

# **Generación Mediterránea S.A.**

**SPECIAL FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015  
PRESENTED IN COMPARATIVE FORMAT**

# **Generación Mediterránea S.A.**

## **SPECIAL FINANCIAL STATEMENTS AT DECEMBER 31, 2015 PRESENTED IN COMPARATIVE FORMAT**

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Independent Auditors' Report

## 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 special financial statements of the Company.

Terms	Definitions
/day	Per day
AISA	Albanesi Inversora S.A.
AJSA	Alba Jet S.A.
ASA	Albanesi S.A.
AFIP	Federal Administration of Public Revenue
AFSA	Albanesi Fuegoína S.A.
AISA	Albanesi Inversora S.A.
AVRC	Alto Valle Río Colorado S.A.
AVSA	Albanesi Venezuela S.A.
BADLAR	Interest rates paid by financial institutions on their time deposits for over one million pesos.
BADCOR	Adjusted BADLAR rate
BDD	Bodega del Desierto S.A.
BCRA	Argentine Central Bank
CAMMESA	Compañía Administradora del Mercado Mayorista Eléctrico S.A.
CC	Combined cycle
IFRIC	International Financial Reporting Interpretations Committee
CNV	National Securities Commission
CTR	Central Térmica Roca S.A.
CVP	Variable Production Cost
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. and its subsidiaries
Energía Plus	Plan created under ES Resolution 1281/06
ENRE	National Electricity Regulatory Authority
EPEC	Empresa Provincial de Energía de Córdoba
FACPCE	Argentine Federation of Professional Councils in Economic Sciences
FONINVEMEM	Fund for investments required to increase the electric power supply in the WEM
GE	General Electric
GMSA	Generación Mediterránea S.A.
GFSA	Generación Frías S.A.
GISA	Generación Independencia S.A.
GLBSA	Generación La Banda S.A.
Large Users	WEM agents classified according to their consumption into: GUMAs, GUMEs, GUPAs and GUDIs
GRISA	Generación Riojana S.A.

## GLOSSARY OF TECHNICAL TERMS (Cont'd)

Terms	Definitions
GROSA	Generación Rosario S.A.
GUDIs	Large Demand from Distributors, with declared or demanded supplies of over 300kW.
GUMAs	Major Large Users
GUMEs	Minor Large Users
GUPAs	Particular Large Users
GW	Gigawatt Unit of power equivalent to 1,000,000,000 watts
GWh	Gigawatt hour Unit of energy equivalent to 1,000,000,000 watts hour
IASB	International Accounting Standards Board
IGJ	Superintendency of Commercial Companies
kV	Kilovolt Unit of electromotive force which is equal to 1,000 volts
kW	Kilowatt Unit of power equivalent to 1,000 watts
kWh	Kilowatt hour Unit of energy equivalent to 1,000 watts hour
LGS	General Companies Law
LVFVD	Sales liquidations with maturity date to be defined
MAT	Futures market
MAPRO	Major Scheduled Maintenance
WEM	Wholesale Electric Market
MMm3	Million cubic meters
MW	Megawatt Unit of power equivalent to 1,000,000 watts
MWh	Megawatt hour Unit of energy equivalent to 1,000,000 watts hour
MVA	Mega-volt ampere, unit of energy equivalent to 1 volt x 1 ampere x 106
ARG GAAP	Argentine GAAP
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
ON	Negotiable obligations
PWPS	Pratt & Whitney Power System Inc
Resolution 220/07	Regulatory framework for the sale of energy to CAMMESA through the "WEM Supply Contract" under Energy Secretariat Resolution No. 220/07
GR	General Resolution
RGA	Rafael G. Albanesi S.A.
RT	Technical pronouncements
TRASNOA S.A.	An electric power carriage company by means of a trunk line in the Argentine Northwestern region
SADI	Argentine Interconnection System
ES	Energy Secretariat
CGU	Cash-Generating Unit

# **Generación Mediterránea S.A.**

Composition of the Board of Directors and Syndics' Committee  
as of December 31, 2015

## **President**

Armando R. Losón

## **Vice-president 1º**

Guillermo G. Brun

## **Vice-president 2º**

Julián P. Sarti

## **Directors**

Carlos A. Bauzas

Sebastián A. Sánchez Ramos

Oscar C. De Luise

Roberto J. Volonté

## **Deputy Directors**

Armando Losón (h)

José Leonel Sarti

Juan G. Daly

María de los Milagros D. Grande

Ricardo M. López

Romina S. Kelleyian

## **Full Syndics**

Enrique O. Rucq

Marcelo P. Lerner

Francisco A. Landó

## **Alternate Syndics**

Santiago R. Yofre

Carlos I. Vela

Augusto N. Arena

## Legal information

Company Name: Generación Mediterránea S.A.

Legal domicile: Av. L.N. Alem 855, piso 14, Ciudad Autónoma de Buenos Aires.

Main business activity: Generation and sale of electric energy Development of energy projects, execution of projects, provision of advisory services, construction management and building of any nature, making of investments and financial transactions of any kind, except for those under Law No. 21526.

Registration with the Superintendency of Commercial Companies:

By-laws January 28, 1993  
Last amendment: October 15, 2015 (in progress)

Registration number with the Superintendency of Commercial Companies: No. 644 of Book 112, Volume "A" of Corporations

Tax ID: No. 30-68243472-0

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


Parent company: Albanesi S.A.  
Legal address: Av. L.N. Alem 855, piso 14, Ciudad Autónoma de 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 13)	
Class of shares	Subscribed, registered and paid-in
	\$
Ordinary, registered, non-endorsable shares of \$1 nominal value each and entitled to 1 vote per share.	76,200,073

  
Marcelo P. Lerner  
For the Syndics' Committee

See our report dated  
March 8, 2016  
PRICE WATERHOUSE & CO. S.R.L.  
(Partner)  
C.P.C.E.C.A.B.A. T° 1 F° 17  
Dr. Carlos Horacio Rivarola  
Public Accountant (UBA)  
C.P.C.E.C.A.B.A. T° 124 F° 225

  
Armando R. Losón  
President

# Generación Mediterránea S.A.

## Statement of financial position At December 31, 2015, presented in comparative format Stated in pesos

	Note	12.31.15	12.31.14	12.31.13
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	7	1,206,180,895	883,251,135	361,334,117
Investments in Companies	36	129,861	282	282
Other receivables	11	-	1,264,526	4,654,106
Trade receivables	10	3,558,538	3,558,596	2,013,338
<b>Total non-current assets</b>		<b>1,209,869,294</b>	<b>888,074,539</b>	<b>368,001,843</b>
<b>CURRENT ASSETS</b>				
Materials and spare parts	9	7,326,530	4,774,774	1,400,227
Other receivables	11	122,828,721	14,217,143	11,446,836
Income tax credit balance, net		1,601,673	9,060,382	-
Trade receivables	10	188,161,520	245,277,982	202,322,381
Cash and cash equivalents	12	3,094,280	10,842,591	2,232,566
<b>Total current assets</b>		<b>323,012,724</b>	<b>284,172,872</b>	<b>217,402,010</b>
<b>Total Assets</b>		<b>1,532,882,018</b>	<b>1,172,247,411</b>	<b>585,403,853</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share Capital	13	76,200,073	76,200,073	76,200,073
Legal reserve		2,439,117	2,049,604	1,665,132
Optional reserve		19,870,827	36,348,487	29,043,525
Retained earnings and accumulated losses		33,487,164	14,312,602	7,689,434
Technical revaluation reserve		567,352,214	352,385,973	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>699,349,395</b>	<b>481,296,739</b>	<b>114,598,164</b>
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
Allowances and Provisions	21	9,949,496	10,581,411	7,287,451
Deferred tax liabilities, net	20	336,000,075	210,148,983	12,212,086
Other liabilities	16	-	145,000	145,000
Tax payables	19	-	8,803	1,117,575
Loans	17	170,222,514	89,691,954	150,246,223
<b>Total non-current liabilities</b>		<b>516,172,085</b>	<b>310,576,151</b>	<b>171,008,335</b>
<b>CURRENT LIABILITIES</b>				
Allowances and Provisions	21	-	-	901,136
Current income tax, net		-	-	1,706,587
Other liabilities	16	145,000	-	-
Tax payables	19	2,918,969	8,796,831	9,660,955
Salaries and social security charges	18	3,652,084	1,851,737	3,226,038
Loans	17	118,295,977	148,541,989	113,711,594
Trade payables	15	192,348,508	221,183,964	170,591,044
<b>Total current liabilities</b>		<b>317,360,538</b>	<b>380,374,521</b>	<b>299,797,354</b>
<b>Total Liabilities</b>		<b>833,532,623</b>	<b>690,950,672</b>	<b>470,805,689</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>1,532,882,018</b>	<b>1,172,247,411</b>	<b>585,403,853</b>

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

Marcelo P. Lerner  
For the Syndics' Committee

See our report dated  
March 8, 2016  
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. T° 1 F° 17  
Dr. Carlos Horacio Rivarola  
Public Accountant (UBA)  
C.P.C.E.C.A.B.A. T° 124 F° 225

Armando R. Losón  
President

# Generación Mediterránea S.A.

## Statement of comprehensive income For the years ended December 31, 2015, 2014 and 2013 Stated in pesos

	Note	12.31.15	12.31.14	12.31.13
Sales revenue	22	932,988,647	731,182,333	706,238,943
Cost of sales	23	(735,654,543)	(576,895,557)	-593,773,978
<b>Gross income</b>		<b>197,334,104</b>	<b>154,286,776</b>	<b>112,464,965</b>
Selling expenses	24	(1,456,348)	(4,667,211)	(6,266,981)
Administrative expenses	25	(26,562,722)	(12,768,857)	(6,583,090)
Other operating income and expenses	26	320,121	71,425	7,673,932
<b>Operating income</b>		<b>169,635,155</b>	<b>136,922,133</b>	<b>107,288,826</b>
Financial income	27	3,426,477	4,307,151	1,191,046
Financial costs	27	(91,472,150)	(95,183,669)	(77,876,336)
Other financial results	27	(15,899,310)	(27,830,781)	(17,437,391)
<b>Financial results, net</b>		<b>(103,944,983)</b>	<b>(118,707,299)</b>	<b>(94,122,681)</b>
<b>Income before tax</b>		<b>65,690,172</b>	<b>18,214,834</b>	<b>13,166,145</b>
Income tax	20	(24,242,434)	(10,424,572)	(5,476,711)
<b>Income for the year</b>		<b>41,447,738</b>	<b>7,790,262</b>	<b>7,689,434</b>
Revaluation of property, plant and equipment		350,777,949	552,166,636	-
Impact on income tax	20	(122,772,282)	(193,258,323)	-
<b>Other comprehensive income for the year</b>		<b>228,005,667</b>	<b>358,908,313</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>269,453,405</b>	<b>366,698,575</b>	<b>7,689,434</b>
<b>Earnings per share</b>				
Basic and diluted earnings per share	28	0.54	0.1022	0.1009

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

See our report dated  
March 8, 2016

PRICE WATERHOUSE & CO. S.R.L.  
(Partner)  
C.P.C.E.C.A.B.A. T° 1 F° 17

Dr. Carlos Horacio Rívarola  
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Marcelo P. Lerner  
For the Syndics' Committee

Armando R. Losón  
President



# Generación Mediterránea S.A.

## Statement of changes in equity For the years ended December 31, 2015, 2014 and 2013 Stated in pesos

	Share Capital (Note 13)	Legal reserve	Optional reserve	Technical revaluation reserve	Unappropriated retained earnings	Total shareholders' equity
<b>Balances at December 31, 2012:</b>	76,200,073	1,567,386	27,186,366	-	1,954,905	106,908,730
Allocation of resources agreed by the Ordinary Shareholders' Meeting dated March 19, 2013	-	-	-	-	-	-
- Setting up of legal reserve	-	97,746	-	-	-	-
- Setting up of optional reserve for future investments	-	-	-	-	(97,746)	-
Comprehensive income for the year	-	-	1,857,159	-	(1,857,159)	-
<b>Balances at December 31, 2013</b>	76,200,073	1,665,132	29,043,525	-	7,689,434	114,598,164
Setting up of reserve as per Shareholders' Meeting dated April 10, 2014	-	-	-	-	-	-
- Setting up of legal reserve	-	384,472	-	-	-	-
- Setting up of optional reserve	-	-	7,304,962	-	-	-
Other comprehensive income for the year	-	-	-	-	(384,472)	-
Reversal of technical revaluation reserve	-	-	-	358,908,313	(7,304,962)	-
Comprehensive income for the year	-	-	-	(6,522,340)	-	-
<b>Balances at December 31, 2014</b>	76,200,073	2,049,604	36,348,487	352,385,973	6,522,340	481,296,739
Setting up of reserve as per Shareholders' Meeting dated April 14, 2015	-	-	-	-	7,790,262	-
- Setting up of legal reserve	-	389,513	-	-	-	-
- Distribution of dividends	-	-	-	-	(389,513)	-
- Reversal of optional reserve	-	-	(14,000,000)	-	(21,400,749)	-
- Setting up of optional reserve	-	-	6,522,340	-	14,000,000	-
Allocation of results as per the Board of Directors' Meeting dated September 7, 2015	-	-	-	-	(6,522,340)	-
- Distribution of dividends in advance	-	-	-	-	-	-
Reversal of optional reserve as per Shareholders' Meeting dated October 21, 2015	-	-	(9,000,000)	-	(21,000,000)	-
- Distribution of dividends	-	-	-	-	9,000,000	-
Other comprehensive income for the year	-	-	-	-	(9,000,000)	-
Reversal of technical revaluation reserve	-	-	-	228,005,667	-	-
Comprehensive income/loss for the year	-	-	-	(13,039,426)	13,039,426	-
<b>Balances at December 31, 2015</b>	76,200,073	2,439,117	19,870,827	567,352,214	33,487,164	699,349,395

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

See our report dated March 8/2016

PRICE WATERHOUSE & CO. S.R.L.  
(Partner)

C.P.C.E.C.A.B.A. T° 1 E° 47

Dr. Carlos Horacio Rivaola  
Public Accountant (UBA)  
C.P.C.E.C.A.B.A. T° 124 F° 225

Armando R. Losón  
President

Marcelo P. Lerner  
For the Syndics' Committee

# Generación Mediterránea S.A.

## Statement of Cash Flows

For the years ended December 31, 2015, 2014 and 2013

Stated in pesos

	Notes	12.31.15	12.31.14	12.31.13
<b>Cash flow provided by operating activities:</b>				
Comprehensive income for the year		41,447,738	7,790,262	7,689,434
<b>Adjustments to arrive at net cash flows provided by operating activities:</b>				
Income tax		24,242,434	10,424,572	5,476,711
Interest accrued, net	27	85,449,479	89,131,139	75,871,486
Depreciation of property, plant and equipment	7 and 23	45,951,039	34,770,152	22,800,154
Proceeds from the sale of property, plant and equipment		-	(56,612)	-
Net carrying value of property, plant and equipment		103,915	-	-
Changes in fair value of investments in companies	36	(129,579)	-	-
Increase in provision for contingencies	21	(631,915)	2,392,824	(3,531,016)
Increase in bad debt allowance	21	-	306,677	-
Exchange differences and other financial results		18,495,504	9,091,738	(2,262,647)
<b>Changes in operating assets and liabilities:</b>				
Decrease (Increase) in trade receivables		64,235,461	(33,708,370)	(77,672,047)
(Increase) in other receivables		(124,130,777)	(18,865,681)	10,991,150
(Increase) in materials and spare parts		(2,001,575)	(3,374,547)	308,998
(Decrease) Increase in trade payables		(47,172,871)	34,911,544	25,564,241
Increase (Decrease) in salaries and social security charges		1,800,347	(1,374,301)	349,082
(Decrease) in tax payables		(3,450,485)	(664,490)	(6,652,205)
<b>Net cash flow provided by operating activities</b>		<b>104,208,715</b>	<b>130,774,907</b>	<b>58,933,341</b>
<b>Cash flow provided by investing activities:</b>				
Acquisition of property, plant and equipment	7	(17,758,222)	(2,965,505)	(10,588,004)
Collection from the sale of property, plant and equipment		-	56,612	-
<b>Net cash flow (used in) investing activities</b>		<b>(17,758,222)</b>	<b>(2,908,893)</b>	<b>(10,588,004)</b>
<b>Cash flow provided by financing activities:</b>				
Loans taken out	17	198,394,183	131,803,750	107,399,063
Payment of loans	17	(180,718,293)	(165,961,155)	(87,760,551)
Payment of interest	17	(65,634,463)	(74,872,886)	(64,534,769)
Payment of dividends		(51,400,749)	-	-
Loans collected from Directors		-	-	5,240,733
<b>Net cash flow (used in) financing activities</b>		<b>(99,359,322)</b>	<b>(109,030,291)</b>	<b>(39,655,524)</b>
<b>NET (DECREASE) INCREASE IN CASH</b>		<b>(12,908,829)</b>	<b>18,835,723</b>	<b>8,689,813</b>
Cash and cash equivalents at the beginning of the year	12	2,256,707	(4,517,841)	(8,634,064)
Financial results of cash and cash equivalents		22,181,765	12,061,175	4,573,590
Cash, cash equivalents at year end	12	(32,833,887)	2,256,707	(4,517,841)
<b>Material transactions not entailing changes in cash</b>				
Acquisition of property, plant and equipment not yet paid	7	(998,730)	(1,555,029)	-
Increase in technical revaluation	7	(350,777,949)	(552,166,636)	-

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

See our report dated  
March 8, 2016

PRICE WATERHOUSE & CO. S.R.L.  
(Partner)

C.P.C.E.C.A.B.A. T° 1 F° 17  
Dr. Carlos Horacio Rivarola  
Public Accountant (UBA)  
C.P.C.E.C.A.B.A. T° 124 F° 225

Marcelo P. Lerner  
For the Syndics' Committee

Armando R. Loson  
President

# Generación Mediterránea S.A.

Notes to the financial statements:  
For the fiscal year ended December 31, 2015,  
presented in a comparative format  
Stated in pesos

## **NOTE 1: GENERAL INFORMATION**

The Company is controlled by ASA with 95% of capital and votes and is domiciled at Av. Leandro N. Alem 855, 14th floor, City of Buenos Aires. The Company's main line of business is the performance of investment and financial activities. ASA acquired the equity interest from Enron Corp. in February 2005.

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.

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


In October 2008, the Company completed the first stage of the project to extend the Power Plant. To this end, two new aero-derivative gas turbines FT8 SwiftPac 60 Pratt & Whitney Power System Inc. ("Pratt & Whitney") were installed and started-up. The units are made up of two aero-derivative gas turbines of 30 MW each, placed in such a manner that they both transmit their power to a single Generator, which offers great operative flexibility.

Continuing with its expansion process, the Company installed a third turbine FT8 SwiftPac 60 Pratt & Whitney of 60 MW in 2010, which became operative in September of that year and reached an installed capacity of 250 MW at the Power Plant.

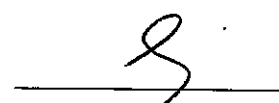
The Power Plant is connected to the Argentine Grid (SADI) through EPEC's high voltage network.

The Company has an Integrated Management System certified under ISO 9001: 2008, ISO 14001:2004 and OHSAS 18001:2007. This shows the continuous effort, commitment and dedication of the employees to maintain operation and maintenance standards, while ensuring compliance with applicable environmental, occupational safety and health regulations.

At present, the Power Plant has a project to increase to 100 MW the existing 250 MW capacity with the installation of two Siemens SGT-800 turbines of nominal 50 MW each, and an investment of more than USD 56 million is estimated for that work, which would start operating in January 2017.

  
Marcelo P. Lerner  
For the Syndics' Committee

See our report dated  
March 8, 2016  
PRICE WATERHOUSE & CO. S.R.L.  
(Partner)  
C.P.C.E.C.A.B.A. T° 1 F° 17

  
Armando R. Losón  
President

**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

**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), basic and surplus demand (ES Resolution 1281/06); from sales to CAMMESA under ES Resolution 220/07; and sales under ES Resolution 482/15. In addition, the excess electricity generated under the modalities of ES Resolutions 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) Regulations on Energía Plus, Resolution 1281/06**

The Energy Secretariat approved Resolution 1281/2006 which provides that the existing energy sold on the Spot Market will follow these priorities:

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

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

As established by this resolution:

- Large Users with demand over 300 KW ("GU300") will be authorized to enter into contracts 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 for 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.

As to the Energía Plus program, at December 31, 2015 almost all the nominal power of 135MW available was under contract. The average term of most of the Energía Plus contracts entered into between the Company and its customers ranges between 1 and 2 years. Sales under this modality are paid by customers directly to the Company.

See our report dated  
March 8, 2016

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. T° 1 F° 17

Marcelo P. Lerner  
For the Syndics' Committee

Armando R. Losón  
President

**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

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

b) Supply Contract with WEM (Resolution 220/07).

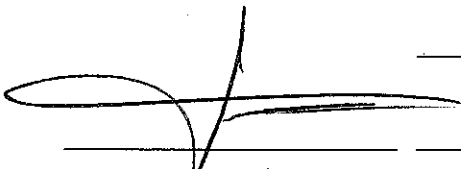
In January 2007, the Energy Secretariat adopted Resolution No. 220/07 authorizing the execution of Supply Contracts between WEM and additional offers of available generation and associated energy submitted by generating, co-generating or self-generating agents which, at the date of publication of the 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 shall be established in each contract based on the costs accepted by the Energy Secretariat. 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.


Further, as envisaged with respect to the Supply Commitment Contracts and for the purpose of mitigating the collection risk of the generating agents, the payment obligations assumed by CAMMESA under those Supply Contracts will rank at least *pari passu* with the recognized operating costs of the thermal power generators.

The Company and CAMMESA entered into a Wholesale Electric Market (WEM) supply contract for 45 MW, for a term of 10 years counted as from October 2010. 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.

This contract sets a 5-component remuneration: i) a fixed charge for the average monthly availability of contracted power, for a price of USD 16.133/MW per month; ii) a fixed charge that recognizes the costs of transportation plus other costs of the generating agents; iii) a variable charge associated with the energy actually provided under the contract, the objective of which is to remunerate operation and maintenance of the power plant (Gas 7,83 USD/MWh – Fuel oil 8,32 USD/MWh); 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.

  
Marcelo P. Lerner  
For the Syndics' Committee

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Armando R. Losón  
President

**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

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

c) Sales under ES Resolution 482/15

On March 22, 2013 the Energy Secretariat published ES Resolution 95/13 that aims at adapting 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 529/14 was published on May 20, 2014, amending and extending application of ES Resolution 95/13. The main change is the increase in the remuneration payable to the generators, implemented through a price increase, as well as the creation of a new item, called Remuneration for Non-recurring Maintenance.

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

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

This new resolution will enable increase the company's operating results, generating an additional cash flow that will improve its working capital position. This resolution provided for its application retroactively to February 2015.

The remuneration schedule updated under Resolution 482/15 basically consists of the following items:

1. Fixed cost: This item adjusts the values recognized for Power Made Available. The remuneration price of available power for Combined Cycles of less than 150 MW increases from 46.50 \$/MW-prh to 59.50 \$/MW-prh. This price may be increased by a percentage established by Resolution 482/15. This percentage will be determined on the basis of the monthly availability or the historical availability, according to the time of year and the technology for generation. The Resolution states that this seasonal percentage can reach up to 110% of the fixed cost determined according to the same Resolution.
2. Variable cost: this cost is paid on the basis of the power generated and the fuel used. The recognized prices rose from 26.80 \$/MWh to 33.10 \$/MWh for the generation of Natural Gas, and from 46.90 \$/MWh to 57.90 \$/MWh for Gas Oil.

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For the Syndics' Committee

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President

**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

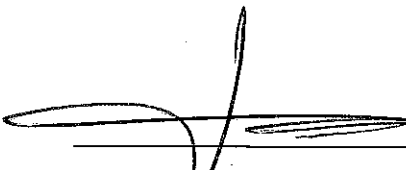

**NOTE 2: REGULATORY ASPECTS RELATED TO THE COMPANY'S POWER GENERATION ACTIVITIES**  
(Cont'd)

c) Sales under ES Resolution 482/15 (Cont'd)

3. Additional remuneration: this remuneration is determined based on total generation and includes two elements: a portion increasing from 10.90 \$ /MWh to 13.70 \$/MWh, which is collected directly, and another increasing from 4,70 \$/MWh to 5.90 \$/MWh, which is allocated to a trust for new investments.
4. Remuneration for non-recurring maintenance, valued at 24.70 \$/MWh (formerly, 21 \$/MWh), determined monthly on the basis of the electricity generated. The accumulated funds can be used for performing non-recurring maintenance works.
5. New charge called "2015-2018 Resource for FONINVEMEM investments" valued at 15.80 \$/MWh, and determined monthly, based on generated power. This accumulated funds will be used for new investments in electric power generation. As a WEM agent and as part of that agreement to increase available thermal power generation, this recognition will enable the Company to participate in the new investments that will be made to diversify the electric power generation plants at a national level.
6. A new schedule of "Incentives to energy production and operating efficiency applicable to thermal power generation":
  - Additional remuneration for production: a remuneration may be received based on the volume of energy produced during the year, varying according to the type of fuel. This increase will be applied to the variable costs at 15% for liquid fuel and 10% for gas/carbon, when it reaches an accumulated value of 25% and 50%, respectively, of annual generation.
  - Additional remuneration for efficiency: an additional remuneration may be received if the fuel consumption objectives are accomplished. Actual consumption will be compared to reference consumption for each machine and type of fuel on a quarterly basis. The percentage difference will be valued at the variable cost of operation and maintenance associated with the respective fuel, and will be recognized as an additional item.

d) Supply of natural gas

The natural gas needed to support the Energía Plus contracts in accordance with the regulations mentioned above is supplied by Rafael G. Albanesi S.A. by means of ES Note 7584/11.

 _____ Marcelo P. Lerner For the Syndics' Committee	<p style="font-size: small;">See our report dated March 8, 2016</p> <p><b>PRICE WATERHOUSE &amp; CO. S.R.L.</b></p> <p style="font-size: small;">(Partner)</p> <p style="font-size: small;">C.P.C.E.C.A.B.A. T° 1 F° 17</p>	 _____ Armando R. Losón President
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**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

**NOTE 3: BASIS FOR PREPARATION AND PRESENTATION OF THE SPECIAL FINANCIAL STATEMENTS**

These special financial statements were prepared for submission to the investors for the Company to obtain funding in the national and international capital market through the issuance of NO.

These financial statements have been prepared in accordance with FACPCE Technical Pronouncement No. 26, which adopts the IFRS issued by the IASB and IFRIC Interpretations. All IFRS effective as of the date of preparation of these financial statements have been applied.

The presentation in the statement of financial position makes a distinction between 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.

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

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


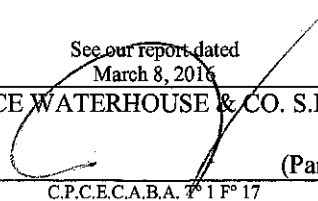

These special financial statements were approved for issuance by the Company's Board of Directors on March 8, 2016.

**Comparative information**

Balances at December 31, 2014 disclosed for comparative purposes arise from financial statements at that date. Certain reclassifications have been included in the financial statement figures presented for comparative purposes to conform them to the current year presentation.

**NOTE 4: ACCOUNTING POLICIES**

The main accounting policies used in the preparation of these financial statements are explained below. These accounting policies have been applied consistently for all the fiscal years presented, unless otherwise indicated.

 _____ Marcelo P. Lerner For the Syndics' Committee	<p style="font-size: small;">See our report dated March 8, 2016</p>  _____ PRICE WATERHOUSE & CO. S.R.L. (Partner) C.P.C.E.C.A.B.A. Tº 1 Fº 17	 _____ Armando R. Losón President
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**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

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

**4.1 Changes in the accounting policies**

**Revaluation of property, plant and equipment**

The Company has changed its accounting policy for the recognition of property, plant and equipment relating to the measurement of land, buildings, facilities and machinery after their initial recognition. Formerly, the Company measured all items of property, plant and equipment based on the cost model established by IAS 16. According to this model, the asset was measured after initial recognition at its acquisition cost less accumulated depreciation and the accumulated amount of impairment losses, if any.

The Company decided to modify as from June 30, 2014 the accounting method for recognizing land, buildings, facilities and machinery classified as property, plant and equipment, for the Company considers that the revaluation model shows the true value of these assets in a more reliable way.



Subsequent to initial recognition, the Company now uses the revaluation model that measures facilities, machinery and buildings at fair value at the date of revaluation less accumulated depreciation and accumulated impairment losses, if any. Company's own land is not depreciated. The Company has applied the exemption established by IAS 8, whereby this change of accounting policy is exempt from retrospective application, including the related stricter disclosure requirements.

**Fair value measurements**

As mentioned earlier, the Company measures certain non-financial assets, such as land, buildings, facilities and machinery classified as property, plant and equipment, at fair value at the end of the reporting period.

External appraisers have participated in the valuation of those assets. Their participation was decided by the Board of Directors, using as selection criteria attributes such as the knowledge of market, reputation, independence and other professional standards. After discussions with the Company's external appraisers, the Board of Directors determined the policies and procedures they should follow, the valuation techniques they should apply and the input data they should use in each case.

The criterion for determining the fair value has been established for the land item, based on its market price. Fair value has been established for buildings, facilities and machinery, based on their depreciated replacement value to brand new.

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**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

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

**4.1 Changes in the accounting policies (Cont'd)**

At the end of each reporting period, the Board of Directors analyzes the changes in the fair value of assets that must be measured or determined on a recurrent and non-recurrent basis, according to the Company's accounting policies. For the purposes of this analysis, the main input data used in the last valuation of contracts, rate issues and other relevant documents are verified, and the changes in fair value of each asset are compared to relevant external sources to determine whether those changes are reasonable.

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


IFRS 9 - Financial instruments: the modification was issued in July 2014. This modification includes in only one place all the stages of the project of IASB to replace IAS 39 Financial instruments: recognition and measurement. Those stages are the classification and measurement of instruments, impairment and hedge accounting. This version includes a new impairment model based on expected losses and certain minor amendments to the classification and measurement of financial assets. The new standard replaces all previous versions of IFRS 9 and is effective for periods beginning on or after January 1, 2018. The Company has adopted the first phase of IFRS 9 at the date of these financial statements.

The determination is made in the initial recognition. The classification depends on the business model of the entity to manage its financial instruments and the characteristics of the instrument's contractual cash flows. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in the income statement, unless this creates an accounting mismatch.

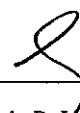
**4.1.2 New standards, modifications and interpretations not yet effective and not early adopted by the Company**

- IFRS 15 "Revenue from Contracts with Customers" was issued in May 2014 and applies for fiscal years beginning on or after January 1, 2017. IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The Company is analyzing the impact; however, it estimates that the application of this interpretation will not have a significant impact on the results of operations or the financial position of the Company.

In September 2014, the IASB published amendments to IFRS which apply to annual periods beginning on or after 1 January 2016, with earlier application being permitted. The Company is analyzing the impact of the application of the modifications; however, it estimates that the application thereof will not have a significant impact on the results of operations or the financial position of the Company.

  
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Armando R. Losón  
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**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

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

**4.1 Changes in the accounting policies (Cont'd)**

**4.1.2 New standards, modifications and interpretations not yet effective and not early adopted by the Company (Cont'd)**

In December 2014, the IASB modified IAS 1 "Presentation of financial statements" to include guidelines for the presentation of financial statements. This standard is effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted. The Company is considering the potential impact of this amendment.

**4.2 Revenue recognition**

**a) Sale of energy**

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

The criteria for revenue recognition from the main activity of the Company is to recognize revenue from the electricity generation activity through the accrual method, comprising the energy and power made available and the energy generated.

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

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

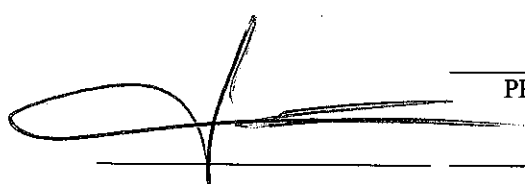
**b) Sale of services**

Service revenue is recognized in the period in which services are provided, on the basis of the degree of compliance with them.


**c) Interest income**

Interest income is recognized applying the effective interest rate method. Interest is recorded on a temporary basis, with reference to the outstanding principal and the applicable effective rate.

Such income is recognized when it is likely that the entity will receive the economic benefits associated with the transaction and the transaction amount can be measured reliably.

  
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For the Syndics' Committee

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Armando R. Losón  
President

**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

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

**4.3 Effects of the foreign exchange rate fluctuations**

**a) Functional and presentation currency**

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

The Company has evaluated and concluded that the conditions set forth by IAS 29 "Financial reporting in hyperinflationary economies" to consider Argentina as a hyperinflationary economy did not occur at the date of these financial statements. These conditions include a cumulative inflation rate over three years that is approaching, or exceeds, 100%. At the date of issue of these financial statements, this rate of inflation, measured as a variation in the Domestic Wholesale Price Index ("WPI") published by the National Statistics and Census Institute, had not been reached. Therefore, these financial statements have not been restated.

When the conditions set forth by IAS 29 to consider Argentina as a hyperinflationary economy occur, the respective financial statements are to be restated as from the date of the latest restatement (March 1, 2003), or the latest revaluation of the assets that were revalued during transition to IFRS.

**b) Transactions and balances**

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

The exchange rates used are: buying exchange rate for monetary assets, selling exchange rate for monetary liabilities, each of them prevailing at year end, as released by Banco Nación, and one-off exchange rate for transactions in foreign currency.

**4.4 Property, plant and equipment**

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

Depreciation of property, plant and equipment begins when it is available for use. Repair and maintenance expenses of property, plant and equipment are recognized in the statement of comprehensive income as incurred.

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For the Syndics' Committee

Armando R. Losón  
President

**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

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

**4.4 Property, plant and equipment (Cont'd)**

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

Facilities, machinery and buildings are measured at fair value less accumulated depreciation and impairment losses, if any, recognized at the revaluation date. Land is measured at fair value and is not depreciated. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value. In addition, at each reporting date, the Company compares the carrying amount of lands, buildings and machinery with their recoverable values, calculated in the manner described below.

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

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

According to IAS 23 "Borrowing costs", financial costs must be capitalized in the cost of an asset when it is in the process of production, construction, assembly or finishing, and those processes are not interrupted due to their long-term nature; the term for production, construction, assembly or finishing does not exceed the period technically required; the activities needed for the asset to be ready for its intended use or sale are not substantially complete; and the asset is not in condition to be used in the production of other assets or placed into service, according to the purpose of its production, construction, assembly or finishing.

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

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For the Syndics' Committee

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President

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Notes to the Special Financial Statements (Cont'd)

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

**4.4 Property, plant and equipment (Cont'd)**

Had land, buildings, facilities and machinery been measured applying the cost model, the carrying amounts would have been the following:

	12.31.15	12.31.14
Cost	484,993,219	479,249,684
Accumulated depreciation	(163,813,364)	(138,130,810)
<b>Residual value</b>	<b>321,179,855</b>	<b>341,118,874</b>

**4.5 Impairment of non-financial assets**

For assets subject to depreciation, an impairment test is performed whenever facts or circumstances suggest that the carrying amount may not be recoverable. An impairment loss is recognized for the amount in which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of the fair value less costs to sell or value in use. The value in use is the total amount of the net discounted cash flows expected to be derived from the use of the assets and from their eventual disposal. To this purpose, the assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset are considered, among other elements. To assess impairment losses, assets are grouped at the lowest level for which cash flows can be identified separately (cash-generating units).

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

The Company has not recorded impairment losses in any of the reporting periods.

The Company has concluded that the carrying amount of land, buildings, facilities and machinery has not exceeded their recoverable value at December 31, 2015.

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For the Syndics' Committee

Armando R. Losón  
President

**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

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

**4.6 Financial assets**

**4.6.1 Classification**

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

**a) Financial assets at amortized cost**

Financial assets are measured at amortized cost if both the following conditions are met:

- the objective of the Company's business model is to maintain the assets to obtain contractual cash flows;
- contractual conditions of the financial asset give rise on specified dates to cash flows that are only payments of the principal and interest on the outstanding principal amount.

**b) Financial assets at fair value**


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

All the investments in equity instruments are measured at fair value. For investments not held for trading, the Company may irrevocably opt on initial recognition to present the changes in the fair value in other comprehensive income. The Company's decision was to recognize the changes in fair value in income.

**4.6.2 Recognition and measurement**


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

Financial assets are initially recognized at fair value plus transaction costs directly attributable to their acquisition, for all financial assets not carried at fair value through profit or loss.

  
Marcelo P. Lerner  
For the Syndics' Committee

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Armando R. Losón  
President

**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

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

**4.6 Financial assets (Cont'd)**

**4.6.3 Impairment of financial assets**

**Financial assets at amortized cost**

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

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

- Significant financial difficulties of the debtor;
- Noncompliance with contractual covenants, such as arrears in the payment of principal or interest;
- and likelihood that the debtor might file for insolvency proceedings or other type of reorganization proceeding.

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

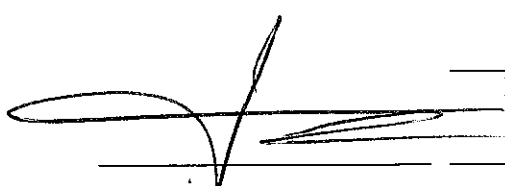
If in future fiscal years the amount of the impairment loss declines and that decline may be objectively associated with an event subsequent to the recognition of impairment (such as the improvement in a debtor's credit rating), the reversal of the impairment loss previously recorded is recognized in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

**4.6.4 Offsetting of financial instruments**


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

**4.7 Materials and spare parts**

Materials and spare parts are valued at the lower of acquisition cost or net realizable value.

  
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Marcelo P. Lerner  
For the Syndics' Committee

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Armando R. Losón  
President



**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

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

**4.7 Materials and spare parts**

Since materials and spare parts are not for sale, their value is calculated based on the purchase price, import duties (if any) and other taxes (non-refundable taxes by the tax authorities), transportation, storage and other costs directly attributable to the purchase of those assets.

Cost is determined applying the weighted average cost method.

The Company classified materials and spare parts into current and non-current depending on their final allocation and the term during which they are expected to be used, whether for maintenance or improvement of present assets. The non-current portion of materials and spare parts is disclosed under Property, plant and equipment.

The value of inventories as a whole does not exceed their recoverable value at the end of each fiscal year.

**4.8 Trade receivables and other receivables**

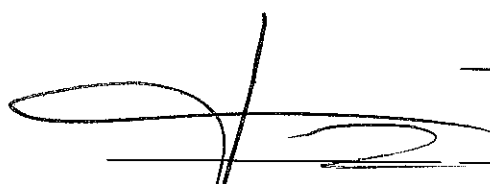
Trade receivables are amounts due by customers for sales of energy made by the Company in the ordinary course of business. If collection is expected within one year or less, receivables are classified under current assets. Otherwise, they are classified as non-current assets.

Trade and other receivables are recognized at fair value and subsequently measured at amortized cost, using the effective interest rate method and, when significant, adjusted at time value of money and also considering the receivables from the WEM documented by CAMMESA in the form of Sale Settlements with Maturity Dates to be Determined (*Liquidaciones de Venta con Fecha de Vencimiento a Definir - LVFVD*), which have been recorded based on the best estimate of the receivables to be recovered.


The Company sets up bad debt allowances when there is objective evidence that the Company will not be able to collect all amounts due to it according to the original terms of the receivables, basing itself on an individual analysis of the recoverability of the credit portfolio.

**4.9 Cash and cash equivalents**

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

  
\_\_\_\_\_  
Marcelo P. Lerner  
For the Syndics' Committee

See our report dated  
March 8, 2016  
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(Partner)  
C.P.C.E.C.A.B.A. T° 1 F° 17

  
\_\_\_\_\_  
Armando B. Losón  
President

**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

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

**4.10 Trade and other payables**

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

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

**4.11 Loans**

Loans are initially recognized at fair value, less direct transaction costs incurred. Subsequently, they are measured at amortized cost and any difference between the funds obtained (net of direct transaction costs) and the amount payable at maturity is recognized under profit or loss during the term of the loan using the effective interest method.

**4.12 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, if any, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

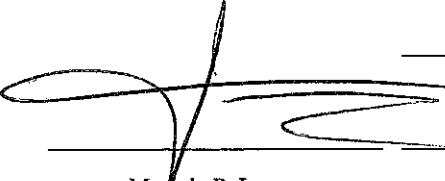
Other borrowing costs are recognized as expenses in the period in which they are incurred.

**4.13 Income Tax and minimum notional income tax**


**a) Current and deferred income taxes**

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

The current income tax expense is calculated as established by the tax laws enacted or to be enacted at the closing balance sheet date. Management regularly assesses the positions on the tax returns regarding situations where the applicable tax regulation is subject to interpretation and, if necessary, sets out provisions based on the amounts payable to the tax authorities.

  
\_\_\_\_\_  
Marcelo P. Lerner  
For the Syndics' Committee

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Armando R. Losón  
President

**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

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

**4.13 Income tax and minimum notional income tax (Cont'd)**

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

Deferred tax is recognized according to the liability method, for the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. However, deferred tax liabilities are not recognized if they come from the initial recognition of goodwill or an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit.

Deferred tax assets are recognized only to the extent that taxable profits are likely to be obtained in the future to be able to offset the temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset recognized amounts and if deferred tax assets and liabilities derive from income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Current and deferred tax assets and liabilities have not been discounted and are stated at nominal value.

**b) Minimum notional income tax**

The Company determines the minimum notional income tax by applying the current 1% rate on computable assets at year end. This tax is supplementary to income tax; the Company tax liability is to agree in each fiscal year with the higher of the two taxes. If in a given fiscal year, however, minimum notional income tax exceeds income tax, the surplus will be computable as a payment on account of income tax accrued during the next ten fiscal years.

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

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

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March 8, 2016

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Marcelo P. Lerner  
For the Syndics' Committee

Armando R. Losón  
President

**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

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

**4.14 Allowances and Provisions**

Allowances and provisions were recognized in the cases in which, considering a present obligation in charge of 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 have been set up:

**a) Allowances 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 credit portfolio.

**b) Provisions carried under 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 and probabilities of occurrence, the opinion of the Company's legal advisors has been considered.

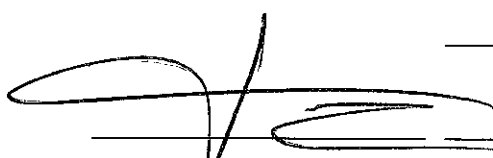

**4.15 Balances with related parties**

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

**4.16 Leases**

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to income on a straight-line basis over the period of the lease.

The Company leases some items of property, plant and equipment. Leases where the Company retains a significant portion of the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

 _____ Marcelo P. Lerner For the Syndics' Committee	<p style="font-size: small;">See our report dated March 8, 2016</p> <p><b>PRICE WATERHOUSE &amp; CO. S.R.L.</b></p> <p style="font-size: small;">(Partner)</p> <p style="font-size: small;">C.P.C.E.C.A.B.A. T° 1 F° 17</p>	 _____ Armando R. Losón President
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## Generación Mediterránea S.A.

Notes to the Special Financial Statements (Cont'd)

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

#### **4.16 Leases (Cont'd)**

Lease liabilities, net of financial costs, are disclosed under current and non-current loans based on their maturity dates. The interest element of the finance cost is charged to income over the lease period so as to produce a constant periodic rate of interest on the outstanding debt in each period. The asset acquired through a financial lease is depreciated over the useful life of the asset and the lease period, whichever is shorter.

#### **4.17 Equity accounts**

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

##### **a) Share Capital**

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

##### **b) Legal reserve**

As established by Law 19550 on Commercial Companies, 5% of the profit reported in the statement of comprehensive income for the year, net of prior year adjustments, transfers of other comprehensive income to unappropriated retained earnings and prior year accumulated losses, is to be allocated to the legal reserve, until it reaches 20% of the corporate capital.

##### **c) Optional reserve**

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

##### **d) Unappropriated retained earnings**

Retained earnings comprise accumulated profits or losses without a specific appropriation; positive earnings can be distributable by the decision of the shareholders' meeting, as long as they are not subject to legal restrictions. These earnings comprise prior year earnings that were not distributed and prior year adjustments derived from application of the accounting standards.

See our report dated  
March 8, 2015

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**PRICE WATERHOUSE & CO. S.R.L.**

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(Partner)

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C.P.C.E.C.A.B.A. T° 1 F° 17

Manuelo P. Lerner  
For the Syndics' Committee

Armando R. Losón  
President

**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

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

**4.17 Equity accounts (Cont'd)**

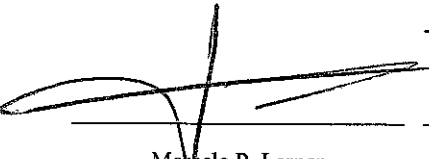

**d) Unappropriated Retained earnings (Cont'd)**

In case of existence of accumulated losses to be absorbed at the end of the year under consideration by the shareholders' meeting, the following order for appropriation of balances must be followed:

- (i) Reserved profits
  - Optional reserves
  - Reserves provided by By-laws
  - Legal reserve
- (ii) Capital contributions
- (iii) Additional paid-in capital
- (iv) Other equity instruments (where possible from a legal and corporate viewpoint)
- (v) Capital Adjustment

**e) Distribution of dividends**

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

 _____ Marcelo P. Lerner For the Syndics' Committee	<p style="font-size: small;">See our report dated March 8, 2016</p> <p><b>PRICE WATERHOUSE &amp; CO. S.R.L.</b></p> <p style="font-size: small;">(Partner)</p> <p style="font-size: small;">C.P.C.E.C.A.B.A. 1 F° 17</p>	 _____ Armando R. Losón President
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**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

**NOTE 5: FINANCIAL RISK MANAGEMENT**

**5.1 Financial risk factors**

Financial risk management is encompassed within the global policies of the Company, which are focused on the uncertainty of the financial markets and are aimed at minimizing the potential adverse effects on its financial yield. Financial risks are the risks associated with financial instruments to which the Company is exposed during or at the end of each fiscal year. Financial risks comprise market risk (including the foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. Until December 31, 2015 the Company had not used derivative financial instruments to cover financial risks. However, the possibility of using them in the future has not been discarded.

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

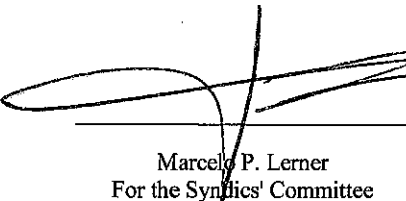
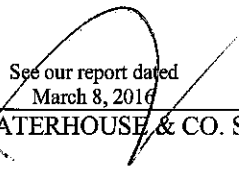

This section includes a description of the main financial risks and uncertainties that could have a material adverse effect on the Company's strategy, performance, results of operations and financial condition.

***a) Market risk***

**Foreign exchange risk**

Sales made under Resolution 1281/06 (Energía Plus) and under Resolution 220/07 are denominated in United States dollars. The financial debt is denominated in pesos, which eliminates the risk of loss derived from a peso devaluation.

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

 _____ Marcelo P. Lerner For the Syndics' Committee	<p style="font-size: small;">See our report dated March 8, 2016</p>  _____ PRICE WATERHOUSE & CO. S.R.L. (Partner) C.P.C.E.C.A.B.A. T° 1 F° 17	 _____ Armando R. Losón President
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**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

**NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)**

**5.1 Financial risk factors (Cont'd)**

**a) Market risk (Cont'd)**

Captions	Type and amount of foreign currency	Exchange rate at closing (1)	Amount recorded at 12.31.15	Amount recorded at 12.31.14	Amount recorded at 12.31.13
\$					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents					
Cash	USD 2,394	12.940	30,975	23,033	21,664
Banks	USD 16	12.940	204	4,659	-
Trade receivables					
Trade payables - Energía Plus	USD 5,818,855	12.940	75,295,980	37,099,698	17,156,342
Trade payables - Resolution 220/07	USD 960,143	12.940	12,424,255	11,760,157	12,177,860
<b>Total Current Assets</b>			<b>87,751,414</b>	<b>48,887,547</b>	<b>29,355,866</b>
<b>TOTAL ASSETS</b>			<b>87,751,414</b>	<b>48,887,547</b>	<b>29,355,866</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Trade payables					
Suppliers	USD 806,413	13.040	10,515,626	25,264,349	12,266,056
Related parties	USD 1,765,321	12.990	22,931,520	-	-
<b>Total current liabilities</b>			<b>33,447,146</b>	<b>25,264,349</b>	<b>12,266,056</b>
<b>TOTAL LIABILITIES</b>			<b>33,447,146</b>	<b>25,264,349</b>	<b>12,266,056</b>

(1) Banco Nación exchange rates prevailing at year end. An average exchange rate is applied to intercompany balances.

The Company considers that, if all variables remain constant, a devaluation of 10% of each foreign currency against the Argentine peso would increase the net income/(loss) for the year as follows:

Currency	Argentine pesos		
	12.31.15	12.31.14	12.31.13
US dollars	5,430,427	2,362,320	1,708,981
<b>Increase in income for the year</b>	<b>5,430,427</b>	<b>2,362,320</b>	<b>1,708,981</b>

See our report dated  
March 8, 2016

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. Tº I Fº 17

Marcelo P. Lemer  
For the Syndics' Committee

Armando R. Losón  
President



# Generación Mediterránea S.A.

Notes to the Special Financial Statements (Cont'd)

## **NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)**

### **5.1 Financial risk factors (Cont'd)**

#### **a) Market risk (Cont'd)**

##### Price risk

Company revenue rely, to a lesser extent, on sales made under Resolution 482/15. Company revenue may suffer the impact of any material amendment or repeal of any terms of the Resolution and such repeal or amendment may cause a minor adverse effect on its business, financial position and results of operations.

If for any reason not attributable to the Company, the Company is no longer eligible to participate in the Energía Plus Program (ES Resolution 1281/06) and/or Resolution 220/07, or if these resolutions are repealed or substantially amended, and the Company is obliged to sell all the power generated in the Spot Market or the sales price was limited, the results of Generación Mediterránea S.A. could be adversely affected.

##### Interest rate risk


Interest rate risk arises from the Company's debt at floating rate. Indebtedness at floating rate exposes the Company to interest rate risk on their cash flows. At December 31, 2015, most of its outstanding loans had been taken out at floating rates, mainly based on BADLAR and, to a lesser extent, at Private Banks Adjusted BADLAR interest rate (plus an applicable margin in both cases).


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

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

	12.31.15	12.31.14	12.31.13
Fixed rate:	56,427,339	8,585,884	21,982,173
	<u>56,427,339</u>	<u>8,585,884</u>	<u>21,982,173</u>
Floating rate:	232,091,152	229,648,059	241,975,644
	<u>232,091,152</u>	<u>229,648,059</u>	<u>241,975,644</u>
	<u>288,518,491</u>	<u>238,233,943</u>	<u>263,957,817</u>

See our report dated  
March 8, 2016

 PRICE WATERHOUSE & CO. S.R.L.  
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Armando R. Losón  
President

Marcelo P. Lerner  
For the Syndics' Committee

**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

**NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)**

**5.1 Financial risk factors (Cont'd)**

**a) Market risk (Cont'd)**

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

	<u>12.31.15</u>	<u>12.31.14</u>	<u>12.31.13</u>
Floating rate:	<u>2,320,912</u>	<u>2,296,481</u>	<u>2,419,756</u>
<b>Decrease in income for the year</b>	<b><u>2,320,912</u></b>	<b><u>2,296,481</u></b>	<b><u>2,419,756</u></b>

**b) Credit risk**

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

The commercial area assesses the credit standing of private customers, taking into account their financial position, past experience and other factors, and sets credit limits, which are regularly monitored.

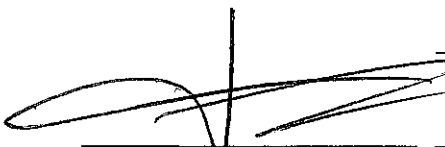
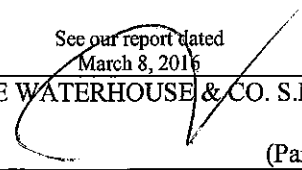
Considering the low amount of accounts receivable in arrears during the year ended December 31, 2015, the impact on revenue was minimal.

The electricity generators with sales to the spot market, per Resolution 482/15, and with contracts under Resolution 220/07 collect through CAMMESA the payments for making available the power and energy supplied to the system. In the case of base energy, there is a growing deficit between the payments received by CAMMESA and the receivables of the electricity generating companies with CAMMESA. This is because the price collected from CAMMESA for the electric energy sold in the spot market is regulated by the National Government and is lower than the marginal cost of electricity generation for which CAMMESA has to reimburse the generators. The National Government has been covering this deficit with reimbursable contributions from the treasury. CAMMESA reduced the average payment term during the current year.

**c) Liquidity risk**

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

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March 8, 2016

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Marcelo P. Lerner  
For the Syndics' Committee

Armando R. Losón  
President

**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

**NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)**

**5.1 Financial risk factors (Cont'd)**

**c) Liquidity risk (Cont'd)**

Temporary cash surpluses are prudently managed until they are used for debt servicing purposes. The Company now has short-term credit facilities and loans available to meet its commitments.

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

<b>At December 31, 2015</b>	<b>Less than 3 months</b>	<b>Between 3 months and 1 year</b>	<b>Between 1 and 2 years</b>	<b>More than 2 years</b>	<b>Total</b>
Trade and other payables	192,247,650	245,858	-	-	192,493,508
Loans	91,016,919	124,481,805	180,302,747	12,326,180	408,127,651
<b>Total</b>	<b>283,264,569</b>	<b>124,727,663</b>	<b>180,302,747</b>	<b>12,326,180</b>	<b>600,621,159</b>

<b>At December 31, 2014</b>	<b>Less than 3 months</b>	<b>Between 3 months and 1 year</b>	<b>Between 1 and 2 years</b>	<b>More than 2 years</b>	<b>Total</b>
Trade and other payables	75,897,862	145,286,102	145,000	-	221,328,964
Loans	40,448,131	155,985,394	88,757,726	26,902,960	312,094,211
<b>Total</b>	<b>116,345,993</b>	<b>301,271,496</b>	<b>88,902,726</b>	<b>26,902,960</b>	<b>533,423,175</b>

<b>At December 31, 2013</b>	<b>Less than 3 months</b>	<b>Between 3 months and 1 year</b>	<b>Between 1 and 2 years</b>	<b>More than 2 years</b>	<b>Total</b>
Trade and other payables	170,591,044	-	145,000	-	170,736,044
Loans	51,623,955	116,814,484	115,364,299	78,966,282	362,769,020
<b>Total</b>	<b>222,214,999</b>	<b>116,814,484</b>	<b>115,509,299</b>	<b>78,966,282</b>	<b>533,505,064</b>

**5.2 Management of capital risk**

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

See our report dated  
March 8, 2016

PRICE WATERHOUSE & CO. S.R.L.

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Marcelo P. Lerner  
For the Syndics' Committee

Armando R. Losón  
President

# Generación Mediterránea S.A.

Notes to the Special Financial Statements (Cont'd)

## **NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)**

### **5.2 Management of capital risk (Cont'd)**

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

In the fiscal year ended December 31, 2015, the Company's strategy - that has not changed compared with prior fiscal years - was to keep a debt to adjusted EBITDA ratio at a level lower than or equal to the level agreed in the covenants of existing loans. Consolidated debt to adjusted EBITDA ratios at December 31, 2015, 2014 and 2013 were as follows:

	<u>12.31.15</u>	<u>12.31.14</u>	<u>12.31.13</u>
Total loans	288,518,491	238,233,943	263,957,817
Less: Cash and cash equivalents	(3,094,280)	(10,842,591)	(2,232,566)
Net debt	<u>285,424,211</u>	<u>227,391,352</u>	<u>261,725,251</u>
EBITDA	215,266,073	174,267,003	121,855,932
Net debt/ EBITDA	<u>1.326</u>	<u>1.305</u>	<u>2.148</u>

## **NOTE 6: CRITICAL ESTIMATES AND JUDGMENTS**

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

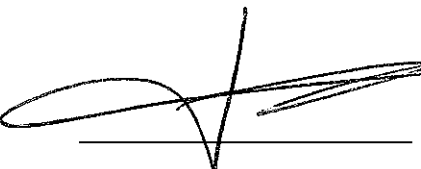
These estimates and judgments are continually evaluated and are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual future results may differ from those estimates and assessments made at the date these financial statements were prepared. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are detailed below

### **a) Impairment of assets**

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

The Company in itself is a cash generating unit, which is composed of its electric power generation plant. Consequently, the Company represents the lowest level of separation of assets that generate independent cash flows.

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


  
 Marcelo P. Lerner  
 For the Syndics' Committee

See our report dated  
March 8, 2016

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. T° I F° 17

  
 Armando R. Losón  
 President

**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

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

**a) Impairment of assets (Cont'd)**

In evaluating whether there is any indication that the cash generating unit could be affected, internal and external sources of information are analyzed. Specific events and circumstances are considered, which in general include the discount rate used in the projections of cash flows of each of the CGU and the business condition in terms of market and economic factors, such as the cost of raw materials, the regulatory framework of the energy industry, projected capital expenditure and the evolution of energy demand.

An impairment loss is recognized when the asset's carrying value exceeds its recoverable value. The recoverable value is the higher of an asset's fair value less costs to sell and value in use. Any impairment loss will be distributed (to reduce the carrying value of the assets of the CGU) as follows:

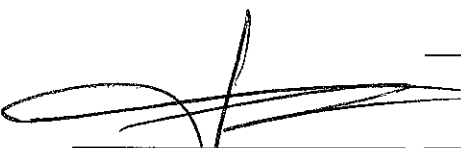

- First, to reduce the carrying value of goodwill allocated to the cash generating unit, and
- To the other assets of the unit (or group of units), prorated on the basis of the carrying amount of each asset in the unit (or group of units), taking into account not to reduce the carrying amount of the asset below the higher of its fair value less costs to sell and value in use or zero.
- The impairment loss amount that cannot be distributed to the asset in question, will be distributed on a pro rata basis among the other assets that form part of the CGU.

Judgment is required from Management at the time of estimating the future cash flows. Actual cash flows and values may vary significantly from the foreseen future cash flows and the related values obtained through discount techniques.

See Note 33 on the treatment the Company gives to maintenance of turbo generators.

**b) Current and deferred income tax / Minimum notional income tax**

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

 _____ Marcelo P. Lerner For the Syndics' Committee	<p style="font-size: small;">See our report dated March 8, 2016</p> <p><b>PRICE WATERHOUSE &amp; CO. S.R.L.</b></p> <p style="font-size: small;">(Partner)</p> <p style="font-size: small;">C.P.C.E.C.A.B.A. T° 1 F° 17</p>	 _____ Armando R. Losón President
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**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

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

**b) Current and deferred income tax / Minimum notional income tax (Cont'd)**

There are many transactions and calculations for which the last determination of taxes is uncertain. The Company early recognizes tax liabilities based on estimates as to whether additional taxes must be paid in the future. When the final tax result differs from the amounts initially recognized, any such differences will have an impact on the current and deferred income tax assets and liabilities in the period in which such determination was made.

Deferred tax assets are reviewed at every reporting date and reduced according to the probability that a sufficient tax base might be available to allow recovering these assets in whole or in part. Deferred assets and liabilities are not discounted. In assessing the realization of the deferred tax assets, Management considers it probable that any or all of the deferred tax assets are not realized.

The realization of the deferred tax assets depends upon the generation of future taxable profits in the periods in which the temporary differences are deductible. Management considers the scheduled reversal of the deferred tax liabilities, the projected future taxable profits and the tax planning strategies in making this assessment.

**c) Allowances and Provisions**

Provisions have been set up to 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.

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

**d) Allowance for bad debts**

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

The allowance for bad debts was \$744,909 at December 31, 2015 and 2014 and \$563,015 at December 31, 2013.

For more information on the balances of the allowance for bad debts, see Note 21 to our financial statements.

See our report dated  
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For the Syndics' Committee

Armando R. Losón  
President

# **Generación Mediterránea S.A.** Notes to the Special Financial Statements (Cont'd)

## **NOTE 7: PROPERTY, PLANT AND EQUIPMENT**

Type of asset	Original values				Depreciation					Net book value at end of the			year
	At beginning of year	Increases	Transfers/deletions	Technical revaluation (2)	At year end	Accumulated at beginning of year	Deletions	Depreciation for the year (1)	Technical revaluation	Accumulated at end of year	At 12.31.15	At 12.31.14	At 12.31.13
Land	4,819,799	315,000	-	1,642,300	6,777,099	-	-	-	-	-	6,777,099	4,819,799	1,643,186
Buildings	28,928,877	-	772,862	4,432,562	34,134,301	452,936	-	839,103	(1,292,039)	-	34,134,301	28,475,941	7,395,734
Facilities	65,361,378	1,380,402	1,261,563	(580,828)	67,422,515	1,578,329	-	3,237,117	(4,815,446)	-	67,422,515	63,783,049	-
Machinery	783,659,721	11,863,113	9,025,966	278,002,484	1,082,551,284	20,242,499	-	40,931,447	(61) 173,946	-	1,082,551,284	763,417,222	327,427,382
Works in progress - Extension of Plant	8,340,709	3,429,268	(11,769,977)	-	-	-	-	-	-	-	-	8,340,709	12,137,722
Computer and office equipment	2,865,088	851,405	397,837	-	4,114,330	1,729,096	(207,841)	716,271	-	2,237,526	1,876,804	1,135,992	645,606
Vehicles	928,239	917,758	-	-	1,845,997	351,475	-	227,101	-	578,576	1,267,421	576,764	233,657
Spare parts and materials	12,701,659	-	(550,188)	-	12,151,471	-	-	-	-	-	12,151,471	12,701,659	11,850,830
Total as of 12.31.2015	907,605,470	18,756,946	(861,937)	283,496,518	1,208,996,997	24,354,335	(207,841)	45,951,039	(67,281,431)	2,816,102	1,206,188,895	-	-
Total as of 12.31.2014	474,821,596	4,520,534	(92,446)	428,355,786	907,605,470	113,487,479	(92,446)	34,770,152	(123,810,850)	24,354,335	-	883,251,135	-
Total as of 12.31.2013	464,565,304	10,588,004	(331,712)	-	474,821,596	90,687,325	-	22,800,154	-	113,487,479	-	-	361,334,117

(1) Depreciation charges for the 2015 and 2014 fiscal years were allocated to cost of sales, including \$20,060,656 and \$10,034,370, respectively, for a higher value from technical revaluation.

(2) Corresponding to a revaluation for \$283,496,518, offset by the accumulated depreciation at the time of revaluation for \$67,281,431.

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Marcelo P. Lerner  
For the Syndics' Committee

Armando R. Losón  
President

# Generación Mediterránea S.A.

## Notes to the Special Financial Statements (Cont'd)

### NOTE 7: PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Property, plant and equipment include the following amounts of which the Company is a lessee under the terms of finance lease agreements

	12.31.15	12.31.14	12.31.13
Cost - Capitalized finance lease	19,075,599	18,571,038	4,810,000
Accumulated depreciation	(13,495,717)	(10,670,946)	(747,061)
<b>Net carrying amount</b>	<b>5,579,882</b>	<b>7,900,092</b>	<b>4,062,939</b>

### NOTE 8: FINANCIAL INSTRUMENTS

At December 31, 2015	Financial assets/ liabilities at amortized cost	At fair value through profit or loss	Non-financial assets/ liabilities	Total
<b>Assets</b>				
Trade receivables and other receivables	304,641,203	129,861	9,907,576	314,678,640
Current income tax, net	-	-	1,601,673	1,601,673
Cash and cash equivalents	3,094,280	-	-	3,094,280
Non-financial assets	-	-	1,213,507,425	1,213,507,425
<b>Total</b>	<b>307,735,483</b>	<b>129,861</b>	<b>1,225,016,674</b>	<b>1,532,882,018</b>
<b>Liabilities</b>				
Trade and other payables	192,493,508	-	-	192,493,508
Loans (finance leases excluded)	286,291,052	-	-	286,291,052
Financial leases	2,227,439	-	-	2,227,439
Non-financial liabilities	-	-	352,520,624	352,520,624
<b>Total</b>	<b>481,011,999</b>	<b>-</b>	<b>352,520,624</b>	<b>833,532,623</b>

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For the Syndics' Committee

Armando R. Losón  
President



**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

**NOTE 8: FINANCIAL INSTRUMENTS (Cont'd)**

<b>At December 31, 2014</b>	<b>Financial assets/ liabilities at amortized cost</b>	<b>Non-financial assets/ liabilities</b>	<b>Total</b>
<b>Assets</b>			
Trade receivables and other receivables	252,942,801	11,375,728	264,318,529
Current income tax, net	-	9,060,382	9,060,382
Cash and cash equivalents	10,842,591	-	10,842,591
Non-financial assets	-	888,025,909	888,025,909
<b>Total</b>	<b>263,785,392</b>	<b>908,462,019</b>	<b>1,172,247,411</b>
<b>Liabilities</b>			
Trade and other payables	221,328,964	-	221,328,964
Loans (finance leases excluded)	236,560,479	-	236,560,479
Financial leases	1,673,464	-	1,673,464
Non-financial liabilities	-	231,387,765	231,387,765
<b>Total</b>	<b>459,562,907</b>	<b>231,387,765</b>	<b>690,950,672</b>

<b>At December 31, 2013</b>	<b>Financial assets/ liabilities at amortized cost</b>	<b>Non-financial assets/ liabilities</b>	<b>Total</b>
<b>Assets</b>			
Trade receivables and other receivables	210,368,079	10,068,864	220,436,943
Cash and cash equivalents	2,232,566	-	2,232,566
Non-financial assets	-	362,734,344	362,734,344
<b>Total</b>	<b>212,600,645</b>	<b>372,803,208</b>	<b>585,403,853</b>
<b>Liabilities</b>			
Trade and other payables	170,736,044	-	170,736,044
Loans (finance leases excluded)	262,475,201	-	262,475,201
Financial leases	1,482,616	-	1,482,616
Non-financial liabilities	-	36,111,828	36,111,828
<b>Total</b>	<b>434,693,861</b>	<b>36,111,828</b>	<b>470,805,689</b>

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

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**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

**NOTE 8: FINANCIAL INSTRUMENTS (Cont'd)**

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

<b>At December 31, 2015</b>	<b>Financial assets at amortized cost</b>	<b>Financial liabilities at amortized cost</b>	<b>Total</b>
Interest earned	3,426,477		3,426,477
Interest paid	-	(88,875,956)	(88,875,956)
Exchange differences, net	7,465,164	(9,729,937)	(2,264,773)
Other financial costs	(12,458,031)	(3,772,700)	(16,230,731)
<b>Total</b>	<b>(1,566,390)</b>	<b>(102,378,593)</b>	<b>(103,944,983)</b>

<b>At December 31, 2014</b>	<b>Financial assets at amortized cost</b>	<b>Financial liabilities at amortized cost</b>	<b>Total</b>
Interest earned	4,307,151	-	4,307,151
Interest paid	-	(93,438,290)	(93,438,290)
Exchange differences, net	6,792,015	(15,883,753)	(9,091,738)
Other financial costs	(12,370,262)	(8,114,160)	(20,484,422)
<b>Total</b>	<b>(1,271,096)</b>	<b>(117,436,203)</b>	<b>(118,707,299)</b>

<b>At December 31, 2013</b>	<b>Financial assets at amortized cost</b>	<b>Financial liabilities at amortized cost</b>	<b>Total</b>
Interest earned	1,191,046	-	1,191,046
Interest paid	-	(77,062,532)	(77,062,532)
Exchange differences, net	5,734,894	(5,392,846)	342,048
Other financial costs	(7,861,782)	(10,731,461)	(18,593,243)
<b>Total</b>	<b>(935,842)</b>	<b>(93,186,839)</b>	<b>(94,122,681)</b>

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**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

**NOTE 8: FINANCIAL INSTRUMENTS (Cont'd)**

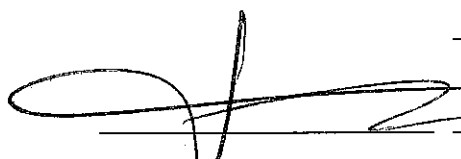
**Fair value estimate**

The Company classifies fair value measurements of financial instruments using a three-level hierarchy, which gives priority to the inputs used in making such measurements. Fair value hierarchies:


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

The following table shows the Company's financial assets measured at fair value at December 31, 2015, 2014 and 2013. The Company does not have financial liabilities measured at fair value at those dates.

<b>At December 31, 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Assets				
Investments in Companies				
Shares	-	-	129,861	129,861
<b>Total</b>	-	-	<b>129,861</b>	<b>129,861</b>
<b>At December 31, 2014</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Assets				
Investments in Companies				
Shares	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At December 31, 2013</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Assets				
Investments in Companies				
Shares	-	-	-	-
<b>Total</b>	-	-	-	-

  
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**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

**NOTE 8: FINANCIAL INSTRUMENTS (Cont'd)**

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on the Company's specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. No financial instruments should be included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. These instruments are included in Level 3.

**NOTE 9: MATERIALS AND SPARE PARTS**

	12.31.15	12.31.14	12.31.13
Materials and spare parts	7,326,530	4,774,774	1,400,227
	<u>7,326,530</u>	<u>4,774,774</u>	<u>1,400,227</u>

The cost of materials and spare parts recognized as an expense and included in cost of sales amounted to \$7,326,530, \$4,774,774 and \$1,400,227 in the years ended on December 31, 2015, 2014 and 2013, respectively.

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**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

**NOTE 10: TRADE RECEIVABLES**

<b>Non-Current</b>	<b>Note</b>	<b>12.31.15</b>	<b>12.31.14</b>	<b>12.31.13</b>
ES Resolution No. 712/04 - FONINVEMEN		1,036,175	1,036,233	1,091,865
Generators Agreement 2008-2011		2,522,363	2,522,36	-
ES Resolution No. 95/13		-	-	1,247,473
Less: Provision for trade receivables		-	-	(326,000)
		<b>3,558,538</b>	<b>3,558,596</b>	<b>2,013,338</b>
<b>Current</b>				
Trade receivables		64,939,539	111,432,205	75,608,275
ES Resolution No. 95/13		5,807,901	3,178,902	-
ES Resolution No. 529/14		18,781,019	7,601,609	-
Generators Agreement 2008-2011		-	-	2,522,363
Energy sold to be billed		91,702,633	59,418,894	59,515,519
Balances with related parties	29	7,675,337	64,391,281	64,913,239
Allowance for bad debts		(744,909)	(744,909)	(237,015)
		<b>188,161,520</b>	<b>245,277,982</b>	<b>202,322,381</b>

The carrying amount of current trade receivables approximates their fair value since they fall due in the short term.

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

Variations in the allowance for trade receivables are as follows:

	<b>12.31.15</b>	<b>12.31.14</b>	<b>12.31.13</b>
<b>Balance at beginning of year</b>	<b>744,909</b>	<b>563,015</b>	<b>563,015</b>
Impairment allowance	-	507,894	-
Unused amounts reversed	-	(326,000)	-
<b>Accumulated at the end of year</b>	<b>744,909</b>	<b>744,909</b>	<b>563,015</b>

The maximum credit risk exposure at the balance sheet date is the carrying amount of each type of trade and other receivables. The Company does not maintain any guarantee as collection security.

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**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

**NOTE 11: OTHER RECEIVABLES**

<u>Non-current Note</u>	<u>Nota</u>	<u>12.31.15</u>	<u>12.31.14</u>	<u>12.31.13</u>
Minimum notional income tax credit		-	-	3,914,462
Turnover tax credit balance		-	1,264,526	739,644
		<u>-</u>	<u>1,264,526</u>	<u>4,654,106</u>
<b>Current</b>				
Balances with related parties	29	105,844,040	-	79,089
Turnover tax withholdings and credit balance		7,520,422	4,384,345	3,245,674
Minimum notional income tax credit		483,825	1,435,983	-
Social security withholdings		352,108	859,400	973,802
Value added tax		-	458,890	-
Tax Law 25413		1,551,221	2,972,584	1,195,282
Pre-paid leases		92,249	104,809	117,369
Insurance to be accrued		6,339,576	3,351,869	5,380,219
Advances to suppliers		-	157,141	206,395
Sundry		645,280	492,122	249,006
		<u>122,828,721</u>	<u>14,217,143</u>	<u>11,446,836</u>

The carrying amount of other current receivables approximates their fair value since they fall due in the short term.

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

**NOTE 12: CASH AND CASH EQUIVALENTS**

	<u>12.31.15</u>	<u>12.31.14</u>	<u>12.31.13</u>
Cash	128,425	108,415	108,136
Banks	290,760	10,437,292	2,016,852
Checks to be deposited	2,675,095	296,884	107,578
<b>Cash and cash equivalents (bank overdrafts excluded)</b>	<u>3,094,280</u>	<u>10,842,591</u>	<u>2,232,566</u>

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

	<u>Note</u>	<u>12.31.15</u>	<u>12.31.14</u>	<u>12.31.13</u>
Cash and cash equivalents		3,094,280	10,842,591	2,232,566
Bank overdraft	17	(35,928,167)	(8,585,884)	(6,750,407)
<b>Cash and cash equivalents (bank overdrafts included)</b>		<u>(32,833,887)</u>	<u>2,256,707</u>	<u>(4,517,841)</u>

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For the Syndics' Committee

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# Generación Mediterránea S.A.

Notes to the Special Financial Statements (Cont'd)

## **NOTE 13: SHARE CAPITAL**

Subscribed capital at December 31, 2015 amounts to \$ 76,200,073.

At the Extraordinary Meeting of Shareholders held on October 15, 2015 which approved the merger through absorption of GMSA (the merging company), GISA, GLBSA and GRISA (the merged companies), a capital increase was resolved considering the respective swap ratio as from the effective merger date (January 1, 2016) in the amount of \$49,454,007, taking the share capital to \$125,654,080 effective January 1, 2016.

## **NOTE 14: DISTRIBUTION OF DIVIDENDS**

### *Dividends*

As established by Law No. 25063 enacted in December 1998, dividends that are distributed or that the Company receives from its subsidiaries, in cash or in kind, in excess of the taxable profits accumulated at the end of the fiscal year immediately preceding the payment or distribution date, shall be subject to a 35% income tax withholding, as a sole and final payment. For the purposes of this tax, accumulated taxable profits are the balances of taxable profits accumulated at December 31, 1997, less the dividends paid plus the taxable profits determined as from January 1, 1998.

As established by Law 19550 on Commercial Companies, 5% of the net profit arising from the statement of comprehensive income for the year, prior year adjustments, transfers of other comprehensive income to unappropriated retained earnings and the accumulated losses for previous years, is to be allocated to the legal reserve, until it reaches 20% of the corporate capital.

Under the Syndicated Loan mentioned in Note 17.a.1), GMSA may not distribute or pay dividends, except in the cases expressly mentioned in clause 8.23 of that Syndicated Loan, which is transcribed below: "(i) the ratio of FINANCIAL DEBT to EBITDA shall be equal to or higher than 1.50, and (ii) no EVENT OF DEFAULT shall occur and continue in conformity with the provisions hereof."

Based on these financial statements, the Company may distribute dividends.

## **NOTE 15: TRADE PAYABLES**

<b>Current</b>	<b>Note</b>	<b>12.31.15</b>	<b>12.31.14</b>	<b>12.31.13</b>
Suppliers		119,415,644	193,079,674	152,444,225
Balances with related parties	29	61,842,658	-	442,283
Suppliers - purchases not yet billed		11,090,206	28,104,290	17,704,536
		<b>192,348,508</b>	<b>221,183,964</b>	<b>170,591,044</b>

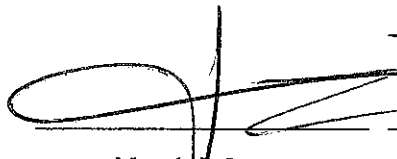
The carrying amount of current trade payables approximates their fair value due to their short-term maturity.


See our report dated  
March 8, 2016

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 Marcelo P. Lerner  
 For the Syndics' Committee

  
 Armando R. Losón  
 President

**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

**NOTE 16: OTHER LIABILITIES**

<u>Non-Current</u>	<u>12.31.15</u>	<u>12.31.14</u>	<u>12.31.13</u>
Dividends payable	-	145,000	145,000
Provision for directors' fees	5,538,530	840,509	365,248
Advances to directors	(5,538,530)	(840,509)	(365,248)
	<u>-</u>	<u>145,000</u>	<u>145,000</u>
<u>Current</u>			
Dividends payable	145,000	-	-
	<u>145,000</u>	<u>-</u>	<u>-</u>

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

**NOTE 17: LOANS**

<u>Non-Current</u>	<u>12.31.15</u>	<u>12.31.14</u>	<u>12.31.13</u>
Syndicated Loan	19,256,078	54,524,311	115,074,104
Negotiable obligations	129,593,922	33,845,187	25,601,212
CAMMESA	-	-	4,025,395
Other bank debts	20,385,195	291,667	5,000,000
Finance lease debts	987,319	1,030,789	545,512
	<u>170,222,514</u>	<u>89,691,954</u>	<u>150,246,223</u>
<u>Current</u>			
Syndicated Loan	38,344,293	30,307,960	32,912,271
Negotiable obligations	10,706,567	93,273,403	54,867,360
CAMMESA	-	3,725,960	13,244,452
Other bank debts	32,076,830	12,006,107	5,000,000
Bank overdrafts	35,928,167	8,585,884	6,750,407
Finance lease debts	1,240,120	642,675	937,104
	<u>118,295,977</u>	<u>148,541,989</u>	<u>113,711,594</u>

**a) Loans**

**a.1) Syndicated Loan**

On July 28, 2010, the Company took out a Syndicated Loan through a Loan Offer sent to Standard Bank Argentina S.A., Banco Itaú Argentina S.A., Banco de Servicios y Transacciones S.A., Banco del Chubut S.A., Banco de la Nación Argentina S.A., Banco Hipotecario S.A. and Banco de la Ciudad de Buenos Aires S.A. to finance the extension of the plant so as to obtain extra 60 MW by installing a new gas turbine, and to partially pre-settle the debt with Credit Suisse bank.

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President



**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

**NOTE 17: LOANS (Cont'd)**

**a) Loans**

**a.1) Syndicated Loan**

On September 21, 2011, the Company executed an amendment to the Loan Offer, including HSBC Bank Argentina S.A. and Banco de la Provincia de Córdoba S.A. as lenders, to pre-settle the totality of the debt with Credit Suisse bank.

On March 22, 2013 GMSA executed a second amendment to the original loan offer to partially prepay that loan through an issuance of negotiable obligations, and to define new repayment periods in line with the issuance of the negotiable obligations.

On May 21, 2013, the Company issued Negotiable Obligations and made a pre-settlement of principal in the amount of \$ 57,318,000 with funds from that issuance.

On May 8, 2014 the Company made a third amendment to the Loan Offer by virtue of which, on May 9, 2014, a partial pre-settlement of the loan was made for \$ 54,508,500 of principal.

Additionally, new settlement terms were agreed and guarantees provided were released under the loan.

The most relevant provisions are the following:

**Principal:** The total principal amount due was \$ 90,000,000, after the pre-settlement mentioned above.

**Interest:** Adjusted BADLAR rate plus a margin of 6.25%

**Repayment:** Interest is settled on a quarterly basis from the date the last amendment entered into force (May 9, 2014). Principal will be settled in 11 (eleven) quarterly installments as from November 10, 2014, the last installment becoming due on May 9, 2017.

**Main contractual requirements:** The Loan Offer establishes certain guidelines relating to compliance with covenants involving financial ratios (leverage, minimum equity and EBITDA on interest expenses) to be submitted on a quarterly basis.

The amendment also establishes the assignment of collection rights under energy sales contracts and the posting of a bond by ASA.

The balance for that loan at December 31, 2015 amounts to \$57,600,371. The remaining principal balance at the date of presentation of the financial statements amounted to \$49,050,000.

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For the Syndics' Committee

Armando R. Losón  
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**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

**NOTE 17: LOANS (Cont'd)**

**a) Loans (Cont'd)**

**a.2) Negotiable Obligations**

To improve the financial profile of the company, on October 17, 2012 GMSA obtained, under CNV Resolution 16942, authorization for: (i) incorporation of GMSA to the public offering system; and (ii) creation of a global program to issue simple (non-convertible) into shares negotiable obligations for a total nominal value outstanding of USD 100.000.000 (one hundred million US dollars) or its equivalent in other currencies, in one or more classes or series (the "Program").

At December 31, 2015 there are Class III and Class IV negotiable obligations outstanding, issued by the Company for the amounts and under the following conditions:

**Class III Negotiable Obligations:**

**Principal:** Nominal value: \$100,000,000 (Pesos: one hundred million)

**Interest:** Private Banks BADLAR rate plus 4.46%

Interest on Class III Negotiable Obligations will be paid on a quarterly basis, in arrears, on the following dates: August 9, 2014, November 9, 2014, February 9, 2015, May 9, 2015, August 9, 2015, November 9, 2015 and February 9, 2016.

**Repayment term and method:**

The proceeds from the issuance of Class III Negotiable Obligations were applied to the partial advance payment of principal on the syndicated loan for an amount of \$ 54.508.500, and to working capital.

On July 15, 2015, Class IV Negotiable Obligations were issued, a portion in cash and the remainder through a swap for 87% of Class III Negotiable Obligations, improving the Company's working capital and indebtedness profile (term and rate). The amount paid was \$87,824,000.

The principal balance payable on February 9, 2016 is \$4,139,840 million.

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President

**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

**NOTE 17: LOANS (Cont'd)**

**a) Loans (Cont'd)**

**a.2) Negotiable obligations (Cont'd)**

**Class IV Negotiable Obligations:**

Principal: Nominal value: \$130,000,000 (Pesos: one hundred million)

Interest: (i) from the issue and settlement date and up to and including nine (9) months after the issue and settlement, interest shall accrue at a fixed interest rate of 28%; (ii) from the start of the tenth (10th) month, counted as from the issue and settlement date, up to but not including the date on which principal is fully amortized, interest shall accrue at annual variable rates equal to the aggregate of: (a) Private banks BADLAR rate plus (b) 6.50%.

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

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

The proceeds from the issuance of Class IV negotiable obligations were applied to the partial pre-settlement of principal on Class III negotiable obligations for an amount of \$87,824,000. The remainder was applied to investments and working capital. This will enable improving the Company's financial profile.



The balance of the negotiable obligations at December 31, 2015 is \$140,300,489.

**a.3) Loan from Banco Hipotecario S.A.**

On December 16, 2013, the Company borrowed \$10,000,000 from Banco Hipotecario S.A. to be amortized in 24 monthly installments. This loan was fully repaid at December 31, 2015.

On October 19, 2015, the Company further borrowed \$8,200,000 from Banco Hipotecario S.A., to be amortized in 24 monthly installments and the first installment shall be paid on November 19, 2015, accruing interest at annual nominal BADCOR rate plus a margin of 5.75%.

The purpose of the loan is to apply the funds received to finance working capital.

 _____ Marcelo P. Lerner For the Syndics' Committee	<p style="font-size: small;">See our report dated March 8, 2016</p> <p><b>PRICE WATERHOUSE &amp; CO. S.R.L.</b></p> <p style="font-size: small;">(Partner)</p> <p style="font-size: small;">C.P.C.E.C.A.B.A. T° I F° 17</p>	 _____ Armando R. Losón President
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**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

**NOTE 17: LOANS (Cont'd)**

**a) Loans (Cont'd)**

**a.4) Loan from Banco de Córdoba**

On January 9, 2014, the Company borrowed \$7,000,000 from Banco de la Provincia de Córdoba S.A. to be amortized in 24 monthly installments. The remaining balance for that loan at December 31, 2015 is \$ 291,667.

On June 8, 2015, the Company also borrowed \$5,000,000 from Banco de la Provincia de Córdoba S.A. to be amortized in 24 monthly installments. The remaining balance of principal on that loan at December 31, 2015 is \$ 3,750,028.

**a.5) Loan from Banco de Servicios y Transacciones S.A.**

On August 1, 2014, the Company borrowed \$5,000,000 from Banco de Servicios y Transacciones S.A. to be amortized in 12 monthly installments. This loan was fully repaid on August 8, 2015.

**a.6) Loan from Banco Chubut S.A.**

On June 19, 2015 the Company borrowed \$15,000,000 from Banco Chubut S.A. payable over 180 days counted as from the disbursement date. This loan was fully repaid on December 31, 2015.

On October 20, 2015 the Company took out a loan from Banco Chubut S.A. with the aim of applying the funds received to finance working capital. The loan amount was \$5,000,000. Principal shall be amortized in 1 installment payable on January 20, 2016, and shall accrue interest at a fixed rate of 31.87%.

On December 16, 2015 the Company took out a loan from Banco Chubut S.A., also with the aim of applying the respective funds to finance working capital. The loan amount was \$15,000,000. Principal shall be amortized in 1 installment payable on May 16, 2016, and shall accrue interest at a fixed rate of 29.98%.

**a.7) Loan from Banco Ciudad**

On October 8, 2015, the Company took out a loan for \$20,000,000 from Banco Ciudad. Principal shall be amortized in 31 monthly installments (with a grace period of 5 months) and the first installment shall be paid on April 8, 2016, accruing interest at an annual nominal BADCOR rate, plus a margin of 3%. The purpose of the loan is to apply the funds received to finance working capital.

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Marcelo P. Lerner  
For the Syndics' Committee

Armando R. Losón  
President

# Generación Mediterránea S.A.

Notes to the Special Financial Statements (Cont'd)

## NOTE 17: LOANS (Cont'd)

### a) Loans (Cont'd)

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

	12.31.15	12.31.14	12.31.13
<b>Fixed rate</b>			
Less than 1 year	56,427,339	8,585,884	21,982,173
	<b>56,427,339</b>	<b>8,585,884</b>	<b>21,982,173</b>
<b>Floating rate</b>			
Less than 1 year	61,868,638	139,956,105	91,729,421
Between 1 and 2 years	158,749,014	70,242,735	83,776,903
Between 2 and 3 years	9,999,912	19,449,219	66,424,353
More than 3 years	1,473,588	-	44,967
	<b>232,091,152</b>	<b>229,648,059</b>	<b>241,975,644</b>
	<b>288,518,491</b>	<b>238,233,943</b>	<b>263,957,817</b>

Company loans are denominated in the following currencies:

	12.31.15	12.31.14	12.31.13
Argentine pesos	288,518,491	238,233,943	263,957,817
	<b>288,518,491</b>	<b>238,233,943</b>	<b>263,957,817</b>

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

	12.31.15	12.31.14	12.31.13
<b>Loans at beginning of year</b>	<b>238,233,943</b>	<b>263,957,817</b>	<b>245,953,941</b>
Loans received	199,392,907	133,358,782	107,399,063
Loans paid	(180,718,293)	(165,961,155)	(87,760,551)
Accrued interest	67,153,477	78,411,223	68,729,480
Interest paid	(65,634,463)	(74,872,886)	(64) 534,769
Bank overdrafts	27,342,283	1,835,477	(3,908,748)
Capitalized expenses/present values	2,748,637	1,504,685	(1,920,599)
<b>Loans at year end</b>	<b>288,518,491</b>	<b>238,233,943</b>	<b>263,957,817</b>

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# Generación Mediterránea S.A.

Notes to the Special Financial Statements (Cont'd)

## NOTE 18: SALARIES AND SOCIAL SECURITY CHARGES

<u>Current</u>	<u>12.31.15</u>	<u>12.31.14</u>	<u>12.31.13</u>
Social security charges payable	1,334,154	392,361	625,037
Salaries payable	2,108	-	413,731
Vacation accrual	1,496,046	1,273,273	1,494,243
Income tax withholdings to be deposited	819,776	186,103	693,027
	<u>3,652,084</u>	<u>1,851,737</u>	<u>3,226,038</u>

## NOTE 19: TAX PAYABLES

<u>Non-Current</u>	<u>12.31.15</u>	<u>12.31.14</u>	<u>12.31.13</u>
Payment-in-installment plan	-	8,803	1,117,575
	<u>-</u>	<u>8,803</u>	<u>1,117,575</u>
<u>Current</u>			
National Fund of Electric Energy	667,509	443,692	1,299,311
Income tax withholdings to be deposited	195,193	4,451,657	3,395,870
Provision for income tax - Financial trust	-	-	1,733,910
Turnover tax withholdings to be deposited	180,380	221,213	7,764
Payment-in-installment plan	630,480	3,643,937	3,056,244
Value added tax	1,245,407	36,332	167,856
	<u>2,918,969</u>	<u>8,796,831</u>	<u>9,660,955</u>

## NOTE 20: INCOME TAX - DEFERRED TAX

The analysis of deferred tax assets and liabilities is as follows:

	<u>12.31.15</u>	<u>12.31.14</u>	<u>12.31.13</u>
Deferred tax assets:			
Deferred tax assets to be recovered over 12 months	216,652	677,647	9,487,563
	<u>216,652</u>	<u>677,647</u>	<u>9,487,563</u>
Deferred tax liabilities:			
Deferred tax liabilities to be settled over 12 months	(336,216,727)	(210,826,630)	(21,699,649)
	<u>(336,216,727)</u>	<u>(210,826,630)</u>	<u>(21,699,649)</u>
Deferred tax liabilities (net)	<u>(336,000,075)</u>	<u>(210,148,983)</u>	<u>(12,212,086)</u>

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# Generación Mediterránea S.A.

Notes to the Special Financial Statements (Cont'd)

## NOTE 20: INCOME TAX - DEFERRED TAX (Cont'd)

The gross movements of the deferred tax account has been as follows:

	12.31.15	12.31.14	12.31.13
Balances at beginning of year	(210,148,983)	(12,212,086)	(11,680,949)
Charge to income statement	(3,078,810)	(4,678,574)	-
Charge to technical revaluation reserve	(122,772,282)	(193,258,323)	(531,137)
Balance at year end	(336,000,075)	(210,148,983)	(12,212,086)

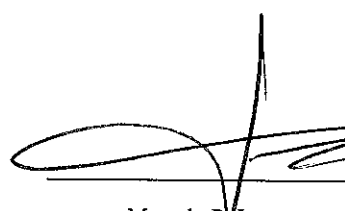
The movements of deferred tax assets and liabilities, without considering the offsetting of balances referred to the same tax jurisdiction, were as follows:

	Trade receivables and other receivables	Property, plant and equipment	Loans	Other Liabilities
Balances as of December 31, 2013	417,837	(21,699,649)	717,012	8,352,715
Charge to income statement	259,810	(8,128,248)	-	3,189,863
Charge to technical revaluation reserve	-	(193,258,323)	-	-
Balances as of December 31, 2014	677,647	(223,086,220)	717,012	11,542,578
Charge to income statement	(460,995)	(846,220)	-	(1,771,595)
Charge to technical revaluation reserve	-	(122,772,282)	-	-
Balances as of December 31, 2015	216,652	(346,704,722)	717,012	9,770,983

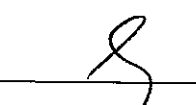
Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through the future taxable profits is probable.

The income tax charge is broken down as follows:

	12.31.15	12.31.14	12.31.13
Current taxes	(21,435,679)	(5,842,718)	(4,945,574)
Deferred tax	(3,078,810)	(4,678,575)	(531,137)
Provision understated in the prior year	272,055	96,721	-
Income tax	(24,242,434)	(10,424,572)	(5,476,711)

  
Marcelo P. Lerner  
For the Syndics' Committee

See our report dated  
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# Generación Mediterránea S.A.

Notes to the Special Financial Statements (Cont'd)

## NOTE 20: INCOME TAX - DEFERRED TAX (Cont'd)

Below is a reconciliation between income tax charged to earnings and tax resulting from applying the current income tax rate to the accounting profit before taxes:

	12.31.15	12.31.14	12.31.13
Income before tax	65,690,172	18,214,834	13,166,145
Current tax rate	35%	35%	35%
Net income/loss at the tax rate	(22,991,558)	(6,375,192)	(4,608,151)
Other permanent differences	(1,522,931)	(4,146,101)	(868,560)
Variation of tax loss carry-forwards	272,055	96,721	-
<b>Total income tax charge</b>	<b>(24,242,434)</b>	<b>(10,424,572)</b>	<b>(5,476,711)</b>

## NOTE 21: PROVISIONS

	For trade receivables	For contingencies
<b>Balances as of January 01, 2013</b>	<b>563,015</b>	<b>11,719,603</b>
Increases	-	4,142,916
Decreases	-	(7,673,932)
<b>Balances as of January 31, 2013</b>	<b>563,015</b>	<b>8,188,587</b>
Increases	507,894	2,392,824
Decreases	(326,000)	-
<b>Balances as of December 31, 2014</b>	<b>744,909</b>	<b>10,581,411</b>
Increases	-	718,038
Decreases	-	(1,349,953)
<b>Balances as of December 31, 2015</b>	<b>744,909</b>	<b>9,949,496</b>

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

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President



# Generación Mediterránea S.A.

Notes to the Special Financial Statements (Cont'd)

## NOTE 22: SALES REVENUE

	12.31.15	12.31.14	12.31.13
Sale of electricity Res. No. 95/529/482	196,807,453	134,656,857	143,611,549
Electric energy sales in the forward market	731,696,024	594,415,551	549,627,183
Services provided	4,485,170	2,109,925	13,000,211
	<u>932,988,647</u>	<u>731,182,333</u>	<u>706,238,943</u>

## NOTE 23: COST OF SALES

	12.31.15	12.31.14	12.31.13
Cost of purchase of electric energy	(285,018,329)	(305,846,207)	(315,717,949)
Cost of gas and gasoil consumption at the plant	(302,776,194)	(162,060,756)	(190,853,916)
Cost of gas carriage	(4,834,047)	(1,560,066)	(2,586,772)
Fees and compensation for services	-	(26,259)	(79,025)
Salaries and social security contributions	(31,260,801)	(22,755,650)	(19,615,658)
Other employee benefits	(1,252,277)	(1,287,396)	(881,626)
Taxes, rates and contributions	(5,428,491)	(3,306,999)	(1,998,280)
Maintenance services	(42,780,604)	(33,812,377)	(30,765,644)
Depreciation of property, plant and equipment	(45,951,039)	(34,770,152)	(22,800,154)
Per diem, travel and representation expenses	(3,146,987)	(1,559,698)	(725,149)
Insurance	(12,049,440)	(8,716,369)	(6,920,072)
Communication expenses	(635,939)	(576,206)	(360,945)
Sundry	(520,395)	(617,422)	(468,788)
	<u>(735,654,543)</u>	<u>(576,895,557)</u>	<u>(593,773,978)</u>

## NOTE 24: SELLING EXPENSES

	12.31.15	12.31.14	12.31.13
Salaries, wages and social security contributions	(1,103,322)	(803,141)	(692,317)
Taxes rates and contributions	(353,026)	(3,557,393)	(5,574,664)
Bad debt	-	(306,677)	-
	<u>(1,456,348)</u>	<u>(4,667,211)</u>	<u>(6,266,981)</u>

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PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. T° 1 F° 17

Marcelo P. Lerner  
For the Syndics' Committee

Armando R. Losón  
President

# Generación Mediterránea S.A.

Notes to the Special Financial Statements (Cont'd)

## NOTE 25: ADMINISTRATIVE EXPENSES

	12.31.15	12.31.14	12.31.13
Fees and compensation for services	(15,791,591)	(6,506,973)	(2,119,209)
Salaries and social security contributions	(4,413,290)	(3,212,562)	(2,769,269)
Other employee benefits	(834,852)	(713,893)	(489,172)
Taxes, rates and contributions	(1,329,887)	(356,759)	(49,523)
Per diem, travel and representation expenses	(2,097,991)	(1,039,798)	(483,434)
Insurance	(103,361)	(72,439)	(54,521)
Office expenses	(1,220,758)	(309,429)	(245,647)
Communication expenses	(423,959)	(125,576)	(46,303)
Sundry	(347,033)	(431,428)	(326,012)
	<u>(26,562,722)</u>	<u>(12,768,857)</u>	<u>(6,583,090)</u>

## NOTE 26: OTHER OPERATING INCOME

	12.31.15	12.31.14	12.31.13
Recovery of provision for contingencies	-	3,725	7,673,932
Sale of assets	-	56,612	-
Sundry	320,121	11,088	-
	<u>320,121</u>	<u>71,425</u>	<u>7,673,932</u>

## NOTE 27: FINANCIAL RESULTS

	12.31.15	12.31.14	12.31.13
Financial income			
Commercial interest	3,426,477	4,307,151	1,191,046
<b>Total financial income</b>	<u>3,426,477</u>	<u>4,307,151</u>	<u>1,191,046</u>
Financial costs			
Interest on loan and others	(88,875,956)	(93,438,290)	(77,062,532)
Bank expenses and commissions	(2,596,194)	(1,745,379)	(813,804)
<b>Total financial expenses</b>	<u>(91,472,150)</u>	<u>(95,183,669)</u>	<u>(77,876,336)</u>
Other financial results			
Exchange differences, net	(2,264,773)	(9,091,738)	342,048
Other financial results	(13,634,537)	(18,739,043)	(17,779,439)
<b>Total other financial results</b>	<u>(15,899,310)</u>	<u>(27,830,781)</u>	<u>(17,437,391)</u>
<b>Total financial results, net</b>	<u>(103,944,983)</u>	<u>(118,707,299)</u>	<u>(94,122,681)</u>

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President

# Generación Mediterránea S.A.

Notes to the Special Financial Statements (Cont'd)

## **NOTE 28: EARNINGS PER SHARE**

### **Basic**

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

	<b>12.31.15</b>	<b>12.31.14</b>	<b>12.31.13</b>
Income for the year	41,447,738	7,790,262	7,689,434
Weighted average of outstanding ordinary shares	76,200,073	76,200,073	76,200,073
Basic earnings per share	0,5439	0,1022	0,1009

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

## **NOTE 29: TRANSACTIONS AND BALANCES BETWEEN RELATED PARTIES**

	<b>Income/(Loss)</b>		
	<b>\$</b>		
	<b>12.31.15</b>	<b>12.31.14</b>	<b>12.31.13</b>
<i>a) Sales of energy</i>			
<b>Other related parties:</b>			
Solalban Energía S.A.	23,146,088	3,379,222	119,747
GISA	460,156	1,969,846	9,438,645
RGA	17,178,470	1,693,259	4,263,864
	<b>40,784,714</b>	<b>7,042,327</b>	<b>13,822,256</b>
<i>b) Purchase of gas and energy</i>			
	<b>12.31.15</b>	<b>12.31.14</b>	<b>12.31.13</b>
<b>Other related parties:</b>			
Solalban Energía S.A.	(665,799)	(563,142)	(106,698)
GISA	(1,225,958)	(1,391,832)	(1,132,396)
RGA (*)	(141,581,802)	(130,054,788)	(123,628,379)
	<b>(143,473,559)</b>	<b>(132,009,762)</b>	<b>(124,867,473)</b>

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

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Notes to the Special Financial Statements (Cont'd)

## NOTE 29: TRANSACTIONS AND BALANCES BETWEEN RELATED PARTIES (Cont'd)

### c) Administrative services

	12.31.15	12.31.14	12.31.13
<b>Other related parties:</b>			
RGA	(3,244,833)	(1,664,474)	-
	<b>(3,244,833)</b>	<b>(1,664,474)</b>	-

### d) Rental

	12.31.15	12.31.14	12.31.13
<b>Other related parties:</b>			
RGA	(120,000)	(120,000)	(120,000)
	<b>(120,000)</b>	<b>(120,000)</b>	<b>(120,000)</b>

### e) Other purchases and services received

	12.31.15	12.31.14	12.31.13
<b>Other related parties:</b>			
Solalban Energía S.A.	(798,978)	-	-
GROSA	-	(284,511)	-
GISA	(396,694)	-	-
RGA	-	(126,013)	(120,000)
BDD	(43,231)	-	(14,096)
AJSA	(3,076,956)	-	(467,141)
	<b>(4,315,859)</b>	<b>(410,524)</b>	<b>(601,237)</b>

### f) Recovery of expenses

	12.31.15	12.31.14	12.31.13
<b>Other related parties:</b>			
RGA	(18,503)	-	-
GROSA	927,830	1,061,622	-
GISA	2,690,035	1,759,117	-
CTR	1,977,937	-	-
GFSA	263,002	-	-
GLBSA	248,490	166,620	-
GRISA	278,918	-	-
	<b>6,367,709</b>	<b>2,987,359</b>	-

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Notes to the Special Financial Statements (Cont'd)

## **NOTE 29: TRANSACTIONS AND BALANCES BETWEEN RELATED PARTIES (Cont'd)**

<i>g) Services provided</i>	<u>12.31.15</u>	<u>12.31.14</u>	<u>12.31.13</u>
<b>Other related parties:</b>			
CTR	1,500,000	1,267,477	-
GFSA	1,000,000	3,311	-
GLBSA	-	-	2,007,225
GROSA	-	-	1,809,875
GRISA	1,985,170	278,706	2,879,955
	<u>4,485,170</u>	<u>1,549,494</u>	<u>6,697,055</u>

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

The senior management includes directors (executive and non-executive). Their fees at December 31, 2015, 2014 and 2013 amounted to \$3,940,548, \$2,881,050 and \$ 3,800,177, respectively.

	<u>12.31.15</u>	<u>12.31.14</u>	<u>12.31.13</u>
Salaries	3,940,548	2,881,050	3,800,177
	<u>3,940,548</u>	<u>2,881,050</u>	<u>3,800,177</u>

### *i) Balances at the date of the statement of the financial position*

	<u>12.31.15</u>	<u>12.31.14</u>	<u>12.31.13</u>
<b>Current trade receivables with other related parties</b>			
GISA	-	1,931,089	183,415
GRISA	2,402,056	105,823	-
RGA	-	40,728,315	34,887,793
GROSA	2,773,281	18,551,138	26,404,523
CTR	1,500,000	1,463,176	4,878
GFSA	1,000,000	1,429,283	1,425,405
GLBSA	-	68,823	2,007,225
Solalban Energía S.A.	-	113,634	-
	<u>7,675,337</u>	<u>64,391,281</u>	<u>64,913,239</u>

### **Other current receivables with other related parties**

GLBSA	-	-	62,677
GRISA	57,750,000	-	16,412
ASA	48,094,040	-	-
	<u>105,844,040</u>	<u>-</u>	<u>79,089</u>

### **Current trade payables with other related parties**

Solalban Energía S.A.	215,538	-	442,283
AJSA	1,214,771	-	-
RGA	60,412,349	-	-
	<u>61,842,658</u>	<u>-</u>	<u>442,283</u>

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Notes to the Special Financial Statements (Cont'd)

**NOTE 29: TRANSACTIONS AND BALANCES BETWEEN RELATED PARTIES (Cont'd)**

<u>Other current debts with other related parties</u>	<u>12.31.15</u>	<u>12.31.14</u>	<u>12.31.13</u>
Minority interest	145,000		
	<u>145,000</u>	<u>-</u>	<u>-</u>
Other non-current debts with other related parties			
Minority interest	-	145,000	145,000
	<u>-</u>	<u>145,000</u>	<u>145,000</u>

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 financial statements. Trade payables with related parties arise mainly from transactions of purchases of gas and fall due in the month following the transaction date. Transactions with related parties are conducted in conditions similar to those carried out with independent parties.

**NOTE 30: WORKING CAPITAL**

The Company reports at December 31, 2015 a surplus in working capital of \$ 5,652,186 (calculated as current assets less current liabilities), which means an improvement of \$101,853,835, compared to the deficit in working capital at the end of the previous year (\$96,201,649 at 12/31/2014).

EBITDA at December 31, 2015 amounted to \$215,266,072, increasing by 23% the value reached by the Company in December 2014. This shows the accomplishment of the objectives and efficiency of the operations conducted by the Company.

**NOTE 31: RESTRICTED ASSETS AND OTHER COMMITMENTS**

**31.1 Loans from CAMMESA**

At December 31, 2015, the Company has settled the financial debt with CAMMESA that was secured with an assignment of 15% of the current and future receivables for the sale of energy in the Spot Market of the WEM. This debt was incurred to finance improvements in the boiler of the combined cycle (MMARTG01 and MMARTG02).

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## Generación Mediterránea S.A.

Notes to the Special Financial Statements (Cont'd)

### **NOTE 31: RESTRICTED ASSETS AND OTHER COMMITMENTS (Cont'd)**

#### **31.2 Syndicated loan**

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

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

The balance of the debt under the syndicated loan for that fiscal year is \$56,700,000 million, which shows an improvement in the Company's financial structure.

#### **31.3 Other commitments**

Certain contractual obligations in connection with electricity supply to large users on the Forward Market at December 31, 2015 and the periods to fulfill those obligations 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 with private customers.

	Total	Up to 1 year	From 1 to 3 years
<i>Sale commitments<sup>(1)</sup></i>			
Electric energy and power - Plus	967,045,516	947,413,701	19,631,815

(1) Commitments are denominated in pesos and have been valued at estimated market prices, based on the special conditions of each contract. They reflect the valuation of the contracts with private customers in force at December 31, 2015, under ES Resolution 1281/06.

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Notes to the Special Financial Statements (Cont'd)

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

On August 14, 2014, the CNV adopted General Resolution No. 629 that introduces amendments to its regulations involving storage and preservation of corporate books, accounting records and business documents. To that end, it is informed that the Company stores and preserves its corporate books, accounting books and business documents at its principal place of business, located at Av. L.N. Alem 855, floor 14, City of Buenos Aires.

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, C.A.B.A.

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 and their amendments).

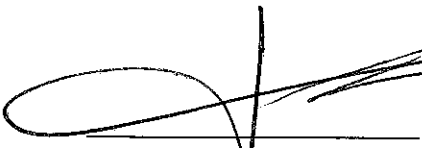
### **NOTE 33: LONG-TERM MAINTENANCE CONTRACT**

On August 9, 2007, the Company signed with Pratt & Whitney Power Systems Inc (PWPS) a global service agreement (Long-Term Service Agreement). On November 14, 2012, an offer letter was accepted as addendum to the contract to include a turbine installed in the extension of 2010.


As established in the contract, PWPS must offer an annual site audit, site monitoring - through a technician, on a permanent basis - services, workforce, original spare parts and repairs for planned and unplanned maintenance, and efficient performance of the turbines. In addition, the power plant has its own repair shop with stock of spare parts. 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 Plant for a contractual year. In addition, the Power Plant has its 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.

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## Generación Mediterránea S.A.

Notes to the Special Financial Statements (Cont'd)

### **NOTE 33: LONG-TERM MAINTENANCE CONTRACT (Cont'd)**

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

### **NOTE 34: SEGMENT REPORTING**

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

Management has determined the operating segment based on reports reviewed by the Board of Directors and used for strategic decision making. The Board of Directors considers that the business consists of two segments: the sale of electric power and the provision of services.

The Company did not provide engineering services to third parties during the current year.

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. Below is a description of the results per business segment for the fiscal years ended December 31, 2015 and 2014, stated in pesos.

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**Generación Mediterránea S.A.**  
Notes to the Special Financial Statements (Cont'd)

**NOTE 34: SEGMENT REPORTING (Cont'd)**

At 12.31.15	Energy	Services	Total
Sales revenue	928,503,477	4,485,170	932,988,647
Cost of sales	(732,066,407)	(3,588,136)	(735,654,543)
<b>Gross income</b>	<b>196,437,070</b>	<b>897,034</b>	<b>197,334,104</b>
Selling expenses	(1,444,444)	(11,904)	(1,456,348)
Administrative expenses	(26,562,722)	-	(26,562,722)
Other operating income	320,121	-	320,121
<b>Operating income</b>	<b>168,750,025</b>	<b>885,130</b>	<b>169,635,155</b>
Financial income	3,426,477	-	3,426,477
Financial costs	(91,472,150)	-	(91,472,150)
Other financial results	(15,899,310)	-	(15,899,310)
<b>Financial results, net</b>	<b>(103,944,983)</b>	<b>-</b>	<b>(103,944,983)</b>
<b>Income/Loss before tax</b>	<b>64,805,042</b>	<b>885,130</b>	<b>65,690,172</b>
Income tax	(23,932,638)	(309,796)	(24,242,434)
<b>Income for the year</b>	<b>40,872,404</b>	<b>575,334</b>	<b>41,447,738</b>
At 12.31.14	Energy	Services	Total
Sales revenue	729,072,408	2,109,925	731,182,333
Cost of sales	(575,207,617)	(1,687,940)	(576,895,557)
<b>Gross income</b>	<b>153,864,791</b>	<b>421,985</b>	<b>154,286,776</b>
Selling expenses	(4,661,611)	(5,600)	(4,667,211)
Administrative expenses	(12,768,857)	-	(12,768,857)
Other operating income	71,425	-	71,425
<b>Operating income</b>	<b>136,505,748</b>	<b>416,385</b>	<b>136,922,133</b>
Financial income	4,307,151	-	4,307,151
Financial costs	(95,183,669)	-	(95,183,669)
Other financial results	(27,830,781)	-	(27,830,781)
<b>Financial results, net</b>	<b>(118,707,299)</b>	<b>-</b>	<b>(118,707,299)</b>
<b>Income/Loss before tax</b>	<b>17,798,449</b>	<b>416,385</b>	<b>18,214,834</b>
Income tax	(10,278,837)	(145,735)	(10,424,572)
<b>Income for the year</b>	<b>7,519,612</b>	<b>270,650</b>	<b>7,790,262</b>

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# **Generación Mediterránea S.A.**

Notes to the Special Financial Statements (Cont'd)

## **NOTE 34: SEGMENT REPORTING (Cont'd)**

<b>At 12.31.2013</b>	<b>Energy</b>	<b>Services</b>	<b>Total</b>
Sales revenue	693,238,732	13,000,211	706,238,943
Cost of sales	(583,373,809)	(10,400,169)	(593,773,978)
<b>Gross income</b>	<b>109,864,923</b>	<b>2,600,042</b>	<b>112,464,965</b>
Selling expenses	(6,232,478)	(34,503)	(6,266,981)
Administrative expenses	(6,583,090)	-	(6,583,090)
Other operating income	7,673,932	-	7,673,932
<b>Operating income</b>	<b>104,723,287</b>	<b>2,565,539</b>	<b>107,288,826</b>
Financial income	1,191,046	-	1,191,046
Financial costs	(77,876,336)	-	(77,876,336)
Other financial results	(17,437,391)	-	(17,437,391)
<b>Financial results, net</b>	<b>(94,122,681)</b>	<b>-</b>	<b>(94,122,681)</b>
<b>Income/Loss before tax</b>	<b>10,600,606</b>	<b>2,565,539</b>	<b>13,166,145</b>
Income tax	(4,578,772)	(897,939)	(5,476,711)
<b>Income for the year</b>	<b>6,021,834</b>	<b>1,667,600</b>	<b>7,689,434</b>

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## Generación Mediterránea S.A.

Notes to the Special Financial Statements (Cont'd)

### **NOTE 35: 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 529/14. 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 made a new presentation to CAMMESA updating the amount in the request mentioned in the preceding paragraph under Resolution 529/14; the accumulated amount for this item by the end of December 2016 would be approximately \$25,000,000.

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.

The Company reports an accumulated balance for "Non-Recurring Maintenance" of \$18,781,019 at December 31, 2015.

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.

### **NOTE 36: INVESTMENTS IN COMPANIES**

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

The Company holds an equity interest of 0.0282% equivalent to 141 shares in Termoeléctrica José de San Martín S.A. and Termoeléctrica Manuel Belgrano S.A., which engage in equipment purchases, construction, operation and maintenance of the respective power plants. The fair value of the unlisted ordinary shares in Termoeléctrica José de San Martín S.A. and Termoeléctrica Manuel Belgrano S.A. has been estimated using a model of discounted cash flows based on dividends at September 30, 2015.

See our report dated  
March 8, 2016  
PRICE WATERHOUSE & CO. S.R.L.  
(Partner)  
C.P.C.E.C.A.B.A. T° 1 F° 17

Marcelo P. Lerner  
For the Syndics' Committee

Armando R. Losón  
President

## Generación Mediterránea S.A.

Notes to the Special Financial Statements (Cont'd)

### **NOTE 37: MERGER THROUGH ABSORPTION**

GMSA (the merging and continuing company), GISA (the merged company), GLBSA (the merged company) and GRISA (the merged company) started a merger process through the absorption of the latter three companies, and a consolidated statement of financial position for merger purposes was issued at June 30, 2015, based on special statements of financial position for merger purposes of each company.

The purpose of the merger is to enhance and optimize, through a corporate reorganization, the performance of the economic activities and the operating, administrative and technical structures of the Participating Companies to achieve synergies and operating efficiency through only one operating unit.

Considering that the Participating Companies are electric power generating agents in the WEM and that their main line of business is the generation and sale of electric power, the Merger will be beneficial for the following reasons: a) the type of business activity of the Participating Companies, which enables integration and complementation for greater operating efficiencies; b) a simplification of the Participating Companies' corporate structure by consolidating the companies' activities in only one entity; c) the synergy of the union of the different Group companies will make the exercise of control, management and administration of the energy business more effective; d) the obtainment of a larger scale, permitting to increase the financial ability to develop new projects; e) a better allocation of existing resources; f) benefiting from a centralized administration, unifying the political and strategic decision-making processes in relation to the business, thus eliminating multiple costs (legal, accounting, administrative, financial and other costs); and g) the creation of more career opportunities for the employees of the Participating Companies. Furthermore, the above-mentioned benefits will be obtained without incurring tax costs, as they are included in Section 77 and following provisions of the Income Tax Law.

A preliminary merger agreement was entered into on August 31, 2015 establishing a merger between GISA, GLBSA and GRISA through absorption into GMSA (the continuing Company) effective January 1, 2016.

The meetings of the Companies' shareholders were held on October 15, 2015 which approved the preliminary merger agreement that had already been approved by the Board of Directors. The dissolution of the merged companies, an increase of GMSA capital as a result of the merger, and the transfer of the public offering from GISA to GMSA were also approved.

The publication of the notice of the merger required by Section 83 of the General Companies Law (LGS) was completed on October 22, 2015, and the period for opposition of creditors commenced. As no creditor has opposed the merger or invoked any rights over the Participating Companies during that period, the Final Merger Agreement was signed on November 10, 2015.

See our report dated  
March 8, 2016  
PRICE WATERHOUSE & CO. S.R.L.  
(Partner)  
C.P.C.E.C.A.B.A. T° 1 F° 17

Martelo P. Lerner  
For the Syndics' Committee

Armando R. Losón  
President

## Generación Mediterránea S.A.

Notes to the Special Financial Statements (Cont'd)

### **NOTE 37: MERGER THROUGH ABSORPTION (Cont'd)**

The presentation of the merger formalities with the CNV was made on November 13, 2015 and, after the administrative authorization of that agency has been obtained, the pertinent presentation will be made to the IGJ for its registration with the Public Registry of Commerce.

### **NOTE 38: SUBSEQUENT EVENTS**

#### **i. Banco Macro loan**

A loan agreement was entered into between GMSA and Banco Macro on January 20, 2016. The purpose of the loan is to apply the funds received to finance working capital. The loan amount was \$10,000,000.

Principal shall be amortized in 6 monthly installments and the first installment was paid on February 10, 2016, accruing interest at an annual nominal BADCOR rate, plus a margin of 2%.

#### **ii. Banco Chubut loan**


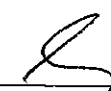
A loan agreement was entered into between GMSA and Banco Chubut on February 2, 2016. The loan amount was \$5,000,000.

Principal will be amortized on a monthly basis and will fall due on May 20, 2016. It accrues interest at an annual rate of 29.98%.

#### **iii. Banco Supervielle loan**

A loan agreement was entered into between GMSA and Banco Supervielle on February 3, 2016. The purpose of the loan is to apply the funds received to finance working capital. The loan amount was \$15,000,000.

Principal shall be amortized in 12 monthly installments and the first installment was paid on March 4, 2016, accruing interest at a fixed rate of 35%.

	<p>See our report dated March 8, 2016</p> <p>PRICE WATERHOUSE &amp; CO. S.R.L.</p> <p>(Partner)</p> <p>C.P.C.E.C.A.B.A. T° 1 F° 17</p>	
Marcelo P. Lerner For the Syndics' Committee		Armando R. Losón President

## Generación Mediterránea S.A.

Notes to the Special Financial Statements (Cont'd)

### **NOTE 38: SUBSEQUENT EVENTS (Cont'd)**

#### **iv. Loan BAF Latam Trade Finance Funds B.V.**

On February 11, 2015, GMSA, on its own and as the continuing company of GISA and GRISA as a result of the merger through absorption duly informed on November 10, 2015 (see Note 37) entered into a loan agreement with BAF Latam Trade Finance Funds B.V. which granted a credit line for a total amount of USD \$ 40,000,000 (forty million US dollars) to be used for (i) financing of the project for the installation of a new turbine of 50 MW in its power plant in La Rioja including the cancellation of the price balance owed to Siemens Industrial Turbomachinery AB for the import of a gas turbine SGT800; (ii) the prepayment of the balance of USD 20,132,695 (twenty million one hundred and thirty-two thousand six hundred and ninety five US dollars) of the loan agreement entered into on May 4, 2011, between GISA (debtor), UBS Securities LLC (moneylender) and UBS AG Stamford Branch (administrative agent).

See our report dated  
March 8, 2016

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. T° 1 F° 17

Marcelo P. Lerner  
For the Syndics' Committee

Armando R. Losón  
President



## REPORT OF THE INDEPENDENT AUDITORS

To the Shareholders, President and Directors of  
Generación Mediterránea S.A.  
Legal address: Leandro N. Alem 855, 14th floor  
City of Buenos Aires  
Tax Code No. 30-68243472-0

### Report on the financial statements

We have audited the attached financial statements of Generación Mediterránea S.A. (the Company), which consist of the statement of financial position as of December 31, 2015, 2014 and 2013, the statement of comprehensive income, statement of changes in equity and cash flow statement for each of the three years then ended, as well as a summary of the most significant accounting policies and other explanatory information.

### Board responsibility

The Board of Directors of the Company is responsible for the preparation and reasonable presentation of these financial statements under International Financial Reporting Standards (IFRS) adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and incorporated into the regulations of the National Securities Commission (CNV), as approved by the International Accounting Standards Board (IASB). Further, the Board of Directors is responsible for the existence of adequate internal control to prepare financial statements free of any material misstatements due to error or irregularities.

### Auditors' responsibility

Our responsibility is to express an opinion on the attached financial statements, based on our audit. We performed our audit in accordance with International Standards on Auditing (ISAs). These standards were adopted as review standard in Argentina through Technical Pronouncement No. 32 of the FACPCE (Argentine Federation of Professional Councils in Economic Sciences), as approved by the International Auditing and Assurance Standards Board (IAASB) and they require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and other information disclosed in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements due to fraud or error. In making those risk assessments, the auditor must consider internal control relevant to the Company's preparation and reasonable presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements mentioned the first paragraph of this report present fairly, in all material respects, the financial position of Generación Mediterránea S.A. as of December 31, 2015, 2014 and 2013, its comprehensive income and cash flows for each of the three fiscal years then ended, in accordance with International Financing Reporting Standards.

### **Report on compliance with regulations in force**

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

- a) the 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 financial statements of Generación Mediterránea S.A. arise from accounting records carried in all formal respects in conformity with legal provisions which maintain the security and integrity conditions based on which they were authorized by the National Securities Commission;
- c) we have read the summary of activity, on which we have no observation to make insofar as concerns matters within our field of competence;
- d) we have read the additional information to the notes to the financial statements required by Section 12, Chapter III, Title IV, of the National Securities Commission regulations, on which we have no observation to make insofar as concerns matters within our field of competence;

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



- e) at December 31, 2015 the debt accrued by Generación Mediterránea S.A. in favor of the Argentine Integrated Social Security System according to the Company's accounting records amounted to \$ 1.282.396, none of which was claimable at that date
- f) as required by section 21, subsection e), Chapter III, Part IV, Title II of the rules issued by the National Securities Commission, we report that total fees for auditing and related services billed to the Company during the fiscal year ended December 31, 2015 account for:
  - e.1) 47% of the total fees for services billed to the Company for all items during that fiscal year;
  - e.2) 17% of the total fees for services for auditing and related services billed to the Company, its parent companies, subsidiaries and related companies during that year;
  - e.3) 10% of the total fees for services billed to the Company, its parent companies, subsidiaries and related companies for all items during that year;
- g) we have applied for Generación Mediterránea S.A. the money laundering abatement and anti-terrorist financing procedures comprised in the professional standards issued by the Professional Council in Economic Sciences of the City of Buenos Aires.

City of Buenos Aires, March 8, 2016

PRICEWATERHOUSE & CO S.R.L.

(Partner)

C.P.C.E.C.A.B.A. V° 1 F° 17  
Carlos Horacio Rivarola  
Public Accountant (UBA)  
C.P.C.E.C.A.B.A. V° 124 F° 225