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

Central Térmica Roca S.A.

Financial Statements

At December 31, 2018,
presented in a comparative format

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

Central Térmica Roca S.A.

FINANCIAL STATEMENTS
At December 31, 2018, presented in a comparative format

TABLE OF CONTENTS

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 financial statements of the Company.

Terms	Definitions
/day	Per day
AESA	Albanesi Energía S.A.
AFIP	Federal Administration of Public Revenue
AISA	Albanesi Inversora S.A. (Company merged into ASA)
AJSA	Alba Jet S.A.
ASA	Albanesi S.A.
AVRC	Alto Valle Río Colorado S.A.
BADLAR	Average interest rate paid by financial institutions on time deposits for over one million pesos
BADCOR	Adjusted BADLAR rate
BCRA	Central Bank of Argentina
BDD	Bodega del Desierto S.A.
CAMMESA	Compañía Administradora del Mercado Mayorista Eléctrico S.A. (Wholesale Electricity Market Management Company)
CC	Combined cycle
IFRIC	International Financial Reporting Interpretations Committee
CNV	National Securities Commission
CTE	Central Térmica Ezeiza, a power plant located in Ezeiza, Porvince of Buenos Aires
CTF	Central Térmica Frías, a power plant situated in Frías, Province ofSantiago del Estero (merged with GMSA)
CTI	Central Térmica Independencia, apower plant) located in San Miguel de Tucumán, Province of Tucumán (merged with GMSA)
CTLB	Central Térmica La Banda, a power plant) located in La Banda, Province of Santiago del Estero (merged with GMSA)
CTMM	Central Térmica Modesto Maranzana, a power plant located in Río Cuarto, Province of Córdoba
CTR	Central Térmica Roca S.A.
CTRi	Central Térmica Riojana, a power plant) located in La Rioja, Province of La Rioja (merged with GMSA)
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 and related parties
ENARSA	Energía Argentina S.A.
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

GLOSSARY OF TECHNICAL TERMS (Cont'd)

Terms	Definitions
GISA	Generación Independencia S.A. (Company merged into GMSA)
GECEN	Generación Centro S.A.
GFSA	Generación Frías S.A. (Company merged into GMSA)
GLSA	Generación Litoral S.A.
GMSA	Generación Mediterránea S.A.
Large Users	WEM agents classified according to their consumption into: GUMAs, GUMEs, GUPAs and GUDIs
GROSA	Generación Rosario S.A.
GUDIs	Large Demand from Distributors, with declared or demanded supplies of over 300kW.
GUMAs	Major Large Users
GUMEs	Minor Large Users
GUPAs	Large Users - Individuals
GW	Gigawatt Unit of power equivalent to 1,000,000,000 watts
GWh	Gigawatt-hour Unit of energy equivalent to 1,000,000,000 watts hour
IASB	International Accounting Standards Board
IGJ	Superintendency of Commercial Companies
INDEC	National Institute for Statistics and Census
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
WEM	Wholesale Electric Market
MMm3	Million cubic meters
MVA	Mega-volt ampere, unit of energy equivalent to 1 volt x 1 ampere x 106
MW	Megawatt Unit of power equivalent to 1,000,000 watts
MWh	Megawatt hour Unit of energy equivalent to 1,000,000 watts hour
ARG GAAP	Argentine Generally Accepted Accounting Principles
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
NO	Negotiable obligations
PWPS	Pratt & Whitney Power System Inc
RECPPC	Result of exposure to the change in the purchasing power of the currency
Resolution No. 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.
SADI	Argentine Interconnection System
ES	Energy Secretariat
TRASNOA S.A.	Empresa de Transporte de Energía Eléctrica por Distribución Troncal del Noroeste Argentino S.A.
CGU	Cash Generating Unit
USD	US dollars

Central Térmica Roca S.A.

Annual Report for Fiscal Year 2018

Central Térmica Roca S.A.

Annual Report for Fiscal Year 2018

CONTENTS

Annual Report for Fiscal Year 2018

To the Shareholders of CTR,

In compliance with the applicable legal and regulatory provisions, the Board of Directors of the Company submits for your consideration the Annual Report, the Informative Review, the Financial Statements, Comprehensive Statements of Income, Changes in Equity and Cash Flows, and Notes to the Financial Statements for the fiscal year ended December 31, 2018.

1. ACTIVITY OF THECOMPANY

CTR was set up on July 8, 2011 and its main business is the generation and sale of electricity.

The interest in the capital stock of CTR is held in a 75% by ASA (the merging company of AISA as from January 1, 2018) and the remaining 25% by Tefu S.A.

In 2011, Grupo Albanesi through CTR acquired a plant (the "Plant") located in the vicinity of the city of Gral. Roca, Province of Río Negro, on Provincial Route No. 6, km 11.1, which was inoperative since 2009.

At the date of these condensed financial statements, Grupo Albanesi had a total installed capacity of 1,520 MW, accounting for 6.1% of the total installed thermal capacity in Argentina, which will be expanded with additional 375 MW considering all the new projects awarded and currently under way.

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

A new WEM Supply Contract for additional 55 MW was signed with CAMMESA in October 2015 under Energy Secretariat Resolution 220/07, to install a gas turbine unit and close the combined cycle of the existing gas turbine.

On August 4, 2018, CTR obtained from the WEM authorization for commercial operation of the GE steam turbine as generating unit, increasing the Power Station's generation capacity by 60 MW in compliance with the Supply Contract signed.

The project for closure of the Plant cycle implied expanding the capacity to 60 MW through the installation of a steam turbine and a heat recovery steam generator, among other equipment. Not only will this project increase power but will also be significant in environmental and energy efficiency terms, as the extra power to be generated will not require additional fuel.

2. MACROECONOMIC CONTEXT

International context

According to IMF's World Economic Outlook report issued in January 2019, global growth in 2018 has been estimated at 3.7%, despite the slowdown in some economies, mainly in Europe and Asia.

Global economy is expected to grow 3.5% in 2019 and 3.6% in 2020.

Worldwide growth forecasts for 2019 and 2020 have shown a downward trend, partly due to the negative effects of the tariffs imposed by the USA and China earlier during the year. This additional downward revision is a reflection of the consequences of an economic slowdown in the second half of 2018, as was seen in Germany, following the adoption of new regulations on emissions from combustion engine vehicles, and in Italy, where concerns about sovereign and financial risks have become a burden on domestic demand. It is also the result of a weaker response from financial markets and the contraction of the Turkish economy, which is now expected to be more severe than expected.

Regional context

The Latin American region is expected to end 2018 with a 1.1% increase in activity explained mainly by the 1.1% low increase in Brazil and the 2.1% growth in Mexico. The economy continued to recover in 2018, although at a slower pace, due to the tightening of financial conditions and severe drought, which put a break on the economic growth in Argentina, and to a nation-wide truckers' strike.

It is expected that the Latin American economy will grow in the next two years, from 1.1% in 2018 to 2.0% in 2019 and 2.5% in 2020 (in both years, 0.2 percentage points less than expected). These revisions are due to expectations of lower growth in Mexico in 2019-2020, due to a decrease in private investment, and a more severe than expected contraction in Venezuela. These cutbacks were only partially offset by an upward trend in 2019 forecasts in Brazil, where a gradual recovery is expected to continue after the 2015-2016 downturn. The Argentine economy will slow down in 2019, as more restrictive policies intended to reduce imbalances that curb domestic demand; a return to path of growth is expected for 2020.

Argentina

The cumulative economic activity for Argentina up to November 2018 – measured by the EMAE (Monthly Economic Activity Estimator) – showed a 2.2% drop with regard to the cumulative economic activity for the same period of 2017.

According to the Level of Activity Progress Report prepared by the Indec, the cumulative GDP for the first three quarters of 2018, showed a decrease of 1.4% compared with the same period of 2017.

The macroeconomic evolution for the third quarter of 2018 resulted in a -5.1% variation in global supply vis-à-vis the same period of the previous year, according to temporary estimates and measured at 2004 prices, as a result of a 3.5% decrease in the GDP and a 10.2% reduction in real imports of goods and services.

Global demand showed an 11.2% decrease in gross fixed capital formation, a 4.5% decrease in private consumption, a 5.0% decrease in public consumption, and a -5.9% variation in real exports of goods and services.

In seasonally adjusted terms with respect to the second quarter of 2018, private consumption decreased 4.0%, while public consumption grew by 1.5%, gross fixed capital formation decreased by 8.1%, exports grew by 4.1% and imports decreased by 7.5%.

The industrial activity measured by the Monthly Industrial Estimator (EMI) decreased by 13.3% in November, compared with the same period of the previous year, thus reaching its lowest point since the series was resumed in 2016. Taking EMI figures by sector as a reference, this has been the sharpest fall since January 2009. High interest rates are discouraging production through significant inventory sales and less credit, while depreciation of the exchange rate has led to more expensive supplies. In addition, the weakening of the overall economy is still having an impact on domestic demand. Also, construction indicators were 7.0% lower than the historical low recorded in November, showing a 15.9% decrease over the same period of 2017 and reaching its lowest point since October 2016.

According to the Consumer Price Index (IPC), prices have shown a cumulative increase of 47.6% in 2018 (Indec), the highest inflation rate since 1991, and a 30% reduction is expected for 2019.

As regards foreign trade, a trade deficit of USD 3.820 million was posted during the twelve months of 2018. Total exports reached USD 61.621 million, while imports reached USD 65.441 million. Exports increased 5.1% compared with 2017. Exports of primary products decreased 5.4%, exports of manufactures of agricultural and livestock origin increased 1.5%, while exports of fuel and power grew by 69.2% and those of industrial manufactures by 9.3%. The value of imports in 2018 was 2.2% lesser than that of the previous year. Imports of fuel and lubricants increased 14.1%, imports of Intermediate goods grew 14.6%, while imports of capital assets decreased 17.9%, of Passenger Motorcar vehicles 16.2% and of Consumer goods 5.2% (Indec).

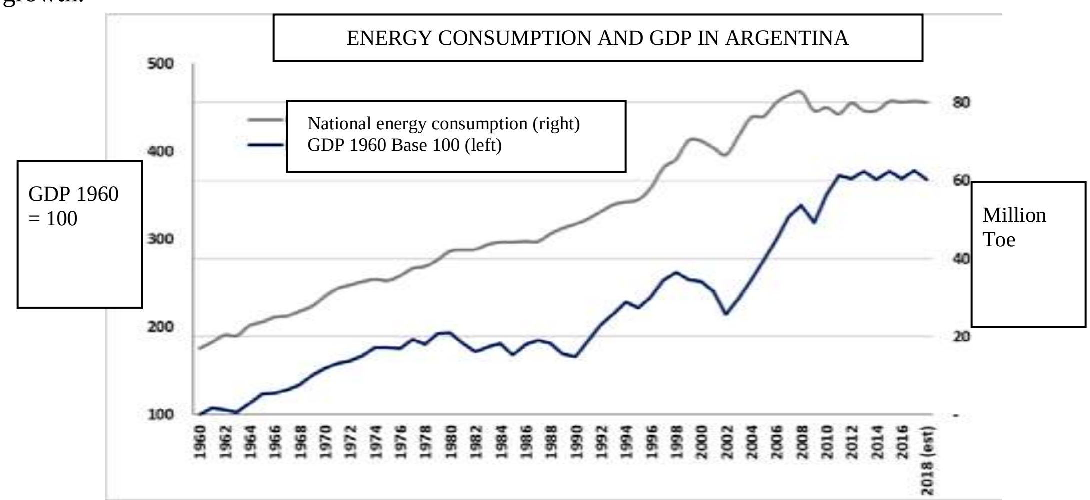
As from October 2018, the BCRA has adopted a new monetary policy scheme consisting in the strict control of monetary aggregates, and has undertaken not to raise the Monetary Base (MB) until June 2019. A 6.3% adjustment is expected in December reflecting the seasonal increase in demand for money for transactional purposes.

The BCRA has overcomplied with the MB target during the first three months following implementation of the new monetary scheme. The MB monthly averages in October and November were $1,253 billion and $1,256 billion, respectively, $19 and $15 billion lower than the $1,271 billion target. In December, the scheme contemplated an increase in the MB target to $1,351 billion, in line with the seasonal growth in the demand for money. The MB monthly average this month was $1,337 billion. This means that overcompliance with the target in December reached $14 billion, marginally lower than the overcompliance with the target of $16 billion set by the Monetary Policy Council of the BCRA (COPOM). This result had an impact on the significant increase in the demand for money, which exceeded its seasonal change and has started to reverse the fall recorded after the nominal instability episodes witnessed in 2018.

Structure of the Energy Sector

The evolution of energy demand and consumption in Argentina is positively related to the evolution of the Gross Domestic Product, which implies that the greater the economic growth, the greater the consolidated demand for all energy products. In the last 59 years energy consumption has shown a historical annual average growth of 2.8%, with an annual median of 1.2% since 2002.

This reduction in energy consumption has taken place despite the period of significant economic growth recorded since 2002, which reached annual averages of 3.4%, exceeding the long-term annual median of 2.4% since 1959. The last eight years of economic stagnation reflect reduced growth of primary energy consumption, and in the last three years this decisive variable has been affected by the strong rate rebuilding process. This rate readjustment process has resulted in reduced growth of energy consumption, a probably temporary effect until the country resumes the path of sustained economic growth.

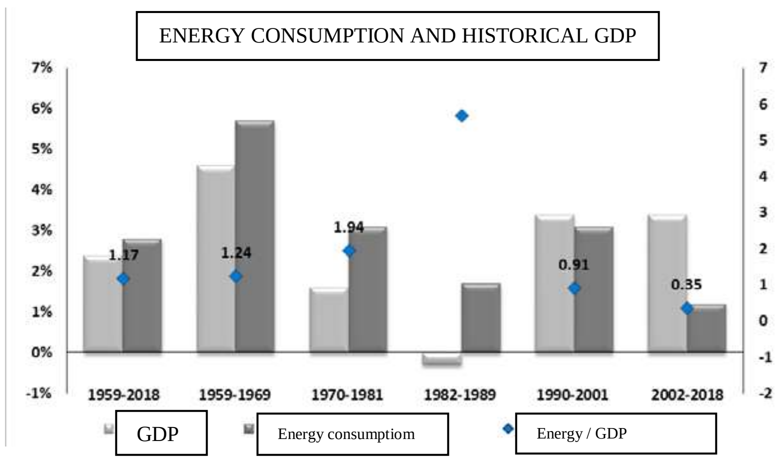


The growth in energy consumption during several years of the first decade of the 21st century resulted from high economic growth, which was not driven by the growth in Industrial sector consumption; rather by the Residential and Commercial sectors, which demanded various energy products, as shown by the levels of gas, gasoline and, in particular, electricity consumption. The economic stagnation of the Argentine economy since 2011 has reduced energy consumption growth rates, which had shown significant increases above the historical median between 2003 and 2011, also as a result of the low rates that proved to be unsustainable for the Argentine economy.

The elasticity of energy consumption in relation to GDP in the last two political-economic cycles has been lower than in previous decades. The restrictions on energy demand due to insufficient supply and the need to import energy to supplement domestic supply had an impact on the economy, and on the Industrial sector in particular. If industrial development effectively expands, there will be greater energy supply needs.

HISTORICAL-ECONOMIC-PERIOD	ANNUAL GDP	ELECTRICITY CONSUMPTION	ENERGY/ GDP ELASTICITY
1959-2018	2.4%	2.8%	1.17
1959-1969	4.6%	5.7%	1.24
1970-1981	1.6%	3.1%	1.94
1982-1989	-0.3%	1.7%	5.67
1990-2001	3.4%	3.1%	0.91
2002-2018	3.4%	1.2%	0.35

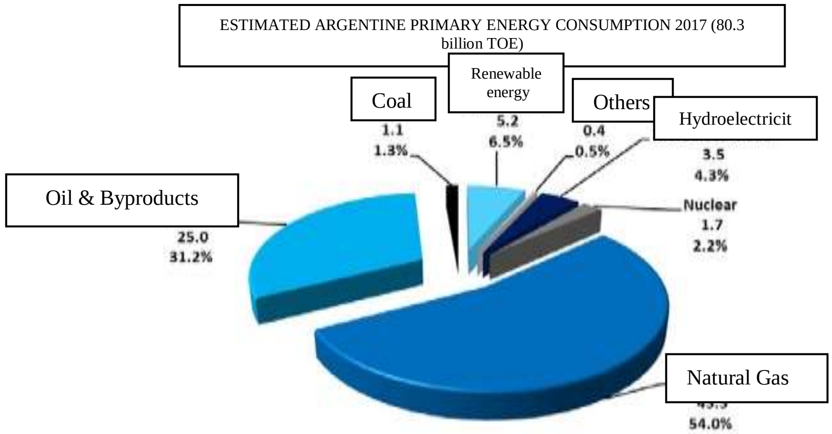
The restrictions on the supply of certain energy products, such as natural gas in the last cycle of economic growth through to 2011, and the relatively moderate growth in energy demand in broad terms[1] are due to problems in the supply of these energy products, and to a growth in demand from the Residential-Commercial segment in a context of a modest industrial recovery other than major energy consumers.

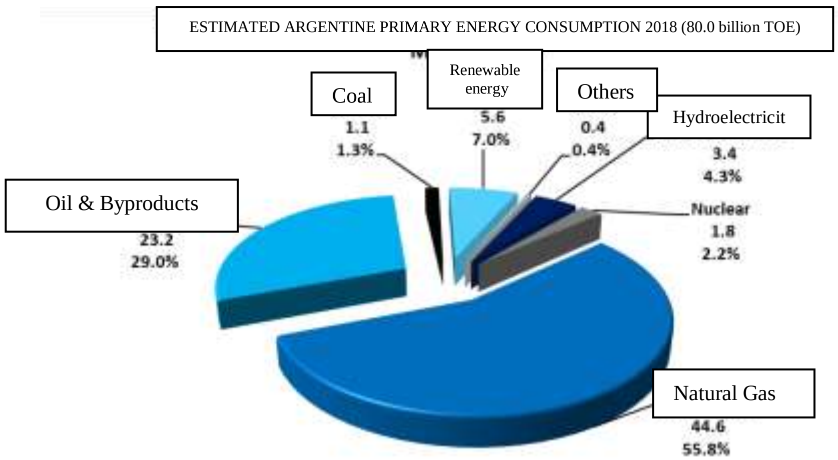


Argentine primary energy consumption is highly dependent on hydrocarbons, which accounted for 86.8% in 2016, 86.5% in 2017, and an estimated 86.1% estimated for 2018[2]. This percentage of fossil-fuel sources has dropped slightly in the last years as a result of the obligation imposed on fuel supplying refineries to incorporate increasing ratios of biodiesel and bioethanol in their production of fossil fuels, such as diesel and fuels.

[1] From the analysis of a specific sector such as electricity, it may be observed that the demand growth rate for this energy product is higher than the GDP growth rate.

[2] Latest official data for 2017. Estimate for 2018 by G&G Energy Consultants, expressed in million Tons of Oil Equivalent (TOE) for Primary Energy Consumption.





Few countries show this structure of heavy reliance on oil and natural gas byproducts, and typically only those with significant oil and gas reserves. Although Argentina does not have large conventional oil and natural gas reserves in relation to its domestic demand, it has relevant potential in terms of unconventional gas and oil resources.

The high reliance on natural gas – an estimated 55.8% in 2018 as a result of greater supply of local gas, compared to 54.0% in 2017 and 53.6% in 2016 – fluctuates annually based on imports of natural gas, liquefied natural gas (LNG) and local production to meet the demand. Despite the increase in domestic production that was observed in the 2018 winter season and the imports of gas and LNG from Bolivia, the potential demand of natural gas is partially unsatisfied in winter in the industrial segment and in the thermoelectric generation segment[3].

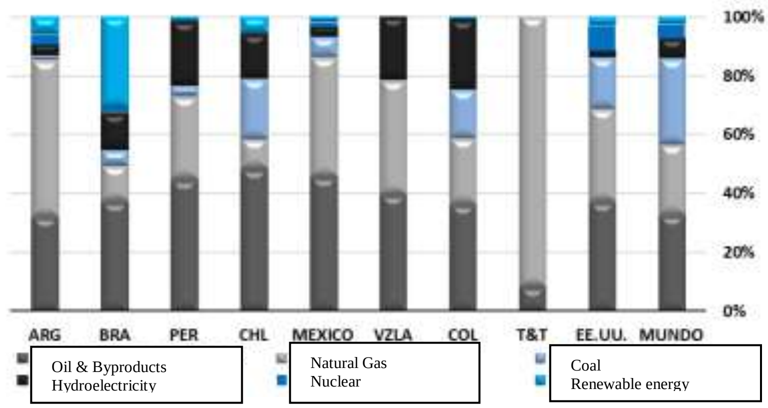
[3] In the absence of restrictions on gas demand, the share of this product in the primary matrix would be even higher.

SHARE OF NATURAL GAS IN DOMESTIC ENERGY CONSUMPTION

The main difficulty faced to modify the current energy consumption structure in the short term is the nature, characteristics and cost of the investments required; nevertheless, the current administration has set ambitious targets to increase the use of renewable energies in the power supply.

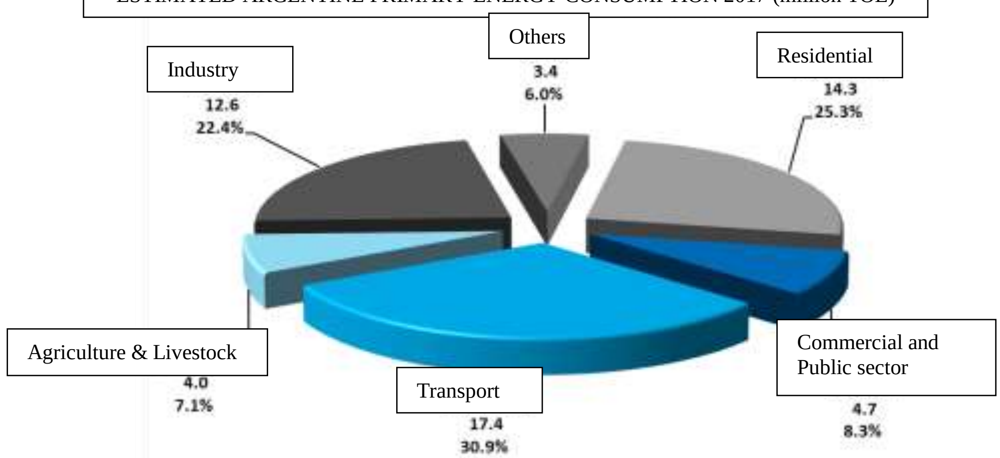
The countries within the region do not have a structure so biased towards hydrocarbons, although they do show a bias in the global average and in the USA.

PRIMARY ENERGY CONSUMPTION



Final energy consumption in Argentina –net of losses and transformation– is evenly distributed between the transport, industrial and residential/commercial segments. This distribution is similar to other developing countries with a vast territory and medium-sized population.

ESTIMATED ARGENTINE PRIMARY ENERGY CONSUMPTION 2017 (million TOE)



The characteristics of the Argentine energy supply and demand are summarized below:

- An atypical breakdown featuring Oil and Gas as the predominant energy sources, typical only of large hydrocarbon exporters such as countries of the Middle East, Russia, African LNG exporters, or Venezuela.
- In addition, 55.8% of consumption relies on natural gas, with gas penetrating consumption, despite significant restrictions to discourage potential demand for this energy source, which lead to substitution with alternate fuel sources for electric power generation, and direct restrictions on industrial demand in certain branches of industry, which is surpassed by few countries with significant excess natural gas production.
- Stagnant local energy supply – which in recent years also affected the domestic energy demand, mitigating the relative scarcity; this is attributed to insufficient investments in recent years in the highly oil-and-gas-dependent energy sector in order to effectively increase the domestic productive supply to meet a demand that also rises during periods of economic growth.
- Demand for natural gas and electricity driven in some specific segments by unreasonably low tariffs for the residential/commercial sector, encouraging unreasonable growth in residential energy consumption.

ELECTRICITY DEMAND AND SUPPLY STRUCTURE

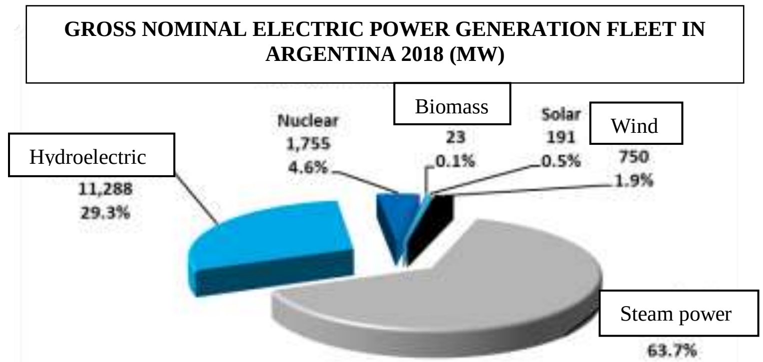
The electricity generation capacity in Argentina has evolved unevenly over the years, with periods of increased supply in response to the prevailing policies aimed at meeting electricity demand.

Although CAMMESA has preliminarily estimated a nominal power of 38,538 MW installed in late 2018 – a 2,357 MW or 6.5% net increase in nominal available power compared with 2017, [4] representing effective available power because most of the equipment is new, available operating power in the 2018/2019 summer season is close to 29,500 MW plus a rotating reserve of approximately 1,800 MW, according to the analysis by G&G Energy Consultants. The difference between nominal and effective power in late 2018 was due to generation restrictions in certain units caused by insufficient supply of fuel, difficulties in reaching the nominal yield, but mainly due to recurrent maintenance tasks or technical limitations in some generating units.

Unlike 2017 when a significant number of small engine units was incorporated[5], in 2018 gas turbine units were incorporated, mainly in response to the contracts entered into under Resolution 21/2016 for 1,207 MW in new stations or in existing stations to which these units were incorporated. Additionally, 598 MW were incorporated at the closure of combined cycles and 709 MW in renewable sources, mainly wind generation. No nuclear power generation capacity was incorporated, and availability from hydroelectric power plants improved by 44 MW.

[4] 1,154 MW and 2,210 MW were incorporated in 2016 and 2017, respectively.

[5] In 2018, 201 MW from this type of units were withdrawn.

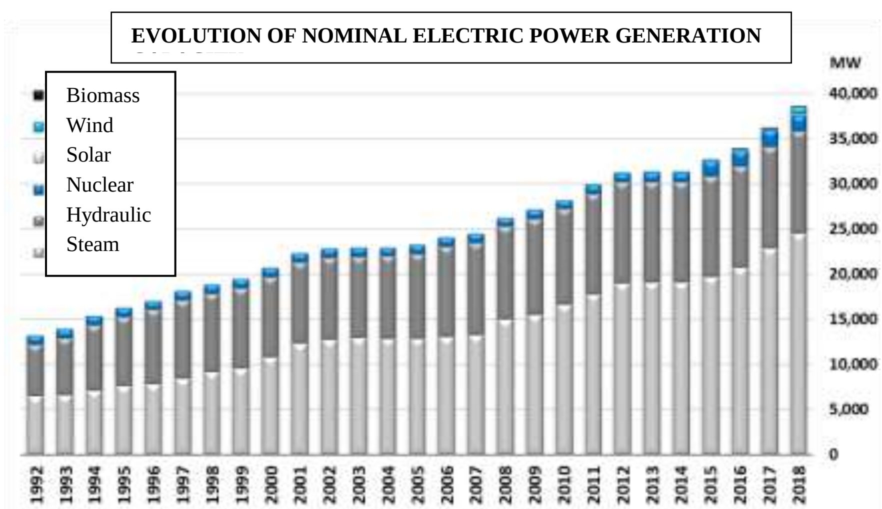


The financial restrictions of the Government have had an impact on the rate of incorporation of hydroelectric and nuclear power plants, as a result of the large investments required and the long terms of execution. The recurrent fiscal crises of the Argentine Government have resulted in delays and/or suspension of these large projects. Thus, successive governments have opted to foster the incorporation of thermoelectric generating units requiring lower investments and shorter terms for implementation, even though they use liquid and gas fuels. As production of these fuels has had a predictable and increasing development in Argentina, its supply did not necessarily imply a restriction in the past. However, this thermoelectric generation policy has encountered increasing restrictions relating to the supply of locally produced fossil fuels, in particular natural gas.

In March 2016 the government implemented an aggressive program for hiring additional generating power, both from thermoelectric and renewable sources. The incorporation of supply was achieved through power availability and energy dispatch remuneration contracts in the case of thermal units, and available energy purchase contracts in the case of wind, solar, biomass generation units and small power stations.

Nominal Electricity Generation Capacity

The nominal installed capacity is concentrated on thermoelectric generation, although its unavailability is relatively high in relation to other sources of generation, except for nuclear energy. An important number of steam power generating units show high unavailability on a recurrent basis, being unable to generate electricity in particular during the winter season, when fuel restrictions cause a reduction in available effective power.



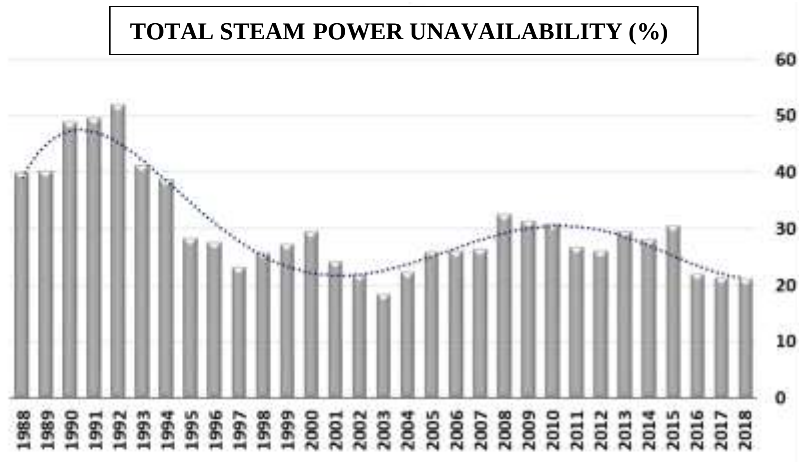
NOMINAL ELECTRICITY GENERATION CAPACITY (MW) - DECEMBER 2018												
REGION	STEAM TURBINE	GT	CC	DI	STEAM POWER	NUCLEAR	HYDROELECTRIC	SOLAR	WIND	BIOGAS	TOTAL	%
CUYO	*120*	*90*	*374*	*40*	**624**	**0**	**1.129**	**92**			**1.845**	**4.8%**
COMAHUE	*0*	*501*	*1.487*	*92*	**2.080**	**0**	**4.769**				**6.849**	**17.8%**
NORTH-WESTERN	*261*	*991*	*1.472*	*394*	**3.118**	**0**	**220**	**52**	**58**		**3.448**	**8.9%**
CENTRAL	*200*	*815*	*534*	*101*	**1.650**	**648**	**918**	**47**	**48**	**4**	**3.314**	**8.6%**
GREATER BA-LITORAL-BA	*3.870*	*4.536*	*6.867*	*895*	**16.168**	**1.107**	**945**		**253**	**18**	**18.491**	**48.0%**
NORTH-EASTERN	*0*	*33*	*0*	*286*	**319**	**0**	**2.745**				**3.064**	**8.0%**
PATAGONIA	*0*	*271*	*301*	*0*	**572**	**0**	**563**		**391**		**1.526**	**4.0%**
MOBILE				*0*	**0**						**0**	**0.0%**
TOTAL	**4.451**	**7.237**	**11.035**	**1.808**	**24.531**	**1.755**	**11.289**	**191**	**750**	**22**	**38.538**	**100.0%**
% THERMAL	18.1%	29.5%	45.0%	7.4%	100.0%							
TOTAL					**63.7%**	**4.6%**	**29.3%**	**0.5%**	**1.9%**	**0.1%**	**100.0%**	

G&G Energy Consultants estimates that by the end of 2018, the available effective power – which is lower than the declared nominal power due to the reasons explained above – was close to 29,500 MW, including a rotating reserve of 1,800 MW which did not need to be used in full magnitude due to the limited demand in 2018, and the power available was sufficient to meet demand. In February 2018, the demand for power on a Business Day exceeded the historical record with 26,320 MW [6].

RECENT CHANGES IN ELECTRICITY CONSUMPTION RECORDS						
DAY	PREVIOUS RECORDS		CURRENT RECORDS		VARIATION	MW
	POWER (MW)					
Saturday	25-Feb-17	22.390	30-Dec-17	22.543	0.7%	153
Sunday	12-27-15	21.973.	28-Feb-17	22.346	1.7%	373
Working Day	24-Feb-17	25.628	8-Feb-18	26.320	2.7%	692
DAY	**ENERGY (GWh/d)**				**VARIATION**	**GWh**
Saturday	01-18-14	477.9	30-Dec-17	478.4	***0.1%***	***0.5***
Sunday	12-27-15	432.9.	26-Feb-17	437.6	1.1%	4.7
Working Day	8-Feb-18	543.0	***29-Jan-19***	***544.4***	***0.3%***	***1.4***

In early 2019, maximum demand has not yet exceeded the levels recorded in 2018 and there is greater excess generation capacity, with thermoelectric capacity playing a leading role as it reached a maximum of 16,337 MW, compared with 17,023 MW when the highest level was reached on February 8, 2018.

[6] On January 29, 2019, the demand for energy on a business day exceeded the historical record with 544 MWh.



The increase in effective available power improved significantly in the past three years after increases in remuneration to electricity generators, which sped up the repair of units that were recurrently unavailable, in addition to the incorporations indicated earlier. The companies making up Grupo Albanesi continued to invest in various power plants, with the incorporation of power in general over terms agreed with the new units about to be incorporated to the National Interconnected System in the coming months.

The new generation capacity incorporated in 2018 corresponds to the international public bidding called under ES Resolution No. 21/2016 of the Electricity Secretariat of the Ministry of Energy and Mining, in which Grupo Albanesi was the awardee of bids for 420 MW:

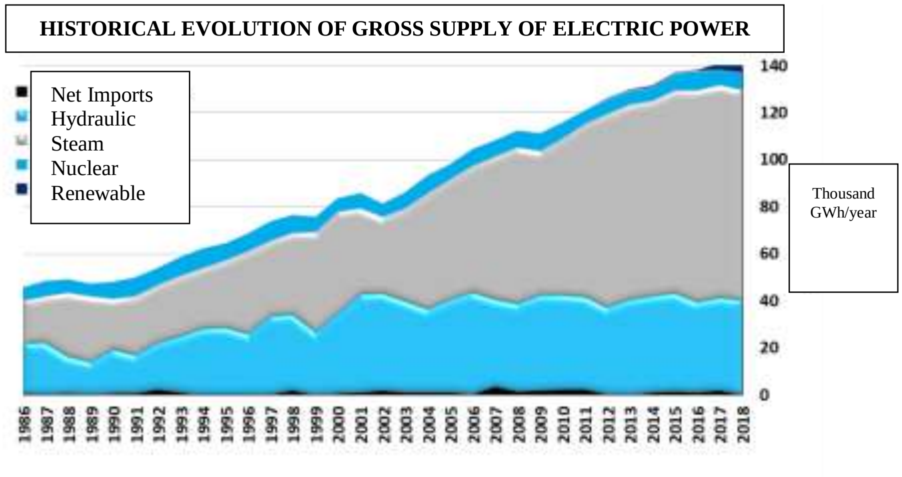
- In September 2017, the **Ezeiza Power Plant** owned by Generación Mediterránea S.A. obtained authorization to operate two SGT800 Siemens turbines of 50 MW each, and a third 50 MW turbine was authorized to operate on February 3, 2018.
- In August 2017, the **Independencia Power Plant** owned by Generación Mediterránea S.A. obtained authorization to operate a SGT800 Siemens turbine incorporating 50 MW of additional capacity, and a second SGT800 turbine with the same capacity in February 2018.
- In May 2017, the **Riojana Power Plant** owned by Generación Mediterránea S.A. obtained authorization to operate a new SGT800 Siemens turbine of 50 MW, adding to the existing 40 MW.
- In July 2017, the **Modesto Maranzana Power Plant** owned by Generación Mediterránea S.A. incorporated 100 MW of nominal capacity, adding to the existing 250.
- The closure of the combined cycle was brought into commercial operation in August 2018 at the **Roca Power Plant**, which added a 60 MW steam turbine to the existing 130 MW gas turbine.

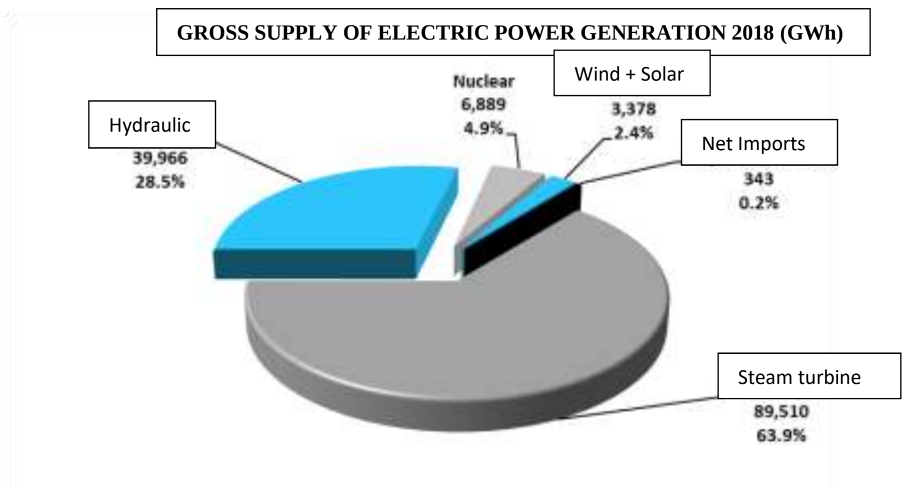
In addition, various companies making up Grupo Albanesi were awarded spot contracts with CAMMESA for expanding their capacity in the coming years. Within the framework of the international public bidding for closure of combined cycle and electricity cogeneration projects called under ES Resolution No. 287-E/2017 of the Energy Secretariat of the Ministry of Energy and Mining, Grupo Albanesi was awarded three projects to install 351 MW of new capacity which are in full process of addition.

- A cogeneration project with 100 MW in the province of Santa Fe
- Closure of cycle with 113 MW in the Modesto Maranzana Power Plant, in Córdoba
- Closure of cycle with 138 MW in the Ezeiza Power Plant, in Buenos Aires

INCREASE IN NOMINAL SUPPLY (MW) - NOMINAL DATA							
PERIOD	THERMAL POWER	HYDROELECTRIC	NUCLEAR	BIOMASS	WIND/SOLAR	TOTAL PERIOD	DISTRIBUTION ACCORDING TO REGULATORY REGIME
1992-2018	17,736	5.027	750	23	941	**24.477**	
1992-2001	5.945	3.183	0	0	0	**9.128**	**37.3%**
2002-2015	6.948	1.734	750	0	195	**9.627**	**39.3%**
2016-2018	4.843	110	0	23	746	**5.722**	**23.4%**

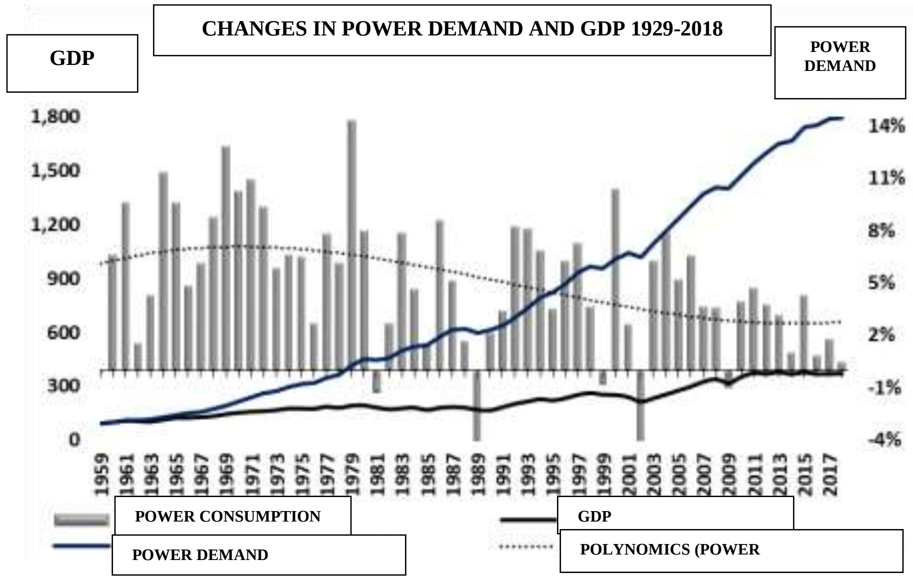
Gross Electricity Demand – including losses in the transmission and distribution system, and the company's own consumption at generating units – has shown a significant growth in thermal power supply in recent decades, accompanied by a mild increase in the hydroelectric power supply due to the incorporation of the last stage of the Yacyretá power plant following the gradual increase of its generating quota as from 2006.





A slowdown in electricity demand growth rates was observed in 2016 and 2018. This long-term trend reflects moderation in electricity demand in periods of economic downturn, such as 2016 and 2018, with an influence of tariff adjustments as in 2017, despite the 2.8% growth in GDP.

The correlation between evolution of GDP and electricity demand shows a significant dispersion; however, it may be concluded that when there is a significant reduction in GDP, the electricity demand falls relatively moderately. It should also be considered that in a context of low economic growth, electricity demand increases at rates higher than GDP.

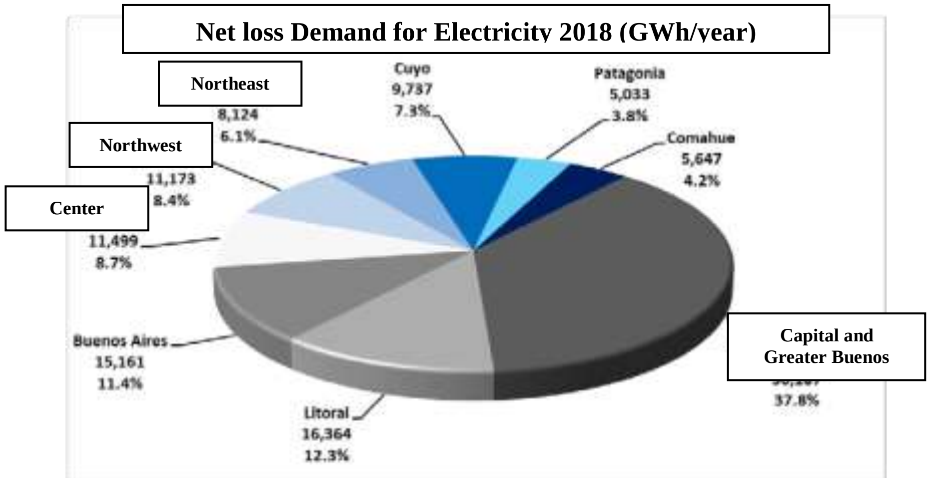


CAMMESA divides Argentina in regions with similar characteristics from the demand point of view, as well as on the basis of the socio-economic characteristics and the integration of each electricity subsystem.

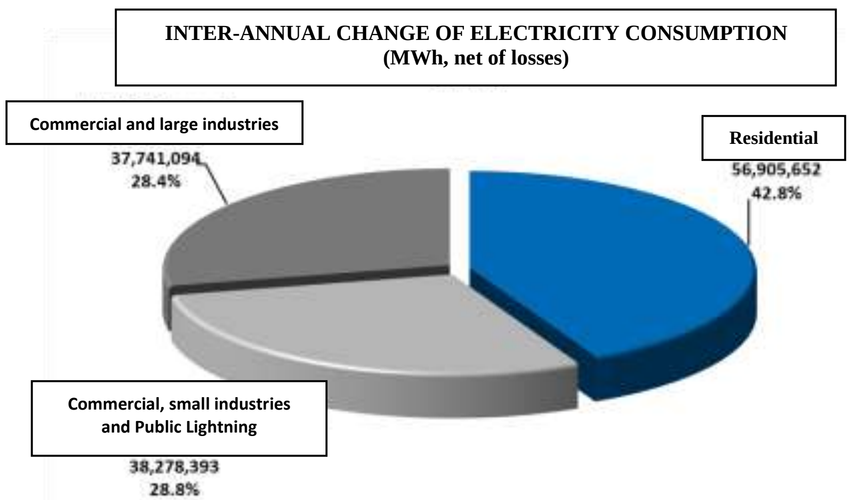
Demand is concentrated in the City of Buenos Aires- Greater Buenos Aires-Litoral region, which accounts for 61.5% of the total electricity demand of the country. Although growth rates in other regions, such as North-western area, Comahue and Patagonia are greater than in the remaining regions of the country and the demand in CABA-Greater Buenos Aires area is influenced by rate adjustments, the changes in this structure are not expected to be material in the future.

Energy demand by region, net of transmission losses

ENERGY DEMAND BY REGION, NET OF TRANSMISSION LOSSES - 2018							
REGIO N	GWh/year	DISTRIBUTION		2018/2017 VARIATION		2018/2016 VARIATION	
City of Buenos Aires and Greater Buenos Aires	50.187	37.8%	37.8%	36	0.1%	-1.567	-3.0%
Litoral	16.364	12.3%	50.1%	326	2.0%	1.388	9.3%
Buenos Aires	15.161	11.4%	61.5%	-25	-0.2%	-1.121	-6.9%
Center	11.499	8.7%	70.1%	23	0.2%	0	0.0%
Northwest	11.173	8.4%	78.5%	-295	-2.6%	-105	-0.9%
Cuyo	8.124	6.1%	84.6%	- 1.239	-13.2%	23	0.3%
Northeast	9.737	7.3%	92.0%	1.454	17.6%	654	7.2%
Comahue	5.033	3.8%	95.8%	-370	-6.9%	-142	-2.8%
Patagonia	5.647	4.2%	100.0%	484	9.4%	683	13.8%
TOTAL	**132.924**	**100.0%**	**100.0%**	**394**	**0.3%**	**-187**	**-0.1%**



Gross energy demand -considering distribution and transmission losses, own consumption of thermal and nuclear power, and minor exports to Uruguay and Brazil- recorded a slight 0.5% increase in 2018, after a -2.4% fall in 2017. In 2017, due to the 2.8% economic expansion during the year, electricity demand increased by 1.8% as a result of the rate adjustments, and especially due to a moderate 2016/2017 summer season and higher than normal temperatures in the 2018 winter season. The economic stagnation has an impact on the rate of increase in demand, together with rate adjustments. Growth rates are expected to be similar to historical rates once the economy returns to a path of sustained growth.

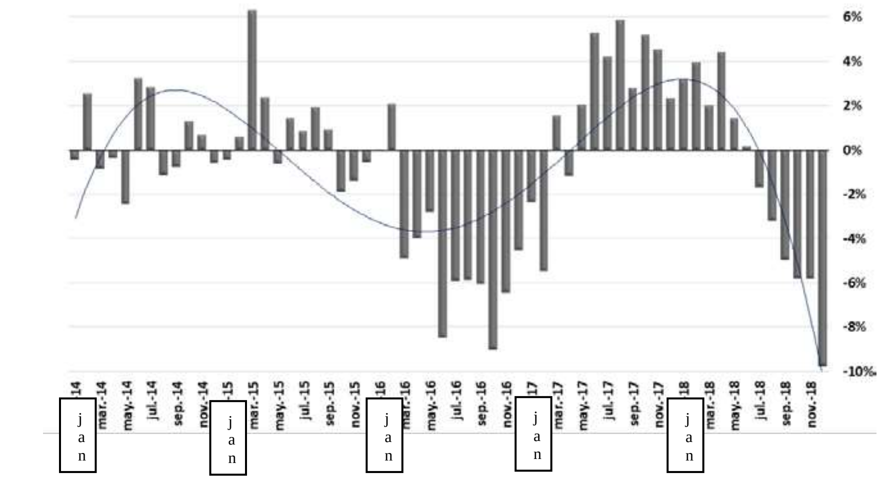


Nevertheless, residential electricity demand grew by 1.8% in 2018. In 2017, electricity demand from this segment decreased by -2.0% as a result of rate adjustments and moderate temperatures in summer and winter, after 3.0% in 2016 compared with 2015, higher than 2.1% recorded in the recessionary 2014 compared with 2013, but lower than 7.7% recorded in 2015.

The commercial electricity demand segment – which in the new classification of CAMMESA we understand that it includes Public Lightning and small industries - grew 3.2% in 2016 compared with 2015, higher than 0.2% in 2014, and lower than 3.8% in 2015. In 2017, this segment decreased by -0.4% and in 2018 a further -0.2%. The electricity tariff adjustments implemented in February 2016, followed by adjustments to natural gas in April 2016, may partly affect the demand of consumers.

The industrial activity stopped falling at the beginning of 2017, and the activity growth lasted until early 2018, when a significant slowdown began. An accelerated growth rate was observed in the last months of the year. In 2016, the Industrial segment had shown a -4.7% reduction in electricity demand after a modest +0.8% in 2015. In 2017 the industrial reactivation showed a 2.0% increase in electricity demand, while 2018 ended at –1.3%, with very negative year-on-year figures of -5.8% and -9.7% in November and December 2018.

INDUSTRIAL ELECTRICITY CONSUMPTION - INTER-ANNUAL CHANGE



The increasing electricity demand since 2000 has led to a greater need for fuel supply for dispatches to the thermal power generating plant. The demand for power at specific hours affected the available power generating plant to meet the maximum demand during winter night hours, or summer afternoon hours. To minimize the risk of untimely cutoffs to the residential and commercial segment, the previous Government resorted to electricity supply cutoffs previously agreed upon with large industries, as in the winters of 2010 and 2011– without reaching the extraordinary levels of the 2007 winter– which were not required in 2012. In 2013, reductions in industrial demand were necessary, mainly in December, to meet residential and commercial demand, as in January 2014. Neither in the 2015 summer nor in winter this year significant restrictions were to be applied to industrial consumers to meet residential/commercial electricity demand, despite forced cutoffs occurred due to significant problems in the distribution of electricity.

In February 2016, the growing electricity demand due to high temperatures led to planned and untimely cutoffs which CAMMESA estimated at 1,000 MW. In 2017, demand was managed and did not exceed the availability of the system since there was more supply available and more moderate temperatures. In 2018, the power demand record was beaten in February, and it was satisfied without greater problems locally with no need for imports. At the beginning of 2019, a day of high temperatures led to a higher demand for power which was met with sufficient reserves.

3. HIGHLIGHTS FOR FISCAL YEAR 2018

3.1 Electricity

The Roca Power Plant maintained average plant availability at 92% in 2018. The energy generated in 2018 by unit was 266,309 MWh.

3.2 Maintenance

The objective of the maintenance tasks carried out during the year was to maintain the availability of the generating unit.

The maintenance plan comprised the generating unit and ancillary and building equipment.

The minor predictive and preventive maintenance tasks scheduled were carried out during the year at the Gas Turbine, as recommended in the Manufacturer's manual and the good practices of the profession.

Maintenance is adjusted, considering closure of the combined cycle, enlargement of working areas, the purchase of a new set of tools, and improvement in the storage of Turbines and Ancillary equipment parts.

Work is done on the new list of critical parts for the HRSG and the Steam Turbine to ensure their availability.

3.3 Environmental management

Corporate Environmental Management System

The Roca Power Plant has an Environmental Management System certified under ISO 14001:2015 standard. That certification is corporate and covers the rest of the operating plants of Grupo Albanesi (Generación Rosario S.A., Central Térmica Roca S.A, Albanesi Energía S.A. Central Térmica Cogeneración Timbúes and Generación Mediterránea S.A. Thermal Power Plants: "Modesto Maranzana", La Rioja, Independencia, La Banda, Frías and Ezeiza).

This shared methodology allows working in a unified and coordinated manner at all work sites, applying the same criteria for determining the environmental aspects of the activity, its significance assessments and the operating controls adopted. Supported by standardized documentation and implemented within a work framework based on joint and cooperative performance between the parties, sustained growth has been achieved over time, subject to regular performance reviews and ongoing improvement processes.

The main benefits of the above may be noted in aspects such as:

- Environmental awareness and the involvement of the personnel in the fulfillment of the objectives set.
- The priority given to preventive management actions.
- Absence of environmental incidents.
- Optimum order and cleaning conditions at the premises.
- Efficient treatment of corrective actions as well as of those derived from addressing risks and opportunities.
- Attention given in due time and manner to comply with legal requirements.
- Improved management of environmental issues with special attention to its life cycles and the interests related to environmental sustainability.
- Efforts expended, with satisfactory results, to the care and aesthetic of natural spaces.

In the October-November 2018 period, a new external audit was made of the Integrated Management System in charge of IRAM staff, which resulted in the renewal of the ISO certificates for all the power stations for a new three-year period.

3.4 Human Resources

Human Capital management

Under the motto "Work together and better" and guided by our corporate values, Attract, Motivate and Retain are the three pillars on which the human capital management of the group is based. With the purpose of transforming the company in a market reference, we are undergoing a change process where our ambition is to convert every person in a value adding agent who contributes to maximizing the results of the business and client satisfaction at each stage of the value chain.

Below we describe the main actions for the year by activity.

Structure of the organization

In 2018, the senior structure of the organization was consolidated with the addition to the Management committee of Purchases and Foreign Trade, Technology and Information Systems Management and the Legal Corporate Management, to which the Compliance function was added to lead the integrity program.

Employment opportunities

The employment level remained stable. Through our internal mobility program "MOBI", 11 positions were offered, and 70 external persons joined the company, mainly due to replacements and the new positions created in the new structures of Purchases and Foreign Trade, Technology, and Information Systems and Legal.

Compensation and benefits

The creation of a compensation structure by salary levels was approved in the second half of 2018, which will be designed with an External Consultancy Firm. Led by Human Resources and with the participation of the line, the contents of work positions and their valuation will be defined to allow for the adequate payment practices in terms of internal equity and external competitiveness. The project was launched in November 2018 and a kick off meeting is expected for the second quarter of 2019.

The market practice monitored twice a year is still in place through general market surveys with specific cut-offs for the sector.

Three increases were granted in the year in line with the labor market practice.

In terms of benefits, a Corporate Benefits Program was launched, combining a flexible work system known as "Flex" with discounts agreed with Sport Club network of gyms and Club La Nación. Further, the "healthy snack" option was promoted.

The Performance Management Program to assess the staff in terms of expected behavior and potential to support development of capabilities is maintained.

Training and development

The "Program for the Development of Leadership Skills" was launched to reinforce Human Capital management capabilities consisting of 10 modules, 8 hours each, bimonthly, where our managers address issues, such as effective communication, leadership, teamwork, and time management. In the transition from one module to another, managers have the possibility of attending coaching sessions with trainers, and thus apply the contents learned during the training to real situations while performing their duties.

This program will be available throughout 2019.

Technical skills continued to be developed to ensure staff performance in view of the technological changes associated to the work positions.
English classes started to be given to those employees who need it for their work.

Internal communication and HR information systems

The use of available communication tools was strengthened to keep the staff updated about the company's activities. Further, the HR newsletter, RH+, was consolidated, which informs employees about the most important events of the group on a monthly basis.
The Success Factors platform was launched in the first quarter which allows us to comprehensively manage staff information under the SAP environment.

Work relations

The collective bargaining agreement was consolidated in 2018, which became effective as from January 1 for the power plants CTMM, CTI, CTRi, CTLB, CTF, CTR and Timbues. This includes the staff falling under Luz y Fuerza and APUAYE unions, which group the professionals working in our power plants. Conversations started to be held with Luz y Fuerza union from the City of Buenos Aires to join our Ezeiza power plant.

Corporate social responsibility

Ratifying our decision of working on the Sustainable Development Goal No. 4 defined by the UN, in 2018 we launched our Sustainable Development Policy that includes 3 axes integrating all the actions we have been taken so far in the past years.

AXIS 1. Actions with the third sector aimed at developing skills for getting good employment opportunities.

AXIS 2. Actions with formal education institutions aimed at encouraging work habits and discovering the workplace environment through the coordination of contents.

AXIS 3. Activity groups and training aimed at developing specialization skills to improve employment opportunities in job exchanges in each region.

3.5 <u>Systems and Communications</u>

During 2018, the Systems and Communications areas continued to provide maintenance, development, implementation, innovation and solutions relating to applications, technology, telecommunications, information and process security, guaranteeing a suitable service level and covering the Company's business needs.

The area has policies and procedures in place that are in line with international standards and which are monitored continually to check compliance with sector-specific objectives and internal controls, and to ensure continual quality and improvement.

The projects and objectives achieved during 2018 are summarized below:

- The installation of the optic fiber was completed to provide the CTR with high connection speed to the corporate network,
- The Contingency Facilities were completed.
- The new telephone numbers were set up and configured, including the CTR to the corporate numbers.
- The anylink satellite connectivity was set up and configured as a backup system for the SOTR.

As a goal for 2019, the Systems and Information Technology Management will continue with the investment processes aimed at improving productivity and the efficiency of existing processes, as well as adding innovative technologies, thus allowing to continue with the process to improve the actions focused on ensuring security, confidentiality, completeness and availability of the information.

Projects for 2019 include the following:

- Implementation of SAP at the power plant, in replacement of INFOR
- Implementation of new tools for accounts payable management
- Improvement of the CCTV infrastructure.
- Information Security Assessment at the Power Plants.

3.6 Integrity program

The Integrity Program of Grupo Albanesi (the "Program") was approved by Board Meeting Minutes dated August 16, 2018, and was initially based on: (i) a Code of Conduct (the "Code"), (ii) an Anti-corruption Policy, (iii) a Policy for the Submission of Tenders and Bids, (iv) a Policy to govern the Relationship with Public Officers; and (v) and an Ethics Line for anonymous reports from third parties (the "Line"), managed by PwC.

On August 17, 2018, the Code and the Line were posted on Albanesi website (http://www.albanesi.com.ar/programa-integridad.php), following ad advertising criterion that continued to be further developed as from its dissemination to suppliers and clients.

New policies were developed over time as part of the Program, such as the Donations and Confidentiality Policies, the use of tools and an Expense Report Policy. A record was also created to register any contact with public officers, as well as records to list presents and conflicts of interest.

The Group is implementing a Due Diligence process for third parties which will require the previous analysis of any third party willing to do business with the Group. In addition, we are including an Anti-corruption and Ethics clause in all our service contracts, terms of reference and tenders.

Through Board Meeting Minutes of August 21, 2018, the Ethics Committee was set up to investigate reports and send their conclusions to the Board, to whom it reports. Such Committee is made up by the HR Corporate Manager, the Legal and Compliance Corporate Manager and an external advisor, independent of the Company's shareholders.

During 2018, a Training Plan was launched first for plant managers, syndics, directors, shareholders and key staff, who attended on-site courses. Training will then be provided to administrative employees and those working at the power plants. To cover all Group facilities in a fast and effective manner, we have implemented an e-learning program.

In addition, the internal organization was modified and the Compliance function was created, which reports to the Legal Corporate Management.

3.7 Financial situation

The Company preferred to maintain financing to complete the project of cycle closing, as well as the working capital requirements through credit lines with local banks.

Foreign exchange hedging was done during the year for the payment of interest on the International Bonds made on January 27, 2019.

The bank and financial debt of the Company at December 31, 2018 was broken down as follows:

	Capital	Balance at December 31, 2018 (Pesos) (%)	Interest rate	Currency	Date of issue	Due date
Debt securities						
International NO	USD 70,000,000	2,709,729,955	9.63%	USD	July 27, 2016	July 27, 2023
Class II NO	$ 216,000,000	259,132,107	BADLAR + 2%	ARS	November 17, 2015	November 17, 2020
Class IV NO	$ 291,119,753	343,900,475	BADLAR + 5%	ARS	July 24, 2017	July 24, 2021
GMSA-CTR Class I Bond	USD 10,000,000	381,786,944	6.68%	USD	October 11, 2017	October 11, 2020
Subtotal		**3,694,549,481**				
Other debts						
Banco Ciudad loan	USD 5,854,545	221,949,954	6%	USD	August 4, 2017	August 4, 2020
BAPRO Loan	USD 10,600,000	400,802,437	4%	USD	January 3, 2018	January 3, 2019
ICBC Loan	USD 4,900,000	184,942,572	10.50%	USD	December 27, 2018	December 31, 2019
Banco Macro loan	USD 5,000,000	188,500,000	7.00%	USD	December 28, 2018	January 28, 2019
Related companies (Note 30)	$ 258,848,369	280,554,097	35.00%	ARS	September 30, 2018	September 30, 2019
Financial lease		25,367,817				
Subtotal		**1,302,116,877**				
Total financial debt		**4,996,666,358**				

Brief description of the activities of the issuing company, including references to relevant situations subsequent to year end:

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

Fiscal year ended December 31:

	2018	2017	Variation	Variation %
	MWh			
Sales by type of market				
CAMMESA Sale 220	266,309	120,746	145,563	121%
Sale of electricity Res. 19/17plus Spot	-	977	(977)	(100%)
	266,309	**121,723**	**144,586**	**119%**

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

Fiscal year ended December 31:

	2018	2017	Variation	Variation %
	(in millions of pesos)			
Sales by type of market				
CAMMESA Sale 220	897.1	608.4	288.7	47%
Sale of electricity Res. 19/17plusSpot	19,2	15,0	4,2	28%
	916.3	**623.4**	**292.9**	**47%**

Income/loss for the year ended December 31, 2018 and 2017 (in millions of pesos):

	2018	2017	Variation	Variation %
Sale of energy	916.3	623.4	292.9	47%
Net sales	**916.3**	**623.4**	**292.9**	**47%**
Purchase of electricity	(1.5)	(14.0)	12.5	(89%)
Gas and diesel consumption at the plant	(37.3)	(34.8)	(2.5)	7%
Salaries, social security charges and fringe benefits	(47.7)	(36.7)	(11.0)	30%
Defined benefit plan	(3.7)	-	(3.7)	100%
Maintenance services	(37.5)	(17.0)	(20.5)	121%
Depreciation of property, plant and equipment	(277.8)	(73.3)	(204.5)	279%
Security guard and porter	(4.3)	(4.5)	0.2	-4%
Insurance	(11.1)	(7.3)	(3.8)	52%
Taxes, rates and contributions	(6.1)	(4.6)	(1.5)	33%
Others	(11.5)	(3.6)	(7.9)	219%
Cost of sales	**(438.5)**	**(195.8)**	**(242.7)**	**124%**
Gross income/(loss)	**477.8**	**427.5**	**50.3**	**12%**
Advertising	-	(0.1)	0.1	(100%)
Taxes, rates and contributions	(14.2)	(9.7)	(4.5)	46%
Selling expenses	**(14.2)**	**(9.9)**	**(4.3)**	**43%**
Fees and compensation for services	(45.3)	(20.9)	(24.4)	117%
Directors’ fees	(0.2)	(4.9)	4.7	(96%)
Leases	(2.6)	(2.9)	0.3	(10%)
Donations	-	(1.7)	1.7	(100%)
Sundry	(0.9)	(1.8)	0.9	(50%)
Administrative expenses	**(49.1)**	**(32.2)**	**(16.9)**	**52%**
Other operating income	0.1	0.3	(0.2)	(67%)
Operating income	**414.7**	**385.7**	**29.0**	**8%**
RECPAM	1,565.2	322.6	1,242.6	385%
Assets impairment	35.2	(35.2)	70.4	(200%)
Commercial interest	5.2	(22.2)	27.4	(123%)
Interest on loans	(418.7)	(139.2)	(279.5)	201%
Bank expenses and commissions	(1.2)	(1.0)	(0.2)	20%
Exchange differences, net	(2,706.7)	(138.2)	(2,568.5)	1859%
Other financial results	93.9	54.5	39.4	72%
Financial and holding results, net	**(1,427.2)**	**41.3**	**(1,468.5)**	**(3556%)**
Profit/(loss) before tax	**(1,012.5)**	**427.0**	**(1,439.5)**	**(337%)**
Income tax	239.3	(8.5)	247.8	(2915%)
Income/loss for the year	**(773.2)**	**418.50**	**(1,191.7)**	**(285%)**

	Fiscal year ended December 31:			
	2018	**2018**	**Variation**	**Variation %**
Other Comprehensive Income for the year				
Benefit plan	(0.7)	-	(0.7)	100%
Revaluation of property, plant and equipment	726.3	-	726.3	100%
Impact on income tax	(181.4)	-	(181.4)	100%
Other comprehensive income for the year	**544.2**	**-**	**544.2**	**100%**
Total comprehensive income for the year	**(229.0)**	**418.5**	**(647.5)**	**(155%)**

Sales:

Net sales for the year ended December 31, 2018 amounted to $916.3 million, compared with $623.4 million for fiscal year 2017, equivalent to an increase of $292.9 million or 47%.

In the fiscal year ended December 31, 2018 energy dispatch reached 266,309 MWh, a 119% increase compared with 121,723 MWh recorded in fiscal year 2017.

The main sources of income of the Company and their performance during the fiscal year ended December 31, 2018 compared with the year 2017 are described below:

(i) $916.3 million from energy sales on the forward market to CAMMESA under the framework of Resolution 220/07, accounting for a 47% increase compared with $623.4 million in 2017. This variation is basically attributable to the net effect of an increase in the energy dispatched, due to the Closure of the Cycle in the Plant that became operative as from August 4, 2018, a higher exchange rate, and a decrease in the period of consumption of gasoil.

Cost of sales:

The total cost of sales for the year ended December 31, 2018 reached $438.5 million, compared with $195.8 million for fiscal year 2017, equivalent to an increase of $242.7 million or 124%.

The main cost of sales of the Company and their performance during the fiscal year ended December 31, 2018 compared with the year 2017 are described below:

(i) $37.3 million for gas and diesel consumption at the plant, reflecting a 7% increase from $34.8 million for fiscal year 2017. Such variation is due to a variation in the exchange rate and an increase in diesel consumption in the year.

(ii) Salaries, social security contributions and fringe benefits for $47.7, which accounted for a 30% increase compared with the $36.7 million amount recorded in fiscal year 2017; a variation due to salary raises net of capitalized remuneration for tasks affected to the closure of the cycle.

(iii) Depreciation of property, plant and equipment for $ 277.8 million, which accounted for a 279% increase compared with $73.3 million in fiscal year 2017. This variation is mainly generated by the depreciation of property, plant and equipment added last year.

Gross income/(loss):

Gross income for the year ended December 31, 2018 reached $477.8 million, compared with $427.5 million for fiscal year 2017, equivalent to an increase of $50.3 million or 12%. This variation is basically attributable to the net effect of a decrease in the energy dispatched, a higher exchange rate.

Selling expenses:

Selling expenses for the year ended December 31, 2018 totaled $14.2 million, compared with $9.9 million for fiscal year 2017, equivalent to an increase of $4.3 million or 43%.

The main component of the Company´s selling expenses is listed below:

(i) $14.2 million in taxes, rates and contributions, accounting for a 46 % increase compared with $9.7 million in fiscal year 2017. The increase is in line with the changes in sales in the current fiscal year, as compared to the previous fiscal year.

Administrative expenses:

Total administrative expenses for the fiscal year ended December 31, 2018 amounted to $49.1 million, showing a 52% increase compared with $32.2 million in fiscal year 2017.

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

(i) $45.3 million for fees and remunerations for services, which accounted for an increase of 117% as against $20.9 million for fiscal year 2017. This change is due to the billing of administrative services performed by RGA.

(ii) $2.6 million for rental costs, accounting for a decrease of 10% compared with $2.9 million for the fiscal year 2017, mainly due to the increase in the rental costs of the administrative offices.

Operating income/(loss):

Operating income/loss for the year ended December 31, 2018 reached $414.7 million, compared with $385.77 million for the fiscal year 2017, equivalent to an increase of $ 29 million or 8%.

Financial and holding results, net:

Financial and holding results, net for the year ended December 31, 2018 were a loss of $1,427.2 million, compared with a gain of $41.3 million in fiscal year 2017, accounting for a 3556% increase. This variation is primarily due to the effect of the exchange rate fluctuation, changes in fair value of financial instruments, and the variation in interest on loans.

Financial and holding results, net (Cont'd)

The most salient aspects of this variation are described below:

(i) $418.7 million loss for interest on loans, accounting for an increase of 201% compared with $139.2 million loss for the fiscal year 2017, due to the new financial instruments taken between both periods as Class IV Negotiable Obligations, co-issuance of Class I Negotiable Obligations between GMSA and CTR, and other bank debts.

(ii) A loss of $1.2 million for bank charges and expenses, which represented a decrease of 20% as against the $1 million loss reported in the fiscal year 2017.

(iii) A gain of $5.2 million for commercial interest, which accounted for an increase of 123% as against a loss of $22.2 million reported in the fiscal year 2017.

(iv) A profit $1,565.2 million in RECPAM, which accounted for an increase of 385% compared with a profit of $322.6 million in RECPAM for fiscal year 2017.

Net profit/loss:

For the period ended December 31, 2018, the Company reported losses before tax for $1,012.5 million, compared with the $427 million gain reported in fiscal year 2017, accounting for a decrease of 350%. This variation is primarily due to the exchange rate fluctuation, changes in fair value of financial instruments, and the variation in interest on loans.

The income tax charge represented a gain of $239.3 million for the fiscal year ended December 31, 2018, compared with the loss of $8.5 million for the fiscal year 2017. As a result, a loss after income tax of $773.2 million was obtained compared with the gain of $418.5 million for the year 2017.

2. Comparative equity structure:

(in millions of pesos)

	12.31.18	12.31.17
Non-Current Assets	6,236.1	4,661.9
Current Assets	648.1	1,047.6
Total assets	**6,884.2**	**5,709.5**
Equity	1,238.6	1,467.7
Total shareholders' equity	**1,238.6**	**1,467.7**
Non-Current Liabilities	3,899.0	3,526.9
Current Liabilities	1,746.6	715.0
Total liabilities	**5,645.6**	**4,241.8**
Total liabilities + shareholders' equity	**6,884.2**	**5,709.5**

3. Comparative income statement: (In millions of pesos)

	12.31.18	12.31.17
Ordinary operating income	414.7	385.7
Financial and holding results	(1,427.2)	41.3
Ordinary net income	**(1,012.5)**	**427.0**
Income tax	239.3	(8.5)
Net Result	**(773.2)**	**418.5**
Other comprehensive results	544.2	-
Total comprehensive results	**(229.0)**	**418.5**

4. Comparative cash flows: (In millions of pesos)

	12.31.18	12.31.17	12.31.16
Funds provided by (used in) operating activities	232.1	(95.1)	(110.0)
Cash (used in) investment activities	(472.9)	(1,260.4)	(274.0)
Cash from financing activities	245.3	394.7	1,212.0
Increase (Decrease) in cash and cash equivalents	**4.5**	**(960.8)**	**828.0**

5. Comparative ratios:

	12.31.18	12.31.17
Liquidity (1)	0.37	1.47
Solvency (2)	0.22	0.35
Tied-up capital (3)	0.91	0.82
Indebtedness ratio (4)	7.22	7.32
Interest coverage ratio (5)	1.65	3.30
Profitability (6)	(0.57)	0.33

(1) Current Assets / Current Liabilities
(2) Shareholders' Equity / Total liabilities
(3) Non-Current Assets/Total assets
(4) Financial debt/Annual EBITDA(*)
(5) Annual EBITDA (*) / annual accrued financial interests (*)
(6) Net profit/(loss)for the period (excluding Other comprehensive income)/Average total equity

(*) Amount not covered by the Audit Report.

3.8 Statement of income in historical pesos

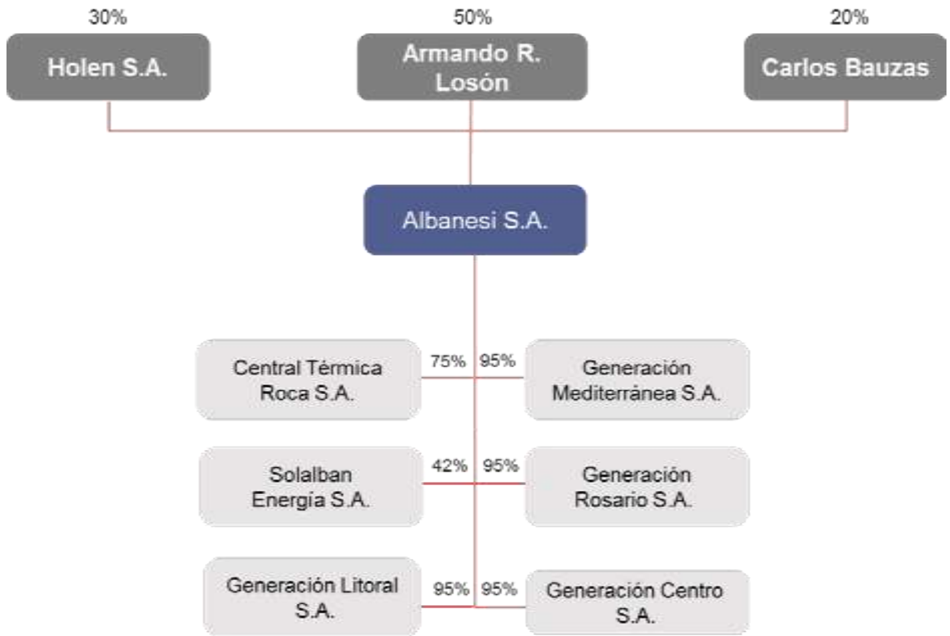
Below is a detail of the Statement of Income for the fiscal year ended December 31, 2018, stated in historical pesos:

	12.31.18
Sales revenue	784,116,833
Cost of sales	(281,811,834)
Gross income/(loss)	**502,304,999**
Selling expenses	(12,005,882)
Administrative expenses	(48,575,878)
Other income and expenses	-
Operating income/(loss)	**441,723,239**
Financial income	7,979,660
Financial expenses	(375,968,617)
Other financial results	(2,130,785,846)
Financial results, net	**(2,498,774,803)**
Income before tax	**(2,057,051,564)**
Income tax	508,884,867
(Loss) income for the period	**(1,548,166,697)**
Change of rates on income tax Revaluation of property,	-
plant and equipment	-
	-
Benefit plan	(681,777)
Revaluation of property, plant and equipment	2,220,097,534
Impact on income tax	(554,853,939)
Other comprehensive income for the period	**1,664,561,818**
Total comprehensive income/(loss) for the period	**116,395,121**
Loss per share	
Basic and diluted (losses)/earnings per share	(21.1873)

(*) Amount not covered by the audit report

4. CORPORATESTRUCTURE

The structure of the organization is shown in this table



Holen S.A., Armando Losón and Carlos Bauzas hold the remaining 5% in GEMSA, GROSA, Generación Litoral S.A. and Generación Centro S.A.

Share Capital

At December 31, 2018, the Company's capital was made up of 73,070,470 ordinary, book-entry, non-endorsable shares of $ 1 par value each, and entitled to 1 vote per share, and there have been no variations in the capital amount or in the equity interests during 2018.

The ownership structure during fiscal year ended December 31, 2018 was made up as follows:

ASA (parent company)	75%
TEFU S.A.	25%

Albanesi Inversora S.A. and Albanesi S.A. decided through Shareholder's Meetings held on October 18, 2017 to start a merger through absorption process, with Albanesi S.A. being the merging and continuing company, and Albanesi Inversora S.A. being the merged company, which was dissolved without being liquidated. In view of the above merger, on January 11, 2018, the outstanding securities of Central Térmica Roca S.A., owned by Albanesi Inversora S.A. were settled, and new securities were issued in favor of Albanesi S.A.

Organization of the decision-making process

As indicated in the various sections of Annex IV, Heading IV, of the Rules of the CNV that are attached to this Annual Report relating to the degree of compliance with the Code of Corporate Governance, the Company's policies and strategies are defined by the Board of Directors to be executed by each of the sectors under the supervision of the corresponding Management and ultimately of the Board of Directors.

Decisions that are considered significant and/or relevant in terms of their magnitude and/or of the amount involved, that relate to the administration of the Company's activities, are made directly by the Board of Directors in a meeting specially convened for this purpose. All the decisions by the Shareholders' Meeting on the events that took place in 2018 have been taken unanimously, while those related to the Board have been taken holding the majority as set forth in the Bylaws.

Remuneration of the Board of Directors

Company resolutions concerning the establishment of the fees of the Board of Directors comply with the limits and guidelines envisaged in article 261 of Company Law No. 19550 and articles 1 to 7 of Chapter III, Heading II of the Rules of the CNV.

5. OUTLOOK FOR THE YEAR 2019

5.1 Outlook for the Electricity Generation Market

The need to continue offering a high availability of the existing electric power generation units led the Government to issue invitations for tenders for new emergency thermal generation under the framework of Resolution 21/2016. A new successful bidding process was carried out, in which Grupo Albanesi was the main awardee, having been awarded 420 MW of a total hired under contracts that was close to 3,300 MW.

Subsequent bids for renewable energies will contribute a nominal power of 2,400 MW in the coming years. Also, there is investor interest in the incorporation of new large scale projects in a potential bidding process to be carried out by the Government following the reception of Expressions of Interest from potential investors under the recent Resolution 421/2016.

The regulatory activity in 2018 remained almost unchanged until midyear, when the new Minister of Energy, subsequently the Energy Government Secretariat, promoted flexible schemes for the direct hiring of natural gas by thermal generators, reducing the reference price of natural gas that would be recognized in the payments of electricity supplied by them.

Further, bidding systems were established by CAMMESA for the purchase of natural gas in the context of oversupply of that fuel, which reduced the average prices and the entity's deficit.

The availability of current generating units is supported by the addition of many new units acquired under long-term contracts, whether thermal or nuclear, as well as renewable units in 2019 and 2020. This investment process together with the moderate growth in demand in the last three years set an adequate level of generating reserves to meet expected demand.

Despite the significant reduction in value of the Argentine peso of over 50%, CAMMESA honored all its long-term contracts meeting the economic and financial conditions, and making the payments at the free exchange rate for prices agreed upon in dollars. The same occurred with the payments fixed by Resolution 19/2017 to generators without contracts. The fact of having strictly fulfilled the contractual conditions and made the payments in accordance with prevailing regulations is not a minor detail in such a complex year as 2019.

The outlook for business operations is favorable for modern thermal generators located in regions with a high growth in demand, since their units will receive increasing dispatch requirements. It is likely that the drop in international prices of energy products, which narrow the gap between the cost of the electricity system and the income received from different consumers once the Government implements tariff adjustments, modify the current fuel supply by CAMMESA to encourage generators to seek their own sources of fuel supply and may execute spot contracts with industrial consumers and, eventually, with distributors.

The outlook for the Energy Sector is a gradual improvement after fulfilling the agreed-upon business conditions, even under the unfavorable situation faced in 2018 with decreasing fuel imports.

The absence of a greater hydroelectric power supply over the next 5 years provides a favorable outlook in terms of thermal unit dispatches mitigated by the addition of new units for the generation of renewable energy sources in a context of potential growing demand for electricity by 2020, once economic growth has been resumed, following the impact in 2018 and 2019.

The introduction of renewable energy plants poses a challenge to the system since they work uninterruptedly. The support to be provided by steam power units to these units seems essential.

Following years of deterioration of the different Energy Sector variables, the present scenario and the outlook are auspicious, despite the strong challenges faced in 2018 and the existing financial restrictions. Further, the Government is still to issue policies that will fully regularize the energy sector to maintain the operations and financial health of the generating sector.

The policies currently implemented by the Argentine Government seek to encourage private investment to maintain a suitable level of supply in order to meet the expected future demand, which will grow progressively in a country that shows growth momentum in electricity demand.

5.2 Company Outlook for Fiscal Year 2019

Electricity

The Company expects that the generating unit will continue to operate normally in line with dispatches defined by CAMMESA. The main objective is to maintain a high level of availability of the Power Plant, which ensures the profitability of the Company. For this purpose, a thorough preventive maintenance plan of the generating units is made which guarantees the high availability of the turbo generators of the Power Plant.

Financial situation

For the next year, the Company expects to continue optimizing its financing structure and to keep a level of indebtedness in line with the Company's operational and investment needs related to the closure of the plant cycle.

6. DISTRIBUTION OFRESULTS

In compliance with the prevailing legal provisions, the Board of Directors of the Company states that losses for the year amount to $773,240,421. Since there are no other accumulated losses and the Company does not fall with the scope of section 206 of Law No. 19550 on mandatory capital reduction, the Board of Directors proposes that accumulated losses be carried forward to the next fiscal year.

7. ACKNOWLEDGEMENTS

The Board of Directors wishes to thank all the employees of the Company for the work carried out during the year under review, which has been essential to the achievement of its technical and economic results. Additionally, it wishes to expressly acknowledge the contribution of its clients and suppliers, and of the banking entities and other collaborators, who have worked toward better management of the business throughout the year.

City of Buenos Aires, March 8, 2019

THE BOARD OF DIRECTORS

Central Térmica Roca S.A.

REPLIES - EXHIBIT IV - Annual report for the fiscal year ended 12.31.18

Report on the degree of compliance with the Code of Corporate Governance

	Compliance		Noncompliance -- (1)	Report (2) or Explain (3)
	Total(1)	Partial(1)		
PRINCIPLE I. MAKE CLEAR THE RELATIONSHIP BETWEEN THE ISSUER, THE ECONOMIC GROUP THAT THE ISSUER HEADS AND/OR FORMS PART OF AND ITS RELATED PARTIES.				
Recommendation I.1: Ensuring the disclosure by the Governing Body of the policies applicable to the relationship between the Issuer and the Economic Group that the Issuer heads and/or forms part of and its related parties.	X			The acts and contracts the Company may perform and execute with a related party for a significant amount are approved by the Board of Directors. Further, if there are acts or contracts with a related party for significant amounts, they are reported as a Major Event to the National Securities Commission ("CNV") and to the Stock Exchanges and Mercados Argentinos S.A. ("BYMA"). All transactions between related parties are reported in the financial statements.
Recommendation I.2: Ensuring the existence of mechanisms that prevent conflicts of interest.		X		Conflicts of interests are resolved by a decision of the Board of Directors by majority vote, as set forth in the bylaws, and the Director that might be involved in the conflict abstains from voting. Notwithstanding the above, the Code of Ethics and Conduct approved by Minutes of the Board of Directors' Meeting dated August 16, 2018 includes provisions in that regard in its Section 16. It also establishes that they should be reported, for which purpose a Record of Conflicts of Interest has been created on the Company's intranet.
Recommendation I.3: Preventing the improper use of proprietary information.		X		The Company has a Code of Ethics and Conduct approved by Minutes of the Board of Directors' Meeting dated August 16, 2018 whose Section 18, "Prohibition of the use and/or disclosure of relevant information", forbids the use and/or disclosure of relevant and/or confidential

				information. That Code is published on the Company's website at http://www.albanesi.com.ar/programa-integridad.php
PRINCIPLE II. PROVIDE THE BASIS FOR A SOLID ADMINISTRATION AND SUPERVISION OF THE ISSUER				
Recommendation II. 1: Ensuring that the Governing Body assumes the administration and supervision of the Issuer and its strategic goals.				
II.1.1				
II.1.1.1	X			The Board of Directors approves the Company's general strategies and policies, entrusting the directors and managerial staff, where applicable, with the executive business management.
II.1.1.2	X			The Board of Directors approves the investment and financing policies.
II.1.1.3		X		The Code of Corporate Governance was approved by Minutes of the Board of Directors' Meeting dated April 25, 2016. In addition, the Company has a Code of Ethics and Conduct approved by the Minutes of the Board of Directors' Meeting dated August 16, 2018.
II.1.1.4		X		The management structure is defined based on the organization's operating needs and confirmed by the Human Resources Strategic Committee which meets on a weekly basis. Such committee is formed by the president, CFO, the Energy and Gas Directors and the HR Corporate Manager who define the HR policies and practices in the medium and long term. To ensure internal equity and external competitiveness, remuneration of senior members is monitored through general market surveys with specific cut-off by sector.
II.1.1.5	X			The Board of Directors approves the policies on the assignment of responsibilities to senior managers.
II.1.1.6		X		The Board of Directors approves the supervision of the succession plans for senior managers. In addition, in the framework of the formalization of internal procedures, the Company approved by Minutes of the Board of Directors' Meeting dated April 25, 2016 a HR Policies and Procedures Manual.

II.1.1.7		X		The aspects referred to social corporate responsibility were addressed in the HR Policies and Procedures Manual approved by Minutes of the Board of Directors' Meeting dated April 25, 2016. It should be noted that as set out by current regulations, the Annual Report on the Financial Statements includes the measures taken in relation to corporate social responsibility.
II.1.1.8		X		Although the Company does not have a written policy on comprehensive risk management, which is to be implemented in due course, the matters relating to this instance are currently submitted to the consideration of the Board of Directors. The Company has a Code of Ethics and Conduct approved by Minutes of the Board of Directors' Meeting dated August 16, 2018, as well as a line for reports, an Integrity Program and an Anti-corruption Policy. Further, the Company has a scheme for the segregation of duties and approval of critical transactions.
II.1.1.9		X		Bearing in mind the professional qualities of the persons who have been or are members of the Board of Directors, the Company has a continuous training program for the directors and managerial executives. As part of the Company's usual management, the Board of Directors adopts actions for general and/or specific training and update according to the specific needs that may arise in the exercise of their functions and responsibilities under their charge.
II.1.2				There are no further policies implemented.
II.1.3		X		Although the Company does not have a specific policy, the Company has several mechanisms to provide information to its Directors and Managers well in advance, to keep them informed at the time of decision-making. These mechanisms basically include the drafting of the following reports in charge of the respective management divisions: i) report on operations, maintenance, the environment and safety of the plant, which is an integral part of the integrated management system adopted by the Company, and which details all the relevant events linked to the plant's activity; ii) monthly economic, financial and accounting reports, as well as reports on human resources, legal issues and information technology and systems. In addition, the Company worked on the

				establishment of regular procedures involving informative meetings on all these aspects to facilitate the Governing Body decision-making process. The Company will also continue evaluating the possibility of implementing the drafting of a formal policy establishing the procedures related to this issue.
II.1.4	X			For the different issues submitted to the consideration of the Board of Directors that in view of their magnitude require a specific analysis, presentations are made evaluating the different problems to be considered so that the level of risk to be assumed is acceptable to the Company. In addition, the Company worked on the establishment of regular procedures involving informative meetings on all the aspects mentioned above to facilitate the Governing Body decision-making process. The Company will also continue evaluating the possibility of implementing the drafting of a formal policy establishing the procedures related to this issue.
Recommendation II.2: Ensuring an effective corporate Management Control.				
II.2.1	X			The Board of Directors receives the monthly economic and financial report which shows the development of the budget and the business plan, and verifies compliance therewith based on information received.
II.2.2	X			Control by the Board of Directors is performed on a monthly basis. The relevant management division prepares the Operations, Maintenance, Environmental and Safety Report. It also prepares the Monthly Economic and Financial Report contemplating all the management aspects of the Issuer. There is a process in place for the assessment of senior managers and all employees; this assessment process is headed by the Human Rights Department and approved by the Board of Directors.
Recommendation II.3: Communicating the Governing Body's performance appraisal process and its impact.				

II.3.1	X			All members of the Board are fully in compliance with the provisions of the Company Bylaws. The Company does not have Regulations on the Internal Functioning of the Board of Directors.
II.3.2	X			The Board of Directors prepares and issues the Annual Report jointly with the annual financial statements. These documents include sufficient information to assess the results obtained by the Board of Directors in the administration of the Company, considering the objectives originally proposed, and said information is considered by the Meeting of Shareholders when they deal with and resolve the issues contemplated in Section 234, sub-sections 1 and 2, of the General Companies Law, also taking into account all the information provided by the documents prepared for such purpose, as well as the additional reports that must be provided in compliance with applicable regulations on public offering and quotation of securities. The latest Meeting of Shareholders that dealt with this issue was held on Wednesday, April 18, 2018.
Recommendation II.4: The number of external and independent members in the Governing Body of the Issuer should be significant.				
II.4.1			X	On the basis of its ownership structure and as the Company does not make public offering of its shares, the Company does not consider it necessary to have independent Directors.
II.4.2			X	In conformity with the amendment to the Joint Venture Agreement and Shareholders Agreement of Central Térmica Roca S.A., entered into on September 29, 2011, the Board of Directors must be composed of five (5) regular directors, four (4) of which to be appointed by the majority shareholder and one (1) by the minority shareholder. The appointment of alternate directors, if any, will be made in the same proportion.
Recommendation II.5: Requiring the existence of regulations and procedures intended to select and				

propose members of the Governing Body and senior management of the Issuer.				
II.5.1			X	Based on its current structure, the Company does not deem necessary to have an Appointments Committee.
II.5.1.1			X	Not applicable
II.5.1.2			X	Not applicable
II.5.1.3			X	Not applicable
II.5.1.4			X	Not applicable
II.5.1.5			X	Not applicable
II.5.2			X	Not applicable
II.5.2.1.			X	Not applicable
II.5.2.2			X	Not applicable
II.5.2.3			X	Not applicable
II.5.2.4			X	Not applicable
II.5.2.5			X	Not applicable
II.5.2.6			X	Not applicable
II.5.2.7			X	Not applicable
II.5.3			X	Not applicable
Recommendation II.6: Evaluating the convenience that the members of the Governing Body and/or syndics and/or members of the surveillance committee perform functions at several Issuers.			X	The Company does not set limits on the participation of the governing body and/or surveillance committee members in bodies of other issuers.
Recommendation II.7: Ensuring training and career development for the members of the Governing Body and the senior management of the Issuer.				
II.7.1		X		The “Program for the Development of Leadership Skills” was launched to reinforce Human Capital management capabilities consisting of 10 modules, 8 hours each, bimonthly, where our managers address issues, such as effective communication, leadership, teamwork, and time management. In the transition from one module to another, managers have the possibility of attending coaching sessions with trainers, and thus apply the contents learned during the training to real situations while performing their duties. This program will be available throughout 2019.
II.7.2	X			The Issuer recommends and encourages the ongoing training of its members through financing and the enrollment in training and refresher courses at

				universities and/or specific entities. Technical skills continued to be developed to ensure staff performance in view of the technological changes associated to the work positions, as well as their contents.
PRINCIPLE III. ENDORSE AN EFFECTIVE POLICY TO IDENTIFY, MEASURE, MANAGE AND COMMUNICATE CORPORATE RISK				
Recommendation III: The Governing Body must have a comprehensive corporate risk management policy and monitor its correct implementation.				
III.1	X			The Issuer has an ENVIRONMENTAL MANAGEMENT SYSTEM in conformity with ISO 14001:2015 Standard, covering all necessary issues for comprehensive management of the environmental risks. The Environmental Management System establishes procedures and controls compliance through periodic audits to verify that management tasks are being performed. The Issuer has programs relating to security, predictive and preventive maintenance to ensure proper management of the issues mentioned above. In addition, the Board of Directors addresses all risk management issues.
III.2		X		In view of its functioning and control over this matter, the Company does not consider it necessary to have a Risk Management Committee. The main risk factors of the activity are related to maintenance, hygiene, safety and the environment; the Environmental Management System establishes the necessary measures to prevent and, as the case may be, mitigate those risks. Performance results are evaluated by the Board of Directors, with the participation of the Plant Management. In addition, the Board of Directors addresses all risk management issues.
III.3	X			The Company has an area in particular that is dedicated to the administration of the Environmental Management System. In addition, the Issuer has specific areas for maintenance, environment and safety reporting to the Plant Management. In addition, the Board of Directors addresses all risk management issues.
III.4		X		The documentation for the Environmental Management System (planning, procedures, records) is defined by the area

				that administers the Environmental Management System. Its approval is the responsibility of the Management. The Environmental Management System is audited on an annual basis by entities authorized to re-validate its certification. At that moment, compliance with the procedures and the records supporting follow-up of the previously scheduled activities are controlled. The Electricity Regulatory Authority (ENRE) performs environmental audits periodically, verifying compliance with the Environmental Planning (EP) presented as required by regulations in effect for all power plants in the Wholesale Electric Market (WEM). In addition, the Board of Directors addresses all risk management issues.
III.5	X			This control is specifically mentioned in the Annual Report, with a detail of the different issues relating to the performance of control of the Company's comprehensive risk management. Likewise, the financial statements provide a detail of the points referred to the control of financial risks managed by the Company. In addition, the Board of Directors addresses all risk management issues.
PRINCIPLE IV. SAFEGUARD THE INTEGRITY OF FINANCIAL INFORMATION WITH INDEPENDENT AUDITS				
Recommendation IV: Guaranteeing independence and transparency in the functions entrusted to the Audit Committee and the External Auditor.				
IV.1			X	Not applicable because the Company does not have an Audit Committee.
IV.2	X			The Company has a specific area for Internal Audit, which is responsible for the evaluation and control of the Company's internal processes and reports to the Chairman of the Board.
IV.3			X	Not applicable
IV.4		X		The Company does not have a rotation policy for the members of the Surveillance Committee. Price Waterhouse & Co. SRL served as independent external auditor of the Company during the last few fiscal years. The Company will adjust the

				rotation of the External Auditor in due course, as established by current regulations.
PRINCIPLE V. OBSERVE THE RIGHTS OF SHAREHOLDERS				
Recommendation V.1: Ensuring that the shareholders have access to the Issuer information.				
V.1.1			X	The Board of Directors holds informative meetings with the shareholders on a quarterly basis.
V.1.2		X		Through its Market Relationship Office, the Company answers consultations and keeps direct contact with investors. The Company, in the website of Grupo Albanesi (www.albanesi.com.ar), provides specific information for investors. In the website, the Company provides detailed information of the Issuer, as required by the CNV for each issuance of securities. The Company has developed a section within the website to include not only corporate information (by-laws, economic group, composition of the governing body, financial statements, annual report, among others) but also information important for users in general.
Recommendation V.2: Promoting active participation of all the shareholders.				
V.2.1	X			The Company's Governing Body is in compliance with the regulations on the calls for Shareholders' Meetings. It should be noted that in the fiscal year 2018 all Shareholders' Meetings were unanimous, with shareholders representing 100% of capital in attendance, so it was not necessary to call for meetings under the terms of section 237 of Law 19550.
V.2.2			X	Although the Company does not have Regulations on the Internal Functioning of Shareholders' Meetings, the information to be considered by them is provided well in advance.
V.2.3	X			Minority shareholders have no restrictions on proposing matters to be dealt with at Shareholders' Meetings.
V.2.4			X	According to the Company's structure, it is not deemed necessary to have a policy that encourages the participation of the shareholders in particular.

V.2.5			X	All Directors, before being proposed by the shareholders and further appointed, are committed to comply with the Code of Corporate Governance and the Code of Ethics and Conduct.
Recommendation V.3: Ensuring the principle of equality between share and vote.	X			The Company does not have different classes of shares. All of the shares that form part of capital are entitled to 1 vote per share.
Recommendation V.4: Establishing mechanisms to protect all shareholders from takeovers.	X			The Company does not make public offering of its shares. In addition, the Joint Venture Agreement and Shareholders Agreement of Central Térmica Roca S.A., entered into on August 31, 2011, establish the procedure to be followed for transfers of shares among shareholders.
Recommendation V.5: Encouraging the share dispersion of the Issuer.				It is not applicable because its shares are not publicly offered to investors and therefore are not listed for trading on the market.
Recommendation V.6: Ensuring that there is a transparent dividend policy.				
V.6.1		X		The Issuer does not have a specific policy for dividend distributions established by the bylaws and approved by the Shareholders' Meeting. It is established in article 12 of Bylaws that dividends must be paid in proportion to the shares paid up within the year in which dividends are approved. Evidence is left that the policy of Grupo Albanesi which permitted a significant growth in the last few years is the reinvestment of profits in the development of new projects. Within the process of formalization of the Corporate Governance policies, the Company is evaluating the possibility of establishing a special content on this point which regulates in due course the procedure for the distribution of dividends.
V.6.2			X	The Company does not have specific procedures for the formulation of a proposal for allocation of retained earnings. Retained earnings are considered by the General Meeting of Shareholders held to deal with the annual financial statements, according to the parameters established by article 12 of Bylaws and Law No. 19550 and other related provisions, as regards the percentages of liquid profits for the year to be allocated to each account, and the treatment of

				losses, if any.
PRINCIPLE VI. MAINTAINING A DIRECT AND RESPONSIBLE RELATIONSHIP WITH THE COMMUNITY				
Recommendation VI: Disclosing to the community the matters related to the Issuer and providing a direct communications channel with the company.				
VI.1		X		The information concerning the Company merely consists of a general overview of the Company's business activities. In the website, the Company provides detailed information of the Issuer, as required by the CNV for each issuance of securities. The Company has developed a section within the website to include not only corporate information (by-laws, economic group, composition of the governing body, financial statements, annual report, among others) but also information important for users in general.
VI.2			X	Ratifying our decision of working on the Sustainable Development Goal No. 4 defined by the UN, in 2018 we launched our Sustainable Development Policy that includes 3 axes integrating all the actions we have been taken so far in the past years. AXIS 1. Actions with entities from the 3rd sector, aimed at developing competencies providing real work opportunities. AXIS 2 Actions with the formal education system, aimed at encouraging work culture and insights into the work environment through the articulation of contents. AXIS 3. Activity groups and training aimed at developing specialization skills to improve employment opportunities in job exchanges in each region.
PRINCIPLE VII. JUST AND RESPONSIBLE REMUNERATION				
Recommendation VII: Establishing clear remuneration policies for the members of the Governing Body and senior managers, with an emphasis on the limitations imposed under collective bargaining agreements or envisaged in				

the by-laws, on the existence or non-existence of profits.				
VII.1			X	Based on its usual operations, the Company does not deem necessary to form a Remunerations Committee.
VII.1.1			X	Not applicable
VII.1.2			X	Not applicable
VII.1.3			X	Not applicable
VII.1.4			X	Not applicable
VII.1.5			X	Not applicable
VII.2			X	Not applicable
VII.2.1			X	Not applicable
VII.2.2			X	Not applicable
VII.2.3			X	Not applicable
VII.2.4			X	Not applicable
VII.2.5			X	Not applicable
VII.2.6			X	Not applicable
VII.2.7			X	Not applicable
VII.3			X	Not applicable
VII.4		X		The creation of a compensation structure by salary levels was approved in the second half of 2018, which will be designed with an External Consultancy Firm. Led by Human Resources and with the participation of the line, the contents of work positions and their valuation will be defined to allow for the adequate payment practices in terms of internal equity and external competitiveness. The project was launched in November 2018 and a kick off meeting is expected for the second quarter of 2019. The Performance Management Program to assess the staff in terms of expected behavior and potential to support development of capabilities is maintained.
PRINCIPLE VIII. ENCOURAGE BUSINESS ETHICS				
Recommendation VIII: Ensuring ethical conduct at the Issuer.				
VIII.1		X		The Issuer has a Code of Ethics and Conduct approved by Board Meeting Minutes dated August 16, 2018 which establishes, among the main guidelines, performing daily activities with ethics and

				responsibly and the behaviors to be adopted in each case.
VIII.2		X		If there is any consultation about the Code of Ethics and Conduct as mentioned in point VIII.1, the immediate head should be initially contacted, then the HR Corporate Manager and lastly the Ethics Committee, following that order. However, in accordance with section 7. An “Ethics Line -Ethics Committee” was created for confidential reports which may be anonymous too. Section 8 describes how the possible violations of the Code, if any, will be investigated.
VIII.3		X		To receive and assess reports, Section 7 of the Code of Ethics and Conduct created a line for reports through the web page, by telephone or email which is confidential but, additionally, it may be anonymous and accessed by third parties. Those persons filing reports are protected against reprisals, and an internal investigation process led by the Ethics Committee is started, once the report for a possible violation of the Code is received.
PRINCIPLE IX: EXTEND THE SCOPE OF THE CODE				
Recommendation IX: Encouraging the incorporation of good governance practices in the by-laws.			X	The Company does not consider it necessary to include provisions related to good corporate governance practices in the wording of the Company Bylaws.

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

Central Térmica Roca S.A.

Composition of the Board of Directors and Syndics' Committee at December 31, 2018

President
Armando Losón (h)

Full Directors
Guillermo G. Brun
Julián P. Sarti
Carlos A. Bauzas
Roberto F. Picone

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

Alternate Syndics
Juan C. Nocciolino
Carlos I. Vela Johanna
M. Cárdenas

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

Legal information

Business name:	Central Térmica Roca S.A.
Legal address:	Av. Leandro N. Alem 855, 14th floor, City of Buenos Aires
Main business activity:	Generation and sale of electric energy
Tax ID:	33-71194489-9
Date of registration with the Public Registry of Commerce:	
- By-Laws:	July 26, 2011
- Latest amendment:	May 15, 2014
Registration number with the Superintendency of Commercial Companies:	No. 14,827 of Book 55, Volume of Companies by shares
Expiration date of the Company:	26 July, 2110
Name of Parent Company:	Albanesi S.A.
Legal domicile of Parent Company:	Av. Leandro N. Alem 855 - 14th Floor - City of Buenos Aires
Main line of business of Parent Company:	Investment on the entity's own behalf, or on behalf of or in association with third parties
Percentage of participation of Parent Company in shareholders' equity:	75%
Percentage of voting rights of Parent Company:	75%

CAPITAL STATUS (Note 15)			
Shares			**Subscribed, paid-in and registered**
Number	**Type**	**Number of votes per share**	**$**
73,070,470	Ordinary of $ 1 par value	1	73,070,470

Central Térmica Roca S.A.

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

Statements of Financial Position

At December 31, 2018, presented in a comparative format
Stated in pesos

	Note	12.31.2018	12.31.2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	**8**	6,208,213,787	4,620,041,028
Other receivables	**10**	27,935,521	41,826,109
Total non-current assets		**6,236,149,308**	**4,661,867,137**
CURRENT ASSETS			
Inventories	**11**	11,665,165	30,005,585
Other receivables	**10**	179,664,137	357,780,279
Other financial assets at fair value through profit or loss	**12**	54,485,000	43,816,464
Trade receivables	**13**	189,671,246	472,472,028
Cash and cash equivalents	**14**	212,578,089	143,549,955
Total current assets		**648,063,637**	1,047,624,311
Total Assets		**6,884,212,945**	**5,709,491,448**
EQUITY			
Share capital	**15**	73,070,470	73,070,470
Capital Adjustment		264,912,038	264,912,038
Legal reserve		7,992,996	1,410,302
Optional reserve		150,648,895	25,577,702
Technical revaluation reserve		544,707,270	-
Special Reserve GR No. 777/18		633,279,834	633,279,834
Other comprehensive income		(511,333)	-
Unappropriated retained earnings		(435,474,969)	469,419,339
TOTAL EQUITY		**1,238,625,201**	**1,467,669,685**
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax liabilities, net	**17**	395,901,244	453,782,319
Defined benefit plan	**21**	3,865,391	-
Loans	**18**	3,499,237,920	3,073,076,788
Total non-current liabilities		**3,899,004,555**	**3,526,859,107**
CURRENT LIABILITIES			
Other debts	**19**	-	5,005,460
Tax payables	**20**	-	9,821,155
Salaries and social security liabilities	**22**	8,386,211	2,881,916
Loans	**18**	1,497,428,438	286,061,181
Trade payables	**23**	240,768,540	411,192,944
Total current liabilities		**1,746,583,189**	**714,962,656**
Total Liabilities		**5,645,587,744**	**4,241,821,763**
Total liabilities and shareholders' equity		**6,884,212,945**	**5,709,491,448**

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

Central Térmica Roca S.A.

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

Statement of Income

For the fiscal years ended December 31, 2018 and 2017

Stated in pesos

	Note	12.31.2018	12.31.2017
Sales revenue	24	916,326,606	623,385,988
Cost of sales	25	(438,524,691)	(195,840,154)
Gross income/(loss)		**477,801,915**	**427,545,834**
Selling expenses	26	(14,186,234)	(9,856,579)
Administrative expenses	27	(49,051,198)	(32,244,136)
Other income and expenses		91,670	267,228
Operating income		**414,656,153**	**385,712,347**
Financial income	28	9,662,677	2,721,950
Financial expenses	28	(424,358,463)	(165,120,022)
Other financial results	28	(1,012,480,509)	203,706,805
Financial results, net		**(1,427,176,295)**	**41,308,733**
(Loss) / income before tax		**(1,012,520,142)**	**427,021,080**
Income tax	17	239,279,721	(8,527,805)
(Loss) / Income for the year		**(773,240,421)**	**418,493,275**
Defined benefit plan	21	(681,777)	-
Revaluation of property, plant and equipment		726,276,361	-
Effect on income tax		(181,398,646)	-
Other comprehensive income for the year		**544,195,938**	**-**
Total comprehensive (loss) / income for the year		**(229,044,483)**	**418,493,275**
Earnings /(losses) per share			
Basic and diluted earnings (loss) / income per share	29	(10.5821)	5.7273

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

Central Térmica Roca S.A.

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

Statement of Changes in Equity

For the fiscal years ended December 31, 2018 and 2017, Stated in pesos

	Share capital (Note 15)	Capital Adjustment	Legal reserve	Optional reserve	Special Reserve GR No. 777/18	Technical revaluation reserve	Other comprehensive income	Unappropriated retained earnings	Total equity
Balances at December 31, 2016	**73,070,470**	**264,912,038**	**115,169**	**970,175**	**633,279,834**	**-**	**-**	**76,828,724**	**1,049,176,410**
Minutes of Shareholders' Meeting dated April 30, 2017									
- Setting up of optional reserve			1,295,133					(1,295,133)	
- Setting up of optional reserve	-	-	-	24,607,527	-	-	-	(24,607,527)	-
Comprehensive income for the year	-	-	-	-	-	-	-	418,493,275	418,493,275
Balances at December 31, 2017	**73,070,470**	**264,912,038**	**1,410,302**	**25,577,702**	**633,279,834**	**-**	**-**	**469,419,339**	**1,467,669,685**
Minutes of Shareholders' Meeting dated April 18, 2018			6,582,694					(6,582,694)	
- Setting up of optional reserve	-	-	-	125,071,193	-	-	-	(125,071,193)	-
Other comprehensive income for the year	-	-	-	-	-	544,707,270	(511,333)	-	544,195,937
Comprehensive loss for the year	-	-	-	-	-	-	-	(773,240,421)	(773,240,421)
Balances at December 31, 2018	**73,070,470**	**264,912,038**	**7,992,996**	**150,648,895**	**633,279,834**	**544,707,270**	**(511,333)**	**(435,474,969)**	**1,238,625,201**

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

Central Térmica Roca S.A.

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

Statements of Cash Flows

For the fiscal years ended December 31, 2018 and 2017, Stated in pesos

	Notes	12.31.2018	12.31.2017
Cash flow provided by operating activities:			
(Loss) income for the period		(773,240,421)	418,493,275
Adjustments to arrive at net cash flows provided by operating activities:			
Income tax	**17**	(239,279,721)	8,527,805
Accrued interest, net	**28**	413,467,305	161,429,623
Depreciation of property, plant and equipment	**8 and 25**	277,807,195	73,033,030
Provision for directors' fees		211,293	4,934,728
Provision for defined benefit plans	**21**	3,652,078	-
Exchange differences and other financial results	**28**	2,725,090,277	147,963,343
Income/(loss) from changes in the fair value of financial instruments	**28**	(112,212,876)	(64,258,470)
Impairment of assets	**28**	(35,230,741)	35,230,741
RECPPC	**28**	(1,565,166,151)	(322,642,419)
Changes in operating assets and liabilities:			
Decrease (Increase) in trade receivables		425,451,413	(41,409,414)
Decrease in other receivables (1)		112,055,461	5,228,076
Decrease (Increase) in inventory		18,340,420	(8,389,734)
(Decrease) in trade payables (2)		(990,501,893)	(483,365,643)
(Decrease) Increase in other liabilities		(5,216,753)	69,258
Defined benefit plans		(468,464)	-
Increase in salaries and social security charges		5,504,295	592,932
(Decrease) in tax payables		(28,173,080)	(30,534,129)
Net cash flow provided by (used in) operating activities		**232,089,637**	**(95,096,998)**
Cash flow from investment activities:			
Acquisition of property, plant and equipment (3)	**8**	(560,387,847)	(1,389,667,468)
Collection of financial instruments		70,336,875	25,742,832
Acquisition of government securities		-	(24,827,830)
Subscription of mutual funds, net		23,236,942	143,335,784
Loans granted		(6,112,416)	(14,989,941)
Net cash flows (used in) investment activities		**(472,926,446)**	**(1,260,406,623)**
Cash flow from financing activities:			
Borrowings	**18**	1,791,661,753	887,921,072
Payment of loans	**18**	(1,088,899,276)	(137,764,712)
Payment of interest	**18**	(457,419,681)	(355,460,167)
Net cash flow provided by financing activities		**245,342,796**	**394,696,193**
INCREASE (DECREASE) IN CASH		**4,505,987**	**(960,807,428)**
Cash and cash equivalents at the beginning of the year		143,549,955	767,390,899
Financial results of cash and cash equivalents		18,198,546	32,381,821
RECPPC (PPP) of cash and cash equivalents		46,323,601	304,584,663
Cash and cash equivalents at year end	**14**	212,578,089	143,549,955
		4,505,987	**(960,807,428)**
Material transactions not showing changes in cash			
Acquisition of property, plant and equipment not yet paid	**8**	(52,815,687)	(49,264,631)
Transfers of property, plant and equipment to inventories	**8**	-	21,615,851
Advances to suppliers applied to the purchase of property, plant and equipment	**8**	(89,758,228)	(177,840,447)
Increase in technical revaluation	**8**	(544,707,270)	-
Defined benefit plan		511,333	-
Interest and exchange difference capitalized in property, plant and equipment	**8**	(401,511,092)	(331,489,015)
Issue of negotiable obligations paid up in kind	**18**	-	159,318,269
Loans to Directors, repaid		(4,484,358)	-

(1) Includes advances to suppliers for the purchase of property, plant and equipment for $11,290,964 and $89,758,228 at December 31, 2018 and 2017, respectively.

(2) Includes commercial payments for the project of the closure of the cycle of the plant.

(3) More cash expenditures due to conclusion of works in August 2018.

NOTE 1: GENERAL INFORMATION

CTR was set up on July 8, 2011 and its main business is the generation and sale of electric energy.

The interest in the capital stock of CTR is held in 75% by ASA (merging company of AISA as from January 1, 2018) and 25% by Tefu S.A.

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

Albanesi Group had, at the date these condensed financial statements, a total installed capacity of 1,520 MW, representing 6.1% of the total installed thermoelectric capacity in Argentina, it being expanded with additional 375 MW with all the new projects awarded and currently under way.

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

In October 2015, a Supply Contract was signed with CAMMESA for 55 MW of additional power under ES Resolution No. 220/07 to install a steam turbo unit and proceed to close the combined cycle of the existing turbo gas unit.

On August 4, 2018, the Company obtained authorization for commercial operation of the GE steam turbine as a generating agent for the Wholesale Electricity Market, expanding the generation capacity of the Power Plant by 60 MW, in compliance with the Supply Contract entered into.

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

Maintenance contract

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

NOTE 1: GENERAL INFORMATION (Cont'd)

Environmental management

The certification for an Environmental Management System under the ISO 14001:2015 standard, developed and implemented across the entire corporation, is maintained in effect. Its documentation has been updated in compliance with the new requirements of the organization about environmental management, as a result of the changes introduced by the revised version of the Standard and on-field facts in connection with the development of the project related to the extension of existing processes and the installation of new generation sites.

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

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

In October-November 2018, a new external audit on the corporate Environmental Management System was conducted by IRAM personnel, which resulted in the renewal of ISO certifications for all Power Plants for three years.

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

The generated energy by the two units belonging to the Plants enters the Argentine Interconnection System (SADI) and is remunerated by Compañía Administradora del Mercado Mayorista Eléctrico S.A. (CAMMESA) under two electric power and associated energy Supply Contract entered into with CAMMESA, as set forth by ES Resolution No. 220/2007. The sale of energy in excess of the amount agreed in the Supply Contract is paid as set forth by ES Resolution No. 19/2017.

WEM Supply Contracts (ES Resolution 220/07)

In January 2007, the Energy Secretariat issued Resolution No. 220 authorizing Supply Contracts between CAMMESA and the generating agents in the WEM to promote the incorporation of new electric power and associated energy. 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. The prices of the available power and energy were established in each contract based on the costs accepted by the Energy Secretariat. The contracts 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, priority was given to the payment obligations assumed by CAMMESA under those Supply Contracts.

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

WEM Supply Contracts (Resolution No. 220/07)

The agreement sets forth a remuneration made up of 5 components:

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

Turbines	Fixed charge for hired power	Hired power
	USD/MW-month	MW
T G01	USD 12,540	116.7
T V01	USD 31,916	53.59

ii) the fixed charge recognizes transportation costs plus other costs inherent to the generating agents;

iii) the variable charge associated with the energy effectively prescribed under the contract and which purpose is to remunerate the operation and maintenance of the Plant:

Turbines	Variable charge in USD/MWh	
	Gas	Gasoil
T G01	USD 10.28	USD 14.18
T V01	USD 5.38	USD 5.38

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.

The TV01 contract began on August 4, 2018, starting from the conversion of the current gas turbine generator into a combined cycle (Note 1). To this end, equipment was installed, so that the exhaust fume recovery of the existing gas turbine generates an amount of steam such that when expanded through a steam turbine, additional power of up to 60-MW may be generated.

The energy generated in excess of the energy undertaken under the WEM Supply Contracts is sold to the Spot Market, pursuant to regulations in effect in the WEM, and paid as established by ES Resolution No. 19/2017.

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

Sales under ES Resolution No. 19/17

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

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

Sales under ES Resolution 19/17

The Generating Agents are excluded from this system within the framework of contracts governed by Resolutions Nos. 1281/2006, 220/2007, 21/2016, as well as any other type of WEM contract having a differential remuneration established or authorized by WEM competent authority.

The main changes include the proviso that remuneration will be based on Available Power and Generated Energy valued in USD, thus simplifying the calculation.

The new resolution is effective from February 1, 2017. The power made available is the excess over the power committed under Resolution No. 220/07.

The remuneration system, updated by Res. SE 19 - E/17, basically comprises the following items:

1. Remuneration per power: this is proportional to the available monthly power at a price in USD/MW-month that varies according to different conditions.

    a) MINIMUM price of power per technology and scale.

    b) BASE price according to the Offered Guaranteed Power. Valued as from May 2017 until October 2017 at 6,000 USD/MW-month and as from November 2017 onwards, 7,000 USD/MW-month.

    c) ADDITIONAL price with maximum in accordance with additional availability Offered and allocated. Valued as from May 2017 until October 2017 at 1,000 USD/MW-month and as from November 2017 onwards, 2,000 USD/MW-month.

2. Remuneration per Energy: It is comprised by:

    a) Energy generated: It is the remuneration received for the energy actually generated, valued according to the type of fuel at 5 USD/MWh for Natural Gas and 8 USD/MWh for diesel or fuel oil.

    b) Energy operated: The generators will receive an additional remuneration of 2 USD/MWh, irrespective of the type of fuel, for the Energy Operated, represented by the integration of hourly powers in the period.

    c) Additional remuneration incentive for efficiency:

        I. Additional remuneration variable cots efficient thermal power generation: The generating agent may receive an additional remuneration if the fuel consumption objectives are accomplished.
        II. Additional remuneration for thermal power generators of little use: An additional remuneration is established according to the frequency of starts based on the energy generated.
        III. This price will be valued at 2.6 USD/MWh. It will be multiplied by the energy generated during the pertinent month, by the Use Factor (which is defined as the use factor of the nominal power recorded over the last twelve-month period. It will have a value of 0.5 for thermal units with Use factor < 30% and 1.0 for those with Use factor < 15%. For the rest of the cases it will be 0.
        IV. This price will be valued at 2.6 USD/MWh. It will be multiplied by the energy generated during the pertinent month, by the Start Factor (which is determined based on the starts recorded over the last twelve-month period. It will have a value of 0 for <= 74, 0.1 between 75 and 149, and 0.2 for more than 150 starts).

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

Sales under ES Resolution 19/17

V. On November 6, 2018, under Resolution No. 70, the Government Secretariat of Energy resolved to replace section 8 of Resolution No. 95/2013, granting the Generating Agents, Co-generators and Self-generators in the WEM the power to ensure their own fuel supply for electric power generation. This power will not affect the commitments undertaken by Generating Agents under the WEM supply contracts with CAMMESA. Costs of power generation with the WEM Agents' own fuel will be valued according to the mechanism for the recognition of the Variable Production Costs recognized by CAMMESA. CAMMESA will carry on with the commercial management and dispatch of fuels for the Generating Agents that do not or cannot exercise the power set forth in this section".

MinEyM SE Resolution No. 19-E/17 is still in force at December 31, 2018. SRRyME Resolution No. 01/2019 was published on February 28, 2019, replacing ES Resolution No. 19-E/17. See Note 38.

NOTE 3: BASIS FOR PRESENTATION

These financial statements have been prepared in accordance with FACPCE Technical Pronouncements No. 26 and No. 29 and amendments, which adopt the IFRS issued by the IASB and IFRIC Interpretations. All IFRS effective at the date of preparation of these financial statements have been applied.

The presentation in the balance sheet segregates current and non-current assets and liabilities. Current assets and liabilities are those which are expected to be recovered or settled within the twelve months after the end of the reporting period. In addition, the Company reports on the cash flows from operating activities using the indirect method.

The fiscal year commences on January 1 and ends December 31 of each year. Economic and financial results are presented on the basis of the fiscal year.

These financial statements are stated in pesos.

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 7.

These financial statements were approved for issuance by the Company's Board of Directors on March 8, 2019.

NOTE 3: BASIS FOR PRESENTATION (Cont'd)

Financial reporting in hyperinflationary economies

The International Accounting Standard No. 29 - Financial reporting in hyperinflationary economies (IAS 29), requires the financial statements of an entity that reports in the currency of a hyperinflationary economy, whether they are based on a historical cost approach or a current cost approach, shall be stated in terms of the measuring unit current at the end of the reporting year (or period). To this end, in general terms, the inflation rate should be computed in the non-monetary items as from the acquisition date or the revaluation date, as applicable. These requirements also comprise the comparative information of the financial statements.

To determine the existence of a hyperinflationary economy under the terms of IAS 29, the standard details a series of factors to be considered, including a cumulative inflation rate over three years that is close to or exceeds 100%. For this reason, in accordance with IAS 29, the Argentine economy should be considered as hyperinflationary as from July 1, 2018.

In turn, Law No. 27468 (Official Gazette December 4, 2018) amended Section 10 of Law No. 23928 as amended, and provided that the repeal of the all regulations that establish or authorize index-adjustment, monetary restatement, cost variation or any other way of restatement of debts, taxes, prices or tariffs of goods, works or services, does not apply to the financial statements, to which the provisions of Section 62 in fine of General Companies Law No. 19550 (1984 restated text), as amended, shall continue to apply. Further, the Senate repealed Decree No. 1269/02 and its amendments of date July 16, 2002 and delegated to the National Executive Branch the power to determine, through its control bodies, the date as from which the mentioned provisions in connection with the financial statements submitted to them will have effect. Therefore, through General Resolution No. 777/2018 (Official Gazette 12/28/2018), the National Securities Commission (CNV) established that issuing entities subject to its inspection must apply the method for restatement of financial statements in constant currency for financial statements, annual, interim or for special periods, closing as from December 31, 2018 inclusive, as established by IAS 29.

According to IAS 29, the financial statements of entities reporting in the currency of a hyperinflationary economy shall be stated in terms of the measuring unit current at the date of the financial statements/at the closing date of.... Statement of financial position amounts not already expressed in terms of the measuring unit current at the date of the financial statements shall be restated by applying a general price index. All items in the statement of income shall be expressed in terms of the measuring unit current at the date of the financial statements by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements.

The adjustment for inflation applied to opening balances was calculated based on the indexes established by the Argentine Federation of Professional Councils in Economic Sciences, based on price indexes published by the National Institute of Statistics and Census (INDEC).

Below are the main procedures to be applied for the adjustment for inflation mentioned above:

- Monetary assets and liabilities recorded at the monetary unit current at year end are not restated as they are already expressed in terms of the monetary unit current at the date of the financial statements.

- Non-monetary assets and liabilities accounted for at their acquisition cost at the balance sheet date and equity items are restated by applying the corresponding index adjustments.

- All items in the statement of income are adjusted by applying the relevant conversion factors.

NOTE 3: BASIS FOR PRESENTATION (Cont'd)

Financial reporting in hyperinflationary economies (Cont'd)

- The effect of inflation on the Company's net monetary position shall be included in the statement of income within Other net financial income (expenses), in the caption "Gain or loss on monetary position".

- Comparative amounts have been inflation-adjusted following the same procedure explained above.

In the first period of application of this standard, the equity accounts were restated as follows:

- The capital was restated as from the date of subscription or the date of the last accounting adjustment for inflation, whatever happened later. The resulting amount was included in the "Capital Adjustment" account.

- Other comprehensive income items were restated as from each date of accounting allocation.

- Other income/(loss) reserves have not been restated in the initial application.

NOTE 4: CHANGES IN 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.

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

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

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

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

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

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

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

NOTE 4: CHANGES IN ACCOUNTING POLICIES (Cont'd)

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

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

Trade receivables are written off when there is no reasonable expectation of their recovery. The Company understands that these are indicators of default in payment: i) reorganization proceedings, bankruptcy or litigation; ii) a situation of insolvency implying a high degree of impossibility of collection, and iii) balances past due for more than 180 business days following the original due date of the invoice.

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

IFRS 15 "Revenue from Contracts with Customers": it was issued in May 2014 and its effective date was subsequently amended in September 2015 for annual reporting periods beginning on or after January 1, 2018. It addresses revenue recognition principles and establishes the information requirements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer The basic principle implies revenue recognition that represents the transfer of goods or services undertaken with customers in exchange for an amount that reflects the consideration to which the entity expects to be entitled. In this regard, the Company has evaluated the application of that standard and it does not have a significant impact.

4.2) New accounting standards, amendments and interpretations not yet effective and not early adopted by the Company

IFRS 17 - Insurance contracts: In May 2017, the IASB issued IFRS 17 which replaces IFRS 4, introduced as a provisional standard in 2004 to account for insurance contracts using the national accounting standards, and resulting in multiple application approaches. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and is effective for annual reporting periods beginning on or after January 1, 2021. Earlier application is permitted if both IFRS 15 and IFRS 9 have also been applied. The Company is analyzing the impact of the application of IFRS 17; however, it estimates that the application thereof will not have an impact on the results of operations or the financial position of the Company.

IFRIC 23 - Uncertainty over income tax treatments: In June 2017, the IASB issued IFRIC 23 which clarifies application of IAS 12 regarding the existence of uncertain tax positions when determining income tax. According to this interpretation, an entity is to reflect the impact of the uncertain tax position using the method that provides better predictions of the resolution of the uncertainty, whether the most likely amount or the expected value method. Also, an entity is to assume that a taxation authority will examine the uncertain positions and will have full knowledge of all relevant information when doing so. IFRIC 23 is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted. The Company is analyzing the impact of the application of IFRIC 23; 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. The Company is assessing the impact of these new standards and amendments.

NOTE 5: ACCOUNTING POLICIES

5.1) 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 actually consumed by customers or delivered to the SPOT market.

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) Interest revenue

Interest revenue 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.

Revenue is recognized when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.

5.2) 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 environment in which the Company operates.

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 restated. 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 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, and average rate for balances with related parties, in all cases prevailing at year end as published by Banco Nación, and one-off exchange rate for transactions in foreign currency.

5.3) Property, plant and equipment

In general terms, property, plant and equipment, excluding land, buildings, facilities, machinery and turbines, generator and accessories, are recorded at cost restated in constant currency, net of accumulated depreciation and/or accumulated impairment losses, if any.

NOTE 5: ACCOUNTING POLICIES (Cont'd)

5.3) Property, plant and equipment (Cont'd)

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 income statement during the financial year in which they are incurred. Works in progress are valued based on the degree of progress.

Works in progress are stated at cost restated in constant currency less impairment losses, if any. Depreciation of these assets begins when it is available for use.

Buildings, facilities and machinery are measured at their fair value less accumulated depreciation and impairment losses, if any, recognized at the date of revaluation. Land is measured at fair value and is not depreciated. Revaluations are made frequently enough to make sure that the fair value of a revalued asset does not differ significantly from its carrying amount.

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

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

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

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

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

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

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, some of the surplus may be transferred to retained earnings

NOTE 5: ACCOUNTING POLICIES (Cont'd)

5.3) Property, plant and equipment (Cont'd)

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. Financial costs capitalized in the carrying amount of property, plant and equipment during the fiscal year ended on December 31, 2018 and 2017 totaled $401,511,092 and $331,489,015, respectively. The average interest rate used was 43% for 2018 and 25% for 2017.

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 fiscal year in which they are incurred.

If land, building, facilities and machinery had been measured using the cost model restated in constant currency, the carrying amounts would have been the following:

	12.31.2018
Cost	4,178,319,145
Accumulated depreciation	(363,416,066)
Residual value	**3,814,903,079**

Based on the technical evaluation of property, plant and equipment performed by the experts, reclassifications have been made on the class of items for more adequate disclosure.

5.3) 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.

At December 31, 2017, the Company has recorded an impairment on the value of machinery for $35,230,741 as a result of the application of IAS 29, as indicated in Note 3. As a result of the measurement at fair

NOTE 5: ACCOUNTING POLICIES (Cont'd)

5.4) Impairment of non-financial assets (Cont'd)

value made during the year 2018, the Company has recorded a revaluation on the value of machinery reversing the impairment recorded in the year 2017.

At December 31, 2018, the Company considered that the carrying amount of lands, buildings, installations and machinery does not exceed their recoverable value.

5.5) Financial assets

5.5.1 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 fulfilled. 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 the following conditions are met:

- The objective of the business model of the Company is aimed at keeping 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 conditions above is not fulfilled, 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.

5.5.2. 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, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs directly attributable to the purchase of those financial assets.

NOTE 5: ACCOUNTING POLICIES (Cont'd)

5.5) Financial assets (Cont'd)

5.5.3. Impairment of financial assets

Financial assets at amortized cost

The Company assesses at the end of each reporting period 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;
- Breach of contractual clauses, such as late payment of interest or principal;
- And likelihood that the debtor might file for insolvency proceedings or other type of reorganization proceeding.

The amount of the impairment is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted using the original effective interest rate. The carrying amount of the asset is written down and the amount

Financial assets at amortized cost (Cont'd)

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.

5.5.4. 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.

5.6) Advances to suppliers

The Company has adopted as accounting policy to disclose advances to suppliers under other current receivables, until the assets are received. Advances to suppliers made in foreign currency are recorded under the cost model, and are not subject to revaluation or recognition of the effects of the exchange rate.

At December 31, 2018, the Company recorded an advance to suppliers' balance of $11,870,964.

NOTE 5: ACCOUNTING POLICIES (Cont'd)

5.7) Inventories

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

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

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 restated in constant currency is determined applying the restated weighted average price 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.

5.8) Trade 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 initially recognized at fair value and subsequently measured at amortized cost, using the effective interest rate method and, where appropriate, adjusted at the time value of money.

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

5.9) 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.

5.10) Trade and other payables

Trade payables are obligations to pay for goods or services acquired 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.

NOTE 5: ACCOUNTING POLICIES (Cont'd)

5.11) Loans

Loans are initially recognized at fair value, less direct transaction costs incurred. They are subsequently measured at amortized cost, and any difference between the funds received (net of direct transaction costs) and the amount payable at due date is recognized in the statement of income over the term of the loan, applying the effective interest rate method. The Company analyzes loan renegotiation terms to determine if as a result of the quantitative and qualitative changes to their conditions, they should be considered as amended or settled.

5.12) 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.

5.13) Income tax and minimum notional income tax

a) Current and deferred income taxes

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

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, no deferred tax liability is recognized if the differences arise from the initial recognition of goodwill, or from the initial recognition of assets and liabilities in a transaction (different from a business combination) that did neither affect accounting income nor tax income at the moment of being performed.

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 income 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 coincide in each fiscal year with the higher of the two taxes. However, if the tax on minimum notional income were to exceed income tax in a given fiscal year, such excess may be computed as a payment on account of the income tax to be generated in any of the next ten fiscal years.

The Company has recognized the tax on minimum notional income accrued in the year and 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.

NOTE 5: ACCOUNTING POLICIES (Cont'd)

5.14) Balances with related parties

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

5.15) 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.

Obligations for leases, net of financial costs, are included in current or non-current loans, according to their due date. 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 finance lease is depreciated over the useful life of the asset and the lease period, whichever is shorter.

5.16) Derivative financial instruments

Derivatives are initially recognized at fair value on the date when the contract of the derivative is executed. Subsequent to initial recognition, they are again measured at fair value.

The method for recognizing the resulting loss or profit depends on whether the derivative has been designated as a hedging instrument and, if so, on the nature of the item it is covering. The Company has executed financial derivatives contracts in foreign currency, for the purpose of hedging the next payments falling due in connection with the principal installments and interest of its loans in US dollars. However, the Company has not applied hedge accounting; therefore, the changes in its value are recognized under profit or loss in the caption "Changes of fair value of financial instruments", under the line Other financial results.

Fair values of derivative financial instruments that are traded in active markets are recorded according to quoted market prices. Fair values of derivative financial instruments that are not traded in active markets are determined by using valuation techniques. The Company applies critical judgment to select the most appropriate methods and to determine assumptions that are based mainly on the market conditions existing at the end of each year.

In the year ended December 31, 2018, the Company executed ROFEX forward purchase contracts of US dollars against Argentine pesos through Banco SBS and Banco Facimex, for a nominal value of USD 2 million and USD 1.4 million, respectively, at an average exchange rate of 22.12 and 21.41 pesos per dollar, expiring in July 2018.

Additionally, in the year ended December 31, 2018, the Company executed NDF forward purchase contracts of US dollars against Argentine pesos through Banco Supervielle, for a nominal value of USD 3.4 million, at an average exchange rate of 23.64 pesos per dollar, expiring in January 2019.

NOTE 5: ACCOUNTING POLICIES (Cont'd)

5.16) Derivative financial instruments (cont'd)

At December 31, 2018, the economic impact of these transactions shows net profits in the amount of $99,742,330, which is shown under Other financial results from the Statement of comprehensive income.

5.17) Defined benefit plan

The Company offers defined benefit plans. Usually, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, generally dependent on one or more factors such as age, years of service and compensation.

The liability recorded in the statement of financial position in relation to defined benefit plans is the present value of the obligation from defined benefit plans at the closing date. The obligation from defined benefit plans is calculated annually by independent actuaries in accordance with the projected unit credit method. The current value of the defined benefit obligation is determined by discounting the future cash outflows estimated using actuarial assumptions based on the demographic and financial variables that have an influence in determining the amount of those benefits.

Actuarial gains and losses arising from adjustments due to the experience and changes of actuarial assumptions are recognized in Other comprehensive income in the year when they occur. The costs for past services are immediately recognized in the income statement.

5.18) 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

Pursuant 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 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.

NOTE 5: ACCOUNTING POLICIES (Cont'd)

5.18) Equity accounts

d) Special Reserve GR No. 777/18

Following the mechanism established in GR No. 777/2018 of the CNV, in the transition year in which the inflation adjustment is disclosed, the Company has set up a special reserve for an amount equivalent to the revaluation balance determined by its nominal value transferred in accounting to unappropriated retained earnings. This special reserve may be reversed following the mechanism provided for by applicable accounting standards. The reserve will be set up ad referendum of the next Annual Ordinary Shareholders' Meeting.

e) Unappropriated earnings

Unappropriated 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.

In case of existence of unappropriated 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 Company by-laws
- Legal reserve

(ii) Capital contributions

(iii) Additional paid-in capital

(iv) Other equity instruments (if feasible from the legal and corporate point of view)

(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 fiscal year in which dividends are approved by the meeting of shareholders.

NOTE 6: FINANCIAL RISK MANAGEMENT

6.1) 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.

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 risks

Foreign exchange risk

Sales made by the company are denominated in US dollars, but due to the fact that they are performed under Resolution No. 220/07, they are converted into pesos at the exchange rate per BCRA Communication A 3500 (Wholesale) corresponding to the business day preceding the due date. The financial debt for working capital and a portion of the debt applied to the investment in the project for cycle closing is denominated in pesos, while the debt under the foreign loan and part of the operating expenses are denominated in and/or calculated through reference to dollars.

At December 31, 2018 the largest debt in foreign currency is the principal of the international bond issued in prior fiscal year, mentioned in Note 18 b), and amounting to USD 70,000,000. Foreign exchange hedge contracts were entered into in connection with the payment of interest in July 2018, which minimizes the exposure to foreign exchange risk.

NOTE 6: FINANCIAL RISK MANAGEMENT

6.1) Financial risk factors (Cont'd)

a) *Market risks* (Cont'd)

Foreign exchange risk

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

Caption s	Type and amount of foreign currency		Closing exchange rate (1)	Amount recorded at 12.31.2018	Amount recorded at 12.31.2017
				$	
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents					
Banks	USD	17,496	37.500	656,093	1,150,274
Trade receivables					
Trade receivables - Res. 220/07 - Res. 19/17	USD	5,057,900	37.500	189,671,246	472,472,028
Total current assets				**190,327,339**	**473,622,302**
Total Assets				**190,327,339**	**473,622,302**
LIABILITIES					
CURRENT LIABILITIES					
Trade payables					
Related parties	USD	3,013,197	37.600	113,296,205	44,702,316
Suppliers	USD	164,414	37.700	6,198,403	6,993,173
Financial debts					
Other bank debts	USD	23,915,179	37.700	901,602,236	94,566,914
Negotiable obligations	USD	135,972	37.700	5,126,141	2,349,304
International Bond loan	USD	2,605,027	37.700	98,209,520	64,951,352
Total current liabilities				**1,124,432,505**	**213,563,059**
NON-CURRENT LIABILITIES					
Financial debts					
Other bank debts	USD	2,509,091	37.700	94,592,729	161,201,032
Negotiable obligations	USD	9,991,003	37.700	376,660,803	275,343,378
International Bond loan	USD	69,271,099	37.700	2,611,520,435	1,875,478,933
Total non-current liabilities				**3,082,773,967**	**2,312,023,343**
Total liabilities				**4,207,206,472**	**2,525,586,402**

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

The Company considers that, if all variables remain constant, a devaluation of 1% of US dollar compared to the Argentine peso would increase loss for the year in the following way:

	Argentine pesos	
Currency	**12.31.2018**	**12.31.2017**
US dollars	(40,168,791)	(20,519,641)
Variation in income for the year	**(40,168,791)**	**(20,519,641)**

Price risk

The price for the Company's sales revenues under Resolution 220/07 is expressly stipulated in US dollars in the contract in force signed with CAMMESA, the duration of which is 10 years.

NOTE 6: FINANCIAL RISK MANAGEMENT

6.1) Financial risk factors (Cont'd)

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

Price risk (Cont'd)

If Resolution No. 220/07 was repealed or substantially amended in such a way that the Company is obliged to sell the power generated in the Spot Market, the income/loss of CTR might depend on the price of electricity in the Spot Market. Likewise, the Company's results could also be badly affected if the National Government or CAMMESA limited the price receivable under Resolution 220/07. If these situations occur, there might be an adverse impact on the Company business, financial condition and results of operations.

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, 2018 the interest rate of most of its loans in force was a fixed rate in US dollars of 9.625% while others had fixed rates in US dollars of 6.68% and 6% and floating rates equal to Badlar plus margin.

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

	12.31.2018	**12.31.2017**
Fixed rate	4,368,265,904	2,473,890,913
Floating rate	628,400,454	885,247,056
	4,996,666,358	**3,359,137,969**

Based on simulations run with all the other variables kept constant, an increase of 1% in floating interest rates would (decrease)/increase the results for the period as follows:

	12.31.2018	**12.31.2017**
Floating rate	6,284,005	8,852,471
Decrease in income for the year	**6,284,005**	**8,852,471**

b) Credit risk

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

The electricity generators with sales to the spot market and with contracts under Resolution 220/07 collect through CAMMESA the payments for making available the power and energy supplied to the system. Although CAMMESA relies on refundable contributions from the Treasury to make payments, in the last fiscal year it has reduced the average payment term.

NOTE 6: FINANCIAL RISK MANAGEMENT (Cont'd)
6.1) Financial risk factors (Cont'd)

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 required 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.

Temporary cash surpluses are prudently managed until they are used for debt servicing purposes and investment in enlargement projects currently in progress. The Company has worked in the medium and long term financing structure, having, in addition, available credit lines and loans to guarantee compliance with 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.

At December 31, 2018	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	More than 2 years	Total
Trade and other payables	91,456,001	149,312,539	-	-	240,768,540
Loans	1,214,606,744	860,147,103	1,081,971,577	4,041,707,319	7,198,432,743
Total	**1,306,062,745**	**1,009,459,642**	**1,081,971,577**	**4,041,707,319**	**7,439,201,283**

At December 31, 2017	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	More than 2 years	Total
Trade and other payables	95,588,507	315,604,437	-	-	411,192,944
Loans	245,015,176	466,252,528	618,455,923	3,898,371,206	5,228,094,833
Total	**340,603,683**	**781,856,965**	**618,455,923**	**3,898,371,206**	**5,639,287,777**

6.2) 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.

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,

NOTE 6: FINANCIAL RISK MANAGEMENT (Cont'd)

6.2) Management of capital risk (Cont'd)

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).

The Company started business operations by the end of June 2012. At December 31, 2018 the Debt/EBITDA ratio amounts to 6.91 while the ratio at the end of the prior fiscal year was 7.01.

The increase recorded in the debt/EBITDA ratio at December 31, 2018 arises from the debt incurred to continue with the investment for cycle closing of the Power Plant mentioned in note 1. The investment enabled increasing the available power by 60 MW.

Consolidated Debt to Adjusted EBITDA ratios were as follows:

	12.31.2018	**12.31.2017**
Total loans	4,996,666,358	3,359,137,969
Less: Cash and cash equivalents	(212,578,089)	(143,549,955)
Net debt	4,784,088,269	3,215,588,014
EBITDA	692,463,348	459,003,485
Net debt/ EBITDA	**6.91**	**7.01**

NOTE 7: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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.

The preparation of the financial statements require that the Company makes estimates and carries out evaluations relating to the future. 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.

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.

NOTE 7: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Cont'd)

a) Impairment of assets (Cont'd)

An impairment loss is recognized when the asset's carrying value exceeds its recoverable value. The recoverable amount 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 amount of the assets of the CGU) as follows:

a) First, reduce the carrying amount of goodwill allocated to the cash generating unit, and
b) 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.

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.

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.

There are many transactions and calculations according to which the latest tax determination is uncertain. The Company early recognizes tax liabilities based on the 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. When assessing the realizability of deferred tax assets, Management considers it probable that some, or all, deferred tax assets are not realizable.

Whether deferred tax assets are realizable depends on the generation of future taxable income for the periods in which these temporary differences are deductible. In making this assessment, Management takes into account the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies.

c) 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, the likelihood of occurrence is considered, taking into account the opinion of the Company's legal advisors. At the date of these financial statements, the Management of the Company 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.

NOTE 7: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Cont'd)

d) Defined benefit plans

The Company determines the liabilities related to accumulated bonuses for service length and to the employee benefits plans mentioned, considering all the rights accrued by the beneficiaries until period end, based on an actuarial study performed by an independent professional at that date. The actuarial method applied by the Company is the Projected Benefit Unit method.

e) Fair value of property, plant and equipment

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

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

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

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

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

The criteria considered in each scenario are the following:

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

2. Pessimistic scenario: in this case the Company considers a historical average availability and a dispatch of less than expected of the demand for energy. Probability of occurrence: 30%.

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

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

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

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

NOTE 7: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Cont'd)

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

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

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

- To increase the fair value of land, buildings, facilities and machinery by $639 million, if it were favorable; or
- To reduce the fair value of land, buildings, facilities and machinery by $639 million, if it were not favorable.

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	Original values						Depreciation						Net book value	at year end
Type of asset	**At beginning of year**	**Increases**	**Transfers/ withdrawals**	**Technical revaluation (1)**	**(Impairment) /Recovery**	**At year end**	**Accumulated at beginning of year**	**Deletions**	**For the year (1)**	**Technical revaluation**	**(Impairment) /Recovery**	**Accumulated at year end**	**At 12.31.2018**	**At 12.31.2017**
Land	12,435,705	-	-	8,309,905	-	20,745,610	-	-	-	-	-	-	20,745,610	12,435,705
Buildings	36,348,899	-	280,372,246	(5,789,502)	-	310,931,643	-	-	4,710,597	(1,686,726)	-	3,023,871	307,907,772	36,348,899
Facilities	206,029,902	-	385,369,086	117,160,593	-	708,559,581	-	-	30,683,213	(13,921,562)	-	16,761,651	691,797,930	206,029,902
Machinery	994,857,455	22,542,212	3,741,542,463	494,774,176	107,207,100	5,360,923,406	-	-	240,653,405	(96,212,901)	71,976,359	216,416,863	5,144,506,543	994,857,455
Works in progress - Extension Plant	3,344,759,229	1,062,524,566	(4,407,283,795)	-	-		-	-	-	-	-	-	-	3,344,759,229
Computer and office equipment	2,298,668	1,811,221	-	-	-	4,109,889	849,858	-	1,228,431	-	-	2,078,289	2,031,600	1,448,810
Vehicles	3,619,774	378,028	-	-	-	3,997,802	2,124,555	-	531,549	-	-	2,656,104	1,341,698	1,495,221
Spare parts and materials	22,665,807	17,216,827	-	-	-	39,882,634	-	-	-	-	-	-	39,882,634	22,665,807
Total at 12.31.2018	**4,623,015,439**	**1,104,472,854**	**-**	**614,455,172**	**107,207,100**	**6,449,150,565**	**2,974,413**	**-**	**277,807,195**	**(111,821,189)**	**71,976,359**	**240,936,778**	**6,208,213,787**	**-**
Total at 12.31.2017	**2,803,576,832**	**1,948,261,561**	**(21,615,851)**	**-**	**(107,207,100)**	**4,623,015,442**	**1,917,742**	**(258,110)**	**73,291,140**	**-**	**(71,976,359)**	**2,974,413**	**-**	**4,620,041,028**

(1) At December 31, 2018, it corresponds to the revaluation for $726,276,361, offset by the accumulated depreciation at the time of revaluation for $111,821,189.

(2) Financial costs capitalized during the fiscal year ended on December 31, 2018 and 2017 totaled $401,511,092 and $331,489,015, respectively. The average interest rate used was 43% for 2018 and 25% for 2017.

NOTE 9: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES

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

At December 31, 2018	Financial assets/ liabilities at amortized cost	At fair value through profit and loss	Non-financial assets/ liabilities	Total
Assets				
Trade and other receivables and investments	204,714,533	-	192,556,371	397,270,904
Other financial assets at fair value through profit and loss	-	54,485,000	-	54,485,000
Cash and cash equivalents	25,532,402	187,045,687	-	212,578,089
Non-financial assets	-	-	6,219,878,952	6,219,878,952
Total	**230,246,935**	**241,530,687**	**6,412,435,323**	**6,884,212,945**
Liabilities				
Trade and other payables	240,768,540	-	-	240,768,540
Loans (finance leases excluded)	4,971,298,541	-	-	4,971,298,541
Financial leases	25,367,817	-	-	25,367,817
Non-financial liabilities	-	-	408,152,846	408,152,846
Total	**5,237,434,898**	**-**	**408,152,846**	**5,645,587,744**

At December 31, 2017	Financial assets/liabilities at amortized cost	Financial assets/liabilities at fair value through profit and loss	Non-financial assets/liabilities	Total
Assets				
Trade and other receivables	497,404,202	7,451,997	367,222,219	872,078,418
Other financial assets at fair value through profit and loss	-	43,816,464	-	43,816,464
Cash and cash equivalents	30,486,401	113,063,554	-	143,549,955
Non-financial assets	-	-	4,650,046,611	4,650,046,611
Total	**527,890,603**	**164,332,015**	**5,017,268,830**	**5,709,491,448**
Liabilities				
Trade and other payables	416,198,404	-	-	416,198,404
Loans (finance leases excluded)	3,335,492,179	-	-	3,335,492,179
Financial leases	23,645,789	-	-	23,645,789
Non-financial liabilities	-	-	466,485,391	466,485,391
Total	**3,775,336,372**	**-**	**466,485,391**	**4,241,821,763**

NOTE 9: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES (Cont'd)

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

At December 31, 2018	Financial assets at amortized cost	Financial assets at fair value through profit and loss	Financial liabilities at amortized cost	Non-financial instruments	Total
Interest earned	9,662,677	-	-	-	9,662,677
Interest paid	-	-	(423,129,982)	-	(423,129,982)
Exchange differences, net	136,676,149	-	(2,843,414,708)	-	(2,706,738,559)
Other financial costs	-	112,212,876	(19,580,199)	1,600,396,892	1,693,029,569
Total	**146,338,826**	**112,212,876**	**(3,286,124,889)**	**1,600,396,892**	**(1,427,176,295)**

At December 31, 2017	Financial assets at amortized cost	Financial assets at fair value through profit and loss	Financial liabilities at amortized cost	Non-financial instruments	Total
Interest earned	2,721,950	-	-	-	2,721,950
Interest paid	-	-	(164,151,573)	-	(164,151,573)
Exchange differences, net	21,706,239	-	(159,866,358)	-	(138,160,119)
Other financial costs	-	64,258,470	(10,771,673)	287,411,678	340,898,475
Total	**24,428,189**	**64,258,470**	**(334,789,604)**	**287,411,678**	**41,308,733**

Determination of fair value

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: Inputs such as (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).

These charts show financial assets and liabilities measured at fair value at December 31, 2018 and 2017 and their allocation to the different hierarchy levels:

<u>NOTE 9</u>: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES (Cont'd)

<u>Determination of fair value (Cont'd)</u>

At December 31, 2017	Level 1	Level 3	Total
Assets			
Other financial assets at fair value through profit and loss			
Mutual funds	54,485,000	-	54,485,000
Cash and cash equivalents			
Mutual funds	187,045,687	-	187,045,687
Property, plant and equipment	-	6,164,957,855	6,164,957,855
Total	**241,530,687**	**6,164,957,855**	**6,406,488,542**

At December 31, 2017	Level 1	Level 3	Total
Assets			
Other financial assets at fair value through profit and loss			
Mutual funds	43,816,464	-	43,816,464
Cash and cash equivalents			
Mutual funds	113,063,554	-	113,063,554
Property, plant and equipment	-	1,249,671,961	1,249,671,961
Total	**156,880,018**	**1,249,671,961**	**1,406,551,979**

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of these financial statements. 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 inputs (i.e. unobservable inputs), the instrument is included in level 3. These instruments are included in level 3. This is the case of the revaluation of certain categories of property, plant and equipment.

Specific valuation techniques used to determine the fair value of property, plant and equipment include:

a) For the determination of the fair value of property and land, market quotations were used requested from expert external appraisers.

NOTE 9: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES (Cont'd)

Determination of fair value (Cont'd)

b) The fair values of “Buildings”, “Facilities” and “Machinery” were calculated by means of the discounted cash flows (See Note 7).

NOTE 10: OTHER RECEIVABLES

	Note	12.31.2018	12.31.2017
Non-Current			
Minimum notional income tax credit		27,935,521	41,826,109
		27,935,521	**41,826,109**
Current			
Value added tax		137,417,907	186,806,393
Turnover tax withholdings and credit balance		1,354,962	-
Social security withholdings		-	1,366,066
Tax Law 25413		10,180,411	-
Sundry tax credits		471,437	-
Sub-total tax credits		149,424,717	188,172,459
Balance with related parties	**30**	-	9,942,233
Loans to Directors	**30**	15,043,287	14,989,941
Insurance to be accrued		1,533,796	155,336
Advances to suppliers		11,870,964	135,302,487
Security deposits and derivative financial instruments		-	7,451,995
Sundry		1,791,373	1,765,828
		179,664,137	**357,780,279**

Other long-term receivables are measured at amortized cost, which does not differ significantly from their fair value.

NOTE 11: INVENTORIES

	12.31.2018	12.31.2017
Supplies and materials	11,665,165	30,005,585
	11,665,165	**30,005,585**

NOTE 12: OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	12.31.2018	12.31.2017
Current		
Derivative financial instruments	54,485,000	-
Mutual funds	-	18,834,910
Government securities	-	24,981,554
	54,485,000	**43,816,464**

NOTE 13: TRADE RECEIVABLES

	12.31.2018	12.31.2017
Trade payables	119,415,084	223,395,480
Energy sold to be billed	70,256,162	249,076,548
	189,671,246	**472,472,028**

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

NOTE 14: CASH AND CASH EQUIVALENTS

	12.31.2018	12.31.2017
Cash	75,959	127,352
Banks in local currency	24,800,350	29,208,775
Banks in foreign currency	656,093	1,150,274
Mutual Funds	187,045,687	113,063,554
	212,578,089	**143,549,955**

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

	12.31.2018	12.31.2017
Cash and cash equivalents	212,578,089	143,549,955
Cash and cash equivalents	**212,578,089**	**143,549,955**

NOTE 15: CAPITAL STATUS

Subscribed and registered capital at December 31, 2018 amounts to $ 73,070,470.

NOTE 16: DISTRIBUTION OF PROFITS

Dividends

A tax is levied on dividends or profits distributed, among others, by Argentine companies or permanent establishments to: individuals, undivided estates or foreign beneficiaries, with the following considerations: (i) the dividends on profits generated during fiscal years beginning on or after January 1, 2018 until December 31, 2019, will be subject to a 7% withholding tax rate; and (ii) dividends on profits obtained for the years beginning on or after January 1, 2020, will be subject to a 13% withholding tax rate.

Dividends on profits obtained until the fiscal year prior to the fiscal year beginning on or after January 1, 2018 will continue to be subject to withholdings, for all beneficiaries, at a rate of 35% of the amount exceeding retained earnings to be distributed free of tax (transition period of equalization tax).

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

NOTE 17: INCOME TAX - DEFERRED TAX

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

	12.31.2018	12.31.2017
Deferred tax assets:	665,934,475	142,262,764
Deferred tax assets to be recovered in more than 12 months	**665,934,475**	**142,262,764**
Deferred tax liabilities:	(1,061,835,719)	(596,045,083)
Deferred tax liabilities to be settled over more than 12 months	(1,061,835,719)	(596,045,083)
Deferred tax liabilities (net)	**(395,901,244)**	**(453,782,319)**

The gross transactions recorded in the deferred tax account are as follows:

	12.31.2018	12.31.2017
Opening balances	(453,782,319)	(445,254,514)
Charge to income statement	239,279,721	(8,527,805)
Charge to technical revaluation reserve	(181,569,090)	-
Charge to employee benefit plans	170,444	-
Balance at year end	**(395,901,244)**	**(453,782,319)**

NOTE 17: INCOME TAX - DEFERRED TAX (Cont'd)

The income tax charge calculated under the deferred tax method corresponds to the following breakdown:

	Other receivables	Mutual funds	Property, plant and equipment	Loans	Employee benefit plans	Tax loss carry-forwars	Total
Opening balances	**1,508,766**	**639,103**	**(489,263,170)**	**(98,241,016)**	**-**	**140,753,998**	**(453,782,319)**
Charge to income statement	1,845,941	1,657,907	(334,558,276)	(47,712,475)	795,904	521,825,770	239,279,721
Charge to technical revaluation reserve	-	-	(181,569,090)	-	-	-	(181,569,090)
Charge to employee benefit plans	-	-	-	-	170,444	-	170,444
Balance at year end	**3,354,707**	**2,297,010**	**(1,014,390,536)**	**(50,708,541)**	**966,348**	**662,579,768**	**(395,901,244)**

The accumulated tax losses recorded by the Company that are pending use at December 31, 2018 and may be offset against the taxable income for the year ended on that date are as follows:

Year	$	Year of expiration
Tax losses for the year 2014	37,224,170	2019
Tax losses for the year 2015	48,635,021	2020
Tax losses for the year 2016	79,550,052	2021
Tax losses for the year 2017	173,197,149	2022
Tax losses for the year 2018	2,304,267,848	2023
Total accumulated tax losses at December 31, 2018	**2,642,874,240**	

Tax reform in Argentina

On December 29, 2017, the National Executive Branch enacted Law Nº 27430 - Income Tax. This law has introduced several changes in the treatment of income tax whose key components are the following:

Income tax rate: The Income Tax rates for Argentine companies will be reduced gradually from 35% to 30% for fiscal periods beginning on or after January 1, 2018 until December 31, 2019, and to 25% for fiscal periods beginning on or after January 1, 2020, inclusive.

Adjustments to deductions: Acquisitions or investments made in fiscal years beginning on or after January 1, 2018, will be adjusted on the basis of the percentage variations in the Domestic Wholesale Price Index (IPIM) provided by the National Institute of Statistics and Census, this will increase the deductible depreciation and its computable cost in case of sale.

NOTE 17: INCOME TAX - DEFERRED TAX (Cont'd)

The reconciliation between income tax charged to income and that resulting from the application of the tax rate to the accounting profit before taxes is shown below:

	12.31.2018	12.31.2017
Income/Loss before income tax	(1,012,520,142)	427,021,080
Current tax rate	30%	35%
Income/loss at the tax rate	303,756,043	(149,457,378)
Other permanent differences	(151,023)	(1,242,574)
Non-computable income	43,754,280	122,084,596
Change in the income tax rate (a)	(99,259,738)	33,199,010
Variation in tax losses	(8,819,841)	(13,111,459)
Total income tax charge accounted for	**239,279,721**	**(8,527,805)**
Deferred tax for the year	239,279,721	(8,527,805)
Total income tax charge accounted for - (Loss)	**239,279,721**	**(8,527,805)**

(a) Corresponds to the effect of the application of the changes in income tax rates on deferred tax assets and liabilities, in line with the tax reform detailed above, based on the expected year of realization. The impact of the change in the rate was recognized in income for the year, except in the case of the adjustment to deferred liabilities generated from application of the revaluation model for certain types of property, plant and equipment, as it is related to items previously recognized in other comprehensive income. This effect amounts to $181,398,646 and it is disclosed in the statement of other comprehensive income.

NOTE 18: LOANS

Non-Current	12.31.2018	12.31.2017
International bond	2,611,520,435	1,875,478,933
Negotiable obligations	773,888,072	1,017,756,679
Other bank debts	94,592,727	161,201,032
Finance lease debts	19,236,686	18,640,144
	3,499,237,920	**3,073,076,788**
Current		
International bond	98,209,520	64,951,352
Related parties (Note 30)	280,554,097	-
Negotiable obligations	210,931,454	121,537,270
Other bank debts	901,602,236	94,566,914
Finance lease debts	6,131,131	5,005,645
	1,497,428,438	**286,061,181**

NOTE 18: LOANS (Cont'd)

At December 31, 2018, the total financial debt amounts to $4,997 million. Total financial debt at that date is disclosed in the table below:

	Capital	Balance at December 31, 2018	Interest rate	Currency	Date of issuance	Maturity date
		(Pesos)	(%)			
Debt securities						
International Bond	USD 70,000,000	2,709,729,955	9.63%	USD	July 27, 2016	July 27, 2023
Class II Negotiable Obligations	$216,000,000	259,132,107	BADLAR + 2%	ARS	November 17, 2015	November 17, 2020
Class IV Negotiable Obligations	$ 291,119,753	343,900,475	BADLAR + 5%	ARS	July 24, 2017	July 24, 2021
Class I Negotiable Obligations GMSA-CTR	USD 10,000,000	381,786,944	6.68%	USD	October 11, 2017	October 11, 2020
Subtotal		**3,694,549,481**				
Other debts						
Banco Ciudad loan	USD 5,854,545	221,949,954	6%	USD	August 4, 2017	August 4, 2020
BAPRO loan	USD 10,600,000	400,802,437	4%	USD	January 3, 2018	January 3, 2019
ICBC loan	USD 4,900,000	184,942,572	10.50%	USD	December 28, 2018	December 28, 2018
Banco Macro loan	USD 5,000,000	188,500,000	7.00%	USD	December 28, 2018	January 28, 2019
Related companies (Note 30)	$258,848,369	280,554,097	35.00%	ARS	September 30, 2018	September 30, 2019
Financial lease		25,367,817				
Sub-total		**1,302,116,877**				
Total financial debt		**4,996,666,358**				

a) NO

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

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

At December 31, 2018 there are Class II and Class IV negotiable obligations outstanding, issued by the Company, and the Class I Negotiable Obligation co-issued by the Company and GMSA, for the amounts and under the following conditions:

Class II NOs:

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

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

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

Interest: Private Banks BADLAR rate plus 2%

NOTE 18: LOANS (Cont'd)

a) Negotiable obligations (Cont'd)

Class II NOs:

Payment term and method:

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

The remaining balance of principal corresponding to the NO at December 31, 2018 amounts to $216,000,000.

Class IV NOs:

On July 24, 2017, the Company issued Class IV NOs in the amount and under the conditions described below:

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

Interest: Private Banks BADLAR rate plus a 5% margin.

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

Payment term and method: Principal on Class IV NOs will be fully amortized within 48 months from the date of issuance.

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

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

The remaining balance of principal corresponding to the NO at December 31, 2018 amounts to $ 291,119,753.

GEMSA-CTR co-issuance of Class I NO

On October 11, 2017, the Company and GMSA issued Class I NO in the amount and under the conditions described below:

Principal: nominal value: USD 30,000,000 (Dollars: thirty million); value assigned to CTR: USD 10,000,000 (Dollars: ten million)

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

Payment term and method:
Amortization: The principal of the NOs will be amortized in one statement for 100% of the nominal value, on the date on which 36 months are completed from the date of issuance.

NOTE 18: LOANS (Cont'd)

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

The remaining balance of principal corresponding to the negotiable obligation at December 31, 2018 amounts to USD 10,000,000.

b) International Bond Issuance

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

They have been rated as B+ (Fitch ratings)/B3 (Moody's).

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

On November 8, 2017, under RESFC-2017-19033-APN-DIR#CNV Resolution, GMSA and CTR obtained authorization from the CNV for the reopening of the International Bond. On December 5, 2017, Negotiable Obligations were issued for USD 86,000,000, reaching a nominal value of USD 336,000,000. These Negotiable Obligations are issued under the same conditions as the original issuance.

International Bond:

Principal: Total nominal value: USD 336,000,000 (Dollars: three hundred and thirty-six million); nominal value assigned to CTR: USD 70,000,000 (Dollars: seventy million).

Interest: Fixed rate of 9.625%

Amortization term and method: Interest on the International Bond will be paid semi-annually in arrears, on the following dates: January 27 and July 27 of each year, commencing on January 27, 2017 to maturity.

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

Negotiable Obligations have been rated as B2 (Moody's).

The remaining balance of principal corresponding to the negotiable obligation at December 31, 2018 amounts to USD 70,000,000.

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

NOTE 18: LOANS (Cont'd)

b) International Issuance of Negotiable Obligations (Cont'd)

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

c) Banco Ciudad loan

On August 4, 2017, the Company obtained a loan from Banco Ciudad de Buenos Aires for USD 9,200,000 in 36 installments, with a grace period of 6 months. Amortization will be made in quarterly principal installments and interest will accrue at a 6% fixed rate, payable quarterly, with the contracts entered into between Rafael G. Albanesi, Vidriería Argentina, San Miguel, Danone, OPP Film, Bopp and Chevron being assigned as collateral. At December 31, 2018, principal due amounts to USD 5,854,545.

d) Banco Provincia de Buenos Aires loan

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

e) ICBC loan

On June 28, 2018, CTR obtained from Banco ICBC Argentina S.A. an unsecured 12-month loan for USD 7,000,000, with quarterly principal and interest amortization, at a 6.5% rate. The loan was repaid in advance on December 27, 2018.

On December 27, 2018, CTR obtained from Banco Macro a 12-day loan for USD 4,900,000, with bullet amortization of principal and interest (maturity date: 12.27.2019) at a fixed rate of 10.50%.

At December 31, 2018, principal due amounted to USD 4,900,000.

f) Banco Macro loan

On August 30, 2018, CTR obtained from Banco Macro a 125-day loan for USD 5,000,000, with bullet amortization of principal and interest (maturity date: 02.01.2019) at a fixed rate of 7.00%.

At December 31, 2018, principal due amounted to USD 5,000,000.

NOTE 18: LOANS (Cont'd)

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

	12.31.2018	12.31.2017
Fixed rate:		
Less than 1 year	1,285,491,940	162,878,854
Between 1 and 2 years	463,545,855	80,209,931
Between 2 and 3 years	-	332,590,670
After 3 years	2,619,228,109	1,898,211,458
	4,368,265,904	**2,473,890,913**
Floating rate		
Less than 1 year	211,936,498	123,182,327
Between 1 and 2 years	112,597,853	161,720,362
Between 2 and 3 years	296,753,663	161,899,842
After 3 years	7,112,440	438,444,525
	628,400,454	**885,247,056**
	4,996,666,358	**3,359,137,969**

The fair value of the Company International Bonds at December 31, 2018 and December 31, 2017 amounts to approximately $ 2,346 and $ 1,518 million, respectively. Fair value was calculated based on the estimated market price of the Company's international negotiable obligations at the end of each fiscal year. The applicable fair value category would be Level 1.

The other loans at variable rates have been stated at fair value. Loans at a fixed rate do not differ significantly from their fair value, as they were issued at a near date.

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

Company loans are denominated in the following currencies:

	12.31.2018	12.31.2017
Argentine pesos	908,954,494	885,247,056
US dollars	4,087,711,864	2,473,890,913
	4,996,666,358	**3,359,137,969**

NOTE 18: LOANS (Cont'd)

Changes in loans during the fiscal year ended December 31, 2018 and 2017 were as follow:

	12.31.2018	12.31.2017
Loans at beginning of the period	3,359,137,969	2,842,294,698
Loans received	1,791,661,753	1,047,239,341
Loans paid	(1,088,899,276)	(291,902,045)
Accrued interest	422,382,355	419,511,948
Interest paid	(457,419,681)	(360,641,103)
Exchange difference	2,556,206,969	332,642,076
Capitalized expenses/ present values	18,188,482	(7,297,121)
RECPPC	(1,604,592,213)	(622,709,825)
Loans at year end	**4,996,666,358**	**3,359,137,969**

NOTE 19: OTHER DEBTS

	Note	12.31.2018	12.31.2017
Balances with related companies	30	-	192,588
Provision for directors' fees	30	-	4,812,872
		-	**5,005,460**

NOTE 20: TAX PAYABLES

	12.31.2018	12.31.2017
Income tax withholdings to be deposited	-	157,088
Provision for turnover tax, net	-	605,323
Turnover tax withholdings to be deposited	-	389,290
Minimum notional income tax provision, net	-	8,572,211
Sundry	-	97,243
	-	**9,821,155**

NOTE 21: DEFINED PLAN BENEFIT - LABOR COMMITMENTS WITH PERSONNEL

A detailed description of the estimated cost and liability for benefits after retirement granted to employees of the Company is included below. These benefits are:

- A bonus for all the employees retiring under the differential regime of Decree No. 937/74, when reaching 55 years of age and 30 years of service, consisting in 10 salaries, augmented by 2% per each year of service exceeding the first 5 years.
- A bonus for service length, consisting in paying one salary after 20 years of employment (17 years, for women) plus another one every 5 years up to 35 years' service (32 years, for women) and two more salaries upon reaching 40 years of service (37 years, for women).

NOTE 21: DEFINED PLAN BENEFIT - LABOR COMMITMENTS WITH PERSONNEL (Cont'd)

Liabilities related to accumulated seniority bonuses and employee benefit plans mentioned above were determined considering all the rights accrued by the beneficiaries until closing date of the year ended December 31, 2018, based on an actuarial study performed by an independent professional at that date. The actuarial method applied by the Company is the Projected Benefit Unit method.

The amounts and conditions vary according to the collective labor agreement.

	12.31.2018	**12.31.2017**
Non-current	3,865,391	-
Total	**3,865,391**	**-**

Changes in the Company's obligations for benefits at December 31, 2018 and 2017 are as follows:

	12.31.2018	**12.31.2017**
Present value of the obligations for benefits	3,865,391	-
Obligations for benefits at year end	**3,865,391**	-

The actuarial assumptions used were:

	12.31.2018	**12.31.2017**
Obligations for benefits at year end	5.5%	6%
Salary growth rate	1%	1%
Inflation	28%	15%

At December 31, 2018 and 2017, the Company does not have assets related to pension plans. The charge

recognized in the comprehensive statement of income is as follows:

	12.31.2018	**12.31.2017**
Cost of current services	3,652,078	-
Interest charges	566,106	-
Actuarial gain through Other comprehensive income	681,777	-
Total cost	**4,899,961**	**-**

NOTE 21: DEFINED BENEFIT PLAN - LABOR COMMITMENTS WITH PERSONNEL (Cont'd)

Changes in the obligation for defined benefit plans are as follows:

	12.31.2018	12.31.2017
Opening balances		
Cost of current services	3,652,078	-
Interest charges	566,106	-
Actuarial gain through Other comprehensive income	681,777	-
RECPPC	(1,034,570)	-
Balance at year end	**3,865,391**	**-**

Estimates based on actuarial techniques involve the use of statistical tools, such as the demographic tables used in the actuarial valuation of the Group active personnel. To determine mortality for the Group active personnel, the mortality table "RP 2000" has been used. In general, a mortality table shows, for each age group, the probability that a person in that age group will die before reaching a predetermined age. Mortality tables are elaborated separately for men and women, given that both have substantially different mortality rates.

To estimate total and permanent disability due to any cause, the table "Pension Disability Table 1985" has been used.

To estimate the probability that the Group active personnel will leave the job or stay, the table "ESA 77" has been used.

The liabilities related to the above-mentioned benefits were determined considering all the rights accrued by the beneficiaries of the plans until closing date of the year ended December 31, 2018.

NOTE 22: SALARIES AND SOCIAL SECURITY CHARGES

Current	12.31.2018	12.31.2017
Social security charges payable	7,660,916	1,600,622
Provision for vacation pay	725,295	1,281,294
	8,386,211	**2,881,916**

NOTE 23: TRADE PAYABLES

Current	Note	12.31.2018	12.31.2017
Suppliers in local currency		74,022,730	87,213,249
Suppliers in foreign currency		6,198,403	6,993,173
Balances with related companies, in local currency	**30**	11,234,868	1,382,084
Balances with related companies, in foreign currency	**30**	113,296,205	44,702,316
Suppliers - purchases not yet billed		36,016,334	270,902,122
		240,768,540	**411,192,944**

NOTE 24: SALES REVENUE

Current	12.31.2018	12.31.2017
Sale of electricity Resolutions Nos. 220	897,136,155	608,397,838
Sale of electricity Resolutions Nos. 19/17 plus Spot	19,190,451	14,988,150
	916,326,606	**623,385,988**

NOTE 25: COST OF SALES

	12.31.2018	12.31.2017
Purchase of electric energy	(1,537,410)	(14,012,558)
Gas and diesel consumption at the plant	(37,278,723)	(34,769,298)
Salaries and social security charges	(44,339,554)	(33,450,743)
Defined benefit plan	(3,652,078)	-
Other employee benefits	(3,385,118)	(3,284,730)
Fees for professional services	(8,522,866)	(591,494)
Maintenance services	(37,533,888)	(17,029,666)
Depreciation of property, plant and equipment	(277,807,195)	(73,291,140)
Security guard and porter	(4,304,100)	(4,541,464)
Per diem, travel and representation expenses	(94,257)	(299,215)
Insurance	(11,088,809)	(7,272,674)
Communication expenses	(1,200,963)	(780,079)
Snacks and cleaning	(734,324)	(1,158,218)
Taxes, rates and contributions	(6,051,359)	(4,591,826)
Sundry	(994,047)	(767,049)
	(438,524,691)	**(195,840,154)**

NOTE 26: SELLING EXPENSES

	12.31.2018	12.31.2017
Advertising	-	(141,999)
Taxes, rates and contributions	(14,186,234)	(9,714,580)
	(14,186,234)	**(9,856,579)**

NOTE 27: ADMINISTRATIVE EXPENSES

	12.31.2018	12.31.2017
Fees and compensation for services	(45,344,929)	(20,927,669)
Directors' fees	(211,293)	(4,934,728)
Taxes, rates and contributions	(275,333)	(410,150)
Leases	(2,592,119)	(2,879,008)
Per diem, travel and representation expenses	(6,070)	(36,318)
Communication expenses	(33,115)	(9,944)
Insurance	(3,439)	(11,032)
Office expenses	(561,975)	(1,064,425)
Donations	-	(1,665,217)
Sundry	(22,925)	(305,645)
	(49,051,198)	**(32,244,136)**

NOTE 28 FINANCIAL RESULTS

	12.31.2018	12.31.2017
Financial income		
Commercial and other interest	5,968,134	1,235,865
Interest on loans granted	3,694,543	1,486,085
Total financial income	**9,662,677**	**2,721,950**
Financial expenses		
Interest on loans	(422,382,355)	(140,705,186)
Commercial and other interest	(747,627)	(23,446,387)
Bank expenses and commissions	(1,228,481)	(968,449)
Total financial expenses	**(424,358,463)**	**(165,120,022)**
Other financial results		
Exchange difference, net	(2,706,738,559)	(138,160,119)
RECPPC	1,565,166,151	322,642,419
Impairment of assets	35,230,741	(35,230,741)
Changes in the fair value of financial instruments	112,212,876	64,258,470
Other financial results	(18,351,718)	(9,803,224)
Total other financial results	**(1,012,480,509)**	**203,706,805**
Total financial results, net	**(1,427,176,295)**	**41,308,733**

NOTE 29: 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.

	12.31.2018	12.31.2017
(Loss) Income for the year	(773,240,421)	418,493,275
Weighted average of outstanding ordinary shares	73,070,470	73,070,470
Basic earnings (loss) per share	**(10.5821)**	**5.7273**

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

NOTE 30: TRANSACTIONS AND BALANCES WITH RELATED PARTIES

	Profit/(Loss)	
	$	
	12.31.2018	12.31.2017
a) Purchase of gas and energy		
Other related parties:		
RGA (*)	(1,836,761,822)	(1,596,389,923)
	(1,836,761,822)	**(1,596,389,923)**

(*) Corresponds to the purchase of gas, part of which are assigned to CAMMESA, in the framework of the Procedure for the Dispatch of Natural Gas for electricity generation.

	Profit/(Loss)	
	$	
	12.31.2018	12.31.2017
b) Administrative services		
Other related parties:		
RGA	(61,356,322)	(46,632,165)
	(61,356,322)	**(46,632,165)**
c) Leases		
Other related parties:		
RGA	(2,592,119)	(2,879,008)
	(2,592,119)	**(2,879,008)**
d) Other purchases and services received		
Other related parties:		
RGA - Suretyships received	-	(2,080,409)
BDD – Purchase of wines	(91,697)	(265,512)
AJSA - Flights made	(25,146,998)	(22,645,240)
ASA - Suretyships received	1,104,150	(1,466,170)
	(26,342,845)	**(26,457,331)**
e) Recovery of expenses		
Other related parties:		
RGA	(31,054,854)	(12,487,381)
	(31,054,854)	**(12,487,381)**
f) Financial cost recovery		
Other related parties:		
RGA	-	(17,853,065)
	-	**(17,853,065)**
g) Work management services		
Other related parties:		
RGA	-	(35,873,912)
	-	**(35,873,912)**

NOTE 30: TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

	Profit/(Loss)	
	$	
	12.31.2018	**12.31.2018**
h) Interest generated due to loans granted		
Other related parties:		
Directors	3,694,543	1,486,085
	3,694,543	**1,486,085**
i) Interest generated due to loans granted		
Other related parties:		
GMSA	(22,278,126)	-
	(22,278,126)	**-**
j) Fees		
Other related parties:		
Directors	-	(4,934,728)
	-	**(4,934,728)**

k) Remuneration of key managerial staff.

The senior management includes directors (executive and non-executive). Their remunerations at December 31, 2018 and 2017 amounted to $6,200,059 y $ 6,166,053, respectively.

Salaries	(6,200,059)	(6,166,053)
	(6,200,059)	**(6,166,053)**

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

	12.31.2018	**12.31.2017**
Other current receivables from related parties		
AISA (*)	-	9,942,233
Directors	15,043,287	14,989,941
	15,043,287	**24,932,174**

(*) Company absorbed by ASA as from January 1, 2018, by virtue of the merger through absorption process (Note 35).

Current trade payables with related parties		
RGA	113,296,205	44,702,316
GMSA	26,309	1,382,084
AJSA	11,208,559	-
	124,531,073	**46,084,400**
Current financial debts with related parties		
GMSA	280,554,097	-
	280,554,097	**-**

NOTE 30: TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

	12.31.2018	12.31.2017
Other current debts with related parties		
BDD	-	192,588
Director´s fees	-	4,812,872
	-	**5,005,460**

m) Loans granted to related parties

	12.31.2018	12.31.2017
Opening balances	14,989,941	3,851,122
Loans granted	6,112,416	11,352,081
Repaid loans	(4,484,358)	-
Accrued interest	3,694,543	1,513,122
RECPPC	(5,269,255)	(1,726,384
Closing balance	**15,043,287**	**14,989,941**

Entity	Amount	Interest rate	Terms
At 12.31.2018			
Directors	15,660,673	Badlar + 3%	Maturity: 1 year
Total in pesos	**15,660,673**		

n) Loans received from related parties

	12.31.2018	12.31.2017
Opening balances	-	-
Loans granted	(292,560,402)	-
Accrued interest	(22,278,126)	-
RECPPC	34,284,431	-
Closing balance	**(280,554,097)**	-

Entity	Amount	Interest rate	Terms
At 12.31.2018			
GMSA	(292,560,402)	35%	Maturity: 1 year
Total in pesos	**(292,560,402)**		

NOTE 31: WORKING CAPITAL

At December 31, 2018, the Company records a negative working capital of $1,098,519,555 (calculated as current assets less current liabilities). At December 31, 2017, the surplus in working capital amounted to $332,661,656.

It should be noted that EBITDA at December 31, 2018 amounted to $692,463,348, 51% above the value that the Company reached in December 2017, which shows compliance with the objectives and efficiency of the transactions carried out by the Company.

NOTE 32: SEGMENT REPORTING

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

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

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

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

NOTE 33: STORAGE OF DOCUMENTATION

On August 14, 2014, the CNV issued General Resolution No. 629 that introduces amendments to its regulations involving storage and preservation of corporate books, accounting records and business documents. The Company keeps and preserves its corporate books, accounting records and relevant business documents at its principal place of business located at Av. L.N. Alem 855 - 14th Floor-City of Buenos Aires.

Furthermore, it is informed that the Company sent its working papers and non-sensitive information for fiscal years not yet statute-barred to its storage services supplier:

Entity responsible for warehousing of information - Domicile
Iron Mountain Argentina S.A. – Av. Amancio Alcorta 2482, City of Buenos Aires
Iron Mountain Argentina S.A. – San Miguel de Tucumán 601, 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, Title II, of the REGULATIONS (N.T. 2013 as amended).

NOTE 34 OPERATIONAL ALL-RISK COVERAGE - LOSS OF PROFIT

All-risk insurance with advance loss of profit (ALOP) coverage

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

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

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

NOTE 35: ALBANESI INVERSORA S.A. AND ALBANESI S.A. MERGER

On October 18, 2017, ASA and AISA (the parent company of CTR) held their pertinent Extraordinary Shareholders' Meetings, at which the shareholders of both companies approved the corporate reorganization process by which ASA absorbed AISA ("ASA – AISA merger"). In particular, at the AISA Shareholders' Meeting, the early dissolution without liquidation of AISA as a result of the merger was also approved, and its de-registration as a corporation in due course. Further, the shareholders' meeting of ASA approved, within the framework of the merger process, among other issues, an increase in ASA capital from $62,455,160 to $64,451,745, by issuing 1,996,585 new ordinary registered non-endorsable shares in ASA, of $1 par value each and entitled to 1 (one) voting right per share as from the effective merger date (January 1, 2018), delegating to the Board of Directors the power to decide when the new shares will be issued. Furthermore, as a result of that capital increase, the amendment to section 4 of the corporate bylaws was approved.

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

NOTE 36: CHANGES IN THE ADMINISTRATIVE BODY. RESIGNATION INTERNAL REVIEW OF THE COMPANY

On August 1, 2018, Mr. Armando R. Losón was involved in a judicial investigation in the case entitled "Fernandez, Cristina Elisabet et al, illegal conspiracy", which is pending at the Federal Court of First Instance for Criminal and Minor Offenses No. 11, Clerk's Office No. 21. At present, the Federal Court of First Instance for Criminal and Minor Offenses resolved to modify the procedural status of Mr. Armando R. Losón, leaving without effect the accusation of illegal conspiracy and urging the First Instance Judge to delve deeply into the investigations to evaluate the possibility of a reclassification of the applicable type of offense. Subsequently, on August 7, 2018, Mr. Armando R. Losón formally resigned as Director, and Mr. Armando Losón (Jr.) took office as Chairman of the Company.

Neither the Company nor any of the entities of Albanesi Group is undergoing any process in relation to that investigation. Management of the Company understands that its acts are fully in compliance with applicable laws and regulations.

Additionally, during February 2019, the independent internal review entrusted by the management of the Albanesi Group companies came to an end, and no evidence was found which relates the Group companies to the facts under judicial investigation referred to above.

NOTE 37: AGREEMENT OF THE ARGENTINE FEDERATION OF ENERGY WORKERS WITH GMSA, CTR AND AESA

On June 8, 2017, GMSA, CTR and AESA subscribed a convention memorandum of agreement with the Argentine Federation of Energy Workers (Federación Argentina de Trabajadores de Luz y Fuerza) where they acknowledge that labor relationships between them will be ruled by a company-specific bargaining agreement.

This company bargaining agreement will have an effective period of 3 years as from January 1, 2018 and it is applicable for the following power plants: CTMM, CTI, CTRi, CTLB, CTF, CTR and CT Timbues.

NOTE 38: SUBSEQUENT EVENTS

a) SRRyME Resolution No. 1/2019

SRRyME Resolution 1/2019 was published on February 28, 2019, replacing ES Resolution No. 19/2017. This resolution establishes new remuneration mechanisms for the generators, co-generators and self-generators in the WEM which do not have WEM Supply Contracts.

First, it establishes the Guaranteed Power Availability system to report on power availability on a quarterly basis.

Second, the resolution establishes a remuneration mechanism for power and energy.

The remuneration for power availability consists of a minimum price associated with the Real Power Availability (DRP, its Spanish acronym) and a price for guaranteed power, as per compliance with a Guaranteed Power Supply (DIGO, its Spanish acronym).

Remuneration for power will be affected depending on the use factor of the power generation equipment. The following table shows the Base Price for the Power, according to the technology and scale (PrecBasePot):

TECHNOLOGY / SCALE	PrecBasePot [USSMW-month]
CC large P > 150 MW	3,050
CC small P<150MW	3,400
TV large P >100 MW	4,350
TV small P < 100MW	5,200
TG large P >50 MW	3,550
TG small P < 50MW	4,600
Internal combustion engines	5,200

NOTE 38: SUBSEQUENT EVENTS (Cont'd)

a) SRRyME Resolution No. 1/2019 (Cont'd)

The following table shows the Price for Availability (DIGO):

Period	PrecPotDIGO [USSMW-month]
Summer: December - January - February	7,000
Winter: June - July - August	7,000
Rest of the year: March - April - May - September - October - November	5,500

These two prices will be affected by the Use Factor, which is the relation between the energy actually generated each year and the actual energy available at the power plant (without forced unavailability or maintenance).

The energy actually generated for conventional thermal power generation will be recognized at the most per type of fuel consumed by the power plant, nonfuel variable costs of 4 USD/MWh for natural gas and 7 USD/MWh for diesel or fuel oil. Only 50% of nonfuel variable costs will be remunerated for the Energy Generated in case a power plant that has opted to get its own fuel for power generation does not have the fuel required for such generation when called for dispatch. Lastly, generators will receive a monthly remuneration for the Energy Operated, represented by the integration of hourly powers in the period, valued at 1.4 USD/MWh for any type of fuel.

Section 8 of SRRyME Resolution provides that CAMMESA will convert the dollar-denominated prices into Argentine pesos, applying the “A” 3500 (Wholesale) Exchange Rate in effect on the day preceding the due date of the economic transactions.

The new resolution is effective from March 1, 2019.

b) Increased amount under the program for the co-issuance of simple negotiable obligations (not convertible into shares)

On February 4, 2019, the Board of Directors approved an increase to USD 300,000,000 in the maximum amount under the Program for the co-issuance of simple negotiable obligations (not convertible into shares) for up to USD 100,000,000 (or its equivalent in other currencies), as approved by Resolution No. RESFC-2017-18947-APN-DIR#CNV dated September 26, 2017 of the National Securities Commission (the “Program”), jointly with CTR/GMSA.

NOTE 38: SUBSEQUENT EVENTS (Cont'd)

b) Increased amount under the program for the co-issuance of simple negotiable obligations (not convertible into shares) (Cont'd)

The proceeds from the placement shall be applied to (i) investments in physical assets and capital goods, mainly for the development of cycle closure projects for CTMM and CTE; (ii) working capital; (iii) financing of business activity; and (iv) for corporate purposes in general.

NOTE 39: 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.

Summary of activity at December 31, 2018 and 2017

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

-

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

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

Fiscal year ended December 31:

	2018	2017	Var.	Var. %
	MWh			
Sales by type of market				
CAMMESA Sale 220	266,309	120,746	145,563	121%
Sales of Electricity Res. No 19/17 plus Spot	-	977	(977)	(100%)
	266,309	**121,723**	**144,586**	**119%**

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

Fiscal year ended December 31:

	2018	2017	Var.	Var. %
	(in millions of pesos)			
Sales by type of market				
CAMMESA Sale 220	897.1	608.4	288.7	47%
Sales of Electricity Res. No 19/17 plus Spot	19.2	15.0	4.2	28%
	916.3	**623.4**	**292.9**	**47%**

Summary of activity at December 31, 2018 and 2017

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

Income/loss for the year ended December 31, 2018 and 2017 (in millions of pesos):

	Fiscal year ended December 31: 2018	2017	Variation	Variation %
Sales of energy	916.3	623.4	292.9	47%
Net sales	**916.3**	**623.4**	**292.9**	**47%**
Purchase of electricity	(1.5)	(14.0)	12.5	(89%)
Gas and diesel consumption by the plant	(37.3)	(34.8)	(2.5)	7%
Salaries, social security charges and fringe benefits	(47.7)	(36.7)	(11.0)	30%
Defined benefit plan	(3.7)	-	(3.7)	100%
Maintenance services	(37.5)	(17.0)	(20.5)	121%
Depreciation of property, plant and equipment	(277.8)	(73.3)	(204.5)	279%
Security guard and porter	(4.3)	(4.5)	0.2	-4%
Insurance	(11.1)	(7.3)	(3.8)	52%
Taxes, rates and contributions	(6.1)	(4.6)	(1.5)	33%
Others	(11.5)	(3.6)	(7.9)	219%
Cost of sales	**(438.5)**	**(195.8)**	**(242.7)**	**124%**
Gross income/(loss)	**477.8**	**427.5**	**50.3**	**12%**
Advertising	-	(0.1)	0.1	(100%)
Taxes, rates and contributions	(14.2)	(9.7)	(4.5)	46%
Selling expenses	**(14.2)**	**(9.9)**	**(4.3)**	**43%**
Fees and compensation for services	(45.3)	(20.9)	(24.4)	117%
Directors' fees	(0.2)	(4.9)	4.7	(96%)
Leases	(2.6)	(2.9)	0.3	(10%)
Donations	-	(1.7)	1.7	(100%)
Sundry	(0.9)	(1.8)	0.9	(50%)
Administrative expenses	**(49.1)**	**(32.2)**	**(16.9)**	**52%**
Other operating income	0.1	0.3	(0.2)	(67%)
Operating income/(loss)	**414.7**	**385.7**	**29.0**	**8%**
RECPPC	1,565.2	322.6	1,242.6	385%
Assets impairment	35.2	(35.2)	70.4	(200%)
Commercial interest	5.2	(22.2)	27.4	(123%)
Interest on loans	(418.7)	(139.2)	(279.5)	201%
Bank expenses and commissions	(1.2)	(1.0)	(0.2)	20%
Exchange difference, net	(2,706.7)	(138.2)	(2,568.5)	1,859%
Other financial results	93.9	54.5	39.4	72%
Financial and holding results, net	**(1,427.2)**	**41.3**	**(1,468.5)**	**(3,556%)**
Profit/(loss) before tax	**(1,012.5)**	**427.0**	**(1,439.5)**	**(337%)**
Income tax	239.3	(8.5)	247.8	(2,915%)
Income/loss for the year	**(773.2)**	**418.50**	**(1,191.7)**	**(285%)**

Summary of activity at December 31, 2018 and 2017

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

	Fiscal year ended December 31:			
	2018	2018	Variation	Variation %
Other Comprehensive Income for the year				
Benefit plan	(0.7)	-	(0.7)	100%
Revaluation of property, plant and equipment	726.3	-	726.3	100%
Impact on income tax	(181.4)	-	(181.4)	100%
Other comprehensive income for the year	**544.2**	**-**	**544.2**	**100%**
Total comprehensive income for the year	**(229.0)**	**418.5**	**(647.5)**	**(155%)**

Sales:

Net sales for the year ended December 31, 2018 amounted to $916.3 million, compared with $623.4 million for fiscal year 2017, equivalent to an increase of $292.9 million or 47%.

In the fiscal year ended December 31, 2018 energy dispatch reached 266,309 MWh, a 119% increase compared with 121,723 MWh recorded in fiscal year 2017.

The main sources of income of the Company and their performance during the fiscal year ended December 31, 2018 compared with the year 2017 are described below:

(i) $916.3 million from energy sales on the forward market to CAMMESA under the framework of Resolution 220/07, accounting for a 47% increase compared with $623.4 million in 2017. This variation is basically attributable to the net effect between an increase in the energy dispatched, due to the closure of the cycle in the plant that became operative as from August 4, 2018, a higher exchange rate and a decrease in the period of consumption of gasoil.

Cost of sales:

The total cost of sales for the year ended December 31, 2018 reached $438.5 million, compared with $195.8 million for fiscal year 2017, equivalent to an increase of $242.7 million or 124%.

The main cost of sales of the Company and their performance during the fiscal year ended December 31, 2018 compared with the year 2017 are described below:

(i) $37.3 million for the cost of gas and diesel consumption at the plant, reflecting a 7% increase from the $34.8 million for fiscal year 2017. This variation is due to the changes in the exchange rate and the increase in diesel consumption for the year.

(ii) $47.7 million for salaries, social security charges and employee benefits, which accounted for a 30% increase compared with the $36.7 million amount recorded in fiscal year 2017; a variation due to salary rises net of capitalized remuneration, whose tasks were affected to the closure of the cycle.

(iii) $277.8 million for depreciation of property, plant and equipment, which accounted for 279% increase with regard to the depreciation of $73.3 million in fiscal year 2017. This variation is mainly due to the depreciation of property, plant and equipment during the last year.

Summary of activity at December 31, 2018 and 2017

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

Gross income/(loss):

Gross income for the year ended December 31, 2018 reached $477.8 million, compared to $427.5 million for fiscal year 2017, equivalent to an increase of $50.3 million or 12%. Such variation is mainly due to the net effect between the decrease in the dispatch of energy and the increase in the exchange rate.

Selling expenses:

Selling expenses for the year ended December 31, 2018 totaled $14.2 million, compared with $9.9 million for fiscal year 2017, equivalent to an increase of $4.3 million or 43%.

The main component of the Company's selling expenses are listed below:

(i) $14.2 million in taxes, rates and contributions, accounting for a 46 % increase compared with $9.7 million in fiscal year 2017. The increase is in line with the changes in sales in the current fiscal year, as compared to the previous fiscal year.

Administrative expenses:

Total administrative expenses for the fiscal year ended December 31, 2018 amounted to $49.1 million, showing a 52% increase compared with $32.2 million in fiscal year 2017.

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

(i) $45.3 million of fees and compensation for services, which accounted for an increase of 117% from the $20.9 million for the year 2017. Such variation is due to the billing of administrative services rendered by RGA.

(ii) $2.6 million for rental costs, accounting for a decrease of 10% compared with $2.9 million for the fiscal year 2017, mainly due to the increase in the rental costs of the administrative offices.

Operating income/(loss):

Operating income/loss for the year ended December 31, 2018 reached $414.7 million, compared with $385.77 million for the fiscal year 2017, equivalent to an increase of $ 29 million or 8%.

Financial and holding results, net:

Financial and holding results, net for the year ended December 31, 2018 were a loss of $1,427.2 million, compared with a gain of $41.3 million in fiscal year 2017, accounting for a 3556% increase. This variation is primarily due to the effect of the exchange rate fluctuation, changes in fair value of financial instruments, and the variation in interest on loans.

Financial and holding results, net (Cont'd)

The most noticeable aspects of the variation are:

(i) $418.7 million loss for interest on loans, accounting for a 201% increase compared to $139.2 million loss for the same period of 2017, due to the new financial instruments taken between both periods, such as Class IV Negotiable Obligations, co-issuance of Class I Negotiable Obligations between GMSA and CTR, and other bank liabilities.

(ii) A loss of $1.2 million due to bank expenses and fees, which represented a 20% decrease compared to the loss of $1 million under this heading in fiscal year 2017.

(iii) $5.2 million loss for commercial interest, accounting for a 123 % increase from the $22.2 million loss for the fiscal year 2017.

(iv) A profit $1,565.2 million in RECPAM (PPP), which accounted for an increase of 385% compared to a profit of $322.6 million in RECPAM for fiscal year 2017.

Net income/(loss):

The Company reported loss before tax for $1012.5 million for the fiscal year ended 31 December, 2018, which accounted for a 350% decrease compared to the profit for $427 million in fiscal year 2017. The change is mainly due to the variation in the exchange rate, changes in the fair value of financial instruments and in interest on loans.

The income tax charge represented a gain of $239.3 million for the fiscal year ended December 31, 2018, compared with the loss of $8.5 million for the fiscal year 2017. As a result, a loss after income tax of $773.2 million was obtained compared with the gain of $418.5 million for the year 2017.

2. Comparative equity structure:

(in millions of pesos)

	12.31.2018	**12.31.2017**
Non-current Assets	6,236.1	4,661.9
Current Assets	648.1	1,047.6
Total Assets	**6,884.2**	**5,709.5**
Shareholders' equity	1,238.6	1,467.7
Total Shareholders' equity	**1,238.6**	**1,467.7**
Non-Current Liabilities	3,899.0	3,526.9
Current Liabilities	1,746.6	715.0
Total Liabilities	**5,645.6**	**4,241.8**
Total Liabilities and Shareholders' equity	**6,884.2**	**5,709.5**

Summary of activity at December 31, 2018 and 2017

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

3. Comparative income statement:

(in millions of pesos)

	12.31.2018	12.31.2017
Ordinary operating income	414.7	385.7
Financial and holding results	(1,427.2)	41.3
Ordinary net income/(loss)	**(1,012.5)**	**427.0**
Income tax	239.3	(8.5)
Net income/(loss)	**(773.2)**	**418.5**
Other comprehensive income	544.2	-
Total comprehensive income/(loss)	**(229.0)**	**418.5**

4. Comparative cash flow structure:

(in millions of pesos)

	12.31.2018	12.31.2017
Funds generated by (applied to) operating activities	232.1	(95.1)
Cash (used in) investment activities	(472.9)	(1,260.4)
Funds generated by financing activities	245.3	394.7
Increase (Decrease) in cash and cash equivalents	**4.5**	**(960.8)**

Summary of activity at December 31, 2018 and 2017

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

5. Comparative ratios:

	12.31.2018	12.31.2017
Liquidity (1)	0.37	1.47
Solvency (2)	0.22	0.35
Tied-up capital (3)	0.91	0.82
Indebtedness (4)	7.22	7.32
Interest coverage ratio (5)	1.65	3.30
Profitability (6)	(0.57)	0.33

(1) Current Assets/Current Liabilities

(2) Shareholders' Equity/Total liabilities

(3) Non-current Assets/Total Assets

(4) Financial debt/annual EBITDA (*)

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

(6) Net Income/(loss) for the period (without OCI)/Total average Shareholders' Equity

(*) Amount not covered by the Audit Report.

6. Brief remarks on the outlook for fiscal year 2019: Electric power

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

On August 4, 2018, the Company obtained authorization for commercial operation of the GE steam turbine as a generating agent for the Wholesale Electricity Market, expanding the generation capacity of the Power Plant by 60 MW.

Energy will be sold to CAMMESA under a WEM Supply Contract for 55 MW, under ES Resolution No. 220/07.

Financial condition

In the following months, the Company expects to continue optimizing its financing structure and to keep a level of indebtedness in line with the Company's operational needs.

The actions mentioned ensure compliance by the Company with its obligations, as well as the correct and efficient operation of the Power Plant.

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

ADDITIONAL INFORMATION REQUIRED BY SECTION 12, CHAPTER III, TITLE IV, OF THE NATIONAL SECURITIES COMMISSION REGULATIONS, FOR THE YEAR ENDED DECEMBER 31, 2018

General matters referred to the activity of Central Térmica Roca S.A. (the Company)

1. Specific and significant legal systems that imply contingent extinguishment or inception of benefits included in those provisions.

There are none.

2. Significant changes in the Company's activity and other circumstances similar occurred during the terms comprised by the financial statements that affect their comparability with those presented in prior periods, or that could affect it with those to be presented in future periods.

There are none.

	Trade receivables	Other financial assets at fair value through profit and loss	Other receivables	Trade payables	Loans	Salaries and social security liabilities	Deferred tax liabilities	Defined benefits plan
	$							
To be due								
1° quarter	119,415,084	54,485,000	75,113,049	91,456,001	991,851,882	7,660,916	-	-
Second quarter	70,256,162	-	34,693,217	149,312,539	168,537,928	725,295	-	-
Third quarter	-	-	35,164,654	-	168,519,314	-	-	-
4th quarter	-	-	34,693,217	-	168,519,314	-	-	-
More than 1 year	-	-	27,935,521	-	3,499,237,920	-	395,901,244	3,865,391
Sub-total	**189,671,246**	**54,485,000**	**207,599,658**	**240,768,540**	**4,996,666,358**	**8,386,211**	**395,901,244**	**3,865,391**
Past due	-	-	-	-	-	-	-	-
Without stated term	-	-	-	-	-	-	-	-
Total at 12.31.2018	**189,671,246**	**54,485,000**	**207,599,658**	**240,768,540**	**4,996,666,358**	**8,386,211**	**395,901,244**	**3,865,391**
Non-interest bearing	189,671,246	-	192,556,371	240,768,540	-	8,386,211	395,901,244	3,865,391
At fixed rate	-	-	-	-	(1) 4,368,265,904	-	-	-
At floating rate	-	54,485,000	15,043,287	-	(1) 628,400,454	-	-	-
Total at 12.31.2018	**189,671,246**	**54,485,000**	**207,599,658**	**240,768,540**	**4,996,666,358**	**8,386,211**	**395,901,244**	**3,865,391**

(1) See Note 18 to the financial statements at December 31, 2018.

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

Captions	Type and amount of foreign currency		Closing exchange rate (1)	Amount recorded at 12/31/2018	Amount recorded at 12/31/2017
				$	
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents					
Banks	USD	17,496	37.500	656,093	1,150,274
Trade receivables					
Trade receivables - Res. 220/07 - Res. 19/17	USD	5,057,900	37.500	189,671,246	472,472,028
Total current assets				**190,327,339**	**473,622,302**
Total Assets				**190,327,339**	**473,622,302**
LIABILITIES					
CURRENT LIABILITIES					
Trade payables					
Related parties	USD	3,013,197	37.600	113,296,205	44,702,316
Suppliers	USD	164,414	37.700	6,198,403	6,993,173
Financial debt					
Other bank debts	USD	23,915,179	37.700	901,602,236	94,566,914
Negotiable obligations	USD	135,972	37.700	5,126,141	2,349,304
International Bond loan	USD	2,605,027	37.700	98,209,520	64,951,352
Total current liabilities				**1,124,432,505**	**213,563,059**
NON-CURRENT LIABILITIES					
Financial debts					
Other bank debts	USD	2,509,091	37.700	94,592,729	161,201,032
Negotiable obligations	USD	9,991,003	37.700	376,660,803	275,343,378
International Bond loan	USD	69,271,099	37.700	2,611,520,435	1,875,478,933
Total non-current liabilities				**3,082,773,967**	**2,312,023,343**
Total liabilities				**4,207,206,472**	**2,525,586,402**

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

4. Intercompany, Section 33 of Law 19550:

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

19550: There are no interests in intercompany.

Accounts payable and receivable with companies Sect. 33, Law No. 19550:

See Note 5 to the financial statements at December 31, 2018.

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

See Note 30 to the financial statements at December 31, 2018.

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

The Company keeps a permanent record of its inventories, verifying it on a yearly basis. There are no impaired, damaged, out of service or idle assets.

Current values

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

See Note 5 to the financial statements at December 31, 2018.

Property, plant and equipment

8. Reversal of the Reserve for technical revaluation when part of it had been previously reduced to absorb losses.

There are none.

9. Value of property, plant and equipment without use due to obsolescence.

There are none.

Interest in other companies

10. Interests in other companies in excess of the limit authorized by Section 31 of Law No. 19550.

There are none.

Recoverable values

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

See Note 5 to the financial statements at December 31, 2018.

Insurance

Insured items:

Kind of risk	Insured amount 2018	Insured amount 2017
Operational all-risk - material damages	USD 156,801,886	USD 75,600,000
Operational all-risk - loss of profit	USD 43,496,470	USD 17,221,673
Contractors' all-risk - enlargement of power plant - material damages	USD 0	USD 66,417,555
Contractors' all-risk - enlargement of power plant - loss of profit	USD 0	USD 22,410,917
Civil liability (primary)	USD 1,000,000	USD 1,000,000
Civil Liability (excess coverage)	USD 9,000,000	USD 9,000,000
Directors and Officers liability insurance	USD 15,000,000	USD 15,000,000
Transport turbine projects	USD 0	USD 0
Automobile	$ 2,170,000	$ 1,165,000
Transport insurance, Argentine and international market	USD 10,000,000	USD 10,000,000
Directors' bond	$ 200,000	$ 200,000
Customs bond	$ 1,092,100	$ 1,092,100
ENES Bond	$ 91,067,320	$ 73,799,658
Environmental bond	$ 5,751,789	$ 4,357,972
Technical equipment insurance	USD 49,340	USD 44,769
Life - Mandatory life insurance	$ 55,000	$ 44,330
Life - group life insurance (LCT, employment contract law)	Disability: 1 salary per year Death: 1/2 salary per year	Disability: 1 salary per year Death: 1/2 salary per year
Life - Additional group life insurance	24 salaries	24 salaries

Operational all-risk coverage - Loss of profit

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

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

Contractors' all risk insurance

Works for installation or enlargement of the capacity developed by the Company are insured by a Contractors' all risk and assembly insurance, which covers all accidental or unforeseeable damages occurred during the execution of a civil work, including damages caused by acts of God.

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

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

Civil liability:

The Company has taken on insurance policies that cover underlying civil liability of the insured, as a result of injuries and/or death of third parties and/or damages to property of third parties, caused and /or derived from the development of the insured activity, subject to the terms, conditions, limitations and exclusions contained in the policy.

This coverage is structured as follows:

Individual policies were taken out for each of the Albanesi Group companies, with a maximum compensation of USD 1,000,000 per event and two reinstatement clauses over the life of the policy.

In addition, an insurance policy common to all Group companies has been taken out with a compensation limit of USD 9,000,000 per event and over the life of the policy in excess of USD 1,000,000 (individual policies), with two limit reinstatements.

Directors and Officers liability insurance (D&O):

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

It covers the company in case of stock-exchange claims or from holders of bonds or securities.
It covers the personal equity of the present, past or future directors and/or executives, and to the company for capital market issues

Automobile insurance:

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

Transport insurance:

The Company has an insurance policy that covers transportation of all generators of Albanesi Group under the modality of sworn statement to be presented monthly in arrears.

It covers national transportation, as well as imports and exports.

Customs Bonds

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

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

Directors' qualification bond:

It is the guarantee required by the General Companies Law (Law No. 19550, Section 256, paragraph 2) from directors of corporations and members of the administrative bodies of other companies (LLC, joint stock company). This bond protects the Company against non-compliance with obligations by Directors or Managing partners while performing their duties.

Mandatory life insurance:

In addition to Workers' compensation insurance and mandatory life insurance, the Company has the following coverages:

Life insurance (LCT, employment contract law):

This insurance covers underlying obligations from the Employment Contract Law, if the company has to pay compensation in case of a total and permanent disability or death of the employee, whichever the cause.

Group Life insurance:

The Company has taken out a group life insurance policy, on behalf of all Group employees, for an amount equivalent to 24 times the gross salary of the employee (plus a maximum insured principal of $ 4,000,000). It grants compensation in case of death, double severance pay in case of accidental death, partial losses due to accident, advances for terminal diseases, organ transplant and birth of child after the employee’s death.

Environmental bond:

The environmental bond for damage with group incidence covers the environmental bond established by the General Law on Environment 25675, Section 22 in agreement with the provisions of enforcement authorities.

Positive and negative contingencies

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

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

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

    The following allowances and provisions have been set up:

    a) Allowances from assets:

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

    b) Provisions carried under liabilities:

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

13. Contingent situations not accounted for at the date of the financial statements.

    There are none.

Irrevocable advances on account of future subscriptions

14. Status of the capitalization procedure. There are none.

15. Unpaid cumulative dividends on preferred shares. There are none.

16. Conditions, circumstances or terms for the removal of restrictions on the distribution of unappropriated earnings.

See Note 16 to the financial statements at December 31, 2018.

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

INDEPENDENT AUDITORS' REPORT

To the Shareholders, President and Directors of
Central Térmica Roca S.A.
Legal address: Leandro N. Alem 855 - 14th floor
City of Buenos Aires
Tax Code No. 33-71194489-9

Report on the financial statements

We have audited the financial statements of Central Térmica Roca S.A., which consist of the statement of financial position as of December 31, 2018, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, as well as a summary of the most significant accounting policies and other explanatory information.

The balances and other information corresponding to the fiscal year 2017 are an integral part of the audited 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 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, which were adopted in Argentina by the FACPCE (Argentine Federation of Professional Councils in Economic Sciences) through Technical Pronouncement No. 32 and and its corresponding circular letters on adoption. These standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from any material misstatements.

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

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

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 Central Térmica Roca S.A. as of December 31, 2018, as well as the comprehensive income and cash flows for the fiscal year 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 Central Térmica Roca S.A., that:

a) the condensed interim financial statements of Central Térmica Roca 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 Central Térmica Roca 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 and the additional information to the notes to the condensed interim financial statements required by Section 12, Chapter III, Title IV of the National Securities Commission regulations, on which, as regards those matters that are within our field of competence, we have no observations to make;

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

d) at December 31, 2018 the debt accrued by Central Térmica Roca S.A. in favor of the Argentine Integrated Social Security System according to the Company's accounting records amounted to $1,258,628, none of which was claimable at that date;

e) 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, 2018 account for:

   e.1) 81% of the total fees for services billed to the Company for all items during that fiscal year;
   e.2) 14% 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) 9% of the total fees for services billed to the Company, its parent companies, subsidiaries and related companies for all items during that year;

f) we have applied the money laundering abatement and anti-terrorist financing procedures for Central Térmica Roca S.A.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, 2019

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Raúl Leonardo Viglione

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

Report of the Syndics' Committee

To the Shareholders of
Central Térmica Roca S.A.

1. In accordance with Section 294 of Law No. 19550, the standards issued by the National Securities Commission (CNV) and Regulations of the Buenos Aires Stock Exchange, we have examined the statement of financial position of Roca S.A. at December 31, 2018, and the related statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and complementary notes. Further, we have examined the Annual Report of the Board of Directors for that fiscal year. The preparation and issuance of these financial statements are the responsibility of Central Térmica Roca S.A.

2. Our examination was carried out in accordance with standards applicable to syndics. These standards require that the examinations of the financial statements be performed in accordance with current auditing standards, and include the verification of the fairness of the significant information contained in the documents examined and their consistency with the information on corporate decisions, which are known to us, as disclosed in the Board and Shareholders' meeting minutes, as well as the conformity of those decisions with the law and by-laws insofar as concerns formal and documentary aspects. To fulfill our professional duties, we have reviewed the work done by the external auditors, Price Waterhouse & Co. S.R.L, issued their unqualified opinion the same date of this report. An audit requires that the auditor plan and perform the work to obtain reasonable assurance that the financial statements are free of material misstatements or significant errors. An audit includes examining, on a selective test basis, the judgmental elements supporting the disclosures in the financial statements, assessing the accounting standards used, the significant estimates made by the Company, and the overall financial statement presentation. We have not assessed the administrative, financing, marketing and operating business criteria as these matters fall within the exclusive competence of the Board of Directors and Shareholders' meeting.

3. Furthermore, with regard to the Annual Report for the fiscal year ended December 31, 2018, we have verified that it contains the information required by Section 66 of the General Companies Law No. 19550, Law 26831 and amendments, and as regards those matters that are within our field of competence, the figures shown therein agree with the Company's accounting records and other relevant documentation.

4. We have verified compliance by the Directors in office with the qualification bonds as of the date of presentation of the financial statements at December 31, 2018, as called for by item 1.4 of Appendix I to Technical Pronouncement No. 16 issued by the Argentine Federation of Professional Councils in Economic Sciences.

5. Based on the work done with the scope described above, we report that:

a. In our opinion, the consolidated financial statements of Central Térmica Roca S.A. present fairly, in all material respects, its financial position at December 31, 2018, its comprehensive income, changes in its equity and the cash flow for the year then ended, in conformity with professional accounting standards in force in the City of Buenos Aires, and CNV regulations;
b. As regards those matters that are within our competence, we have no comments to make in connection with the Annual Report of the Board of Directors, any statement referred to future events being their exclusive responsibility;

c. Regarding the independence of the external auditors, the quality of the auditing policies applied by the auditor and the accounting policies of Central Térmica Roca S.A., the report of the external auditors includes the representation of having applied auditing standards in effect in Argentina, which comprise independence requirements, and has no qualifications as regards the application of such standards or professional accounting standards in force in Argentina, and we have no observations to make in connection with the accounting policies mentioned above;

d. The provisions of CNV Resolution No. 606, referred to the presentation of the report on compliance with the Code of Corporate Governance, have been duly fulfilled.

e. As provided for by CNV regulations, we report that we have read the report of the external auditors, from which it follows that:

   i. the auditing standards applied are the ones approved by the Professional Council in Economic Sciences for the Autonomous City of Buenos Aires, which comprise independence requirements, and

   ii. the financial statements have been prepared 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).

f. We have applied money laundering abatement and anti-terrorist financing procedures, as established by the professional standards issued by the Argentine Federation of Professional Councils in Economic Sciences.

In the exercise of the legality control falling within our field of competence, during the year we have applied the other procedures described in section 294 of the General Companies Law that we considered necessary under the circumstances, and we have no observations to make.

City of Buenos Aires, March 8, 2019

For the Syndics' Committee
Marcelo P. Lerner
Full Syndic