

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

Generación Frías S.A.

Interim condensed financial statements

At March 31, 2016 and for the three-month period
ended March 31, 2016
presented in a comparative format

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GLOSSARY OF TECHNICAL TERMS

The following are not technical definitions, but they are helpful for the reader's understanding of some terms used in the notes to the 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
GFSA	Generación Frías S.A.
GI	Generación Independencia located in San Miguel de Tucumán, Tucumán (merged with GMSA)
GISA	Generación Independencia S.A.
GLB	Generación La Banda located in La Banda, Santiago del Estero (merged with GMSA)

Generación Frías S.A.

GLOSSARY OF TECHNICAL TERMS (Cont'd)

Terms	Definitions
GLBSA	Generación La Banda S.A.
GMSA	Generación Mediterránea S.A.
Large Users	WEM agents classified according to their consumption into: GUMAs, GUMEs, GUPAs and GUDIs
GR	Generación Riojana located in La Rioja, La Rioja (merged with GMSA)
GRISA	Generación Riojana S.A.
GROSA	Generación Rosario S.A.
GUDIs	Large Demand from Distributors, with declared or demanded supplies of over 300kW.
GUMAs	Major Large Users
GUMEs	Minor Large Users
GUPAs	Particular Large Users
GW	Gigawatt Unit of power equivalent to 1,000,000,000 watts
GWh	Gigawatt hour Unit of energy equivalent to 1,000,000,000 watts hour
IASB	International Accounting Standards Board
IGJ	Superintendency of Commercial Companies
kV	Kilovolt Unit of electromotive force which is equal to 1,000 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
AR GAAP	Argentine Generally Accepted Accounting Principles
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
ON	Negotiable obligations
PWPS	Pratt & Whitney Power System Inc
Resolution 220/07	Regulatory framework for the sale of energy to CAMMESA through the "WEM Supply Contract" under Energy Secretariat Resolution No. 220/07
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

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Generación Frías S.A.

Composition of the Board of Directors and Syndics' Committee
as of March 31, 2016

President

Armando R. Losón

Vice-president 1°

Guillermo G. Brun

Vice-president 2°

Julián P. Sarti

Full Directors

Carlos A. Bauzas
Oscar C. De Luise
Sebastián A. Sánchez Ramos
Jorge H. Schneider
Juan Carlos Collin

Alternate Directors

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

Full Syndics

Enrique O. Rucq
Marcelo P. Lerner
Francisco A. Landó

Alternate Syndics

Carlos I. Vela
Augusto N. Arena
Santiago R. Yofre

Legal Information

Corporate Name: **Generación Frías S.A.**
 Legal domicile: Av. L.N. Alem 855, floor 14, City of Buenos Aires.
 Main business activity: Development of electric power projects, generation and sale of electricity

Registration with the Superintendency of Commercial Companies:

By-laws: May 17, 2010
 Last amendment: January 29, 2016

Registration with the Superintendency of Commercial Companies: No. 8929 of Book 49, Volume of Companies by shares

Tax ID: No. 30-71147036-7

Expiration date of Company By-laws: May 17, 2109

Parent company: **Albanesi S.A.**

Legal domicile of Parent Company: Av. L.N. Alem 855, Floor 14, City of Buenos Aires.

Main line of business of Parent Company: Investment and financial activities

Percentage of equity interest held by Parent Company: 95%

Percentage of voting rights of Parent Company: 95%

CAPITAL STATUS (Note 13)				
Shares				
Number	Type	Number of votes per share	Subscribed and registered	Paid-in
112,408,964	Ordinary FV \$ 1	1	\$ 112,408,964	102,118,964

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Interim Condensed Statement of Financial Position

As of March 31, 2016 and December 31, 2015

Stated in pesos

	Note	03.31.16	12.31.15
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	567,667,564	567,721,270
Other receivables		25,023,974	30,571,195
Total non-current assets		592,691,538	598,292,465
CURRENT ASSETS			
Inventories		1,209,130	-
Other receivables		59,354,445	36,008,169
Trade receivables		43,953,703	10,055,241
Other financial assets at fair value through profit or loss		2,043,596	-
Cash and cash equivalents	12	16,619,640	11,686,369
Total current assets		123,180,514	57,749,779
Total Assets		715,872,052	656,042,244
SHAREHOLDERS' EQUITY			
Share Capital	13	112,408,964	112,408,964
Technical revaluation reserve		73,948,802	74,320,070
Retained earnings and accumulated losses		(50,042,205)	(35,084,388)
TOTAL EQUITY		136,315,561	151,644,646
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans	15	253,406,237	154,251,227
Deferred tax liabilities		13,942,936	22,333,091
Trade payables		177,102,734	156,482,739
Total non-current liabilities		444,451,907	333,067,057
CURRENT LIABILITIES			
Other liabilities		2,651,602	2,525,105
Tax payables		714,408	36,273
Salaries and social security charges		404,979	375,965
Loans	15	124,683,721	163,182,254
Trade payables		6,649,874	5,210,944
Total current liabilities		135,104,584	171,330,541
Total Liabilities		579,556,491	504,397,598
Total Liabilities and Shareholders' Equity		715,872,052	656,042,244

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

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Interim Condensed Statement of Comprehensive Income

For the three-month periods ended March 31, 2016 and 2015

Stated in pesos

	Note	Three-month period at	
		03.31.16	03.31.15
Sales revenue	7	48,943,759	-
Cost of sales	8	(31,298,718)	-
Gross income		17,645,041	-
Other income	20	10,574,050	-
Administrative expenses	9	(949,639)	(893,140)
Operating income / (loss)		27,269,452	(893,140)
Financial expenses	10	(32,272,110)	(209,550)
Other financial results	10	(18,716,582)	(494,235)
Financial results, net		(50,988,692)	(703,785)
(Loss) before tax		(23,719,240)	(1,596,925)
Income tax		8,390,155	493,190
Comprehensive loss for the period		(15,329,085)	(1,103,735)
Earnings per share			
Basic and diluted loss per share	14	(0.1364)	(0.0098)

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

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Interim Condensed Statements of Changes in Equity For the three-month periods ended March 31, 2016 and 2015 Stated in pesos

	Share Capital (Note 13)	Technical Revaluation reserve	Retained earnings and Accumulated losses	Total assets
Balances at January 01, 2015	112,408,964	-	(4,831,496)	107,577,468
Comprehensive loss for the three-month period			(1,103,735)	(1,103,735)
Balances at March 31, 2015	112,408,964	-	(5,935,231)	106,473,733
Other comprehensive income for the year	-	74,320,070		74,320,070
Comprehensive loss of the nine-month supplementary period	-	-	(29,149,157)	(29,149,157)
Balances at December 31, 2015	112,408,964	74,320,070	(35,084,388)	151,644,646
Other comprehensive income for the year	-	(371,268)	371,268	-
Comprehensive loss for the three-month period	-	-	(15,329,085)	(15,329,085)
Balances at March 31, 2016	112,408,964	73,948,802	(50,042,205)	136,315,561

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

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Interim Condensed Statement of Cash Flows

For the three-month periods ended March 31, 2016 and 2015

Stated in pesos

	Notes	03.31.16	03.31.15
Cash flows provided by operating activities:			
Comprehensive loss for the period		(15,329,085)	(1,103,735)
Adjustments to arrive at net cash flows provided by operating activities:			
Income tax		(8,390,155)	(493,190)
Accrued interest	10	31,719,605	15,128
Changes in the fair value of financial instruments	10	(709,178)	-
Depreciation of Property, plant and equipment	8 and 11	6,954,413	1,197
Exchange difference	10	18,911,935	42
Changes in operating assets and liabilities:			
(Increase)/Decrease in other receivables		(24,713,624)	4,731,848
(Increase) Trade receivables		(33,898,462)	-
(Increase) Inventories		(1,209,130)	-
(Increase) Investments		(2,043,596)	-
(Decrease) in trade payables		(1,470,477)	(7,816,079)
Increase in social security liabilities		29,014	38,419
Increase in tax payables		678,135	145,728
Increase in other debts		126,497	16,059,000
Net cash flows (used in) provided by operating activities		(29,344,108)	11,578,358
Cash flows of investment activities:			
Acquisition of property, plant and equipment	11	(6,630,460)	(33,099,446)
Net cash flows (used in) investing activities		(6,630,460)	(33,099,446)
Cash flows provided by financing activities:			
Loans taken out	15	130,000,000	-
Payment of loans	15	(66,569,294)	-
Payment of interest	15	(23,232,045)	(9,305,744)
Subscribed capital paid in		-	27,970,000
Cash flows provided by financing activities:		40,198,661	18,664,256
NET INCREASE (DECREASE) IN CASH		4,224,093	(2,856,832)
Cash and cash equivalents at the beginning of the year	12	11,686,369	50,885
Financial results generated by cash and cash equivalents		(709,178)	15,128
Cash, cash equivalents at year end	12	16,619,640	(2,821,075)
		4,224,093	(2,856,832)
Material transactions not entailing changes in cash			
Capital subscribed not yet paid in		-	41,260,000
Interest capitalized in property, plant and equipment	11	(270,247)	-
Property, plant and equipment written off	11	-	-

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

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Notes to the Interim Condensed Financial Statements

For the three-month periods ended March 31, 2016

presented in a comparative format

Stated in pesos

NOTE 1: GENERAL INFORMATION

GFSa was set up on April 20, 2010 and its main business is the generation and sale of electricity.

The premises of the Power Plant are located next to the transformer substation belonging to TRANSNOA S.A., allowing for a strategic connection to the network with the possibility of injecting energy generated in the Argentine interconnection system. In addition, it has a gas pipeline that ensures the supply of natural gas for the generation of electricity.

The project involved the installation of 60MW thermal power generation capacity through a turbine with PWPS technology similar to that used in the related companies GMSA and Solalban Energía S.A.

On April 4, 2014, two purchase agreements were signed with PWPS.

The first is related to the purchase of the FT4000™ SwiftPac® 60 turbine, including whatever is necessary for its installation and start-up. The unit is composed of two gas turbines which transmit their mechanical power to only one generator of 60 MW. The functioning of this machine consists in transforming the chemical energy of the fuel (either liquid or gas, injected into the combustion chambers) into mechanical energy; this is transmitted to the generator, which in turn performs a conversion into electricity.

The purchase agreement of the Turbine amounted to USD 26.87 million. At the date of issue of these financial statements, all advances agreed upon with the supplier have been paid for USD 14.87 million which are disclosed within property, plant and equipment as turbine.

In addition, the purchase agreement provides for financing for a term of 4 years for USD 12 million by PWPS as from the preliminary acceptance by GFSa. This amount is disclosed in non-current trade payables for the equivalent to \$ 117.1 million. Financing will accrue annual interest at a rate of 7.67% and will be calculated on a monthly basis of 30 days/360 days annual, with interest capitalized on a quarterly basis.

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

	Total	2016	2017	2018	2019	2020	2021	2022	2023
<i>Commitments</i> ⁽¹⁾	USD								
PWPS for the purchase of the turbine FT4000™ SwiftPac®	22,088,151	961,620	961,620	961,620	961,620	961,620	961,620	961,620	15,356,811

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

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

NOTE 1: GENERAL INFORMATION (Cont'd)

On December 5, 2015, the Company was commercially authorized to operate in the WEM. GFSA entered into with CAMMESA a supply contract to the Wholesale Electric Market for 55.5 MW power. Sales under this modality are denominated in dollars and are paid by CAMMESA under a take or pay clause and the generated surplus is sold to the Spot Market, pursuant to regulations in effect in the WEM administered by CAMMESA.

The total investment made by the Company is equivalent to USD 55 million. By highlighting the installation of a turbine FT4000 capable of providing 60 MW, installation of main transformer of 75 MVA and two transformers for plant auxiliary services of 2 and 3 KVA, building of two storage tanks of diesel-oil, building of a water treatment plant, civil and electric works carried out for the correct start-up of the power plant.

At the date of these interim condensed financial statements, the stage II of the civil works are being executed, which comprises the construction of an unloading yard for trucks, scales area, office building and base for the gas oil treatment system, among others.

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

The electricity generated by the Company is sold to CAMMESA under Resolution No. 220/07.

Supply Contracts 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 energy and generation 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.

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

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

On December 5, 2015, the Company was commercially authorized to operate in the WEM. GFSa entered into with CAMMESA a supply contract to the Wholesale Electric Market for 55.5 MW power. 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 19,272/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 10,83 USD/MWh – Fuel oil 11,63 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.

NOTE 3: BASIS FOR PRESENTATION

These interim condensed financial statements for the three-month periods ended March 31, 2016 and 2015 were prepared in accordance with TP No. 26 of the FACPCE. It adopts International Financial Reporting Standards issued by the IASB, including IFRIC interpretations, jointly "IFRS". All IFRS effective as of the date of preparation of these financial statements have been applied.

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

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

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

The interim condensed financial statements for the three-month periods ended March 31, 2016 and 2015 have not been audited. Company's management estimates that they include all adjustments necessary to reasonably present the results for each period. The results for the three-month periods ended March 31, 2016 and 2015 do not necessarily reflect a proportionate percentage of the Company's results for the full year.

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

NOTE 3: BASIS FOR PRESENTATION (Cont'd)

These interim condensed financial statements were approved for issuance by the Company's Board of Directors on May 10, 2016.

Comparative information

Balances at December 31, 2015 and for the three-month period at March 31, 2015, disclosed in these interim condensed financial statements for comparative purposes, arise from financial statements at that dates. Certain reclassifications have been included in the financial statement figures presented for comparative purposes to conform them to the current period presentation.

NOTE 4: ACCOUNTING POLICIES

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

4.1 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.

4.2 New standards, modifications and interpretations not yet effective and not early adopted by the Company:

- IFRS 15 "Revenue from Contracts with Customers": it was issued in May 2014 and applies to an annual reporting period beginning on or after 1 January 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 March 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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Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.2 *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 January 1, 2016, with earlier application being permitted. The Company is analyzing the impact on disclosures of the application of the modifications.

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

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

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

NOTE 5: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

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

NOTE 6: FINANCIAL RISK MANAGEMENT

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

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

NOTE 7: SALES REVENUE

	<u>03.31.16</u>	<u>03.31.15</u>
	\$	\$
Electricity sales - Resolution No. 220	48,943,759	-
	<u>48,943,759</u>	<u>-</u>

NOTE 8: COST OF SALES

	<u>03.31.16</u>	<u>03.31.15</u>
	\$	\$
Cost of purchase of electric energy	(204,194)	-
Cost of gas and gasoil consumption	(21,083,024)	-
Salaries and wages	(1,353,574)	-
Traveling and per diem	(5,005)	-
Insurance	(756,441)	-
Electricity Utilities	(104,040)	-
Security and surveillance	(49,009)	-
Maintenance services	(9,487)	-
Inputs for maintenance	(86,593)	-
Third-party services	(415,267)	-
Cleaning	(100,228)	-
Miscellaneous expenses	(46,411)	-
Taxes and rates	(45,466)	-
Communication expenses	(85,566)	-
Depreciation of Property, plant and equipment	(6,954,413)	-
	<u>(31,298,718)</u>	<u>-</u>

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

NOTE 9: ADMINISTRATIVE EXPENSES

	03.31.16	03.31.15
	\$	\$
Professional fees	(343,324)	(52,156)
Connection	-	(19,535)
Taxes and rates	(537,089)	(38,286)
Security and surveillance	-	(208,853)
Leases	(3,000)	(3,000)
Salaries and wages and social security charges	-	(450,172)
Third-party services	-	(2,670)
Depreciation of Property, plant and equipment	-	(1,197)
Traveling and per diem	-	(26,448)
Insurance	-	(1,477)
Certifications	(61,389)	(17,840)
Miscellaneous expenses	(4,837)	(71,506)
	(949,639)	(893,140)

NOTE 10: FINANCIAL RESULTS

	03.31.16	03.31.16
	\$	\$
<u>Financial expenses</u>		
Interest on loan and others	(27,102,138)	(15,128)
Fiscal interest	(117,406)	(42)
Commercial interest	(4,617,467)	-
Bank expenses and commissions	(435,099)	(194,380)
Total financial expenses	(32,272,110)	(209,550)
<u>Other financial results</u>		
Exchange difference, net	(18,911,935)	(242)
Changes in the fair value of financial instruments	709,178	-
Other financial results	(513,825)	(493,993)
Total other financial results	(18,716,582)	(494,235)
Total financial results, net	(50,988,692)	(703,785)

Generación Frías S.A.

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

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

Type of asset	Original values				Depreciation			Net book value at end of year/period		
	At beginning of year/period	Increases	Technical Revaluation	At the end of year/period	Accumulated at beginning of year/period	For the year/period	Technical Revaluation reserve	Accumulated at the end of year/period	At 03.31.16	At 12.31.15
Land	280,000	-	-	280,000	-	-	-	-	280,000	280,000
Works in progress (1)	-	6,884,180	-	6,884,180	-	-	-	-	6,884,180	-
Computer equipment	23,949	-	-	23,949	9,579	1,197	-	10,776	13,173	14,370
Buildings	6,449,500	-	-	6,449,500	-	32,249	-	32,249	6,417,251	6,449,500
Facilities	38,172,100	16,527	-	38,188,627	-	477,150	-	477,150	37,711,477	38,172,100
Machinery	61,541,300	-	-	61,541,300	-	769,267	-	769,267	60,772,033	61,541,300
Turbines	461,264,000	-	-	461,264,000	-	5,674,550	-	5,674,550	455,589,450	461,264,000
Total at 03.31.16	567,730,849	6,900,707	-	574,631,556	9,579	6,954,413	-	6,963,992	567,667,564	-
Total at 31.12.15	202,330,350	252,879,428	112,521,071	567,730,849	4,790	1,822,288	(1,817,499)	9,579	-	567,721,270

(1) It includes the acquisition of the assets of the project for the enlargement of the electric power plant mentioned in Note 1.

Generación Frías S.A.

Free translation from the original prepared in Spanish for publication in Argentina
Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 12: CASH AND CASH EQUIVALENTS

	<u>03.31.16</u>	<u>12.31.15</u>
Cash	30,000	48,000
Banks	658,847	631,780
Mutual funds	15,930,793	11,006,589
Cash and cash equivalents	<u>16,619,640</u>	<u>11,686,369</u>

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

	<u>03.31.16</u>	<u>03.31.15</u>
Cash and cash equivalents	16,619,640	129,155
Bank overdraft	-	(2,950,230)
Cash and cash equivalents (bank overdrafts included)	<u>16,619,640</u>	<u>(2,821,075)</u>

NOTE 13: CAPITAL STATUS

The capital stock subscribed at December 31, 2015 is made up of 112,408,964 ordinary shares of face value \$1 each and entitled to one vote per share. These shares represent \$ 112,408,964, \$ 10,290,000 of which have not yet been paid in by the shareholders at the closing date of these financial statements.

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

NOTE 14: EARNINGS PER SHARE

Basic

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

	<u>03.31.16</u>	<u>03.31.15</u>
(Loss) for the period	(15,329,085)	(1,103,735)
Weighted average of ordinary shares outstanding	112,408,964	112,408,964
Basic and diluted (loss) per share	(0.1364)	(0.0098)

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

Generación Frías S.A.

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

NOTE 15: LOANS

	03.31.16	12.31.15
Non-Current		
Loan from Banco Ciudad	5,770,596	10,864,542
Syndicated Loan	77,469,835	84,372,153
Negotiable obligations	170,054,463	58,837,061
Leasing	111,343	177,471
	253,406,237	154,251,227
Current		
Loan from Banco Ciudad	16,748,074	14,861,833
Loan from Banco Provincia	8,368,225	9,872,293
Syndicated Loan	32,222,975	22,749,994
Negotiable obligations	67,079,941	62,275,259
Loan from Puente Hnos. S.A.	-	53,158,369
Leasing	264,506	264,506
	124,683,721	163,182,254

Loans

a) Loan from Banco de la Ciudad de Buenos Aires:

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

The outstanding balance at March 31, 2016 amounts to \$ 22,518,670, including interest of \$ 575,724, net of transaction costs pending amortization.

The objective was to finance the works required for the installation of 60 MW of generation capacity (see Note 1).

b) Negotiable obligations:

For the purpose of financing investment projects, on March 10, 2014 Generación Frías S.A. requested the authorization from CNV to enter the public offering system through a program of Negotiable Obligations (not convertible into shares) of up to USD 50,000,000 (US dollars fifty million) or its equivalent in other currencies. This request was approved on July 10, 2014.

Generación Frías S.A.

Free translation from the original prepared in Spanish for publication in Argentina
Notes to the Interim Condensed Financial Statements (Cont'd)

NOTE 15: LOANS (Cont'd)

Loans (Cont'd)

b) Negotiable obligations (Cont'd)

At March 31, 2016 there are Class I and Class II negotiable obligations outstanding, issued by the Company for the amounts and under the following conditions:

Class I Negotiable Obligations:

Principal: nominal value: \$ 120,000,000 (Pesos one hundred and twenty million)

Interest: private banks BADLAR rate plus 5.4 %

Repayment: Interest of Class I Negotiable Obligations will be paid on a quarterly basis, in arrears, on the following dates: (i) December 29, 2014; (ii) March 29, 2015; (iii) June 29, 2015; (iv) September 29, 2015; (v) December 29, 2015; (vi) March 29, 2016; (vii) June 29, 2016; (viii) September 29, 2016; (ix) December 29, 2016; (x) March 29, 2017; (xi) June 29, 2017 and (xii) September 29, 2017; or if that date was not a business day, the date for interest payment to be considered shall be the first immediate following business day.

Principal on Class I Negotiable Obligations shall be amortized in 7 quarterly installments, the first two equivalent to 10% of nominal value of Class I negotiable obligations, the following four installments to 15% and the last installment to 20% of their nominal value, payable on: (i) March 29, 2016; (ii) June 29, 2016; (iii) September 29, 2016; (iv) December 29, 2016; (v) March 29, 2017; (vi) June 29, 2017; (vii) September 29, 2017 or if that date was not a business day, on the first following business day.

Maturity date of Class I NO: September 29, 2017

The remaining balance net of transaction costs pending amortization of that Class at March 31, 2016 amounted to \$ 106,772,414 including interest of \$ 154,792.

Class II NO:

Principal: nominal value: \$ 130,000,000 (Pesos one hundred and twenty million)

Interest: private banks BADLAR rate plus 6.5 %. The interest rate applicable during the first 12 months may never be lower than the minimum rate of 33%.

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

Generación Frías S.A.

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

NOTE 15: LOANS (Cont'd)

Loans (Cont'd)

b) Negotiable obligations (Cont'd)

Class II NO (Cont'd)

Principal on Class II Negotiable Obligations shall be amortized in 3 (three) quarterly and consecutive installments, the first two equivalent to 30% of nominal value of Class II negotiable obligations and the remaining equivalent to 40% of nominal value of Class II negotiable obligations, at the dates in which 18, 21 and 24 months have elapsed counted as from the issue and settlement, (i) September 8, 2017; (ii) December 8, 2017; (iii) March 8, 2018, or if that date was not a business day, on the first following business day.

Maturity date of Class I NO: March 08, 2018

The remaining balance net of transaction costs pending amortization of that Class at March 31, 2016 amounted to \$130,361,990 including interest of \$2,702,468.

c) Syndicated loan

On March 31, 2015, Generación Frías S.A. entered into, jointly with Banco de Inversión y Comercio Exterior S.A. (BICE), Industrial and Commercial Bank of China Argentina S.A. (ICBC) and Banco Hipotecario S.A., a loan agreement for \$ 100 million. The first disbursement of \$ 90 million was made on April 1, 2015 and the second disbursement of \$ 10 million was made on April 21, 2015.

The loan had two tranches: (i) Tranche A for \$ 60 million, repayment term of 48 months and interest equivalent to adjusted BADCOR rate + 625 basic points; (ii) Tranche B for \$ 40 million, repayment term of 72 months and interest equivalent to BADLAR rate + 650 basic points.

Interest will be repaid on a quarterly basis from the first disbursement rate; the first date for payment of interest is July 1, 2015.

Principal will be repaid on a quarterly basis, with a grace period of 15 months as from the date of the first disbursement. For Tranche A, principal will be settled in 12 quarterly installments, the first one due on July 1, 2016 and the last one on April 1, 2019. For Tranche B, principal will be settled in 20 quarterly installments, the first one due on July 1, 2016 and the last one on April 1, 2021.

Funds obtained from the loan have been allocated to the works for the installation of the new turbine.

The outstanding balance of the loan net of transaction costs pending amortization at March 31, 2016 amounted to \$ 109,692,810 including interest of \$ 8,980,589.

Generación Frías S.A.

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

NOTE 15: LOANS (Cont'd)

Loans (Cont'd)

c) Syndicated loan

The loan agreement has provisions relating to compliance with the covenants involving financial ratios and limits are set in relation to indebtedness, as well as the granting of guarantees. At March 31, 2016, debt ratios on EBITDA were complied with as well as the interest coverage ratio, agreed upon in the covenants of the loan in effect.

d) Loan from Banco Provincia de Buenos Aires:

In 2015, loans with Banco de la Provincia de Buenos Aires S.A. were executed for \$ 11,300,000, interest are paid monthly, as from the disbursement date of each loan taken. They will be paid in the current year.

The net remaining balance at the date of issue of the interim financial statements amounts to \$ 8,368,225 including interest of \$ 76,558.

d) Loan from Puente Hnos. S.A.

The loan obtained on October 22, 2015 which at the closing of the year 2015 recorded a balance of \$ 53,158,369 was fully repaid with the issue of Class II NO.

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

	03.31.16	12.31.15
Floating rate		
Less than 1 year	124,683,721	163,182,254
Between 1 and 2 years	253,406,237	154,251,227
	378,089,958	317,433,481

Company loans are denominated in the following currencies:

	03.31.16	12.31.15
Argentine Pesos	378,089,958	317,433,481
	378,089,958	317,433,481

Generación Frías S.A.

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

NOTE 15: LOANS (Cont'd)

Loans (Cont'd)

Changes in Company loans were as follows:

	03.31.16	12.31.15
Loans at beginning of year	317,433,481	146,650,436
Loans received	130,000,000	161,300,000
Repayment of principal	(66,569,294)	(6,496,092)
Accrued interest	27,102,103	62,998,244
Interest paid	(23,232,045)	(39,310,078)
Capitalized expenses/present values	(6,644,287)	(7,709,029)
Loans at closing	378,089,958	317,433,481

NOTE 16: TRANSACTIONS AND BALANCES WITH RELATED PARTIES

	03.31.16	12.31.15
Other receivables		
Related party – ASA	9,765,000	9,765,000
Minority shareholders	525,000	525,000
Related party - GMSA (Note 20)	12,791,616	-
	23,081,616	10,290,000
Trade payables		
Related party - BDD	-	10,620
Related party - GMSA	1,275,296	1,000,000
Related party - AJSA	-	991,504
	1,275,296	2,002,124
Other current debts		
Related party - GMSA	2,651,602	2,525,105
	2,651,602	2,525,105

Generación Frías S.A.

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

NOTE 16: TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

a) Balances at the date of the interim condensed statements of financial position

	03.31.16	03.31.15
	Income / (Loss)	
Leases		
RGA	(3,000)	(3,000)
	(3,000)	(3,000)
Reimbursement of expenses		
RGA	-	(1,656)
GMSA	(49,287)	(7,509)
GISA	-	(5,112)
	(49,287)	(14,277)
Sale of spare parts		
GMSA	10,574,050	-
	10,574,050	-

NOTE 17: WORKING CAPITAL

The Company reports at March 31, 2016 a deficit in working capital of \$ 11,924,070 (calculated as current assets less current liabilities), which means an improvement of \$ 101,656,692, compared to the working capital at the annual closing 2015 (\$ 113,580,762 at 12/31/2015).

The Company's management has taken measures to improve the working capital position. One of them is the new financial loan taken detailed below:

On March 8, 2016, the Company issued Class II Negotiable Obligations for \$ 130 million, payable in 3 quarterly installments as from September 8, 2017, they correspond to non-current liabilities (see Note 15).

Considering the effect of the mentioned loan, the working capital is almost balanced at the date of issue of these interim condensed financial statements.

After the commercial authorization of December 5, 2015, the EBITDA at March 31, 2016 amounted to \$ 34,223,865, which shows compliance with objectives and efficiency of the Company's operations.

In conclusion, we consider that the measures adopted have contributed to improving the deficit in working capital, substantially increasing liquidity as well as improving the indebtedness profile of the company.

Generación Frías S.A.

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

NOTE 18: 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 Company's Board of Directors considers the business -the generation activity and sales of electricity- as a single segment.

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

NOTE 19: STORAGE OF DOCUMENTATION

On August 14, 2014, the CNV issued General Resolution No. 629 that introduces amendments to its regulations involving storage and preservation of corporate books, accounting records and business documents. To 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 working 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).

Generación Frías S.A.

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

NOTE 20: PURCHASE OFFER - SALE OF SPARE PARTS WITH GENERACIÓN MEDITERRANEA S.A.

On February 18, 2016, the Company accepted the purchase offer with GMSA whereby the sale of spare parts and components acquired from the PWPS supplier is confirmed. The result of the transaction is disclosed in "Other income" in the condensed statement of comprehensive income for \$ 10,574,050, which is considered exceptional income, unique and unrelated to the Company's main activity.

NOTE 21: FINANCIAL STATEMENTS TRASLATION INTO ENGLISH LANGUAGE

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



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REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

To the President and Directors of
Generación Frías S.A.
Legal address: Leandro N. Alem 855 - 14th Floor
Autonomous City of Buenos Aires
Tax Code No. 30-71147036-7

Introduction

We have reviewed the accompanying interim condensed financial statements of Generación Frías S.A. (hereinafter, "the Company") which comprise the statement of financial position at March 31, 2016, the statement of comprehensive income for the three-month period ended March 31, 2016, the statements of changes in equity and of cash flows for the three-month period then ended, and the selected explanatory notes.

The balances and other information corresponding to the fiscal year 2015 and its interim periods are an integral part of the financial statements mentioned above; therefore, they must be considered in connection with these financial statements.

Board's responsibility

The Board of Directors of the Company is responsible for the preparation and presentation of the financial statements in accordance with International Financial Reporting Standards, adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and included by the National Securities Commission (CNV) in its regulations, as approved by the International Accounting Standards Board (IASB), and is therefore responsible for the preparation and presentation of the interim condensed financial statements mentioned in the first paragraph, in accordance with International Accounting Standard 34 "Interim Financial Information" (IAS 34).

Scope of our review

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

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Conclusion

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

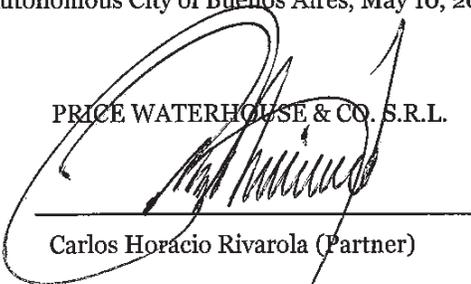
Report on compliance with regulations in force

In accordance with current regulations, we report that:

- a) the interim condensed financial statements of the Company are transcribed into the "Inventory and Balance Sheet" book and as regards those matters that are within our competence, they comply with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission;
- b) the interim condensed financial statements of the Company stem from accounting records kept in all formal respects in conformity with legal regulations;
- c) we have read the summary of activity and the additional information to the notes to the interim condensed financial statements required by Section 12, Chapter III, Title IV, of the National Securities Commission regulations, on which we have no observations to make insofar as concerns matters within our field of competence;
- d) at 31 March, 2016 the debt accrued by Generación Frías S.A. in favor of the Argentine Integrated Social Security System according to the Company's accounting records amounted to \$ 108,862, none of which was claimable at that date

Autonomous City of Buenos Aires, May 10, 2016

PRICE WATERHOUSE & CO. S.R.L.



Carlos Horacio Rivarola (Partner)