,731,727
Technical revaluation reserve		4,790,280,307	1,871,918,401
Special Reserve		1,275,621	1,275,621
Unappropriated retained earnings		(2,747,971,970)	360,459,662
TOTAL EQUITY		2,810,500,602	2,640,110,666
LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions	18	5,390,488	7,405,069
Deferred tax liabilities, net		857,901,072	792,852,418
Defined benefit plan		8,590,063	-
Loans	17	10,232,306,494	6,564,695,612
Trade payables		970,811,468	783,012,955
Total non-current liabilities		12,074,999,585	8,147,966,054
CURRENT LIABILITIES			
Other liabilities		138,020,424	153,604,660
Tax payables		10,984,281	19,942,521
Salaries and social security liabilities		4,038,020	11,224,202
Defined benefit plan		1,273,770	-
Loans	17	2,561,808,772	699,988,725
Trade payables		1,615,177,319	1,345,667,268
Total current liabilities		4,331,302,586	2,230,427,376
Total liabilities		16,406,302,171	10,378,393,430
Total liabilities and equity		19,216,802,773	13,018,504,096

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

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Generación Mediterránea S.A.

Interim Condensed Statement of Comprehensive Income For the six- and three-month periods ended June 30, 2018 and 2017 Stated in pesos

	Note	Six-month period at		Three-month period at	
		06.30.18	06.30.2017	06.30.18	06.30.2017
Sales revenue	7	2,216,930,187	1,144,018,732	1,287,137,708	510,661,914
Cost of sales	8	(1,007,115,388)	(806,844,535)	(574,276,114)	(349,356,855)
Gross income/(loss)		1,209,814,799	337,174,197	712,861,594	161,305,059
Selling expenses					
Selling expenses	9	(840,542)	18,700,282	(474,032)	(248,296)
Administrative expenses	10	(56,887,894)	(19,019,836)	(35,661,545)	(12,581,199)
Other income		819,194	442,354	67,652	306,506
Other expenses	11	(226,116,440)	-	(226,116,440)	-
Operating income/(loss)		926,789,117	337,296,997	450,677,229	148,782,070
Financial income	12	31,016,869	10,999,118	17,029,756	8,124,361
Financial expenses	12	(574,051,582)	(142,947,965)	(364,738,489)	(60,106,124)
Other financial results	12	(4,114,692,352)	(23,930,988)	(3,595,662,258)	(100,335,777)
Financial results, net		(4,657,727,065)	(155,879,835)	(3,943,370,991)	(152,317,540)
Profit/(loss) before tax		(3,730,937,948)	181,417,162	(3,492,693,762)	(3,535,470)
Income tax		926,545,481	(68,131,632)	870,981,537	(1,011,873)
(Loss) / income for the period		(2,804,392,467)	113,285,530	(2,621,712,225)	(4,547,343)
Revaluation of property, plant and equipment		3,966,376,538	-	3,966,376,538	-
Impact on income tax		(991,594,135)	-	(991,594,135)	-
Other comprehensive income for the period		2,974,782,403	-	2,974,782,403	-
Total comprehensive income/(loss) for the year		170,389,936	113,285,530	353,070,178	(4,547,343)
Earnings per share					
Basic and diluted (losses) / earnings per share	16	(20.2964)	0.8199		

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

Interim Condensed Statement of Changes in Equity
For the six-month periods ended June 30, 2018 and 2017

Stated in pesos

	Share capital (Note 15)	Additional paid-in capital	Legal reserve	Optional reserve	Special Reserve	Technical revaluation reserve	Unappropriated retained earnings	Total Equity
Balances at December 31, 2016	125,654,080	111,514,225	4,968,948	48,330,099	1,275,621	1,474,799,111	3,580,661	1,770,122,745
Addition due to merger through absorption at January 1, 2017	12,518,070	99,890,899	-	-	-	161,984,473	(63,150,169)	211,243,273
Shareholders' Meeting minutes of April 18, 2017	-	-	179,033	-	-	-	(179,033)	-
- Setting up of legal reserve	-	-	-	3,401,628	-	-	(3,401,628)	-
- Setting up of optional reserve	-	-	-	-	-	(47,396,539)	47,396,539	-
Reversal of technical revaluation reserve	-	-	-	-	-	-	113,285,530	113,285,530
Comprehensive income for the six-month period	-	-	-	-	-	-	-	-
Balances at June 30, 2017	138,172,150	211,405,124	5,147,981	51,731,727	1,275,621	1,589,387,045	97,531,900	2,094,651,548
Other comprehensive income for the supplementary six-month period	-	-	-	-	-	351,048,193	-	351,048,193
Reversal of technical revaluation reserve	-	-	-	-	-	(68,516,837)	68,516,837	-
Comprehensive income for the supplementary six-month period	-	-	-	-	-	-	194,410,925	194,410,925
Balances at December 31, 2017	138,172,150	211,405,124	5,147,981	51,731,727	1,275,621	1,871,918,401	360,459,662	2,640,110,666
Shareholders' Meeting minutes of April 18, 2018	-	-	18,022,983	-	-	-	(18,022,983)	-
- Setting up of legal reserve	-	-	-	342,436,679	-	-	(342,436,679)	-
- Setting up of optional reserve	-	-	-	-	-	2,974,782,403	-	2,974,782,403
Other comprehensive income for the six-month period	-	-	-	-	-	(56,420,497)	56,420,497	-
Reversal of technical revaluation reserve	-	-	-	-	-	-	(2,804,392,467)	(2,804,392,467)
Comprehensive loss for the six-month period	-	-	-	-	-	-	(2,747,971,970)	(2,747,971,970)
Balances at June 30, 2018	138,172,150	211,405,124	23,170,964	394,168,406	1,275,621	4,790,280,307	(2,747,971,970)	2,810,500,602

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Interim Condensed Statement of Cash Flows For the six-month periods ended June 30, 2018 and 2017 Stated in pesos

	Notes	06.30.18	06.30.2017
Cash flow provided by operating activities:			
(Loss) / income for the period		(2,804,392,467)	113,285,530
Adjustments to arrive at net cash flows provided by operating activities:			
Income tax		(926,545,481)	68,131,632
Accrued interest, net	12	541,736,066	129,895,261
Depreciation of property, plant and equipment	8 and 13	242,552,095	106,590,326
Income/(Loss) from changes in the fair value of financial instruments	12	(426,318,320)	(40,982,686)
(Decrease) in provision for contingencies	18	(2,014,581)	(1,002,004)
(Decrease) in provision for bad debts		-	(76,869)
Present value		20,932,403	(1,854,789)
Exchange difference	12	4,463,014,181	35,107,083
Employee benefit plans	8	9,036,466	-
Changes in operating assets and liabilities:			
(Increase) in trade receivables		(473,786,807)	(14,790,786)
(Increase) / Decrease in other receivables (1)		(66,964,335)	173,928,979
(Increase) in inventories		(28,833,704)	(12,682,888)
(Decrease) / Increase in trade payables		(326,536,953)	14,402,939
(Decrease) in other liabilities		(584,380)	(2,607,334)
(Decrease) / Increase in salaries and social security liabilities		(7,186,182)	10,354,904
Employee benefit plan		827,367	-
(Decrease) in tax payables		(12,957,252)	(11,686,218)
Net cash flows provided by operating activities		201,978,116	566,013,080
Cash flow of investment activities:			
Acquisition of property, plant and equipment	13	(550,053,335)	(1,929,619,536)
Payment of derivative instruments		-	(2,175,000)
Collection of financial instruments		171,119,525	25,521,793
(Subscription) Redemption of mutual funds, net		(167,560,039)	98,135,642
Addition of cash due to merger		-	86,524,181
Loans granted		(17,401,589)	(8,090,000)
Net cash flows (used in) investing activities		(563,895,438)	(1,729,702,920)
Cash flow of financing activities:			
Borrowings	17	2,450,366,000	2,175,818,974
Payment of loans	17	(1,180,468,487)	(944,166,843)
Payment of interest	17	(457,457,401)	(287,330,177)
Net cash flows provided by financing activities		812,440,112	944,321,954
NET INCREASE / (DECREASE) IN CASH		450,522,790	(219,367,886)
Cash and cash equivalents at the beginning of the period		84,615,576	444,954,591
Financial results of cash and cash equivalents		21,550,362	40,681,059
Cash and cash equivalents at the end of year	14	556,688,728	266,267,764
		450,522,790	(219,367,886)

(1) Includes payments to suppliers for the purchase of property, plant and equipment for \$ 139,182,791 and \$ 293,530,321 at June 30, 2018 and June 30, 2017, respectively.

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

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Interim Condensed Statement of Cash Flows (Cont'd)

For the six-month periods ended June 30, 2018 and 2017

Stated in pesos

Material transactions not entailing changes in cash

Acquisition of property, plant and equipment not yet paid		-	(1,094,114,620)
Increase in technical revaluation	13	(3,966,376,538)	-
Interest and exchange difference capitalized in property, plant and equipment	13	(296,497,787)	(452,400,518)
Loans to Directors, repaid		(15,233,666)	-
Advances to suppliers applied to the acquisition of property, plant and equipment	13	(25,680,806)	-
Addition of property, plant and equipment due to merger		-	708,545,901
Addition of trade receivables due to merger		-	59,089,006
Addition of other receivables due to merger		-	56,066,060
Addition of loans due to merger		-	(9,078,135)
Addition of trade payables due to merger		-	(206,608,339)
Addition of loans due to merger		-	(424,285,831)
Addition of salaries and social security liabilities due to merger		-	(683,062)
Addition of tax payables due to merger		-	(58,326,510)
Assignment of receivables with Directors to GROSA		-	20,785,080

Generación Mediterránea S.A.

Notes to the Interim Condensed Financial Statements

For the six- and three-month periods ended June 30, 2018 and 2017,
presented in comparative format
Stated in pesos

NOTE 1: GENERAL INFORMATION

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

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

Albanesi Group had at the date these condensed interim financial statements were signed 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.

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 Resolution No. 220/07 of the Energy Secretariat. On July 6, 2017, the two Siemens SGT-800 turbines were put into commercial operation in the WEM. Thus, the installed capacity of the Power Plant increased from 250 MW to 350 MW.

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

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

Generación Mediterránea S.A.

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

NOTE 1: GENERAL INFORMATION (Cont'd)

Central Térmica Modesto Maranzana (Cont'd)

One of those projects is the closure phase in CTMM combined cycle TG06 and TG07 units, located in Río Cuarto. The project consists in the installation of a new Siemens SGT800 gas turbine of 50 MW power (47.5 MW guaranteed power) and the conversion to combined cycle of three gas turbines (3x1 configuration). For such conversion, a heat recovery steam generator that will generate steam at two pressures will be installed at the outflow of the gas turbines to feed a steam turbine SST-600 that will supply an additional 65 MW to the network, as well as the necessary infrastructure for its operation and maintenance. The project for closure of the combined cycle at CTMM will allow supplying an additional 112.5 MW to the National Interconnected System (SADI). The addition of the new gas turbine will demand more fuel for the system. The addition of the turbo steam machine will contribute 65 MW, without additional consumption of fuel, with the complete cycle recording a specific consumption of 1590 Kcal/kWh in the closure of the combined cycle (see Note 25).

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

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

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

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

Generación Mediterránea S.A.

Notes to the 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 value 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

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

Central Térmica La Banda (CTLB) 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

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

The agreement for the purchase of the turbine established a 4-year financing for USD 12 million by PWPS, upon provisional acceptance. This amount is disclosed under non-current trade payables for the equivalent to \$ 346,200,000.

Generación Mediterránea S.A.

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

NOTE 1: GENERAL INFORMATION (Cont'd)

Central Térmica Ezeiza

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

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

For the execution of the first stage, on April 30, 2016, a contract was executed with Siemens Industrial Turbomachinery AB for the purchase of the mentioned turbines, paying 50% of the total amount in September 2016 and financing the remaining 50% in 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 50% of the total in March 2017 and financing the remaining 50% in 24 installments as from April 2018. The value of the turbine amounts to USD 20.3 million. Authorization for commercial operation of the second stage was obtained on February 3, 2018.

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

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

Another awarded project was the closure phase in CTE combined cycle 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 closure of the combined cycle at CTE will allow supplying an additional 138 MW to the SADI. Although the new gas turbine to be installed will consume additional fuel, the inclusion of two steam turbines will contribute a further 88 MW without additional fuel consumption, and the two full cycles will have a specific consumption of 1,590 Kcal/KWh (see Note 25).

Generación Mediterránea S.A.

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

NOTE 1: GENERAL INFORMATION (Cont'd)

Central Térmica Ezeiza (Cont'd)

This project was awarded under EES 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.

Maintenance contract

GMSA and PWPS entered into a global service agreement (Long Term Service Agreement), for the power plants CTMM, CTI and CTF. As set forth in the agreement, PWPS must provide on-site technical assistance on a permanent basis, a remote monitoring system to follow up on the efficient performance of the turbines, 24-hour assistance from the engineering department in the USA, original spare parts in a timely manner and repairs for planned and 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.

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

Generación Mediterránea S.A.

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

NOTE 1: GENERAL INFORMATION (Cont'd)

The environment

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

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

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

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

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

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

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

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

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

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

Generación Mediterránea S.A.

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

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

a) Energía Plus Regulations, ES Resolution 1281/06

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

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

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

The resolution also establishes that:

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

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

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

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

In January 2007, the Energy Secretariat passed Resolution No. 220/07 authorizing the execution of Supply Contracts between WEM 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 WEM agents or do not have the generation facilities to be agreed under these commercially authorized offers, or are not interconnected with WEM 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.

Generación Mediterránea S.A.

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

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

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

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 WEM administered by CAMMESA.

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

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

- i) A fixed charge for hired power, affected by average monthly availability, for a price:

Thermal power Plant	Fixed charge for hired power	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

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

Thermal power plant	Variable charge in USD/MWh	
	Gas	Diesel
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

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

Generación Mediterránea S.A.

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

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

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

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

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

c) Sales under EES Resolution No. 21/2016

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

Through ES Note No. 161/2016 the Energy Secretariat made public the bidding process whereby 1000 MW of thermoelectric power was expected to be installed. Power to be installed 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 ES Resolution No. 155/2016 the first projects awarded by ES 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) a fixed charge for hired power, affected by monthly average availability; the remunerated price is:

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

Generación Mediterránea S.A.

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

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

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

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

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

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

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

d) Sales under ES Resolution No. 19/2017

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

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

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

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

Generación Mediterránea S.A.

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

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

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

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

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

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

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

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

The new resolution is effective 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.

Generación Mediterránea S.A.

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

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

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

2. 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.

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

2.3.2.2 This price will be valued at 2,6 USD/MWh. It will be multiplied by the energy generated during the pertinent month, by the Start Factor (which is determined based on the starts recorded over the last twelve-month period. It will have a value of 0 for ≤ 74 , 0.1 between 75 and 149 and 0.2 for more than 150 starts).

NOTE 3: BASIS FOR PRESENTATION

The interim condensed financial statements for the six- and three-month periods ended June 30, 2018 and 2017 have been prepared in accordance with IAS 34. This interim condensed financial information must be read jointly with the Company's financial statements for the year ended 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 the twelve months after the end of the reporting period. In addition, the Company reports on the cash flows from operating activities using the indirect method.

The fiscal year commences on January 1 and ends December 31 of each year.

Economic and financial results are presented on the basis of the fiscal year, in proportion to the period elapsed.

Generación Mediterránea S.A.

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

NOTE 3: BASIS FOR PRESENTATION (Cont'd)

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

The interim condensed financial statements for the six- and three-month periods ended June 30, 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 six- and three-month periods ended June 30, 2018 and 2017 do not necessarily reflect a proportionate percentage of the Company's results for full years.

These interim condensed financial statements were approved for issuance by the Company's Board of Directors on August 10, 2018.

Comparative information

Balances at December 31, 2017 and for the six- and three-month periods ended June 30, 2017, disclosed for comparative purposes in this interim condensed 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.

Financial reporting in hyperinflationary economies

IAS 29 "Financial Reporting in hyperinflationary economies" requires that the financial statements of an entity that reports in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current at the closing of the reporting period, irrespective of whether they are based on the historical cost or current cost methods. To this end, in general terms, non-monetary items include inflation from the acquisition date of the item or the restatement date, as applicable.

To determine the existence of a hyperinflationary economy under the terms of IAS 29, the standard details a series of factors to consider, including a cumulative inflation rate over three years that is close to or exceeds 100%. Considering that the downward trend of inflation recorded last year has reversed, with a significant increase during 2018, and that it is also expected that the cumulative inflation rate over the last three years will exceed 100% and the rest of the indicators do not contradict the conclusion that Argentina should be considered as a hyperinflationary economy for accounting purposes, the Company Management understands that there is sufficient evidence to conclude that Argentina is a hyperinflationary economy under the terms of IAS 29 as from July 1, 2018.

No criteria have been applied at June 30, 2018 for the restatement of financial information, as established by IAS 29. However, over the last years, some macroeconomic variables affecting the Company's business, like salaries and input prices, have changed significantly. This situation must be considered when assessing and interpreting the Company's financial situation and results disclosed in these financial statements.

Generación Mediterránea S.A.

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

NOTE 4: ACCOUNTING POLICIES

The accounting policies adopted for these 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 interim condensed financial statements of the Company.

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

Facilities, machinery and buildings are measured at fair value less accumulated depreciation and impairment losses recognized at the date of revaluation, if any (see accounting policy for valuation of property, plant and equipment in Note 4 to the Financial Statements at December 31, 2017). Revaluations are made frequently enough to make sure that the fair value of a revalued asset does not differ significantly from its carrying amount.

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

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.

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

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

Lastly, in relation to the change in methodology for the calculation of impairment of financial assets based on expected credit losses, the Company has applied the simplified approach of IFRS 9 for trade receivables and other receivables with similar risk characteristics. To measure expected credit losses, credits have been grouped by segment and, based on shared credit risk characteristics and the number of days past due. Expected losses at January 1, 2018 were determined based on the following ratios calculated for the numbers of days past due:

Generación Mediterránea S.A.

Notes to the 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)

RATIO PCE	Not yet due	30 days	60 days	90 days	120 days	150 days	180 days	+180 days
CAMMESA	-	-	-	-	-	-	-	-
Interco	-	-	-	-	-	-	-	-
Other debtors	-	-	-	-	-	-	-	11%

For the application of the expected loss model as regards trade receivables, no impairment allowance adjustment has been made at January 1, 2018 as against the allowance recorded at December 31, 2017. Further, in the six-month period ended June 30, 2018, no allowance for impairment was set up.

At the date of these interim condensed financial statements, the Company recorded a trade receivable provision amounting to \$ 2,655,764.

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

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

NOTE 5: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of 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 financial statements were prepared.

In preparing these 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 financial statements for the fiscal year ended December 31, 2017.

NOTE 6: 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.

Generación Mediterránea S.A.**Notes to the Interim Condensed Financial Statements (Cont'd)****NOTE 6: FINANCIAL RISK MANAGEMENT (Cont'd)**

These interim condensed financial statements do not include all the information required for the annual financial statements regarding risk management. They must be read jointly with the financial statements for the year ended Saturday, December 31, 2017. No significant changes have been made to risk management policies since the last annual closing.

NOTE 7: SALES REVENUE

	<u>06.30.18</u>	<u>06.30.2017</u>
Sale of electricity Res. No. 95/529/482/22/19 plus Spot	167,320,538	84,262,548
Energía Plus sales	590,747,614	541,371,014
Sale of electricity Res. No. 220	890,680,881	518,385,170
Sale of electricity Res. No. 21	568,181,154	-
	<u>2,216,930,187</u>	<u>1,144,018,732</u>

NOTE 8: COST OF SALES

	<u>6.30.2018</u>	<u>06.30.2017</u>
Purchase of electric energy	(481,977,650)	(407,906,504)
Gas and diesel consumption at the plant	(17,402,610)	(129,705,071)
Fees and compensation for services	(3,426,341)	(1,477,429)
Salaries and social security contributions	(44,641,061)	(51,011,188)
Defined benefit plan	(9,036,466)	-
Other employee benefits	(4,929,540)	(3,090,356)
Taxes, rates and contributions	(7,356,767)	(8,568,325)
Maintenance services	(169,106,706)	(82,704,992)
Depreciation of property, plant and equipment	(242,552,095)	(106,590,326)
Per diem, travel and representation expenses	(2,097,344)	(1,539,939)
Insurance	(19,115,604)	(10,269,518)
Communication expenses	(2,991,311)	(2,374,747)
Sundry	(2,481,893)	(1,606,140)
	<u>(1,007,115,388)</u>	<u>(806,844,535)</u>

NOTE 9: SELLING EXPENSES

	<u>Note</u>	<u>06.30.18</u>	<u>06.30.2017</u>
Taxes, rates and contributions		(840,542)	(958,909)
Recovery of Turnover tax	27	-	19,643,732
Bad debts		-	15,459
		<u>(840,542)</u>	<u>18,700,282</u>

Generación Mediterránea S.A.

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

NOTE 10: ADMINISTRATIVE EXPENSES

	<u>06.30.18</u>	<u>06.30.2017</u>
Fees and compensation for services	(49,648,943)	(13,874,872)
Directors' fees	(233,810)	-
Other employee benefits	(249,425)	(182,039)
Taxes, rates and contributions	(453,355)	(407,583)
Per diem, travel and representation expenses	(1,305,632)	(572,690)
Insurance	(18,463)	(118,472)
Office expenses	(1,811,024)	(1,653,553)
Communication expenses	(204,699)	(111,268)
Rental	(2,382,600)	(1,962,000)
Donations	(31,000)	(28,600)
Sundry	(548,943)	(108,759)
	<u>(56,887,894)</u>	<u>(19,019,836)</u>

NOTE 11: OTHER EXPENSES

	<u>Note</u>	<u>06.30.18</u>	<u>06.30.2017</u>
Penalty imposed by CAMMESA	28	(226,116,440)	-
		<u>(226,116,440)</u>	<u>-</u>

NOTE 12: FINANCIAL RESULTS

	<u>06.30.18</u>	<u>06.30.2017</u>
<u>Financial income</u>		
Commercial interest	15,477,162	2,943,893
Interest on loans granted	15,539,707	8,055,225
Total financial income	<u>31,016,869</u>	<u>10,999,118</u>
<u>Financial expenses</u>		
Interest on loans	(563,568,475)	(133,524,037)
Commercial and other interest	(9,184,460)	(7,370,342)
Bank expenses and commissions	(1,298,647)	(2,053,586)
Total financial expenses	<u>(574,051,582)</u>	<u>(142,947,965)</u>
<u>Other financial results</u>		
Exchange differences, net	(4,463,014,181)	(35,107,083)
Changes in the fair value of financial instruments	426,318,320	40,982,686
Other financial results	(77,996,491)	(29,806,591)
Total other financial results	<u>(4,114,692,352)</u>	<u>(23,930,988)</u>
Total financial results, net	<u>(4,657,727,065)</u>	<u>(155,879,835)</u>

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

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

Type of asset	Original values						Depreciation			Net amount at end of period/year			
	At beginning of period/year	Addition due to merger	Increases	Transfers/withdrawals	Technical revaluation	At the end of period/year	Accumulated at beginning of period/year	Addition due to merger	For the period (1)	Technical revaluation	Accumulated at the end of period/year	At 06.30.18	At 12.31.17
Land	218,229,699	-	-	-	119,371,600	337,601,299	-	-	-	-	-	337,601,299	218,229,699
Buildings	507,841,701	-	1,792,464	68,722,538	13,248,797	591,605,500	-	-	6,054,359	(6,054,359)	-	591,605,500	507,841,701
Facilities	1,108,218,402	-	702,000	33,152,531	279,449,535	1,421,522,468	-	-	31,518,358	(31,518,358)	-	1,421,522,468	1,108,218,402
Machinery	8,568,231,099	-	6,801,981	578,099,498	3,314,335,022	12,467,467,600	-	-	202,398,867	(202,398,867)	-	12,467,467,600	8,568,231,099
Works in progress - Extension of Plant	331,243,841	-	856,495,327	(679,974,567)	-	507,764,601	-	-	-	-	-	507,764,601	331,243,841
Computer and office equipment	10,893,911	-	4,429,150	-	-	15,323,061	5,885,944	-	1,723,717	-	7,609,661	7,713,400	5,007,967
Vehicles	8,589,481	-	-	-	-	8,589,481	2,842,381	-	856,794	-	3,699,175	4,890,306	5,747,100
Spare parts and materials	23,064,555	-	2,011,006	-	-	25,075,561	-	-	-	-	-	25,075,561	23,064,555
Total at 06.30.18	10,776,312,689	-	872,231,928	-	3,726,404,954	15,374,949,571	8,728,325	-	242,552,095	(239,971,584)	11,308,836	15,363,640,735	-
Total at 12.31.2017	4,496,978,723	708,564,354	5,720,708,688	(16,395,015)	(133,544,061)	10,776,312,689	5,158,180	18,453	269,409,532	(265,857,840)	8,728,325	-	10,767,584,364
Total at 06.30.2017	4,496,978,723	708,564,354	3,476,134,674	-	-	8,681,677,751	5,158,180	18,453	106,590,326	-	111,766,959	8,569,910,793	-

(1) Depreciation charges for the six-month period ended June 30, 2018 and for the fiscal year ended December 31, 2017 were allocated to cost of sales, including \$ 75,227,331 and \$ 154,551,168 for higher value from the technical revaluation.

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

NOTE 14: CASH AND CASH EQUIVALENTS

	<u>06.30.18</u>	<u>12.31.17</u>
Cash	462,717	416,472
Banks in local currency	191,380,741	36,751,301
Banks in foreign currency	6,296,011	4,703,870
Mutual funds	358,549,259	42,719,083
Checks to be deposited	-	24,850
	<u>556,688,728</u>	<u>84,615,576</u>

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

	<u>06.30.18</u>	<u>06.30.2017</u>
Cash and cash equivalents	556,688,728	266,267,764
Cash and cash equivalents (bank overdraft included)	<u>556,688,728</u>	<u>266,267,764</u>

NOTE 15: CAPITAL STATUS

Share capital subscribed at June 30, 2018 amounted to \$ 138,172,150.

The Extraordinary Meeting of Shareholders held on October 15, 2015 approved the merger through absorption of GMSA (the merging company) with GISA, GLBSA and GRISA (the merged companies). As a result, a capital increase was approved considering the respective swap ratio as from the effective merger date (January 1, 2016) in the amount of \$ 49,454,007, taking the share capital to \$ 125,654,080 and delegating to the Board, pursuant to Section 188 of the General Companies Law No. 19550, the issuance date of the shares mentioned. In this sense, on January 11, 2016, the Board approved the issue of 49,454,007 ordinary, registered non-endorsable shares of \$1 par value each and entitled to one voting right per share, corresponding to the above-mentioned capital increase. This capital increase and the pertinent amendment to bylaws have been duly registered with the Superintendency of Commercial Companies.

Also, at the Extraordinary Meeting of Shareholders held on October 18, 2016 the merger through absorption of GMSA (the merging company) and GFSA (the merged company) was approved. As a consequence, a capital increase was decided, from \$ 125,654,080 to \$ 138,172,150 by issuing 12,518,070 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. In this sense, on January 10, 2017, the Board approved the issue of 12,518,070 ordinary, registered non-endorsable shares of \$1 par value each and entitled to one voting right per share, corresponding to the above-mentioned capital increase. Furthermore, as a result of that capital increase, the amendment to Section 5 of corporate bylaws was approved. This capital increase and the pertinent amendment to bylaws have been duly registered with the Superintendency of Commercial Companies.

Generación Mediterránea S.A.**Notes to the Interim Condensed Financial Statements (Cont'd)****NOTE 16: 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>06.30.18</u>	<u>12.31.17</u>
(Loss) / income for the period	(2,804,392,467)	113,285,530
Weighted average of outstanding ordinary shares	138,172,150	138,172,150
Basic (losses) / earnings per share	(20.2964)	0.8199

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

NOTE 17: LOANS

<u>Non-Current</u>	<u>06.30.18</u>	<u>12.31.17</u>
International bond	7,684,914,690	4,949,357,665
Foreign loan debt	573,324,028	-
Negotiable obligations	1,881,909,012	1,541,315,232
CAMMESA	-	3,374,659
Other bank debts	32,055,556	21,202,224
Finance lease debts	60,103,208	49,445,832
	<u>10,232,306,494</u>	<u>6,564,695,612</u>
 <u>Current</u>		
International bond	314,728,187	222,547,895
Foreign loan debt	453,564,864	-
Negotiable obligations	653,063,905	389,016,724
CAMMESA	9,164,503	8,908,160
Other bank debts	1,108,855,579	62,175,039
Finance lease debts	22,431,734	17,340,907
	<u>2,561,808,772</u>	<u>699,988,725</u>

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

NOTE 17: LOANS (Cont'd)

At June 30, 2018, the total financial debt amounts to \$ 12,794 million. The following table shows the total debt at that date.

	Principal	Balances at June 30, 2018	Interest rate	Currency	Date of Issue	Maturity date
		(Pesos)	(%)			
Loan agreement						
Cargill	USD 25,000,000	738,849,997	BADLAR + 4.25%	USD	February 16, 2018	January 29, 2021
BAF	USD 10,000,000	288,038,895	6.75%	USD	April 6, 2018	December 28, 2018
Sub-total		1,026,888,892				
Debt securities						
International Bond	USD 266,000,000	7,999,642,877	9.625%	USD	July 27, 2016	July 27, 2023
Class VI Negotiable Obligations	USD 34,696,397	1,004,987,017	8%	USD	February 16, 2017	February 16, 2020
Class VII Negotiable Obligations	\$ 553,737,013	617,010,729	BADLAR + 4%	ARS	February 16, 2017	February 16, 2019
Class VIII Negotiable Obligations	\$ 312,884,660	327,487,892	BADLAR + 5%	ARS	August 28, 2017	August 28, 2021
Class III Negotiable Obligations (GFSA)	\$ 1,662,000	1,752,177	BADLAR + 5.6%	ARS	July 6, 2016	July 6, 2018
Class I Negotiable Obligation co-issuance	USD 20,000,000	583,735,102	6.68%	USD	October 11, 2017	October 11, 2020
Sub-total		10,534,615,794				
Other debts						
CAMMESA		9,164,503				
ICBC loan	USD 15,000,000	432,861,448	4.70%	USD	June 28, 2018	June 28, 2019
Banco Hipotecario loan	USD 14,444,444	415,015,914	6.75%	USD	January 3, 2018	July 2, 2019
Citibank Loan	USD 10,000,000	293,033,773	3.50%	USD	January 17, 2018	January 17, 2019
Financial lease		82,534,942				
Sub-total		1,232,610,580				
Total financial debt		12,794,115,266				

a) Issuance of international bonds

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

The Bonds have a Fitch B+ rating and a Moody's B2 rating.

This issuance allowed financing investments under the Company's expansion plans, as a result of the award by the ES of Wholesale Demand Contracts through Resolution 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 at the date of issue, obtaining a term for financing in accordance with the projects under financing and also a considerable decrease in financing costs, which implies greater financial efficiency and release of guarantees.

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

NOTE 17: LOANS (Cont'd)

a) Issuance of international bonds (Cont'd)

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

International Bond:

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

Interest: Fixed rate of 9.625%

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

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

Principal balance on the International Bond outstanding at June 30, 2018 is USD 266,000,000.

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

In late April 2018, the Company arranged for hedging on the US dollar exchange rate, which gave it certainty as to the dollar exchange rate applicable to the interest on the international bond paid on July 27, 2018 and to be paid on January 28, 2019.

b) Negotiable obligations:

On October 17, 2012, GMSA obtained, under Resolution 16942 of the CNV, authorization for: (i) incorporation of GMSA to the public offering system; and (ii) creation of a global program to issue simple 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.

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

NOTE 17: LOANS (Cont'd)

b) Negotiable obligations (Cont'd)

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 June 30, 2018 there are outstanding Class VI, VII and VIII Negotiable Obligations (GMSA), Class III Negotiable Obligations (GFSA) and Class I Negotiable Obligations (GMSA-CTR Co-issuance), issued by the Company for the amounts and under the following conditions:

Class V Negotiable Obligations:

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

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

Amortization term and method: Interest on Class V Negotiable Obligations will be paid quarterly in arrears, on the following dates: September 30, 2016, December 30, 2016, March 30, 2017, June 30, 2017, September 30, 2017, December 30, 2017, March 30, 2018 and June 30, 2018.

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

The proceeds from the issuance of Class V Negotiable Obligations were applied to the repurchase of the remaining balance of GISA Class III Negotiable Obligations, investments and working capital.

On February 16, 2017, Class VI and Class VII Negotiable Obligations 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) Negotiable Obligations, improving the Company's indebtedness profile (term and rate). The amount paid of Class V Negotiable Obligations was \$64,838,452.

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). The amount paid of Class V Negotiable Obligations was \$132,777,453, with a principal balance outstanding of \$2,384,100.

At the date of these interim condensed financial statements, the Negotiable Obligation has been repaid in full.

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

NOTE 17: LOANS (Cont'd)

b) Negotiable obligations (Cont'd)

Class VI Negotiable Obligations:

Principal: Nominal value: USD 34,696,397

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

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

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

The proceeds from the issue of Class VI Negotiable Obligations were applied to investments in property, plant and equipment on various extension projects of GMSA and refinancing of liabilities, improving the Company's indebtedness profile.

Principal balance on those negotiable obligations outstanding at June 30, 2018 is USD 34,696,397.

Class VII Negotiable Obligations:

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

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

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

The amount was paid in cash and in kind, through the swap of Class II Negotiable Obligations (GFSA) for \$55,876,354, Class III Negotiable Obligations (GFSA) for \$51,955,592, Class IV Negotiable Obligations for \$1,383,920 and Class V Negotiable Obligations for \$60,087,834. The proceeds from the issue of Class VII Negotiable Obligations were applied to investments in property, plant and equipment on the various extension projects of GMSA and refinancing of liabilities, improving the Company's indebtedness profile.

Principal balance on that Negotiable Obligation amounts to \$553,737,013 at June 30, 2018.

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

NOTE 17: LOANS (Cont'd)

b) Negotiable obligations (Cont'd)

Class VIII Negotiable Obligations:

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

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

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

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

The proceeds from the issue of Class VIII negotiable obligations were fully applied to the refinancing of liabilities, improving the Company's indebtedness profile.

Principal balance on that Negotiable Obligation amounted to \$312,884,660 at June 30, 2018.

Class III Negotiable Obligations (GFSA):

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

Interest: Private Banks BADLAR rate plus a 5.6 % margin.

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.

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

NOTE 17: LOANS (Cont'd)

b) Negotiable obligations (Cont'd)

Class III Negotiable Obligations (GFSA) (Cont'd)

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.

Principal balance on that Negotiable Obligation amounted to \$ 1,662,000 at June 30, 2018.

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

Co-issuance of Class I negotiable obligations took place on October 11, 2017 and were fully subscribed in cash.

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

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

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

The 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.

Principal balance on those negotiable obligations outstanding at June 30, 2018 is USD 20,000,000.

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

NOTE 17: LOANS (Cont'd)

c) Loan from CAMMESA (GRISA)

At June 30, 2018, the Company holds financial debts with CAMMESA for \$ 9,164,503, guaranteed by the assignment of 100% of the present and future credit rights for the sale of electricity in the Spot market of the WEM, from the implementation of a trust agreement in accordance with Law No. 24441.

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

This loan has a repayment period set in 48 monthly and consecutive installments, to which interest must be added applying the rate equivalent to the return obtained by the Dispatch Management Agency (CAMMESA) on financial placements in the WEM. At the closing date of these interim condensed financial statements, 35 installments have been paid, totaling \$ 19,685,513.

Principal balance on that debt at June 30, 2018 is \$ 9,164,503.

d) Cargill Loan

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

e) Loan from BAF Latam Trade Finance Funds B.V.

On April 6, 2018, the Company obtained a loan from BAF Capital for USD 10,000,000 payable in 9 months, bullet principal and interest amortization in two installments falling due on July 2, 2018 and December 28, 2018, at a fixed rate of 6.75%.

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

NOTE 17: LOANS (Cont'd)

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

	<u>06.30.18</u>	<u>12.31.17</u>
Fixed rate		
Less than 1 year	1,725,524,468	291,902,551
Between 1 and 2 years	1,032,721,022	21,239,203
Between 2 and 3 years	579,454,514	1,061,808,268
After 3 years	7,679,617,699	4,902,105,364
	<u>11,017,317,703</u>	<u>6,277,055,386</u>
Floating rate		
Less than 1 year	836,284,304	408,086,174
Between 1 and 2 years	304,797,193	241,534,029
Between 2 and 3 years	305,352,926	8,104,094
After 3 years	330,363,140	329,904,654
	<u>1,776,797,563</u>	<u>987,628,951</u>
	<u>12,794,115,266</u>	<u>7,264,684,337</u>

The fair value of Company's international bonds at June 30, 2018 and December 31, 2017 amounts to approximately \$ 8,047 and \$ 5,767 million, respectively. Fair value was calculated based on the estimated market price of the Company's international bonds at the end of each fiscal year/period. The applicable fair value category would be Level 1.

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

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

Company loans are denominated in the following currencies:

	<u>06.30.18</u>	<u>12.31.17</u>
Argentine pesos	971,029,547	940,407,225
US dollars	11,823,085,719	6,324,277,112
	<u>12,794,115,266</u>	<u>7,264,684,337</u>

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

NOTE 17: LOANS (Cont'd)

Changes in Company loans were as follows:

	<u>06.30.18</u>	<u>06.30.2017</u>
Loans at beginning of the period	7,264,684,337	3,743,045,568
Addition due to merger	-	424,285,829
Loans received	2,450,366,000	2,175,818,974
Loans paid	(1,180,468,487)	(944,166,843)
Accrued interest	664,001,065	331,697,715
Interest paid	(457,457,401)	(287,330,177)
Exchange difference	4,062,068,903	199,055,652
Capitalized expenses	(9,079,151)	(51,904,068)
Loans at year end	<u>12,794,115,266</u>	<u>5,590,502,650</u>

NOTE 18: ALLOWANCES AND PROVISIONS

	<u>For trade receivables</u>	<u>For contingencies</u>
Balances at December 31, 2017	2,655,764	7,405,069
Decreases	-	(2,014,581)
Balances at June 30, 2018	<u>2,655,764</u>	<u>5,390,488</u>

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

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Generación Mediterránea S.A.

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

NOTE 19: TRANSACTIONS AND BALANCES WITH RELATED PARTIES

	Gain / (loss)	
	\$	
	06.30.18	06.30.2017
<i>a) Sales of energy</i>		
Other related parties:		
Solalban Energía S.A.	5,335,802	61,042,811
RGA	33,002,915	26,144,376
	38,338,717	87,187,187
<i>b) Purchase of gas and energy</i>		
Other related parties:		
Solalban Energía S.A.	(76,000)	-
RGA (*)	(1,243,001,083)	(763,498,317)
	(1,243,077,083)	(763,498,317)
<i>c) Administrative services</i>		
Other related parties:		
RGA	(86,604,410)	(11,255,523)
	(86,604,410)	(11,255,523)
<i>d) Rental</i>		
Other related parties:		
RGA	(2,354,400)	(1,962,000)
	(2,354,400)	(1,962,000)
<i>e) Other purchases and services received</i>		
Other related parties:		
BDD – Purchase of wines	(454,987)	(120,297)
AJSA - Flights made	(15,692,624)	(10,396,473)
ASA - guarantee	(1,938,175)	(1,150,972)
	(18,085,786)	(11,667,742)
<i>f) Recovery of expenses</i>		
Other related parties:		
RGA	397,717	380,957
GROSA	6,346,901	5,512,459
CTR	16,869,837	6,791,188
GECE	10,261,575	-
AESA	-	99,951
	33,876,030	12,784,555

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

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Generación Mediterránea S.A.

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

NOTE 19: TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

	Gain / (loss)	
	\$	
	06.30.18	06.30.2017
<i>g) Interest generated due to loans granted</i>		
Other related parties:		
GROSA	6,336,662	-
Directors	852,050	2,389,536
ASA	8,350,995	-
AISA (2)	-	5,665,689
	15,539,707	8,055,225
<i>h) Pipeline works</i>		
Other related parties:		
RGA	(46,288,918)	(80,206,785)
	(46,288,918)	(80,206,785)

i) Remuneration of key managerial staff

The senior management includes directors (executive and non-executive). Managerial staff's fees at June 30, 2018 and 2017 amounted to \$ 11,164,194 and \$ 5,239,603, respectively.

i) Remuneration of key managerial staff

	06.30.18	06.30.2017
Salaries	(11,164,194)	(5,239,603)
	(11,164,194)	(5,239,603)

(2) Company merged with ASA as from January 1, 2018 under a merger through absorption.

Generación Mediterránea S.A.

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

NOTE 19: TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

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

	<u>06.30.2018</u>	<u>12.31.17</u>
<u>Other current receivables with other related parties</u>		
ASA	282,556,558	106,726,555
AISA (2)	-	80,862,002
AJSA	-	841
CTR	9,649,251	936,085
GROSA (1)	54,083,786	39,973,918
GECE	3,420,525	-
Directors	8,890,157	13,643,390
	<u>358,600,277</u>	<u>242,142,791</u>

Current trade payables with other related parties

RGA	68,232,698	225,426,087
AJSA	1,622,505	674,260
	<u>69,855,203</u>	<u>226,100,347</u>

Other current debts with other related parties

BDD	-	584,380
Provision for Directors' fees	-	14,999,856
	<u>-</u>	<u>15,584,236</u>

k) Loans granted to related parties

	<u>06.30.2018</u>	<u>06.30.2017</u>
<u>Loans to Albanesi S.A.</u>		
Balances at beginning of year	80,862,002	66,798,695
Accrued interest	8,350,995	5,665,689
Balance at year end	<u>89,212,997</u>	<u>72,464,384</u>

<u>Entity</u>	<u>Amount</u>	<u>Interest rate</u>	<u>Conditions</u>
At 06.30.18			
AISA (2)	60,000,000	BADLAR + 3 %	Maturity date: 1 year, renewable
Total in pesos	<u>60,000,000</u>		

(1) For assignment of receivables with Directors of GMSA to GROSA dated 006.30.2017.

(2) Company merged with ASA as from January 1, 2018 under a merger through absorption.

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Generación Mediterránea S.A.

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

NOTE 19: TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

k) Loans granted to related parties (Cont'd)

	<u>06.30.18</u>	<u>06.30.2017</u>
Loans to Directors		
Balances at beginning of year	13,643,390	15,112,286
Loans granted	9,628,383	8,090,000
Assignment (1)	-	(20,785,080)
Loans repaid	(15,233,666)	-
Accrued interest	852,050	2,389,536
Balance at year end	<u><u>8,890,157</u></u>	<u><u>4,806,742</u></u>

<u>Entity</u>	<u>Amount</u>	<u>Interest rate</u>	<u>Conditions</u>
At 06.30.18			
Directors	<u>6,586,009</u>	Badlar + 3%	Maturity date: 1 year
Total in pesos	<u><u>6,586,009</u></u>		

	<u>06.30.18</u>	<u>06.30.2017</u>
Loans to Generación Rosario S.A.		
Balances at beginning of year	39,973,918	-
Loans granted	7,773,206	-
Accrued interest	6,336,662	-
Balance at year end	<u><u>54,083,786</u></u>	<u><u>-</u></u>

<u>Entity</u>	<u>Amount</u>	<u>Interest rate</u>	<u>Conditions</u>
At 06.30.18			
GROSA	<u>38,802,399</u>	35%	Maturity date: 1 year
Total in pesos	<u><u>38,802,399</u></u>		

(1) For assignment of receivables with Directors of GMSA to GROSA dated 006.30.2017.

Receivables from related parties arise mainly from transactions of services provided and fall due in the month following the transaction date. No provisions have been recorded for these receivables from related parties in any of the periods covered by these 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.

Generación Mediterránea S.A.

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

NOTE 20: RESTRICTED ASSETS AND OTHER COMMITMENTS

Other commitments

Some of the contractual obligations relating to the supply of electric energy to large customers of the MAT at June 30, 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</i> ⁽¹⁾			
Electric energy and power - Plus	1,278,965,044	579,944,260	699,020,784

- (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 June 30, 2018, under ES Resolution No. 1281/06.

NOTE 21: WORKING CAPITAL

The Company reports at June 30, 2018 a deficit of \$ 541,071,097 in its working capital (calculated as current assets less current liabilities), which means an increase of \$ 494,845,780, compared to the deficit in working capital at December 31, 2017 (\$ 46,225,317). The variation is mainly due to the application of funds due to the progress of investment projects developed by the Company.

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

NOTE 22: STORAGE OF DOCUMENTATION

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

Entity responsible for warehousing of information - Domicile
 Iron Mountain Argentina S.A. – Av. Amancio Alcorta 2482, City of Buenos Aires
 Iron Mountain Argentina S.A. - San Miguel de Tucumán 601, Spegazzini, Ezeiza.

A detail of the documentation sent for preservation is available at the registered office of that entity, as well as the documentation referred to by article 5, clause a.3), Section I of Chapter V of Title II of the REGULATIONS (N.T. 2013 as amended).

Generación Mediterránea S.A.

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

NOTE 23: SEGMENT REPORTING

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

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

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

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

NOTE 24: PRESENTATION TO CAMMESA

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

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

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

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

Generación Mediterránea S.A.

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

NOTE 24: PRESENTATION TO CAMMESA (Cont'd)

On June 10, 2016 the Company submitted to CAMMESA a request for recognition of the remuneration for maintenance and investments, as set forth by Resolution No. 529/14 for CTLB and CTRi. Since the effective date of that Resolution, in February 2014 up to and including April 2016, 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, the Company signed a new mutuum agreement with CAMMESA whereby the financing of the execution of several maintenance works in the MMARCC01 and MMARCC02 units was formalized for an amount of up to USD 6,888,920 plus VAT. The most important tasks to be performed 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, the Company 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 the Company is currently performing.

At June 30, 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.

Generación Mediterránea S.A.

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

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, province of Córdoba, and in Ezeiza, province of Buenos Aires, for expansion through cycle closures at the two power plants. The purchase agreement sets forth financing by BLC of the total price of the equipment agreed at USD 150,671,217, for a term of 5 years and 5 months.

Siemens Industrial Turbomachinery AB

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

Generación Mediterránea S.A.

Notes to the 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	10,773,891	4,972,565	5,801,326	-
Siemens Industrial Turbomachinery AB for the purchase of three turbines Siemens SGT 800	CTE	263,730,000	20,130,600	7,409,122	11,503,200	1,218,278
Siemens Industrial Turbomachinery AB for the purchase of two turbines Siemens SGT 800	CTI	175,230,000	14,329,274	4,922,839	8,188,157	1,218,278

- (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 \$ 346,200,000.

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 FT4000™ SwiftPac® turbine	16,100,401	375,000	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.

Generación Mediterránea S.A.

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

NOTE 26: ALL-RISK INSURANCE COVERAGE

All-risk insurance policy with coverage for loss of profit

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

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

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

Contractors' all-risk and assembly insurance

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

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 27: 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 Company's activity.

Generación Mediterránea S.A.

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

NOTE 28: SUPPLY CONTRACT WITH CAMMESA: AGREED UPON DATE OF AUTHORIZATION FOR THE COMMERCIAL OPERATION OF THE POWER PLANTS

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

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

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

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

Without prejudice to the above, CAMMESA has rejected GMSA's arguments and has set the penalties in the amounts of USD 12,580,090 for CTE and USD 3,950,212 for CTI, equivalent to \$ 409,078,403, net of the present value, as disclosed under trade payables.

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

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

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

Generación Mediterránea S.A.

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

NOTE 29: SUBSEQUENT EVENTS

a) Borrowings

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

Entity	Principal	Interest rate	Due date
Banco Macro	USD 5,000,000	7.0%	January 2019

b) Armando R. Losón's resignation

On August 1, 2018, Mr. Armando R. Losón was personally involved in a judicial investigation that has recently come to the public's attention, and requested leave of absence for 6 months in his role as Director and Chairman of the Company. Mr. Armando Losón (Jr.) has assumed these positions as his replacement.

Subsequently, on August 7, 2018, Mr. Armado R. Losón formally resigned as Director, and Mr. Armando Losón (Jr.) took office as Chairman of the Company.

Neither the Company nor any of the entities of the Albanesi Group is undergoing any process in relation to that investigation. Management of the Company understands that its acts are fully in compliance with applicable laws and regulations. Without prejudice to this, the Company Board of Directors is conducting internal investigations and actions to reaffirm its standards of good corporate governance practices within the Organization.

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Summary of Activity at June 30, 2018 and June 30, 2017

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

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

Six-month periods ended June 30,

	2018	2017	Variation	Variation %
	GWh			
Sales by type of market				
Sales to CAMMESA Res. No. 220	346	352	(6)	(2%)
Sales under Energía Plus	352	348	4	1%
Sales of Electricity Res. No. 95/529/482/22/19 plus Spot	84	3,300	(246)	(75%)
Sales of Electricity Res. 21	118	-	118	(100%)
	<u>900</u>	<u>1,030</u>	<u>(130)</u>	<u>13%</u>

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

Six-month periods ended June 30,

	2018	2017	Variation	Variation %
	(in millions of pesos)			
Sales by type of market				
Sales to CAMMESA Res. No. 220	890.7	518.4	372.3	72%
Sales under Energía Plus	590.7	541.4	49.3	9%
Sales of Electricity Res. No. 95/529/482/22/19 plus Spot	167.3	84.2	83.1	99%
Sales of Electricity Res. 21	568.2	-	568.2	100%
	<u>2,216.9</u>	<u>1,144.0</u>	<u>1,072.9</u>	<u>94%</u>

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Summary of Activity at June 30, 2018 and June 30, 2017

Profit/Loss for the six-month period ended Saturday, June 30, 2018 and 2017 (in thousands of pesos):

Six-month periods ended June 30,

	2018	2017	Variation	Variation %
Sale of energy	2,216.9	1,144.0	1,072.9	94%
Net sales	2,216.9	1,144.0	1,072.9	94%
Purchase of electricity	(482.0)	(407.9)	(74.1)	18%
Gas and diesel consumption by the plant	(17.4)	(129.7)	112.3	(87%)
Salaries, social security charges and employee benefits	(49.6)	(54.1)	4.5	(8%)
Defined benefit plans	(9.0)	-	(9.0)	100%
Maintenance services	(169.1)	(82.7)	(86.4)	104%
Depreciation of property, plant and equipment	(242.6)	(106.6)	(136.0)	128%
Insurance	(19.1)	(10.3)	(8.8)	85%
Taxes, rates and contributions	(7.4)	(8.6)	1.2	(14%)
Others	(11.0)	(6.9)	(4.1)	59%
Cost of sales	(1,007.1)	(806.8)	(200.3)	25%
Gross income/(loss)	1,209.8	337.2	872.6	259%
Taxes, rates and contributions	(0.8)	(0.9)	0.1	(11%)
Recovery of Turnover tax	-	19.6	(19.6)	(100%)
Administrative expenses	(0.8)	18.7	(19.5)	(104%)
Fees and compensation for services	(49.6)	(13.9)	(35.7)	257%
Directors' fees	(0.2)	-	(0.2)	100%
	(1.3)	(0.6)	(0.7)	1.17
Rental	(2.4)	(2.0)	(0.4)	20%
	(1.8)	(1.7)	(0.1)	6%
Sundry	(1.3)	(0.9)	(0.4)	44%
Administrative expenses	(56.9)	(19)	(37.9)	199%
Other income	0.8	0.4	0.4	105%
Other expenses	(226.1)	-	(226.1)	100%
Operating income/(loss)	926.8	337.3	589.5	175%
Commercial interest earned	15.5	2.9	12.6	434%
Loan interest	(548)	(125.5)	(422.5)	337%
Tax and commercial interest paid	(9.2)	(7.4)	(1.8)	24%
Bank expenses and commissions	(1.3)	(2.1)	0.8	(38%)
Exchange differences, net	(4,463)	(35.1)	(4427.9)	12615%
Other financial results	348.3	11.3	337.0	2982%
Financial and holding results, net	(4,657.7)	(155.9)	(4,501.8)	2888%
Income/(loss) before tax	(3,730.9)	181.4	(3912.3)	2157%
Income tax	926.5	(68.1)	994.6	1460%
Income/(loss) for the period	(2,804.4)	113.3	(2917.7)	2575%

Summary of Activity at June 30, 2018 and June 30, 2017

	2018	2017	Variation	Variation %
Other comprehensive income for the period				
Revaluation of property, plant and equipment	3,966.4	-	3,966.4	100%
Impact on income tax	(991.6)	-	(991.6)	100%
Other comprehensive income for the period	2,974.7	-	2,974.7	100%
Total comprehensive income/(loss) for the period	170.3	113.3	57.0	50%

Sales:

Net sales for the period ended June 30, 2018 reached \$ 2,216.9 million, compared with \$ 1,144.0 million for the same period of 2017, showing an increase of \$ 1,072.9 million (or 94%).

During the first six months of 2018 energy dispatch reached 900 GWh, 13% lower than the 1,030 GWh for the same period in 2017.

Below we discuss the major income sources of the Company and their performance in the six-month period ended Saturday, June 30, 2018 as compared with the same period of the prior year:

- (i) \$ 590.7 million from sales under Energía Plus, up 9% from the \$ 541.4 million sold in the same period in 2017. This variation is explained by the favorable effect on the price as a result of the increase in the exchange rate.
- (ii) \$ 890.7 million for sales of electricity in the forward market to CAMMESA under the framework of Resolution No. 220/07, which represented an increase of 72% from the \$581.4 million for the same period in 2017. This variation is explained by the favorable effect on the price as a result of the increase in the exchange rate.
- (iii) \$ 167.3 million from sales of electricity under Resolution No. 95/529/482/22/19 and spot market, accounting for a 99% increase with regard to the \$ 84.2 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) \$ 568.2 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 2017.

Cost of sales:

The total cost of sales for the six-month period ended June 30, 2018 reached \$ 1,007.1 million, compared with \$ 806.8 million for the same period in 2017, reflecting a \$ 200.3 million (25%) increase.

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

- (i) \$ 482.0 million for purchases of electricity, up 18% from the \$ 407.9 million in the same period in 2017, as a result of the price effect due to exchange rate variation and merger.
- (ii) \$ 17.4 million for the cost of gas and diesel consumed at the plant, reflecting a 87% drop from the \$ 129.7 million for the same period in 2017. This variation was attributed to a change in the calculation of gas consumption by CAMMESA.
- (iii) \$ 169.1 million in maintenance services, up 104% from the \$ 82.7 million in the same period in 2017. This increase is explained by the higher dollar exchange rate and the start-up of the new turbines.

Summary of Activity at June 30, 2018 and June 30, 2017

- (iv) Depreciation of property, plant and equipment of \$ 242.6 million, which accounted for 128% increase with regard to the depreciation of \$ 106.6 million for the same period in 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.
- (v) \$ 49.6 million in salaries, wages and social security contributions, which represented an increase of 8% with respect to the \$ 54.1 million for the same period in 2017. This increase was mainly attributable to the staff hired for new projects.
- (vi) \$ 19.1 million in insurance, up 85% from the \$ 10.3 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 six-month period ended 30 June, 2018 was a profit of \$ 1,209.8 million, compared with a profit of \$ 337.2 million for the same period of 2017, representing an increase of 259%. This was attributable to the exchange rate variation and the start-up of the new turbines.

Selling expenses:

Selling expenses for the six-month period ended June 30, 2018 amounted to a \$ 0.8 million loss, compared with \$ 18.7 million profit for the same period in 2017, representing a decrease of \$ 19.5 million (or 104%). 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 six-month period ended 30 June, 2018 amounted to \$ 56.9 million, compared with \$ 19.0 million for the same period of 2017, reflecting an increase of \$ 37.9 million (or 199%).

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

- (i) \$ 49.6 million of Fees and compensation for services, which represented an increase of 257% from the \$ 13.9 million for the same period in the previous fiscal year.
- (ii) \$ 1.3 million in sundry expenses, down 44% from the \$ 0.9 million for the same period in the previous year. The main variations were attributable to taxes, rates and insurance.

Summary of Activity at June 30, 2018 and June 30, 2017

Other expenses:

Other operating expenses for the period ended June 30, 2018 amounted to \$ 226.1 million, which accounted for a 100% increase, compared to the same period in 2017. This variation is mainly due to the recognition of the penalty imposed by CAMMESA (Note 28).

Operating profit/(loss):

Operating profit for the six-month period ended June 30, 2018 was \$ 926.8 million, compared with a profit of \$ 337.3 million for the same period in 2017, accounting for a 175% increase.

Financial results:

Financial results for the six-month period ended June 30, 2018 amounted to a total loss of \$ 4,657.7 million, compared with a loss of \$ 155.9 million for the same period in 2017, which accounted for an increase of 2.888%.

The most salient aspects of this variation are as follows:

- (i) \$ 548.0 million loss corresponding to financial interest, up 337% from the \$ 125.5 million loss for the same period in 2017 as a result of an increase in the financial debt generated by investment projects.
- (ii) \$ 348.3 million loss for other financial results, up 2,982% from the \$ 11.3 million profit for the same period in 2017.
- (iii) \$ 4,463.0 million loss due to net exchange differences, reflecting an increase of 12,615% compared with the \$ 35.1 million profit for the same period in the previous year.

Profit/(loss) before tax:

The Company reported loss before tax for \$ 3,730.9 million for the six-month period ended June 30, 2018, as against \$ 181.4 million profit for the same period of 2017, which accounted for a decrease of 2,157%.

Income tax for the current period amounted to \$ 926.5 million profit, compared with \$ 68.1 million loss for the same period in the previous year.

Net income/(loss):

The net income/(loss) for the six-month period ended June 30, 2018 was a loss of \$ 2,804.4 million, compared with the profit of \$ 113.3 million reported for the same period of 2017, accounting for a 2,575% decrease.

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Summary of Activity at June 30, 2018 and June 30, 2017

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

	06.30.2018	06.30.2017	06.30.2016	06.30.2015	06.30.2014
Non-current assets	15,426.6	8,652.0	2,705	869.9	913.0
Current Assets	3,790.2	1,989.1	1312.6	224.6	273.2
Total Assets	19,216.8	10,641.1	4,017.6	1094.5	1186.2
Equity	2,810.5	2,094.6	1231.8	474.8	478.9
Total equity	2,810.5	2,094.6	1231.8	474.8	478.9
Non-current liabilities	12,075.0	6,208.8	2272.8	263.3	387.5
Current liabilities	4,331.3	2,337.7	513.0	356.4	319.8
Total liabilities	16,406.3	8,546.5	2785.8	619.6	707.3
Total liabilities and equity	19,216.8	10,641.1	4,017.6	1094.5	1186.2

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

	06.30.2018	06.30.2017	06.30.2016	06.30.2015	06.30.2014
Ordinary operating income	926.8	337.3	244.6	67.9	71.0
Financial and holding results	(4,657.7)	(155.9)	(185.3)	(45.2)	(61.9)
Ordinary net profit/(loss)	(3,730.9)	181.4	59.3	22.7	9.1
Income tax	926.5	(68.1)	(26.3)	(7.7)	(3.7)
Net income/(loss)	(2,804.4)	113.3	33.0	14.9	5.4
Other comprehensive income	2,974.7	-	-	-	358.9
Total comprehensive income	170.3	113.3	33.0	14.9	364.3

Summary of Activity at June 30, 2018 and June 30, 2017

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

	06.30.2018	06.30.2017	06.30.2016	06.30.2015	06.30.2014
Funds (applied to) generated by operating activities	202.0	566.0	(404.9)	85.4	57.7
Funds (applied to) investment activities	(563.9)	(1,729.7)	(347.4)	(3.9)	(3.6)
Funds generated by (applied to) financing activities	812.4	944.3	1,038.2	(82.5)	(27.1)
Increase/(Decrease) in cash and cash equivalents	450.5	(219.4)	285.9	(1.0)	27.0

5. Ratios presented comparatively with the previous period:

	06.30.2018	06.30.2017	06.30.2016	06.30.2015	06.30.2014
Liquidity (1)	0.88	0.85	1.38	0.68	0.73
Solvency (2)	0.17	0.25	0.62	0.76	0.24
Tied-up capital (3)	0.80	0.81	0.71	0.77	0.59
Indebtedness ratio (4)	5.65	6.69	3.00	1.22	1.74
Interest coverage ratio (5)	3.22	4.07	2.64	2.22	1.89
Profitability (6)	(1.14)	0.07	0.04	0.03	0.02

(1) Current assets / Current liabilities

(2) Equity / Total liabilities

(3) Non-current assets / Total assets

(4) Financial debt / annual EBITDA (*)

(5) Annual EBITDA (*) / annual financial interest accrued (*)

(6) Net income/loss for the period (not including Other comprehensive income) / total equity

(*) Amount not covered in the Limited Review Report.

EBIDTA calculation does not consider the loss for the penalty from CAMMESA, since it is exceptional and unique and does not apply to the Company's main business activity (See Note 28).

Summary of Activity at June 30, 2018 and June 30, 2017

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

GMSA participated in that call and was awarded two projects for closure of combined cycles through 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 SGT-800 gas turbine (with a guaranteed power of 47.5 MW) and the conversion into combined cycle of the three gas turbines (3x1 configuration). For such conversion, a heat recovery steam generator that will generate steam at two pressures will be installed at the outflow of the gas turbines to feed a steam turbine, SST-600 that will supply an additional 65 MW to the network, as well as the necessary infrastructure for its operation and maintenance. The project for closure of the combined cycle at CTMM will allow supplying an additional 112.5 MW to the National Interconnected System (SADI). The addition of the new gas turbine will demand more fuel for the system. The inclusion of the steam turbine machine will provide 65 MW, with no additional fuel consumption, with the full cycle reaching a specific consumption of 1590 kcal/kWh in the closure phase of the combined cycle power plant.

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.

Financial condition

In the current year, the Company has the objective of improving the financing structure and ensuring the progress of investment works according to the budgeted schedules.

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Summary of Activity at June 30, 2018 and June 30, 2017

Bonds for USD 250 million were co-issued by GMSA, CTR and GFSA on July 27, 2016 , and they fall due 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 interim condensed financial statements, the Company obtained loans for the new investment projects (see Note 29).

The actions mentioned allowed the improvement of the working capital and financial debt profile, extending maturity dates and reducing the financial cost of the Company, ensuring, in addition, the financing of investment projects.

Additional information required by Section 12, Chapter III, Title IV, of the National Securities Commission regulations, for the six-month period ended June 30, 2018

General matters referred to the activity of GMSA

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 activities or similar circumstances that took place during the periods comprised by the financial statements, that affect their comparability with those presented in previous periods, or that could affect comparability with those to be presented in future periods.

None.

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

	Trade receivables	Other financial assets at fair value through profit or loss	Other receivables	Trade payables	Loans	Salaries and social security liabilities	Tax payables and deferred tax liability	Defined benefit plan	Other liabilities
	\$								
To be due									
1st quarter	1,600,110,397	223,053,476	364,852,269	1,362,725,484	1,151,172,538	2,296,418	10,984,281	318,443	138,020,424
2nd quarter	-	25,980,000	102,380,822	206,956,871	554,696,966	580,534	-	318,443	-
3rd quarter	-	189,374,000	102,380,822	22,747,482	466,051,220	580,534	-	318,443	-
4th quarter	-	-	102,380,822	22,747,482	389,888,048	580,534	-	318,443	-
More than 1 year	-	-	62,800,688	970,811,468	10,232,306,494	-	857,901,072	8,590,063	-
Subtotal	1,600,110,397	438,407,476	734,795,423	2,585,988,787	12,794,115,266	4,038,020	868,885,353	9,863,833	138,020,424
Fast due	-	-	-	-	-	-	-	-	-
Without stated term	85,401,945	-	358,600,277	-	-	-	-	-	-
Total at 6/30/2018	1,685,512,342	438,407,476	1,093,395,700	2,585,988,787	12,794,115,266	4,038,020	868,885,353	9,863,833	138,020,424
Non-interest bearing	1,600,110,397	-	941,208,760	1,830,710,385	-	4,038,020	868,885,353	9,863,833	138,020,424
at fixed rate	-	-	-	755,278,402	(1) 11,017,317,703	-	-	-	-
at floating rate	85,401,945	438,407,476	152,186,940	-	(1) 1,776,797,563	-	-	-	-
Total at 6/30/2018	1,685,512,342	438,407,476	1,093,395,700	2,585,988,787	12,794,115,266	4,038,020	868,885,353	9,863,833	138,020,424

(1) See Note 17 to the interim condensed financial statements at June 30, 2018.

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

Captions	Type and amount of foreign currency	Closing exchange rate (1)	Amount recorded at 6/30/2018	Amount recorded at 12/31/2017	
			\$		
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents					
Cash	USD	2,277	28.750	65,452	65,452
Banks	USD	218,992	28.750	6,296,011	4,703,870
Trade receivables					
Trade payables - Energía Plus	USD	9,323,413	28.750	268,048,132	182,490,950
Trade payables- Res. 220/07 - Res. 19/17 - Res. 21/17	USD	41,481,921	28.750	1,192,605,228	738,415,862
Trade payables - Rental of tanks	USD	641,404	28.750	18,440,353	11,897,395
Total current assets				1,485,455,176	937,573,529
Total Assets				1,485,455,176	937,573,529
LIABILITIES					
CURRENT LIABILITIES					
Trade payables					
Related parties	USD	2,425,528	28.800	69,855,203	226,100,347
Suppliers	USD	7,781,697	28.850	224,501,954	81,617,533
Suppliers	SEK	307,980,000	3.242	998,471,160	660,482,514
Financial debt					
Loans	USD	66,025,588	28.850	1,904,838,208	301,231,671
Total current liabilities				3,197,666,525	1,269,432,065
NON-CURRENT LIABILITIES					
Trade payables					
Suppliers	USD	23,025,597	28.850	664,288,473	223,788,000
Suppliers	SEK	94,547,500	3.242	306,522,995	559,224,955
Financial debt					
Loans	USD	343,786,742	28.850	9,918,247,511	6,023,045,441
Total non-current liabilities				10,889,058,979	6,806,058,396
Total liabilities				14,086,725,504	8,075,490,461

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

5. Intercompany, Section 33, Law 19550:

Percentage of equity interest in companies, Sect. 33 of Law No. 19550:

There are no participations in intercompany.

Accounts payable and receivable with intercompany

See Note 19 to the interim condensed financial statements at June 30, 2018.

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

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See Note 19 to the interim condensed financial statements at June 30, 2018.

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

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

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

Current values

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

See Note 5 to the financial statements at December 31, 2017 and Note 4 to the condensed interim financial statements at June 30, 2018.

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.

None.

Recoverable values

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

See Note 4 to the financial statements at December 31, 2017.

Insurance

13. Insured items:

Kind of Risk	Insured amount 2018	Insured amount 2017
Operational all risks - Material damage	USD 643,345,092	USD 597,345,092
Operational all risk - Loss of profit	USD 160,919,240	USD 136,584,860
Contractors' all-risk - enlargement of power plants - material damages	USD 179,937,714	USD 179,937,714
Contractors' all-risk - Enlargement of power plant - advance loss of profit (ALOP)	USD 69,400,838	USD 69,400,838
RC - Siemens STG-800	-	-
Civil liability:	USD 9,000,000	USD 9,000,000
Civil Liability (primary)	USD 6,000,000	USD 6,000,000
Directors and Officers liability insurance	USD 15,000,000	USD 15,000,000
Transport of Siemens STG-800	-	-
Automobile	\$ 2,829,140	\$ 1,606,000
Transport insurance, Argentine and international market	USD 10,000,000	USD 10,000,000
Directors' bond	\$ 450,000	\$ 450,000
Customs bond	\$ 462,760,306	\$ 1,412,444,971
Financial bond	\$ 175,150,000	\$ 175,150,000
Environmental bond	\$ 18,262,245	\$ 18,262,245
Bond for commercial authorization of projects	\$ 885,077,550	\$ 1,194,314,569
Bond for offer maintenance in projects	-	\$ 53,805,150
Judicial bond	\$ 5,000,000	\$ 5,000,000
Equipment technical insurance	USD 256,205	USD 208,807
Personal accidents	\$ 550,000	\$ 550,000
Personal accidents	USD 500,000	USD 500,000
Life - Mandatory life insurance	\$ 44,330	\$ 44,330
Life - mandatory group life insurance (LCT, employment contract law)	Disability: 1 salary per year Death: 1/2 salary per year	Disability: 1 salary per year Death: 1/2 salary per year
Life - Additional group life insurance	24 salaries	24 salaries

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.

Civil liability:

These policies cover 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 and Civil Liability Products, 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 the 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 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 exclusively for Civil Liabilities Transactions and no reinstatements for Civil Liability Products.

Transport insurance:

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

Mandatory life insurance:

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 \$ 20,000, 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 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.

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Automobile insurance:

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

Customs Guarantees:

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

Directors' 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.

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.

Financial bond:

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

Positive and negative contingencies

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

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

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

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The following allowances and provisions have been set up:

a. Deducted from assets:

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

b. Included in liabilities:

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

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 14 to the financial statements at December 31, 2017. There have been no changes in the issues previously reported.



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REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

To the Shareholders, President and Directors of
Generación Mediterránea S.A.
Legal address: Leandro N. Alem 855 - 14th Floor
City of Buenos Aires
Tax ID: 30-68243472-0

Introduction

We have reviewed the accompanying condensed interim financial statements of Generación Mediterránea S.A. ("the Company"), including the statement of financial position at June 30, 2018, the statement of comprehensive income for the six and three-month period ended June 30, 2018, the statements of changes in equity and of cash flows for the six-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 condensed interim 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 under 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 by Technical Pronouncement No. 33 of the FACPCE and 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

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condensed interim 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, or the cash flows of the Company.

Conclusion

On the basis of our review, nothing has come to our attention that make us think that the condensed interim 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 Generación Mediterránea S.A., that:

- a) the interim condensed financial statements of Generación Mediterránea S.A. have been transcribed into the Inventory and Balance Sheet book and as regards those matters that are within our field of competence, they are in compliance with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission;
- b) the interim condensed financial statements of Generación Mediterránea S.A. arise from accounting records carried in all formal aspects in accordance with legal requirements;
- c) we have read the summary of activity and the additional information to the Notes to the interim condensed financial statements required by Section 12, Chapter III, Title IV of the National Securities Commission regulations, on which, as regards those matters that are within our field of competence, we have no observations to make;
- d) at June 30, 2018 the debt accrued by Generación Mediterránea S.A. in favor of the Argentine Integrated Social Security System according to the Company's accounting records amounted to \$ 1,757,589, none of which was claimable at that date.

City of Buenos Aires, August 9, 2018

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Raúl Leonardo Wglione

Report of the Syndics' Committee

To the Shareholders of
Generación Mediterránea 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 financial statements of Generación Mediterránea S.A. (hereinafter, "the Company") which comprise the statement of financial position at June 30, 2018, the statement of comprehensive income for the six and three-month period ended June 30, 2018, the statements of changes in equity and of cash flows for the six-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 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 financial statements on August 9, 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.

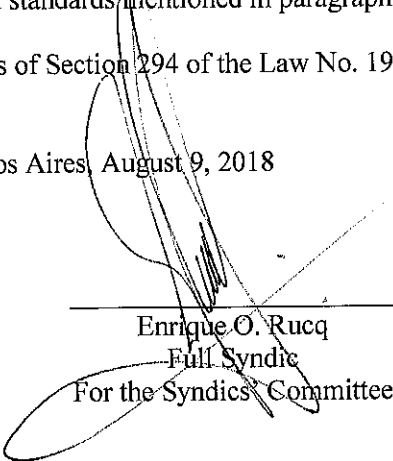
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4. As indicated in Note 3, the interim condensed financial statements mentioned in paragraph 1 have been prepared in accordance with International Accounting Standard 34.

5. Based on our review, we are not aware of any significant modification to be introduced to the interim condensed 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, August 9, 2018



Enrique O. Rucq
Full Syndic
For the Syndics Committee