

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

Generación Mediterránea S.A.

Interim Condensed Financial Statements

At September 30, 2018 and for the nine-and three-month periods
ended September 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, a power plant located in Ezeiza, province of Buenos Aires
CTF	Central Térmica Frías, a power plant located in Frías, province of Santiago del Estero
CTI	Central Térmica Independencia, a power plant located in San Miguel de Tucumán, province of Tucumán.
CTLB	Central Térmica La Banda, a power plant located in La Banda, province of Santiago del Estero
CTMM	Central Térmica Modesto Maranzana, a power plant located in Río IV, province of Córdoba
CTR	Central Térmica Roca S.A.
CTRi	Central Térmica Riojana, a power plant 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)
GLSA	Generación Litoral S.A.
GMSA/the Company	Generación Mediterránea S.A.
Large Users	WEM agents classified according to their consumption into: GUMAs, GUMEs, GUPAs and GUDIs
GROSA	Generación Rosario S.A.
GUDIs	Large Demand from Distributors' customers, with declared or demanded supply of over 300kW
GUMAs	Major Large Users
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 10 ⁶
ARG GAAP	Argentine Generally Accepted Accounting Principles
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
NO	Negotiable Obligations
PWPS	Pratt & Whitney Power System Inc
Resolution No. 220/07	Regulatory framework for the sale of energy to CAMMESA through the "WEM Supply Contracts" under Energy Secretariat Resolution No. 220/07
GR	General Resolution
RGA	Rafael G. Albanesi S.A.
RT	Technical Pronouncements
TRASNOA S.A.	Empresa de Transporte de Energía Eléctrica por Distribución Troncal del Noroeste Argentino S.A.
SADI	Argentine Interconnection System
ES	Energy Secretariat
CGU	Cash Generating Unit
USD	US Dollars

Generación Mediterránea S.A.

Composition of the Board of Directors and Syndics' Committee

President

Armando Losón (jr)

1st Vice President

Guillermo G. Brun

2nd Vice President

Julián P. Sarti

Full Directors

Carlos A. Bauzas
Sebastián A. Sánchez Ramos
Oscar C. De Luise
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: Av. L. N. Alem 855, Floor 14, City of Buenos Aires.

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

Tax ID: 30-68243472-0

Date of registration with the Public Registry of Commerce:

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

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

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

Parent company: Albanesi S.A.
 Legal address: Av. L. N. Alem 855, 14th floor, 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

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

	Note	9.30.2018	12.31.2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	23,635,227,575	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		23,698,158,124	10,834,302,037
CURRENT ASSETS			
Inventories		113,129,403	50,194,227
Other receivables		1,323,630,155	997,565,935
Other financial assets at fair value through profit or loss		552,584,000	9,631,484
Trade receivables		1,953,831,738	1,042,194,837
Cash and cash equivalents	14	73,930,261	84,615,576
Total current assets		4,017,105,557	2,184,202,059
Total Assets		27,715,263,681	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		10,707,021,251	1,871,918,401
Special Reserve		1,275,621	1,275,621
Unappropriated retained earnings		(6,365,628,027)	360,459,662
TOTAL EQUITY		5,109,585,489	2,640,110,666
LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions	18	5,348,679	7,405,069
Deferred tax liabilities, net		1,630,533,679	792,852,418
Defined benefit plan		9,323,740	-
Loans	17	14,238,100,884	6,564,695,612
Trade payables		1,687,325,620	783,012,955
Total non-current liabilities		17,570,632,602	8,147,966,054
CURRENT LIABILITIES			
Other liabilities		138,020,424	153,604,660
Tax payables		11,539,834	19,942,521
Salaries and social security liabilities		33,730,873	11,224,202
Defined benefit plan		1,273,770	-
Loans	17	2,734,050,764	699,988,725
Trade payables		2,116,429,925	1,345,667,268
Total current liabilities		5,035,045,590	2,230,427,376
Total liabilities		22,605,678,192	10,378,393,430
Total liabilities and equity		27,715,263,681	13,018,504,096

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

Generación Mediterránea S.A.

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

	Note	Nine-month period at		Three-month period at	
		9.30.2018	9.30.2017	9.30.2018	9.30.2017
Sales revenue	7	3,980,977,360	1,786,302,101	1,764,047,173	642,283,369
Cost of sales	8	(1,784,386,767)	(1,134,938,850)	(777,271,379)	(328,094,315)
Gross income		2,196,590,593	651,363,251	986,775,794	314,189,054
Selling expenses	9	(22,256,014)	18,409,256	(21,415,472)	(291,026)
Administrative expenses	10	(82,424,342)	(34,543,281)	(25,536,448)	(15,523,445)
Other income		1,265,240	14,615,140	446,046	14,172,786
Other expenses	11	(222,536,212)	-	3,580,228	-
Operating income		1,870,639,265	649,844,366	943,850,148	312,547,369
Financial income	12	103,666,639	44,773,149	72,649,770	33,774,031
Financial expenses	12	(950,238,586)	(227,130,209)	(376,187,004)	(84,182,244)
Financial results	12	(9,657,832,153)	(88,257,793)	(5,543,139,801)	(64,326,805)
Financial results, net		(10,504,404,100)	(270,614,853)	(5,846,677,035)	(114,735,018)
(Loss) / income before tax		(8,633,764,835)	379,229,513	(4,902,826,887)	197,812,351
Income tax		2,147,548,969	(148,386,942)	1,221,003,488	(80,255,310)
(Loss) / income for the period		(6,486,215,866)	230,842,571	(3,681,823,399)	117,557,041
Revaluation of property, plant and equipment		11,940,920,919	-	7,974,544,381	-
Impact on income tax		(2,985,230,230)	-	(1,993,636,095)	-
Other comprehensive income for the period		8,955,690,689	-	5,980,908,286	-
Comprehensive income for the period		2,469,474,823	230,842,571	2,299,084,887	117,557,041
Earnings per share					
Basic and diluted (losses) / earnings per share	16	(46.9430)	1.6707		

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

Generación Mediterránea S.A.**Interim Condensed Statement of Changes in Equity**

For the nine-month periods ended September 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	-	-	-	-	-	(73,927,399)	73,927,399	-
Reversal of technical revaluation reserve	-	-	-	-	-	-	230,842,571	230,842,571
Income for the nine-month period	-	-	-	-	-	-	241,619,801	241,619,801
Balances at September 30, 2017	138,172,150	211,405,124	5,147,981	51,731,727	1,275,621	1,562,856,185	241,619,801	2,212,208,589
Other comprehensive income for the supplementary three-month period	-	-	-	-	-	351,048,193	-	351,048,193
Reversal of technical revaluation reserve	-	-	-	-	-	(41,985,977)	41,985,977	-
Income for the supplementary three-month period	-	-	-	-	-	-	76,853,884	76,853,884
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	-	-	-	-	-	-	-	-
Other comprehensive income for the nine-month period	-	-	-	-	-	8,955,690,689	120,587,839	8,955,690,689
Reversal of technical revaluation reserve	-	-	-	-	-	(120,587,839)	(6,486,215,866)	(6,486,215,866)
Loss for the nine-month period	-	-	-	-	-	-	(6,365,628,027)	(6,365,628,027)
Balances at September 30, 2018	138,172,150	211,405,124	23,170,964	394,168,406	1,275,621	10,707,021,251	(6,365,628,027)	5,109,585,489

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

Generación Mediterránea S.A.

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

	Notes	9.30.2018	9.30.2017
Cash flow provided by operating activities:			
(Loss) / income for the period		(6,486,215,866)	230,842,571
Adjustments to arrive at net cash flows provided by operating activities:			
Income tax		(2,147,548,969)	148,386,942
Accrued interest, net	12	836,178,415	179,289,851
Depreciation of property, plant and equipment	8 and 13	437,960,941	177,552,934
Proceeds from the sale of property, plant and equipment		-	(10,179,671)
Income/(Loss) from changes in the fair value of financial instruments (1)	12	(763,690,772)	(46,179,621)
(Decrease) in provision for contingencies	18	(2,056,390)	(1,327,291)
(Decrease) in provision for bad debts		-	(76,869)
Present value		31,483,498	(3,263,629)
Exchange differences, net	12	10,293,945,864	51,262,530
Employee benefit plans	8	9,356,460	-
Changes in operating assets and liabilities:			
(increase) in trade receivables		(542,674,773)	(153,515,464)
Decrease / (increase) in other receivables (2)		114,021,645	(355,193,949)
(Increase) in inventories		(62,935,176)	(15,773,993)
(Decrease) / Increase in trade payables (3)		(453,659,999)	212,008,448
(Decrease) in other liabilities		(584,380)	(2,692,683)
Increase in salaries and social security liabilities		22,506,671	6,629,012
Employee benefit plan		1,241,050	-
(Decrease) in tax payables		(20,938,588)	(15,603,910)
Net cash flows provided by operating activities		1,266,389,631	402,165,208
Cash flow provided by investing activities:			
Acquisition of property, plant and equipment (4)	13	(880,672,053)	(2,080,942,894)
Collection from the sale of property, plant and equipment		-	2,730,000
Payment of derivative instruments		-	(2,175,000)
Collection of financial instruments		202,223,179	24,886,223
Redemption of mutual funds, net		827,671	166,023,437
Addition of cash due to merger		-	86,524,181
Loans collected		19,404,270	-
Loans granted		(457,032,937)	(11,870,000)
Net cash flows (used in) investing activities		(1,115,249,870)	(1,814,824,053)
Cash flow of financing activities:			
Borrowings	17	2,789,866,000	3,451,897,424
Payment of loans	17	(2,029,738,911)	(1,925,909,925)
Payment of interest	17	(967,207,093)	(508,464,921)
Net cash flows (applied to) provided by financing activities		(207,080,004)	1,017,522,578
NET DECREASE IN CASH		(55,940,243)	(395,136,267)
Cash and cash equivalents at the beginning of the period		84,615,576	444,954,591
Financial results of cash and cash equivalents		45,254,928	16,874,625
Cash and cash equivalents at the end of the period	14	73,930,261	66,692,949
		(55,940,243)	(395,136,267)

(1) Valuation difference corresponding to hedge contracts.

(2) Includes payments to suppliers for the purchase of property, plant and equipment for \$ 241,318,924 and \$ 196,390,262 at September 30, 2018 and September 30, 2017, respectively.

(3) Includes commercial payments for works financing. See Note 25.

(4) Less cash expenditures due to conclusion of works in 2017.

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

Generación Mediterránea S.A.

Interim Condensed Statement of Cash Flows (Cont'd)
For the nine-month periods ended September 30, 2018 and 2017
Stated in pesos

	<u>Notes</u>	<u>9.30.2018</u>	<u>9.30.2017</u>
Material transactions not entailing changes in cash			
Acquisition of property, plant and equipment not yet paid		-	(1,264,683,297)
Increase in technical revaluation	13	(11,940,920,919)	-
Interest and exchange difference capitalized in property, plant and equipment	13	(458,330,374)	(948,690,309)
Loans granted		(106,726,555)	-
Loans to Directors, repaid		(15,233,666)	-
Advances to suppliers applied to the acquisition of property, plant and equipment	13	(25,680,806)	(513,057,346)
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
Issuance of NO paid up in kind	17	-	489,219,349
Assignment of ASA credit rights in guarantee		-	3,547,468

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

Generación Mediterránea S.A.

Notes to the Interim Condensed Financial Statements

For the nine- and three-month periods ended September 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 1,470 MW, representing 6.2% of the total installed thermoelectric capacity in Argentina, it being expanded with additional 275 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 of the combined cycle of the TG06 and TG07 units at CTMM, located in Río Cuarto. The project consists in the installation of a new 50 MW Siemens SGT800 gas turbine (with a guaranteed power of 47.5 MW) and the conversion into combined cycle of the three gas turbines (3x1 configuration). For such conversion, a heat recovery steam generator that will generate steam at two pressures will be installed at the outflow of the gas turbines to feed a steam turbine SST-600 that will supply an additional 65 MW to the network, as well as the necessary infrastructure for its operation and maintenance. The project for the closure of CTMM combined cycle will enable contributing a further 112.5 MW to SADI. The addition of the new gas turbine will demand more fuel for the system. The addition of the turbo steam machine will contribute 65 MW, without additional consumption of fuel, with the complete cycle recording a specific consumption of 1,590 kcal/kWh in the closure of the combined cycle (see Note 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.

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.

Generación Mediterránea S.A.
Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 1: GENERAL INFORMATION (Cont'd)

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 Turbogrupos 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 Turbogrupos Fiat TG21 of 16 MW and Turbogrupos 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 \$ 495,000,000.

Central Térmica Ezeiza

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

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

For the execution of the first stage, on April 30, 2016, a contract was executed with Siemens Industrial Turbomachinery AB for the purchase of the mentioned turbines, paying 50% of the total amount in September 2016 and financing the remaining 50% in 24 installments as from September 2017.

Generación Mediterránea S.A.

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

NOTE 1: GENERAL INFORMATION (Cont'd)

Central Térmica Ezeiza (Cont'd)

As regards the second stage of the project, on August 9, 2016, a contract was executed with Siemens Industrial Turbomachinery AB for the purchase of a third SGT-800 turbine of 50 MW, paying 50% of the total in March 2017 and financing the remaining 50% in 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 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 (see Note 25).

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.

Generación Mediterránea S.A.

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

NOTE 1: GENERAL INFORMATION (Cont'd)

Maintenance contract

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

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

The environment

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

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

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

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

Generación Mediterránea S.A.

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

NOTE 1: GENERAL INFORMATION (Cont'd)

The environment (Cont'd)

CT1, CTLB, CTRi and CTF have maintained certification of an Environmental Management System under ISO 14001:2015, developed and implemented within the corporation. The pertinent documentation has been updated in compliance with the new management requirements of the organization, as a result of the changes introduced with the updated version of the Standard and the field realities in view of the project development related to the expansion of the existing processes and the installation of new generation sites.

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

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

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

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

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

a) Energía Plus Regulations, ES Resolution 1281/06

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

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

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

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 (Cont'd)

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.

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.

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)

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
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.

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.

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)

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

- 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

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)

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

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

d) Sales under ES Resolution No. 19/2017

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

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

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

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

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

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)

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 as from February 1, 2017.

The remuneration system basically comprises the following items:

1. Remuneration per power: this is proportional to the available monthly power and a price in USD/MW-month that varies according to different conditions.
 - MINIMUM price of power per technology and scale.
 - BASE price according to the Offered Guaranteed Power. Valued as from May 2017 until October 2017 at 6,000 USD/MW-month and as from November 2017 onwards, 7,000 USD/MW-month.
 - ADDITIONAL price with maximum in accordance with additional availability Offered and allocated. Valued as from May 2017 until October 2017 at 1,000 USD/MW-month and as from November 2017 onwards, 2,000 USD/MW-month.
2. Remuneration per Energy: It is comprised by:
 - 2.1 Energy generated: It is the remuneration received for the energy effectively generated, valued according to the type of fuel at 5USD/MWh for Natural Gas and 8 USD/MWh for diesel or fuel oil.
 - 2.2 Energy operated: The generators will receive an additional remuneration of 2 USD/MWh, irrespective of the type of fuel, for the Energy Operated, represented by the integration of hourly powers in the period.

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)

2.3 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).

MinEyM SE Resolution 19-E/17 is still in force.

NOTE 3: BASIS FOR PRESENTATION

Pursuant to Title IV "Periodical Financial Reporting Regime" - Chapter III "Valuation Criteria and Presentation of Financial Statements", Section 1, of its regulations, the National Securities Commission (CNV) has established the application of Technical Pronouncement No. 26 (RT 26) of the Argentine Federation of Professional Councils in Economic Sciences (FACPCE), as amended, which adopted International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) for entities included in the public offering regime of Law No. 26831, due to their capital stock or negotiable obligations, or upon request for authorization to be included in that regime.

Section 3 of CNV regulations referred to above sets out that "the entities subject to supervision by the Commission shall not apply the method of restatement of financial statements in constant currency".

In preparing these interim condensed financial statements, the Company has made use of the option envisaged by IAS 34, and has prepared them in condensed format. For this reason, the financial statements do not include all the information required for a set of financial statements for full annual periods, so their perusal in conjunction with the annual financial statements at December 31, 2017 is recommended.

In view of the foregoing, Company Management has prepared these financial statements in accordance with CNV accounting standards, which are based on the application of IFRS, particularly IAS 34, with the sole exception of the application of IAS 29 (which imposes the obligation to restate the financial statements as indicated below, in "Financial reporting in hyperinflationary economies"), excluded from its accounting framework by the CNV.

The information required by the CNV, as indicated in Section 1, Chapter III, Title IV of General Resolution No. 622/13, has also been included. This information is included in a note to these interim condensed financial statements.

Generación Mediterránea S.A.
Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 3: BASIS FOR PRESENTATION (Cont'd)

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.

These interim condensed financial statements are stated in pesos, without cents, the same as the notes, except for the net earnings per share.

The interim condensed financial statements for the nine- and three-month periods ended September 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 nine- and three-month periods ended September 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 November 4, 2018.

Going concern

At the date of these interim condensed financial statements, there is no uncertainty as to events or conditions that could raise doubts about the ability of the Company to continue operating normally as a going concern.

Comparative information

Balances at December 31, 2017 and for the nine- and three-month periods ended September 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 highly inflationary 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. These requirements also comprise the comparative information contained in the financial statements.

Generación Mediterránea S.A.

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

NOTE 3: BASIS FOR PRESENTATION (Cont'd)

Financial reporting in hyperinflationary economies (Cont'd)

To determine the existence of a highly inflationary 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%. The cumulative inflation rate over three years exceeds 100%. For this reason, as set forth by IAS 29, the Argentine economy should be considered as highly inflationary as from July 1, 2018. On July 24, 2018, the FACPCE issued a communication confirming the above mentioned information. However, National Executive Branch Decree No. 664/03, which is still in force at the date of issue of these financial statements, does not allow presentation of restated financial statements with the National Securities Commission (CNV). Therefore, in line with this decree and the regulatory framework of the CNV, Company Management has not applied IAS 29 in preparing these financial statements.

In an inflationary period, any entity with an excess of monetary assets over monetary liabilities will lose purchasing power, while any entity with an excess of monetary liabilities over monetary assets will gain purchasing power, provided that these items are not subject to an adjustment mechanism.

In summary, the restatement mechanism of Technical Pronouncement No. 29 establishes that the monetary assets and liabilities will not be restated as they are already stated in the measuring unit current at the end of the reporting period. Assets and liabilities subject to adjustments under specific agreements will thus be adjusted. Restatement of non-monetary items measured at their current values at the end of the reporting period, such as the net realizable value, among others, is not necessary. The remaining non-monetary assets and liabilities will be restated considering a general price index. Income or loss from the net monetary position will be included within the net income/loss for the reporting period, disclosed in a separate item.

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.

The Company measures facilities, machinery and buildings at fair value less accumulated depreciation and impairment losses recognized at the date of revaluation, if any. Land is measured at fair value and is not depreciated. (See accounting policy 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.

Generación Mediterránea S.A.

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

NOTE 4: ACCOUNTING POLICIES (Cont'd)

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

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

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

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

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

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

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.

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)

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

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

RATIO PCE	Not yet due	30 days	60 days	90 days	120 days	150 days	180 days	+180 days
CAMMESA	-	-	-	-	-	-	-	-
Interco	-	-	-	-	-	-	-	-
Other debtors	-	-	-	-	-	-	-	14%

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

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

For the application of the expected loss model as regards trade receivables, no impairment allowance adjustment has been made at January 1, 2018 as against the allowance recorded at December 31, 2017. Further, in the nine-month period ended September 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 (Note 18).

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.

Generación Mediterránea S.A.
Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 5: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Cont'd)

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.

5.1) Fair value of property, plant and equipment

The Company has opted to value land, buildings, facilities and machinery at fair value applying discounted cash flows or comparables techniques.

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

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

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

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

The criteria considered in each scenario are the following:

1. Base scenario: in this case the Company considers a historical average availability and an expected dispatch according to projections of the demand for energy with a vegetative growth. Probability of occurrence: 70%.
2. Pessimistic scenario: in this case the Company considers a historical average availability and a dispatch of less than expected of the demand for energy. Probability of occurrence: 30%.

In all scenarios a discount rate in dollars of approximately 12% was used, which contemplates the future scenarios.

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

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

Generación Mediterránea S.A.
Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 5: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Cont'd)

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

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

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

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

- To increase the fair value of land, buildings, facilities and machinery by \$ 2.3 billion, if it were favorable; or
- To reduce the fair value of land, buildings, facilities and machinery by \$ 2.3 billion, if it were not favorable.

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.

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 December 31, 2017. No significant changes have been made to risk management policies since the last annual closing.

Generación Mediterránea S.A.**Notes to the Interim Condensed Financial Statements (Cont'd)****NOTE 7: SALES REVENUE**

	<u>9.30.2018</u>	<u>9.30.2017</u>
Sale of electricity Res. No. No. 95/529/482/22/19 plus Spot	284,853,886	87,710,734
Energía Plus sales	1,057,085,915	840,462,996
Sale of electricity Res. No. 220	1,539,011,339	858,128,371
Sale of electricity Res. No. 21	1,100,026,220	-
	<u>3,980,977,360</u>	<u>1,786,302,101</u>

NOTE 8: COST OF SALES

	<u>9.30.2018</u>	<u>9.30.2017</u>
Purchase of electricity	(805,791,858)	(606,585,527)
Gas and diesel consumption at the plant	(91,845,115)	(107,194,064)
Fees and compensation for services	(4,556,502)	(2,944,065)
Salaries and social security contributions	(101,307,075)	(72,507,902)
Defined benefit plan	(9,356,460)	-
Other employee benefits	(7,285,571)	(4,757,110)
Taxes, rates and contributions	(10,922,848)	(12,117,212)
Maintenance services	(273,479,291)	(125,779,584)
Depreciation of property, plant and equipment	(437,960,941)	(177,552,934)
Per diem, travel and representation expenses	(2,250,288)	(1,956,341)
Insurance	(28,993,742)	(17,663,399)
Communication expenses	(6,328,228)	(3,236,116)
Sundry	(4,308,848)	(2,644,596)
	<u>(1,784,386,767)</u>	<u>(1,134,938,850)</u>

NOTE 9: SELLING EXPENSES

	<u>9.30.2018</u>	<u>9.30.2017</u>
Taxes, rates and contributions	(2,612,282)	(1,249,935)
(Loss) Recovery of Turnover tax	(19,643,732)	19,643,732
Bad debts	-	15,459
	<u>(22,256,014)</u>	<u>18,409,256</u>

NOTE 10: ADMINISTRATIVE EXPENSES

	<u>9.30.2018</u>	<u>9.30.2017</u>
Fees and compensation for services	(71,962,672)	(25,239,175)
Directors' fees	(233,810)	-
Other employee benefits	(292,795)	(398,681)
Taxes, rates and contributions	(682,012)	(1,337,387)
Per diem, travel and representation expenses	(1,667,894)	(976,786)
Insurance	-	(168,871)
Office expenses	(2,827,960)	(3,123,946)
Communication expenses	(401,748)	(134,757)
Rental	(3,559,800)	(2,943,000)
Donations	(31,000)	-
Sundry	(764,651)	(220,678)
	<u>(82,424,342)</u>	<u>(34,543,281)</u>

Generación Mediterránea S.A.
Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 11: OTHER EXPENSES

	<u>Note</u>	<u>9.30.2018</u>	<u>9.30.2017</u>
Penalty imposed by CAMMESA	27	(222,536,212)	-
		<u>(222,536,212)</u>	<u>-</u>

NOTE 12: FINANCIAL RESULTS

	<u>9.30.2018</u>	<u>9.30.2017</u>
<u>Financial income</u>		
Commercial interest	28,114,743	31,325,256
Interest on loans granted	75,551,896	13,447,893
Total financial income	<u>103,666,639</u>	<u>44,773,149</u>
<u>Financial expenses</u>		
Loan interest	(924,922,752)	(205,163,240)
Commercial and other interest	(14,922,302)	(18,899,760)
Bank expenses and commissions	(10,393,532)	(3,067,209)
Total financial expenses	<u>(950,238,586)</u>	<u>(227,130,209)</u>
<u>Other financial results</u>		
Exchange differences, net	(10,293,945,864)	(51,262,530)
Changes in the fair value of financial instruments	763,690,772	46,179,621
Other financial results	(127,577,061)	(83,174,884)
Total other financial results	<u>(9,657,832,153)</u>	<u>(88,257,793)</u>
Total financial results, net	<u>(10,504,404,100)</u>	<u>(270,614,853)</u>

Generación Mediter S.A.**Notes to the Interim Condensed Financial Statements (Cont'd)****NOTE 13: PROPERTY, PLANT AND EQUIPMENT**

Type of asset	Original values							Net amount at end of period/year					
	At beginning of period/year	Addition due to merger	Increases	Transfers/withdrawals	Technical revaluation (2)	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 9.30.18	At 12.31.17
Land	218,229,699	-	-	(120,000)	263,754,905	481,864,604	-	-	-	-	-	481,864,604	218,229,699
Buildings	507,841,701	-	3,786,909	68,736,126	262,572,285	842,937,021	-	-	9,303,961	(9,303,961)	-	842,937,021	507,841,701
Facilities	1,108,218,402	-	814,713	50,245,364	1,088,844,765	2,248,123,244	-	-	57,557,965	(57,557,965)	-	2,248,123,244	1,108,218,402
Machinery	8,568,231,099	-	31,389,404	565,902,032	9,892,179,094	19,057,701,629	-	-	366,707,944	(366,707,944)	-	19,057,701,629	8,568,231,099
Works in progress - Extension of Plant	331,243,841	-	1,317,271,433	(684,763,522)	-	963,751,752	-	-	-	-	-	963,751,752	331,243,841
Computer and office equipment	10,893,911	-	5,880,203	-	-	16,774,114	-	-	2,932,375	-	8,818,319	7,955,795	5,007,967
Vehicles	8,589,481	-	3,529,565	-	-	12,119,046	-	-	1,458,696	-	4,301,077	7,817,969	5,747,100
Spare parts and materials	23,064,555	-	2,011,006	-	-	25,075,561	-	-	-	-	-	25,075,561	23,064,555
Total at 9.30.18	10,776,312,689	-	1,364,683,233	-	(11,507,351,049)	23,648,346,971	8,728,325	-	437,960,941	(433,569,870)	13,119,396	23,635,227,575	-
Total at 12.31.17	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 9.30.17	4,496,978,723	708,564,354	4,807,378,846	(16,484,522)	-	9,996,437,401	5,158,180	18,453	177,552,934	-	182,729,567	9,813,707,834	-

(1) Depreciation charges for the nine-month period ended September 30, 2018 and for the fiscal year ended December 31, 2017 were allocated to cost of sales, including \$ 160,783,785 and \$ 154,551,168 for higher value from the technical revaluation.

(2) At September 30, 2018, it corresponds to the revaluation of \$ 11,940,920,919, offset by the accumulated depreciation at the time of the revaluation of \$ 433,569,870.

Generación Mediterránea S.A.
Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 14: CASH AND CASH EQUIVALENTS

	<u>9.30.2018</u>	<u>12.31.2017</u>
Cash	503,892	416,472
Banks in local currency	30,498,327	36,751,301
Banks in foreign currency	6,928,042	4,703,870
Mutual funds	36,000,000	42,719,083
Checks to be deposited	-	24,850
	<u>73,930,261</u>	<u>84,615,576</u>

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

	<u>9.30.2018</u>	<u>9.30.2017</u>
Cash and cash equivalents	73,930,261	66,692,949
Cash and cash equivalents (bank overdraft included)	<u>73,930,261</u>	<u>66,692,949</u>

NOTE 15: CAPITAL STATUS

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

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>9.30.2018</u>	<u>9.30.2017</u>
(Loss) / Income for the period	(6,486,215,866)	230,842,571
Weighted average of outstanding ordinary shares	138,172,150	138,172,150
Basic (losses) / earnings per share	(46.9430)	1.6707

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.

Generación Mediterránea S.A.
Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 17: LOANS

	9.30.2018	12.31.2017
Non-Current		
International bond	10,982,361,129	4,949,357,665
Foreign loan debt	615,654,444	-
Negotiable obligations	2,561,976,220	1,541,315,232
CAMMESA	-	3,374,659
Other bank debts	-	21,202,224
Finance lease debts	78,109,091	49,445,832
	14,238,100,884	6,564,695,612
Current		
International bond	186,650,999	222,547,895
Foreign loan debt	437,428,528	-
Negotiable obligations	517,284,200	389,016,724
CAMMESA	7,703,647	8,908,160
Other bank debts	1,555,290,667	62,175,039
Finance lease debts	29,692,723	17,340,907
	2,734,050,764	699,988,725

At September 30, 2018, the total financial debt amounts to \$ 16,972 million. The following table shows the total debt at that date.

	Principal	Balances at September 30, 2018	Interest rate	Currency	Date of Issue	Maturity date
		(Pesos)	(%)			
Loan agreement						
Cargill	USD 25,000,000	1,053,082,972	LIBOR + 4.25%	USD	February 16, 2018	January 29, 2021
Subtotal		1,053,082,972				
Bonds						
International Bond	USD 266,000,000	11,169,012,128	9.625%	USD	July 27, 2016	July 27, 2023
Class VI NO	USD 34,696,397	1,440,261,959	8%	USD	February 16, 2017	February 16, 2020
Class VII NO	\$ 387,615,909	452,992,025	BADLAR + 4%	ARS	February 16, 2017	February 16, 2019
Class VIII NO	\$ 312,884,660	350,371,540	BADLAR + 5%	ARS	August 28, 2017	August 28, 2021
Class I Negotiable Obligation co-issuance	USD 20,000,000	835,634,896	6.68%	USD	October 11, 2017	October 11, 2020
Subtotal		14,248,272,548				
Other liabilities						
CAMMESA		7,703,647				
ICBC loan	USD 11,250,000	467,120,227	6.50%	USD	June 28, 2018	June 28, 2019
Banco Hipotecario loan	USD 11,111,111	458,068,214	6.75%	USD	January 3, 2018	July 2, 2019
Citibank Loan	USD 10,000,000	422,626,027	3.50%	USD	January 17, 2018	January 17, 2019
Banco Macro loan	USD 5,000,000	207,476,199	7.00%	USD	August 30, 2018	January 2, 2019
Financial leases		107,801,814				
Subtotal		1,670,796,128				
Total financial debt		16,972,151,648				

Generación Mediterránea S.A.
Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 17: LOANS (Cont'd)

a) Issuance of international bonds

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

The Bonds have a Moody's B2 rating.

This issuance allowed financing investments under the Company's expansion plans, as a result of the award by the ES of Wholesale Demand Contracts through Resolution 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.

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, NO 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 September 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.

Generación Mediterránea S.A.
Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 17: LOANS (Cont'd)

a) Issuance of international bonds (Cont'd)

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) NO:

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

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

At September 30, 2018 there are outstanding Class VI, VII and VIII NO (GMSA) and Class I NO (GMSA-CTR Co-issuance), issued by the Company for the amounts and under the following conditions: In addition, Class V (GMSA) and Class III (GFSA) negotiable obligations were redeemed during the current period.

Class V NO:

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

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

Amortization term and method: Interest on Class V NO were 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 NO was 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 NO were applied to the repurchase of the remaining balance of GISA Class III NO, investments and working capital.

Generación Mediterránea S.A.
Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 17: LOANS (Cont'd)

b) Negotiable obligations (Cont'd)

Class V NO: (Cont'd)

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

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

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

Class VI NO:

Principal: Nominal value: USD 34,696,397

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

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

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

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

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

Generación Mediterránea S.A.
Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 17: LOANS (Cont'd)

b) Negotiable obligations (Cont'd)

Class VII NO:

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

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

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

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

Principal balance on that Negotiable Obligation amounted to \$ 387,615,909 at September 30, 2018.

Class VIII NO:

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 September 30, 2018.

Generación Mediterránea S.A.
Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 17: LOANS (Cont'd)

b) Negotiable obligations (Cont'd)

Class III NO (GFSA):

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

Interest: private banks BADLAR rate plus 5.6 %

Amortization term and method: Interest was 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 did not exist, the interest payment date was the immediately following business day.

Principal was 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 NO were applied to the repayment of the loan with Puente Hnos. S.A., to the repurchase of the remaining balance of Class I (GFSA) NO, working capital and investment in property, plant and equipment; with the process to formalize the release of timely granted guarantees having been complied with.

On February 16, 2017, Class VI and VII NO were issued, a portion in cash and the remainder through a voluntary swap for Class III NO (GFSA), improving the Company's indebtedness profile (term and rate). The amount amortized on Class III Negotiable Obligation was \$ 49,540,493.

On August 29, 2017, Class VIII NO were issued and fully subscribed through a voluntary swap of Class V (GMSA) and Class II and III (GFSA) NO, improving the Company's indebtedness profile (term and rate). Principal paid on Class III NO was \$ 106,304,507.

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

Generación Mediterránea S.A.
Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 17: LOANS (Cont'd)

b) Negotiable obligations (Cont'd)

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 NO were paid up in cash.

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

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

c) Loan from CAMMESA

At September 30, 2018, the Company holds financial debts with CAMMESA for \$ 7,703,647, guaranteed by the assignment of 100% of the present and future credit rights for the sale of electricity in the Spot market of the WEM, from the implementation of a trust agreement in accordance with Law No. 24441.

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

This loan has a repayment period set in 48 monthly and consecutive installments, to which interest must be added applying the rate equivalent to the return obtained by the Dispatch Management Agency (CAMMESA) on financial placements in the WEM. At the closing date of these interim condensed financial statements, 38 installments have been paid, totaling \$ 21,372,842.

Principal balance on that debt at September 30, 2018 is \$ 7,703,647.

d) Cargill Loan

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

Generación Mediterránea S.A.
Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 17: LOANS (Cont'd)

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%. The loan was prepaid on August 28, 2018.

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

	<u>9.30.2018</u>	<u>12.31.2017</u>
Fixed rate		
Less than 1 year	1,763,644,161	291,902,551
Between 1 and 2 years	1,431,766,830	21,239,203
Between 2 and 3 years	827,572,468	1,061,808,268
After 3 years	10,977,216,191	4,902,105,364
	<u>15,000,199,650</u>	<u>6,277,055,386</u>
Floating rate		
Less than 1 year	970,406,603	408,086,174
Between 1 and 2 years	434,958,380	241,534,029
Between 2 and 3 years	544,852,515	8,104,094
After 3 years	21,734,500	329,904,654
	<u>1,971,951,998</u>	<u>987,628,951</u>
	<u>16,972,151,648</u>	<u>7,264,684,337</u>

The fair value of Company's international bonds at September 30, 2018 and December 31, 2017 amounts to approximately \$ 9,560 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>9.30.2018</u>	<u>12.31.2017</u>
Argentine pesos	827,694,210	940,407,225
US dollars	16,144,457,438	6,324,277,112
	<u>16,972,151,648</u>	<u>7,264,684,337</u>

Generación Mediterránea S.A.
Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 17: LOANS (Cont'd)

Changes in Company loans were as follows:

	<u>9.30.2018</u>	<u>9.30.2017</u>
Loans at beginning of the period	7,264,684,337	3,743,045,568
Addition due to merger	-	424,285,829
Loans received	2,789,866,000	3,964,435,369
Loans paid	(2,029,738,911)	(2,390,210,823)
Accrued interest	1,082,419,322	553,845,205
Interest paid	(967,207,093)	(533,383,372)
Exchange difference	8,844,731,420	409,244,779
Capitalized expenses	(12,603,427)	(82,487,711)
Loans at period end	<u>16,972,151,648</u>	<u>6,088,774,844</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	-	(2,056,390)
Balances at September 30, 2018	<u>2,655,764</u>	<u>5,348,679</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.

Generación Mediterránea S.A.**Notes to the Interim Condensed Financial Statements (Cont'd)****NOTE 19: TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

	Gain / (loss)	
	\$	
	9.30.2018	9.30.2017
<i>a) Sales of energy</i>		
Other related parties:		
Solalban Energía S.A.	5,335,802	84,759,366
RGA	51,897,079	41,699,761
	<u>57,232,881</u>	<u>126,459,127</u>
<i>b) Purchase of gas and energy</i>		
Other related parties:		
Solalban Energía S.A.	(108,901)	(64,793)
RGA (*)	(1,957,361,968)	(1,233,183,428)
	<u>(1,957,470,869)</u>	<u>(1,233,248,221)</u>
<i>c) Administrative services and management</i>		
Other related parties:		
RGA	(128,107,197)	(18,850,275)
	<u>(128,107,197)</u>	<u>(18,850,275)</u>
<i>d) Rental</i>		
Other related parties:		
RGA	(3,531,600)	(2,943,000)
	<u>(3,531,600)</u>	<u>(2,943,000)</u>
<i>e) Other purchases and services received</i>		
Other related parties:		
RGA - guarantee	-	(49,659,250)
BDD - Purchase of wines	(457,665)	(173,519)
AJSA - Flights made	(23,548,022)	(14,481,971)
ASA - guarantee	(2,907,262)	(1,726,458)
	<u>(26,912,949)</u>	<u>(66,041,198)</u>
<i>f) Recovery of expenses</i>		
Other related parties:		
RGA	(36,237,894)	606,771
GROSA	6,593,105	6,246,553
CTR	20,573,741	8,182,200
GECE	14,445,054	-
AESA	9,584,651	108,989
AJSA	678	678
AVRC	-	678
BDD	-	3,391
	<u>14,959,335</u>	<u>15,149,260</u>
<i>g) Financial cost</i>		
Other related parties:		
RGA	-	(7,198,326)
	<u>-</u>	<u>(7,198,326)</u>

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

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)	
	\$	
	9.30.2018	9.30.2017
<i>h) Interest generated due to loans granted</i>		
Other related parties:		
GROSA	9,995,021	-
Directors	1,412,375	3,140,111
ASA	64,144,500	-
AISA (1)	-	10,307,782
	75,551,896	13,447,893
 <i>i) Gas pipeline works</i>		
Other related parties:		
RGA	(56,533,042)	(140,068,971)
	(56,533,042)	(140,068,971)
 <i>j) Work management services</i>		
Other related parties:		
RGA	(64,052,668)	(90,185,100)
	(64,052,668)	(90,185,100)

k) Remuneration of key managerial staff

The senior management includes directors (executive and non-executive). Managerial staff's fees at September 30, 2018 and 2017 amounted to \$ 15,540,065 and \$ 7,748,497, respectively.

	9.30.2018	9.30.2017
Salaries	(15,540,065)	(7,748,497)
	(15,540,065)	(7,748,497)

(1) 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)***l) Balances at the date of the statements of financial position*

	<u>9.30.2018</u>	<u>12.31.2017</u>
<u>Other current receivables with other related parties</u>		
AESA	11,610,704	-
ASA	487,028,391	106,726,555
AISA (1)	-	80,862,002
AJSA	-	841
CTR	181,736,765	936,085
GROSA	62,423,147	39,973,918
GECE	9,299,745	-
Directors	11,701,224	13,643,390
	<u>763,799,976</u>	<u>242,142,791</u>
<u>Current trade payables with other related parties</u>		
RGA	324,235,439	225,426,087
AJSA	-	674,260
Solaiban Energía S.A.	81,180	-
	<u>324,316,619</u>	<u>226,100,347</u>
<u>Other current debts with other related parties</u>		
BDD	-	584,380
Provision for Directors' fees	-	14,999,856
	<u>-</u>	<u>15,584,236</u>

m) Loans granted to related parties

	<u>9.30.2018</u>	<u>9.30.2017</u>
Loans to Albanesi S.A.		
Balances at beginning of year	80,862,002	66,798,695
Loans granted	361,426,159	-
Loans repaid	(19,404,270)	-
Accrued interest	64,144,500	10,307,782
Balance at year end	<u>487,028,391</u>	<u>77,106,477</u>

<u>Entity</u>	<u>Amount</u>	<u>Interest rate</u>	<u>Conditions</u>
At 9.30.2018			
ASA	402,021,889	35%	Maturity date: 1 year, renewable automatically for up to 5 years
Total in pesos	<u>402,021,889</u>		

(1) 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)*m) Loans granted to related parties (Cont'd)*

	9.30.2018	9.30.2017	
Loans to Directors			
Balances at beginning of year	13,643,390	15,112,286	
Loans granted	11,879,125	11,870,000	
Assignment (1)	-	(20,785,080)	
Loans repaid	(15,233,666)	-	
Accrued interest	1,412,375	3,140,111	
Balance at period end	11,701,224	9,337,317	

Entity	Amount	Interest rate	Conditions
At 9.30.2018			
Directors	10,288,848	BADLAR + 3%	Maturity date: 1 year
Total in pesos	10,288,848		

	9.30.2018	9.30.2017	
Loans to Generación Rosario S.A.			
Balances at beginning of year	39,973,918	-	
Loans granted	12,454,208	-	
Accrued interest	9,995,021	-	
Balance at period end	62,423,147	-	

Entity	Amount	Interest rate	Conditions
At 9.30.2018			
GROSA	43,323,779	35%	Maturity date: 1 year
Total in pesos	43,323,779		

	9.30.2018	9.30.2017	
Loans to Central Térmica Roca S.A.			
Balances at beginning of year	-	-	
Loans granted	178,000,000	-	
Balance at period end	178,000,000	-	

Entity	Amount	Interest rate	Conditions
Entity			
CTR	178,000,000	35%	Maturity date: 1 year
Total in pesos	178,000,000		

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

Receivables from related parties arise mainly from transactions of services provided and fall due in the month following the transaction date. No provisions have been recorded for these receivables from related parties in any of the periods covered by these 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 September 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 ⁽¹⁾</i>			
Electric energy and power - Plus	1,930,444,071	632,610,252	1,297,833,819

- (1) Commitments are denominated in pesos and have been valued considering estimated market prices, based on the particular conditions of each contract. They reflect the valuation of the contracts with private customers in force at September 30, 2018, under ES Resolution No. 1281/06.

NOTE 21: WORKING CAPITAL

The Company reports at September 30, 2018 a deficit of \$ 1,017,940,033 in its working capital (calculated as current assets less current liabilities), which means an increase of \$ 971,714,716, 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.

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

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

Generación Mediterránea S.A.
Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 24: PRESENTATION TO CAMMESA (Cont'd)

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 September 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.

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).

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)

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).

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

Commitments (1)		SEK Total financing	Total	2018	2019	2020
			USD			
Siemens Industrial Turbomachinery AB for the purchase of two turbines Siemens SGT 800	CTMM	177,000,000	8,352,598	2,505,779	5,846,819	-
Siemens Industrial Turbomachinery AB for the purchase of three turbines Siemens SGT 800	CTE	263,730,000	20,288,460	373,361	14,619,476	5,295,623
Siemens Industrial Turbomachinery AB for the purchase of two turbines Siemens SGT 800	CTI	175,230,000	14,441,642	248,072	10,412,804	3,780,766

(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 \$ 495,000,000.

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.

Generación Mediterránea S.A.
Notes to the Interim Condensed Financial Statements (Cont'd)

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

Pratt & Whitney Power System Inc (Cont'd)

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

	Total	2018	2019	2020	2021	2022	2023
<i>Commitments</i> ⁽¹⁾	USD						
PWPS for the purchase of the FT4000™ SwiftPac® turbine	15,912,901	187,500	750,000	3,743,495	3,743,495	3,743,495	3,744,916

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

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.

Generación Mediterránea S.A.
Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 26: ALL-RISK INSURANCE COVERAGE (Cont'd)

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

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

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

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

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

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

Without prejudice to the above, CAMMESA has rejected GMSA's arguments and has set the penalties in the amounts of USD 12,580,090 for CTE and USD 3,950,212 for CTI. The balance of these penalties at September 30, 2018, net of the present value, equivalent to \$ 574,423,829, is disclosed under trade payables.

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

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.

Generación Mediterránea S.A.
Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 27: SUPPLY CONTRACT WITH CAMMESA: AGREED UPON DATE OF AUTHORIZATION FOR THE COMMERCIAL OPERATION OF THE POWER PLANTS (Cont'd)

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

NOTE 28: CHANGES IN THE ADMINISTRATIVE BODY. RESIGNATION.

On August 1, 2018, Mr. Armando R. Losón was involved in a judicial investigation in the case entitled "NN, criminal background checks", which is pending at the Federal Court of First Instance for Criminal and Minor Offenses No. 11, Clerk's Office No. 21. It is worth mentioning that neither the Company nor any of the entities of the Albanesi Group is undergoing any process in relation to that investigation. Management of the Company understands that its acts are fully in compliance with applicable laws and regulations. Without prejudice to this, the Company Board of Directors is conducting investigations to reaffirm its standards of good corporate governance practices within the Organization.

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

NOTE 29: INTEGRITY PROGRAM

Through Board of Directors Minutes of August 16, 2018, the Integrity Program was approved for Albanesi Group companies, whereby the Code of Ethics and Conduct was strengthened and various policies were implemented: an Anti-corruption policy, a policy related to Presentations for Bidding Processes, and a Policy on Relationship with public officials. A hotline to anonymously report cases of fraud was also established, and other complementary policies are being implemented. The Code also provides for the creation of an Ethics Committee, which is responsible for investigating complaints and for reporting to the Board of Directors. An in-house training program was also implemented for plant managers, syndics, directors, shareholders and key employees, which will extend in the coming weeks to the rest of the employees of the Group in virtual form. Lastly, the Group's structure was reformed to include the Compliance function, which will be under the charge of the Legal Department, now the Corporate Legal and Compliance Management.

NOTE 30: SUBSEQUENT EVENTS

a) Hedging for interest on International Bond

On October 24, 2018, the Company arranged for hedging on the US dollar exchange rate, which gave it certainty as to the dollar exchange rate applicable to the interest on the international bond to be paid on July 26, 2019.

Generación Mediterránea S.A.
Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 30: SUBSEQUENT EVENTS (Cont'd)

b) Borrowings

On October 29, 2018, a loan agreement was signed with the aim of allocating the funds received to investments.

<u>Entity</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Due date</u>
Banco del Chubut	USD 2,000,000	10.5%	Apr-19

NOTE 31: FINANCIAL STATEMENTS TRANSLATION INTO ENGLISH LANGUAGE

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

Summary of Activity at 30 September, 2018 and 2017

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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.

	Nine-month period ended September 30:			
	2018	2017	Variation	Variation %
	GWh			
Sales by type of market				
Sales to CAMMESA Res. No. 220	453	486	(33)	(7)
Sales under Energía Plus	522	523	(1)	(0%)
Sales of Electricity Res. No 95/529/482/22/19 plus Spot	95	436	(341)	(78%)
Sales of Electricity Res. No 21	166	3	163	5433%
	<u>1,236</u>	<u>1,448</u>	<u>(212)</u>	<u>(15%)</u>

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

	Nine-month period ended September 30:			
	2018	2017	Variation	Variation %
	(in millions of pesos)			
Sales by type of market				
Sales to CAMMESA Res. No. 220	1,539.0	827.0	712.0	86%
Sales under Energía Plus	1,057.1	840.5	216.6	26%
Sales of Electricity Res. No 95/529/482/22/19 plus Spot	284.9	87.7	197.2	225%
Sales of Electricity Res. No 21	1,100.0	31.1	1,068.9	3437%
	<u>3,981.0</u>	<u>1,786.3</u>	<u>2,194.7</u>	<u>123%</u>

Summary of Activity at 30 September, 2018 and 2017

(Loss)/profit for the nine-month period ended 30 September, 2018 and 2017 (in thousands of pesos):

	Nine-month period ended September 30:			
	2018	2017	Variation	Variation %
Sales of energy	3,981.0	1,786.3	2,194.7	123%
Net sales	3,981.0	1,786.3	2,194.7	123%
Purchase of electricity	(805.8)	(606.6)	(199.2)	33%
Gas and diesel consumption by the plant	(91.8)	(107.2)	15.4	(14%)
Salaries, social security charges and employee benefits	(108.6)	(77.3)	(31.3)	40%
Defined benefit plan	(9.4)	-	9.4	100%
Maintenance services	(273.5)	(125.8)	(147.7)	117%
Depreciation of property, plant and equipment	(438.0)	(177.6)	(260.4)	147%
Insurance	(29.0)	(17.7)	(11.3)	64%
Taxes, rates and contributions	(10.9)	(12.1)	1.2	(10%)
Others	(17.4)	(10.8)	(6.6)	61%
Cost of sales	(1,784.4)	(1,134.9)	(649.5)	57%
Gross income/(loss)	2,196.6	651.4	1,545.2	237%
Taxes, rates and contributions	(2.6)	(1.2)	(1.4)	117%
(Loss) Recovery of Turnover tax	(19.6)	19.6	39.2	200%
Selling expenses	(22.3)	18.4	(40.7)	(221%)
Salaries, social security charges and employee benefits	(0.3)	(0.4)	0.1	(25%)
Fees and compensation for services	(72.0)	(25.2)	(46.8)	186%
Directors' fees	(0.2)	-	(0.2)	100%
Per diem, travel and representation expenses	(1.7)	(1.0)	(0.7)	0.70%
Leases	(3.6)	(2.9)	(0.7)	24%
Office expenses	(2.8)	(3.1)	0.3	(10%)
Sundry	(1.9)	(1.9)	0.0	0%
Administrative expenses	(82.4)	(34.5)	(47.9)	139%
Other income	1.3	14.6	(13.3)	(91%)
Other expenses	(222.5)	-	(222.5)	100%
Operating income	1,870.6	649.8	1,220.8	188%
Commercial interest earned	28.1	31.3	(3.2)	(10%)
Loan interest	(849.4)	(191.7)	(657.7)	343%
Tax and commercial interest paid	(14.9)	(18.9)	4.0	(21%)
Bank expenses and commissions	(10.4)	(3.1)	(7.3)	235%
Exchange differences, net	(10,293.9)	(51.3)	(10,242.6)	19966%
Other financial results	636.1	(37.0)	673.1	(1819%)
Financial and holding results, net	(10,504.4)	(270.6)	(10,233.8)	3782%
(Loss)/profit before tax	(8,633.8)	379.2	(9,013.0)	(2377%)
Income tax	2,147.5	(148.4)	2,295.9	(1547%)
Net (loss)/profit for the period	(6,486.2)	230.8	(6,717.0)	(2910%)

Summary of Activity at 30 September, 2018 and 2017

	Nine-month period ended September 30:			
	2018	2017	Variation	Variation %
	(in millions of pesos)			
Other comprehensive income for the period				
Revaluation of property, plant and equipment	11,940.9	-	11,940.9	100%
Impact on income tax	(2,985.2)	-	(2,985.2)	100%
Other comprehensive income for the period	8,955.7	-	8,955.7	100%
Total comprehensive income for the period	2,469.5	230.8	2,238.7	970%

Sales:

Net sales for the nine-month period ended 30 September, 2018 amounted to \$3,981.0 million, compared to \$1,786.3 million for the same period in 2017, showing an increase of \$2,194.7 million (or 123%).

During the first nine months of 2018, energy dispatch reached 1,236 GWh, 15% lower than the 1,448 GWh for the same period in 2017.

The main sources of income of the Company and their performance during the nine-month period ended 30 September, 2018 compared to the same period of the prior year are described below:

- (i) \$1,057.1 million from sales under Energía Plus, up 26% from the \$840.5 million sold in the same period of 2017. This variation is attributed to the favorable effect on prices due to a higher exchange rate.
- (ii) \$1,539.0 million for sales of electricity in the forward market to CAMMESA under the framework of Resolution No. 220/07, which accounted for an increase of 86% from the \$827.0 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) \$284.9 million for sales of energy under Resolutions Nos. 95/529/482/22/19 and spot market, accounting for a 225% increase with regard to the \$87.7 million for the same period of 2017. This variation is explained by the favorable effect on the price as a result of the increase in the exchange rate.
- (iv) \$1,100.0 million from sales under Energía Plus, up 3,437% from the \$31.1 million sold in the same period of 2017. 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 three-month period ended 30 September, 2018 reached \$1,784.4 million, compared with \$1,134.9 million for the same period of 2017, reflecting an increase of \$649.5 million (or 57%).

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:

Summary of Activity at 30 September, 2018 and 2017

- (i) \$805.8 million corresponding to purchases of electricity, representing an increase of 33% compared to \$606.6 million recorded for the same period of 2017, due to the effect of the exchange rate variation.
- (ii) \$91.8 million for gas and diesel consumption at the plant, representing a decrease of 14% as against \$107.2 million for the same period of 2017. This variation was attributed to a change in the calculation of gas consumption by CAMMESA.
- (iii) \$273.5 million in maintenance services, up 117% from the \$125.8 million for the same period of 2017. This increase is explained by the higher dollar exchange rate and the start-up of the new turbines.
- (iv) \$438.0 million for depreciation of PP&E, up 147% from the \$177.6 million for the same period of 2017. This variation was mainly due to the higher depreciation value of buildings, installations and machinery as a result of their revaluation at 31 December, 2017 and 30 June, 2018.
- (v) \$108.6 million for salaries and social security contributions, which represented a 40% increase compared to \$77.3 million for the same period in 2017, mainly attributable to the fact that part of the staff was not directly devoted to new projects as they were completed and finished.
- (vi) \$29.0 million in insurance, up 64% from the \$17.7 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):

Gross profit recorded for the nine-month period ended 30 September, 2018 was \$2,196.6 million, compared with a profit of \$651.4 million for the same period in 2017, accounting for a 237% increase. This was attributable to the exchange rate variation and the start-up of the new turbines.

Selling expenses:

Selling expenses for the nine-month period ended 30 September, 2018 amounted \$22.3 million loss, compared with \$18.4 million profit for the same period of 2017, reflecting an increase of \$40.7 million (or 221%).

Administrative expenses:

The administrative expenses for the nine-month period ended 30 September, 2018 amounted to \$82.4 million, compared to \$34.5 million for the same period of 2017, reflecting an increase of \$47.9 million (or 139%).

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

- (i) \$72.0 million in fees and compensation for services, up 186% from the \$25.2 million for the same period of the 2017.
- (ii) \$3.6 million in leases, which represented a 24% increase compared to \$2.9 million for the same period of 2017, due to the increment in the price of the lease agreement of the administrative offices.

Summary of Activity at 30 September, 2018 and 2017

Other expenses:

Other operating expenses for the period ended 30 September, 2018 amounted to \$222.5 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 27).

Operating profit/(loss):

Gross income for the nine-month period ended 30 September, 2018 was \$1,870.7 million, compared to a profit of \$649.8 million for the same period in 2017, accounting for a 188% increase.

Financial results:

Financial results for the nine-month period ended 30 September, 2018 amounted to a total loss of \$10,504.4 million, compared with a loss of \$270.6 million for the same period in 2017, which accounted for an increase of 3.782%.

The most salient aspects of this variation are as follows:

- (i) \$849.4 million loss corresponding to financial interest, up 343% from the \$191.7 million loss for the same period of 2017 as a result of an increase in the financial debt generated by investment projects.
- (ii) \$636.1 million loss for other financial results, a 1,819% decrease from the \$37.0 million loss for the same period in 2017.
- (iii) \$10,293.9 million loss due to net exchange differences, reflecting an increase of 19,966% compared to \$51.3 million loss for the same period in the previous year.

Income/(loss) for the period:

The Company reported loss before tax for \$8,633.8 million for the nine-month period ended 30 September, 2018, as against \$379.2 million profit for the same period of 2017, which accounted for a decrease of 2,377%. This variation is mainly due to the changes in the exchange rate, changes in the fair value of financial instruments, changes in loan interest and increment in the gross profit/(loss).

Income tax for the current period amounted to \$2,147.5 million profit, compared to \$148.4 million loss for the same period in the previous year. Thus obtaining income before income tax for \$6,486.2 million compared with \$230.8 million of income for the year 2017.

Comprehensive income for the period:

Other comprehensive income for the period amounted to \$8,955.7 for the nine-month period ended 30 September, 2018, up 100% from the same period in 2017, and includes the revaluation of property conducted on June 30 and September 30, 2018, and its corresponding effect on Income tax.

Total comprehensive income for the period amounts to \$ 2,469.5 million, a 970% increase compared to \$230.8 million for the same period in 2017.

Summary of Activity at 30 September, 2018 and 2017

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

	9.30.2018	9.30.2017	9.30.2016	9.30.2015	9.30.2014
Non-current Assets	23,698.2	9,909.4	3,045.3	866.6	900.7
Current Assets	4,017.1	1,990.9	2,331.3	200.6	251.2
Total Assets	27,715.3	11,900.3	6,276.6	1,066.6	1,151.9
Shareholders' equity	5,109.6	2,212.2	1,257.5	460.5	475.5
Total Shareholders' equity	5,109.6	2,212.2	1,257.5	460.5	475.5
Non-Current Liabilities	17,570.6	7,355.5	4,559.4	385.6	342.7
Current Liabilities	5,035.0	2,332.6	459.7	220.5	333.7
Total Liabilities	22,605.7	9,688.1	5,019.1	606.1	676.4
Total Shareholders' equity and Liabilities	27,715.3	11,900.3	6,276.6	1,066.6	1,151.9

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

	9.30.2018	9.30.2017	9.30.2016	9.30.2015	9.30.2014
Ordinary operating income	1,870.6	649.8	336.5	106.2	95.0
Financial and holding results	(10,504.4)	(270.6)	(233.6)	(73.2)	(90.3)
Ordinary net income/(loss)	(8,633.8)	379.2	102.9	33.0	4.7
Income tax	2,147.5	(148.4)	(44.3)	(11.4)	(2.8)
(Loss)/income for the year	(6,486.2)	230.8	58.6	21.6	1.9
Other comprehensive income	8,955.7	-	-	-	358.9
Total comprehensive income	2,469.5	230.8	58.6	21.6	360.8

Summary of Activity at 30 September, 2018 and 2017

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

	9.30.2018	9.30.2017	9.30.2016	9.30.2015	9.30.2014
Funds generated by (applied to) operating activities	1,266.4	402.2	(655.2)	135.0	85.1
Funds (applied to) investment activities	(1,115.2)	(1,814.8)	(1,030.8)	(12.9)	(2.8)
Funds (applied to) generated by operating activities	(207.1)	1,017.5	3,032.0	(89.6)	(66.0)
(Decrease) / Increase in cash and cash equivalents	(55.9)	395.1	1,346.0	32.5	(16.3)

5. Ratios presented comparatively with the previous period:

	9.30.2018	9.30.2017	9.30.2016	9.30.2015	9.30.2014
Liquidity (1)	0.80	0.85	7.03	0.91	0.75
Solvency (2)	0.23	0.23	0.25	0.76	0.70
Tied-up capital (3)	0.86	0.83	0.49	0.81	0.78
Indebtedness ratio (4) (*)	5.63	6.01	8.15	1.25	1.75
Interest coverage ratio (5)	3.19	4.65	2.53	2.75	1.68
Profitability (6)	(1.77)	0.13	0.07	0.05	0.01

(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 27).

Summary of Activity at 30 September, 2018 and 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.

Under SEE Resolution 287 - E/2017 dated May 10, 2017, the Energy Secretariat instructed CAMMESA to call for tenders for new thermal generation and co-generation with closed combined cycle technology, with a commitment to be available to satisfy demand in the WEM.

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

One of those projects is the closure of the combined cycle of the TG06 and TG07 units at CTMM, located in Río Cuarto. The project consists in the installation of a new 50 MW Siemens SGT800 gas turbine (with a guaranteed power of 47.5 MW) and the conversion into combined cycle of the three gas turbines (3x1 configuration). For such conversion, a recovery boiler will be installed at the gas turbines exit, which will produce steam in two pressures to feed a SST-600 steam turbine that will deliver a further 65 MW to the network; also, the necessary infrastructure will be installed for its operation and maintenance. The project for 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.

Summary of Activity at 30 September, 2018 and 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.

Additional information required by Section 12, Chapter III, Title IV, of the National Securities Commission regulations, for the nine-month period ended September 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
	\$								
Age due									
1st quarter	1,860,914,889	129,120,000	368,187,365	1,056,395,998	1,117,832,709	29,188,159	11,539,834	318,441	138,020,424
2nd quarter	-	423,464,000	63,880,938	289,669,654	1,167,034,479	1,514,238	-	318,443	-
3rd quarter	-	-	63,880,938	361,508,786	121,466,788	1,514,238	-	318,443	-
4th quarter	-	-	827,680,914	408,855,487	327,716,788	1,514,238	-	318,443	-
More than 1 year	-	-	62,800,688	1,687,325,620	14,238,100,884	-	1,630,533,679	9,323,740	-
Subtotal	1,860,914,889	552,584,000	1,386,430,843	3,803,755,545	16,972,151,648	33,730,873	1,642,073,513	10,597,510	138,020,424
Past due	-	-	-	-	-	-	-	-	-
Without stated amount	92,916,849	-	-	-	-	-	-	-	-
Total at 9/30/2018	1,953,831,738	552,584,000	1,386,430,843	3,803,755,545	16,972,151,648	33,730,873	1,642,073,513	10,597,510	138,020,424
Non-interest bearing	1,860,914,889	552,584,000	647,278,081	2,734,331,715	-	33,730,873	1,642,073,513	10,597,510	138,020,424
At fixed rate	-	-	-	1,069,423,830	15,000,199,650	-	-	-	-
At floating rate	92,916,849	-	739,152,762	-	(1) 1,971,951,998	-	-	-	-
Total at 9,30,2018	1,953,831,738	552,584,000	1,386,430,843	3,803,755,545	16,972,151,648	33,730,873	1,642,073,513	10,597,510	138,020,424

(1) See Note 17 to the Interim Condensed Financial Statements at September 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 9.30.2018	Amount recorded at 12.31.2017
			\$	
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents				
Cash	USD 1,594	41.050	65,452	65,452
Banks	USD 168,771	41.050	6,928,042	4,703,870
Trade receivables				
Trade payables - Energía Plus	USD 9,050,200	41.050	371,510,730	182,490,950
Trade payables- Res. 220/07 - Res. 19/17 - Res. 21/17	USD 33,631,752	41.050	1,380,583,428	738,415,862
Trade payables - Rental of tanks	USD 641,404	41.050	26,329,617	11,897,395
Total current assets			1,785,417,269	937,573,529
Total Assets			1,785,417,269	937,573,529
LIABILITIES				
CURRENT LIABILITIES				
Trade payables				
Related parties	USD 7,879,355	41.150	324,235,439	226,100,347
Suppliers	USD 5,259,682	41.250	216,961,866	81,617,533
Suppliers	SEK 220,120,954	4.672	1,028,359,314	660,482,514
Financial debt				
Loans	USD 53,850,686	41.250	2,221,340,793	301,231,671
Total current liabilities			3,790,897,412	1,269,432,065
NON-CURRENT LIABILITIES				
Trade payables				
Suppliers	USD 22,752,087	41.250	938,523,578	223,788,000
Suppliers	SEK 160,281,545	4.672	748,802,042	559,224,955
Financial debt				
Loans	USD 337,530,100	41.250	13,923,116,645	6,023,045,441
Total non-current liabilities			15,610,442,265	6,806,058,396
Total liabilities			19,401,339,677	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 companies Sect. 33, Law No. 19550:

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

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

See Note 19 to the interim condensed financial statements at September 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 September 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 341,000,000	USD 179,937,714
Contractors' all-risk - Enlargement of power plant - advance loss of profit (ALOP)	USD 116,986,000	USD 69,400,838
Civil Liability (excess coverage)	USD 9,000,000	USD 9,000,000
Civil Liability (primary)	USD 6,000,000	USD 6,000,000
Directors and Officers liability insurance	USD 15,000,000	USD 15,000,000
Automobile	\$ 3,569,140	\$ 1,606,000
Transport insurance, Argentine and international market	USD 10,000,000	USD 10,000,000
Directors' bond	\$ 500,000	\$ 450,000
Customs bond	\$ 361,832,779	\$ 1,412,444,971
Financial bond	\$ 175,150,000	\$ 175,150,000
Environmental bond	\$ 62,179,579	\$ 18,262,245
Contract execution bond	\$ 950,000	\$ 10,716,549
ES Bond	\$ 912,760,422	\$ 912,760,422
Bond for commercial authorization of projects	\$ 637,783,020	\$ 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	\$ 750,000	\$ 550,000
Personal accidents	USD 500,000	USD 500,000
- Mandatory life insurance	\$ 55,000	\$ 44,330
- 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.

Contractors' all-risk and ALOP:

Contractors' all-risk insurance covers all accidental or unforeseeable damages occurred during the execution of a civil work, including damages caused by acts of God, except for those expressly excluded.

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

Civil liability:

These policies cover 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.

Directors and Officers (D&O) liability insurance:

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

It also covers the company in case of stock-exchange claims or from holders of bonds or securities.

It covers the personal equity of present, past or future directors and/or executives, and the company's exposure to capital market issues.

Automobile insurance:

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

Personal accidents insurance:

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

Transport insurance:

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

Directors' qualification bond:

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

Customs Guarantees:

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

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

Financial bond:

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

Contract execution bond:

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

ENES Bond:

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

Judicial bond:

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

These coverages apply both in cases in which the judge hearing the case has ordered the lock of a provisional remedy, and in those in which the constitution of a counterbond has been arranged. Replacement of provisional remedies: the provisional remedy can be substituted by the defendant in a lawsuit through this policy, thereby releasing the equity affected by such measure.

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

Environmental bond:

The environmental bond for damage with group incidence covers the environmental bond established by the General Environmental Law No. 25675, Section 22, as required by the enforcement authorities.

Technical insurance for contractor teams:

Covers damages suffered by machinery and equipment from the moment they are performing their specific function and / or in land storage, including their eventual transit and ground transportation.

Mandatory life insurance:

The employer must take out mandatory life insurance coverage for its employees. It covers the risk of death of worker in an employment relationship, for any cause, without limitations of any kind, 24 hours a day, in or outside the country.

The insured amount is \$ 55,000, as established by the National Insurance 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.

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.

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.

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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 CONDENSED INTERIM 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 Registration Number: 33-71194489-9

Introduction

We have reviewed the accompanying condensed interim financial statements of Generación Mediterránea S.A. ("the Company"), including the Statement of financial position at September 30, 2018, the Statement of comprehensive income for the nine- and three-month periods ended September 30, 2018, the Statements of changes in equity and of cash flows for the nine-month period then ended, and the selected explanatory notes.

The balances and other information corresponding to the fiscal year 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 these condensed interim financial statements in accordance with the accounting standards set forth by the National Securities Commission (CNV). As stated in Note 3 to the accompanying financial statements, these accounting standards are based on the application of International Financing Reporting Standards (IFRS) and, particularly, International Accounting Standard 34 *Interim Financial Reporting* (IAS 34). Such standards have been adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) and were used in the preparation of the financial statements, except only for the application of International Accounting Standard 29 (IAS 29), which was excluded by the CNV from its accounting standards.

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

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and approved by the International Auditing and Assurance Standards Board (IAASB). A review of interim financial information consists of inquiries of Company staff responsible for preparing the information included in the condensed interim financial statements and of 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 makes 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 the accounting standards set forth by the CNV.

Emphasis of matter paragraph

Without modifying our conclusion, we call attention to Note 3 to the accompanying condensed interim financial statements, which describes in a qualitative way the difference between the financial reporting standards of the CNV and the IFRS, taking into account that the application of IAS 29 was excluded by the CNV from its accounting standards.

Report on compliance with current regulations

In accordance with current regulations, we report, in connection with Generación Mediterránea S.A., that:

- a) the condensed interim financial statements of Generación Mediterránea S.A. have been transcribed into the Inventory and Balance Sheet book and as regards those matters that are within our field of competence, they are in compliance with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission;
- b) the condensed interim financial statements of Generación Mediterránea S.A. arise from accounting records carried in all formal aspects in accordance with legal requirements;



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- c) we have read the summary of activity and the additional information to the notes to the condensed interim financial statements required by Section 12, Chapter III, Title IV of the National Securities Commission regulations, on which, as regards those matters that are within our field of competence, we have no observations to make;
- d) at September 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 \$3,211,775 , none of which was claimable at that date.

City of Buenos Aires, November 9, 2018

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Raúl Leonardo Viglione

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 September 30, 2018, the statement of comprehensive income for the nine and three-month period ended September 30, 2018, the statements of changes in equity and of cash flows for the nine-month period then ended, and the selected explanatory notes. The balances and other information corresponding to the fiscal year 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 at the same date as this report without observations. A review of interim financial information consists of making inquiries of the Company's personnel responsible for preparing the information included in the interim condensed 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, November 9, 2018

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Marcelo P. Lerner
Full Syndic
For the Syndics' Committee