Capex S.A.

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

CAPEX S.A.

CONSOLIDATED FINANCIAL STATEMENTS
As of April 30, 2018 stated in pesos and presented in comparative format

Capex S.A.

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

Contents

Annual Report
Consolidated Statements of Financial Position
Consolidated Statements of Comprehensive Income
Consolidated Statement of Changes in Shareholders' Equity
Consolidated Statements of Cash Flows
Notes to the Consolidated Financial Statements
1 - GENERAL INFORMATION AND REGULATORY FRAMEWORK
1.1 - General information
1.2 - Regulatory framework of the oil, electric, gas and LPG sectors
2 - BASIS FOR PREPARATION AND PRESENTATION
2.1 - International Financial Reporting Standards
2.2 - Basis for presentation
2.3 - Accounting standards
2.4 - Consolidation
2.5 - Foreign currency translation
2.6 - Property, plant and equipment
2.7 - Financial instruments
2.8 - Spare parts and materials and Inventories
2.9 - Trade receivables and other accounts receivable
2.10 - Cash and cash equivalents
2.11 - Equity accounts
2.12 - Trade accounts payable, salaries and social security contributions and other liabilities
2.13 - Financial liabilities
2.14 - Income tax and tax on assets
2.15 - Provisions and other charges
2.16 - Revenue recognition
2.17 - Segment reporting
2.18 - Receivable and payable balances with related parties
3 - ADMINISTRATION OF FINANCIAL RISKS
3.1 Market risk
3.2 Credit risk
3.3 Liquidity Risk
3.4 Capital risk
3.5 Fair value estimate
4 - ACCOUNTING ESTIMATES AND JUDGMENTS
5 - SEGMENT REPORTING
6 - PROPERTY, PLANT AND EQUIPMENT
7 - NET DEFERRED TAX ASSETS AND LIABILITIES
8 - FINANCIAL ASSETS AND LIABILITIES PER CATEGORY
9 - FINANCIAL ASSETS CREDIT RATING
10 - SPARE PARTS AND MATERIALS
11 - INVENTORIES
12 - OTHER ACCOUNTS RECEIVABLE
13 - TRADE ACCOUNTS RECEIVABLE
14 - FINANCIAL INSTRUMENTS AT FAIR VALUE
15 - CASH AND CASH EQUIVALENTS
16 - CAPITAL STOCK AND ADDITIONAL PAID-IN CAPITAL
17 - RESERVES
18 - UNAPPROPIATED RETAINED EARNINGS
19 - TRADE ACCOUNTS PAYABLE

20 - FINANCIAL LIABILITIES
21 - SALARIES AND SOCIAL SECURITY CONTRIBUTIONS
22 - TAXES PAYABLES
23 - OTHER LIABILITIES
24 - PROVISIONS AND OTHER CHARGES
25 - NET SALES
26 - OTHER OPERATING INCOME, NET
27 - FINANCIAL RESULTS
28 - INCOME TAX
29 - EARNINGS PER SHARE
30 - COMMITMENTS
31 - RELATED PARTIES AND KEY PERSONNEL FROM COMPANY MANAGEMENT
32 - GUARANTEES GRANTED AND RESTRICTED ASSETS
33 - EXPLORATION AREAS IN RÍO NEGRO
34 - OIL AND GAS RESERVES (NOT COVERED BY INDEPENDENT AUDITOR'S REPORT)
35 - HYCHICO BUSINESS – FINANCING – MAIN CONTRACTS
36 - DIADEMA EOLIC ENERGY FARM II
37 - BUSINESS AGREEMENT / ACQUISITION
38 - PARTICIPATION IN CONSORTIA - SUMMARY OF THE FINANCIAL SITUATION
39 - SUBSEQUENT EVENTS

EXHIBIT A – PROPERTY, PLANT AND EQUIPMENT
EXHIBIT C – INVESTMENTS
EXHIBIT D – OTHER INVESTMENTS
EXHIBIT E – PROVISIONS
EXHIBIT F – COST OF SALES
EXHIBIT G – FOREIGN CURRENCY ASSETS AND LIABILITIES
EXHIBIT H – INFORMATION REQUIRED BY SECT. 64, SUB-SECTION B) OF LAW N° 19550

SUMMARY OF ACTIVITIES

INDEPENDENT AUDITOR'S REPORT
SYNDICS' COMMITTEE REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

M.

Capex S.A.

Annual Report
Fiscal Year 2017 - 2018

Contents

1. Summary for the year and prospects
2. Historical background
3. Macroeconomic context
4. Argentine Energy Market
5. The Environment
6. Systems and communications
7. Human Resources
8. Financial situation
9. Results for the year
10. Board Proposal

Exhibit - Code of Corporate Governance

M.

1. Summary for the year and prospects

Main milestones for the year ended April 30, 2018:

Corporate bonds – Senior Notes Class II
At the end of the previous fiscal year, the Board of Directors of the Company approved the terms and conditions of the Global Negotiable Obligations Program, for up to a nominal value in circulation at any time that may not exceed US$ 600 million or its equivalent. On May 10, 2017 Capex issued Class II Corporate Bonds for an amount of US$ 300 million under that program, after having received purchase offers for US$ 1,800 million, 6 times compared to the nominal value to be issued. The issue price was 100% of the nominal value, with a fixed interest rate of 6.875% nominal annual and with a maturity date of 7 years from the date of issue. The success obtained in the international issuance of the NO was for Capex a milestone that allowed it to improve the maturity profile of its debt and continue with its growth during this year through the development of new projects.

Early amortization of Corporate Bonds Class I
Parallel to the issuance of Corporate Bonds Class II, the Company launched a purchase offer for Class I maturing in March 2018, which was entirely repaid in May and June 2017.

Loma Negra and La Yesera areas
On October 31, 2017, the Company acquired from Chevron Argentina SA, for an amount of US$ 24.7 million, the 37.5% of the concession of hydrocarbon exploitation in Loma Negra area and 18.75% of the La Yesera area, both located in the Province of Río Negro. These concessions are operated through consortia and from December 1, 2017 Capex was appointed operator.

Purchase Agreement for the Hydrocarbon Concession "Pampa del Castillo - La Guitarra"
In the months of October 2017 and April 2018 Capex entered into a purchase agreement with ENAP Sipetrol Argentina S.A. by 88% and with Petrominera Chubut S.E. for the 7% stake that both companies have in the "Pampa del Castillo - La Guitarra" Exploitation Concession in the province of Chubut, for a total price of US$ 39.27 million. The effective acquisition is subject to certain conditions precedent, which as of the date of issuance of these financial statements are pending compliance. Capex has deposited US$ 9,900,000 in an Escrow account as guarantee of payment of the offer made to ENAP Sipetrol Argentina S.A.

Award of Diadema Eolic Energy Farm II
In October 2017 Capex submitted the Diadema Eolic Energy Farm II project (DEEF II) in the Program RenovAr Ronda 2.0, which was awarded. The company EG WIND, subsidiary of Capex, will carry out the project and has signed with CAMMESA the 20-year supply agreement at a price of US$ 40.27 / MWh. Currently, the DEEF II is in the construction stage in Comodoro Rivadavia, Province of Chubut, and will have an installed capacity of 27.18 MW. An investment of approximately US$ 38 million is estimated.

During the fiscal year commenced on May 1, 2017 and ended on April 30, 2018, Capex and its controlled companies continued to develop their business plan in the Electric Power Generation and Sale (thermal and wind) segments, Exploration, Exploitation , Production and Sale of oil and gas, Production and sale of propane, butane and gasoline, Production and sale of Oxygen and Production and sale of Energy through water electrolysis.

During the current fiscal year, the Company posted a comprehensive result of $ 2,272.4 million (of which $ 2,258.9 million corresponds to the owners of the Company), which compared to the previous year, the comprehensive result of which was a profit of millions of $ 1,732.6 (of which millions of $ 1,730.1 corresponded to the owners of the Company), shows an increase of 31%.

The comprehensive result of the present year is composed of a net profit of $ 697.3 million and other comprehensive income of $ 1,575.1 million, while in the previous year the comprehensive result was comprised of a net profit of million of $ 566.8 million and other comprehensive income gain of $ 1,165.8 million.

The operating income for the current year showed a profit of $ 1,920 million, which compared to the previous year shows an increase of 46.6%.

M.

In the oil and gas segment, in the fiscal year ended April 30, 2018 the Company maintained the production curves at the same levels as in the prior year. The price granted in April 2016 by the National Government to natural gas for electricity generation, through Resolution No. 41/16 of the Ministry of Energy and Mining, and the maintenance of a price in the internal market for the oil production activity, together with the depreciation of the peso relative to the US dollar during this fiscal year, enabled the Company to improve the operating results in this segment by 24% compared with the prior year. Also, the oil and gas production of the new areas Loma Negra and La Yesera were added in November 2017.

Regarding the energy segment, operating results increased by 127%. The maintenance programs of the Agua del Cajón Thermal Power Plant ("CT ADC") carried out by the Company since 2014 allowed it to maintain good levels of availability and generation. The remuneration scheme in force during the year was issued by the National Government in January 2017, through Res 19 E / 2017, which established a remuneration mechanism that assesses the availability of generation units through medium-term power commitments, remunerating the available power and the energy generated, setting values in US dollars.

Regarding the renewable energy segment, the Diadema Wind Farm ("PED") has operated with a high efficiency (Load Factor of 57.5% in the fiscal year) and since its tariff is set in US dollars it has allowed it to obtain very good operating results. The segment has increased its operating result by 67%.

With respect to financial results, as of April 30, 2018, the price of the US dollar reached $ 20.54, an increase from the previous year's closing of 33.4%. Due to the fact that the Company is indebted in such currency, the appreciation of the dollar affects its net financial results. However, the fact that its income and most of its investment portfolio are also denominated in US dollars allows to mitigate the fluctuations of the exchange rate in the net results.

The other comprehensive income for the year ended April 30, 2018 amounted to $ 1,575.1 million, while in the previous fiscal year it was $ 1,165.8 million, due to the Company's application since July 31, 2014, of the revaluation model for certain assets of Property, Plant and Equipment and at the end of this fiscal year it has updated the fair values of said assets.

The National Government has ratified continuity of the Gas Plan until 2021, encouraging production of unconventional gas. Capex has expressed its adherence to the Incentive Program for Investments in the Development of Natural Gas Production from Unconventional Reservoirs and committed to an investment in the Neuquén basin for US$ 101.5 million until 2021. Further, it has requested adherence to the Program for the Loma Negra area, with an investment commitment for US$ 74.5 million; at the date of issue of these financial statements, the adherence had not been approved by the enforcement authority.

The Company's intention is to continue working on its integration strategy throughout the energy value chain. In line with this strategy, Capex will evaluate various hydrocarbon assets to apply the expertise gathered over the last few years and to increase its reserves and production levels.

In addition, the Company and its subsidiary Hychico intend to be active players in the renewable energies generation market; for this purpose, they are performing assessments and feasibility studies aiming at participating in the next calls within the RenovAr Program with potential generation projects. They are currently developing a portfolio of wind and solar energy projects covering several regions in Argentina, for the next rounds of RenovAr and the Forward Market.

Lastly, as part of its growth and diversification strategy, the Company is evaluating potential projects for thermal energy generation.

1.1 Hydrocarbons

1.1.1 Current situation

Agua del Cajón Area

With respect to the investment plan developed this year, the Company carried out a program with the drilling of 4 development-advanced wells and 9 tight gas sand wells (unconventional) and one deepening (unconventional); it also drilled one well to investigate the potential for shale gas in the Los Molles formations, which is under assessment. Additionally, the following were carried out: 1 repair, 11 optimizations of gas wells and 6 pullings.

The main objectives of the investments made were: i) maintaining gas and oil production; ii) investigate extensions of productive areas, and iii) continuing investigating the productivity for shale gas in Los Molles Organic, with the aim of adapting the stimulation treatments and starting to design the potential future developments.

The average gas production at 9300 Kcal/m^3 was 1.53 million m^3/day, while the average oil production was 168 m^3/day, maintaining the production levels of the prior year. Regarding the average productions of propane, butane and gasoline of the year they were 58 tn/day, 38 tn/day and 76 m^3/day, respectively, maintaining the production level of the previous year. The total values produced in the year in the oil and gas segments were 557.35 MMm^3 and 61.29 Mm^3, respectively, while the total productions of propane, butane and gasoline were 21 Mtn, 14 Mtn and 28 Mm^3, respectively.

Below is the hydrocarbon reserves estimate of the Agua del Cajón area at December 31, 2017 made by the Company, which has been audited by the independent auditor Ana Nardone, complying with the requirements of ES Resolution 324/06:

Products		Proven			Probable	Possible	Resources
		Developed	Non-developed	Total			
Gas	MMm^3 (1)	4,255	1,744	5,999	1,053	969	15,315
Oil	Mbbl	2,151	1,252	3,403	1,138	591	2,807
	Mm^3	342	199	541	181	94	332

(1) Expressed at 9,300 Kcal/m^3

It should be noted that during this year the proven reserves of oil and gas increased by 35% and 17%, respectively. This increase in proved reserves is mainly due to the extension of the concession and in addition to the result obtained by advanced wells.

On January 31, 2018, the Company submitted an application for accession to the Undersecretariat of Exploration and Production under the Ministry of Energy and Mining for the Agua del Cajón Concession to the Program to Encourage Investment in Development of Natural Gas Production from Non-Conventional Reservoirs - Res 419-E / 2017, prior approval by the Provincial Implementation Authority of an investment plan for millions of US$ 101.5 up to the year 2021, which will enable the development of the production of natural gas from unconventional reservoirs. Said program was approved on June 4, 2018.

During the fiscal year ended April 30, 2018, the Company has allocated most part of its gas production to electric power generation through the ADC CT and continued to sell gas to private customers under the Gas Plus Program.

M.

Loma Negra and La Yesera areas

On October 31, 2017, Capex acquired from Chevron Argentina S.A. the participation of 37.5% of the hydrocarbon concession of the Loma Negra area and 18.75% of the La Yesera area, located in the Province of Río Negro. The agreed price was US$ 25.2 million, which, net of adjustments established in the purchase agreement, amounted to a total purchase price (including taxes) of US$ 24.7 million. From the total purchase price the amount of US$ 23.1 million was paid, leaving an outstanding balance as of April 30, 2018 of US$ 0.125 million. Likewise, the sum of US$ 1.5 million was withheld, the payment of which is subject to the granting, by the Province of Río Negro, of the Transportation Concession corresponding to Loma Negra no later than October 31, 2018. The Company has issued a letter of credit in guarantee of payment.

<u>Loma Negra</u>
Capex operates the Rio Negro Norte Concession since December 1, 2017. The area is located in the province of Río Negro, with the concession end date being December 24, 2024. The Company will begin negotiations, when deemed appropriate, to achieve the extension of said concession. The participations on the area are the following:

Partners	Participation
Capex S.A.	37.50%
YPF S.A.	35.00%
Corporación Financiera Internacional	15.00%
Metro Holding S.A.	12.50%

The area has several fields (Loma Negra, El Látigo Occidental, Cerro Solo, Anticlinal de María, Anticlinal Viejo, Anticlinal de María Occidental and Loma de María) in production or temporarily inactive.

The area has 213 wells, of which currently 40 are active (28 producers and 12 injectors). The average production in the month of April 2018 was 66 m^3/day of oil and 210 Mm^3/day of gas.

The estimation of hydrocarbon reserves in the Loma Negra area, as of December 31, 2017, was certified by the independent auditor, Lic. Ana Nardone, according to the requirements established in Res. SEN 324/06.

a) Until the end of the concession

Products		Reserves					Resources
		Proven			Probable	Possible	
		Developed	Non-developed	Total			
Gas	MMm^3 (1)	488	1,014	1,502	362	318	-
Oil	Mbbl	648	1,220	1,868	289	679	-
	Mm^3	103	194	297	46	108	-

(1) Determined at 9,300 K/Cal per m^3

b) Until the End of Useful Life

Products		Reserves					Resources
		Proven			Probable	Possible	
		Developed	Developed	Total			
Gas	MMm^3 (1)	1,043	1,701	2,744	1,683	627	-
Oil	Mbbl	1,164	1,472	2,635	252	824	-
	Mm^3	185	234	419	40	131	-

(1) Determined at 9,300 K/Cal per m^3

On January 31, 2018, the Company submitted an application for accession to the Undersecretariat of Exploration and Production under the Ministry of Energy and Mining for the Agua del Cajón Concession to the Program to Encourage Investment in Development of Natural Gas Production from Non-Conventional Reservoirs - Res 419-E / 2017, prior approval by the Provincial Implementation Authority of an investment plan for millions of US$ 74.5 corresponding to the whole area. Capex is awaiting the approval from the Ministry of Energy and Mining.

La Yesera
Capex is the operator of the Lote IV La Yesera Concession since December 1, 2017. The area is located in the province of Rio Negro. The end date of the concession is June 3, 2027. The Company will start when it deems it appropriate to negotiate the extension of said concession.

The participations are the following:

Partners	Participation
Capex S.A.	18.75%
YPF S.A.	35.00%
Corporación Financiera Internacional	15.00%
Metro Holding S.A.	12.50%
San Jorge Energy S.A.	18.75%

The field has 4 wells drilled, of which 2 are currently in production of oil and associated gas. The average production in the month of April 2018 was 96 m^3/day of oil and 44 Mm^3/day of gas.

The estimate of hydrocarbon reserves in the La Yesera area as of December 31, 2017 was certified by the independent auditor, Lic. Ana Nardone, according to the requirements established in Res. SEN 324/06.

a) Until the end of the concession

Products		Reserves					Resources
		Proven			Probable	Possible	
		Developed	Non-developed	Total			
Gas	MMm^3 (1)	114	40	154	-	236	-
Petróleo	Mbbl	1,138	503	1,641	-	3,006	-
	Mm^3	181	80	261	-	478	-

(1) Determined at 9,300 K/Cal per m3

b) Until the End of Useful Life

Products		Reserves					Resources
		Proven			Probable	Possible	
		Developed	Non-developed	Total			
Gas	MMm^3 (1)	192	47	239	-	364	-
Petróleo	Mbbl	1,383	591	1,974	-	4,691	-
	Mm^3	220	94	314	-	746	-

(1) Determined at 9,300 K/Cal per m3

M.

Pampa del Castillo area

The Pampa del Castillo-La Guitarra area is located in the northern area of the San Jorge Gulf Basin and has an approximately surface of 121 km2. It is located about 50 km west of the city of Comodoro Rivadavia in the Province of Chubut. This concession has a single field of the same name that, operatively, was divided into three regions: Pampa Norte, Pampa Centro and Pampa Sur.

On October 3, 2017 Capex agreed with ENAP Sipetrol the terms and conditions for the acquisition of 88% of the Hydrocarbons Exploitation Concession "Pampa del Castillo - La Guitarra", for a price of US$ 33 million.

On April 13, 2018 Capex agreed with Petrominera Chubut S.E ("Petrominera") the terms and conditions for the acquisition of seven percent (7%) of participation in the Hydrocarbons Exploitation Concession "Pampa del Castillo - La Guitarra". The agreed purchase price amounted to US$ 6.27 million.

The effective acquisition of the participation of ENAP Sipetrol and Petrominera and of all the rights and obligations derived from it is subject to the occurrence of certain preceding conditions, among them the approval of the Honorable Legislature of the Province of Chubut. As of the date of issuance of these financial statements, these precedent conditions are pending compliance.

The acquisition of this area would allow the Company to diversify its risk profile given the increase in oil reserves that this area has. It is important to mention that currently the Company only operates in the Neuquén Basin, a purely gas area.

Consolidation of Proven Reserves

In order to observe the impact of the acquisitions of the areas in the reserves chart, a comparative analysis of the Company's proven reserves was performed, taking the expiration of each concession term as horizon and the reserves at December 31, 2017 and 2016 as a basis. Values are shown considering the participation percentages in each area and referred to those dates.

Areas	Products		Proven	
			Total 12.31.17	Total 12.31.16
Agua del Cajón / Loma Negra / La Yesera	Gas	MMm^3 [1]	6,591	5,137
	Oil	Mbbl	4,411	2,893
		Mm^3	701	400

[1] Determined at 9,300 K/Cal per m3

The information on the reserves in different areas included in this Annual Report complies with the requirements of CNV resolution No. 541 "Information about oil and gas reserves". The Company owns reserves only in reservoirs in Argentina and its related subsidiaries have no hydrocarbon activities.

Exploration areas in Río Negro - Loma Kauffman

Having expired in May 2017 the Third Exploratory Period and after having made investments in it without having managed to discover commercially exploitable hydrocarbons, dated June 13, 2018, the Province of Río Negro definitively approved the reversion of the Area of Loma de Kauffman.

1.1.2 Future prospects

During the next fiscal year, the Company will continue:

- in the **Agua del Cajón area** with a development plan called "conventional" that includes the drilling of two wells. Additionally wells tight gas sand will be drilled, there will be 2 deepenings and a program of repair/optimization of 10 wells. Furthermore, an exploratory well will be drilled to continue investigating shale gas productivity in the Los Molles formation and 2 wells to extend the tight gas sand area in exploitation. The evaluation of the oil potential in the Shale Vaca Muerta formation will be continued.

Capex will continue focusing its resources on the development of new conventional and unconventional reserves. The replacement of reserves in the short term will be based on the exploration and development of conventional reserves and tight gas sand projects. With regard to the development of shale resources (schist of slate rock), the Company will continue working on its technical-economic viability before embarking on any development project.

- in the **Loma Negra area**, drilling 2 development wells and 2 advanced wells to develop gas reserves, as well as investments in catchment and treatment facilities to commercialize said gas; the development of this gas, if the Stimulus Plan mentioned in point 1.1.1 is approved, could be applied to said plan. Also, it is intended to repair 6 injection wells and producers.

- In the **La Yesera area**, install a battery in order to continue the development program of this area. Capex will focus on the development of oil reserves in deep targets. In the first instance, the intention is to carry out "side track" to any of the existing inactive wells.

As part of the growth strategy, the Company will continue evaluating potential acquisitions of hydrocarbon assets that will allow increasing reserves and production levels.

1.2 Electric Energy

1.2.1 Current situation

Capex obtained in January 2014 a financing program for major and extraordinary maintenance of CT ADC, granted by CAMMESA for approximately US$ 31 million, which was extended by US$ 20 million in the following year. The Company carried out the maintenance in accordance with the program, both those of open-cycle turbines and of its combined cycle, ending with them in the month of September of 2017. Having carried out said maintenance program allowed it to maintain good levels of availability and generation during the year and compromising its availability in the long term.

This financing was offset by the Company against the "Remuneration for non-recurring maintenance" established by ES Resolution No. 529/14 and its amendments and against the credit balance for "Additional remuneration - Trust fund". As from the passing of ES Resolution No. 19/17, repayment or refund are made by deducting up to 1 US$/MWh generated from the monthly payment, until full repayment of the financing. The outstanding balance corresponding to this financing at April 30, 2018 amounts to $ 115 million.

During the year the CT ADC has operated gas from the field, to which the gas directed by CAMMESA was added. The gross generation of electricity in the current year was 4,326 GWh, maintaining the generation levels of recent years.

1.2.2 Future prospects

As part of its diversification and growth strategy, the Company is evaluating potential thermal energy generation projects in different regions of the country.

M.

1.3 Renewable Energy

1.3.1 Current situation

In the segment of renewable energy, through the subsidiary Hychico, Diadema eolic energy farm has operated with high efficiency by delivering the energy generated in Diadema Argentina to the national grid. The average capacity ratios with which the DEEF has been operating in the past six fiscal years are among the highest standards in the industry.

Item/Year	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
Energy in MWh	27,492.5	28,849.2	28,083.7	25,506.6	22,969.1	29,060.5
FC	49.8%	52.3%	50.9%	46.1%	41.6%	57.5%

FC = (actual energy produced / energy produced if working all the time at nominal power).

It should be mentioned that the calendar year 2016 was of very low average annual wind speed.

In tax matters, in October 2015, the Provincial Agency for the Promotion of Renewable Energy of the Province of Chubut resolved to grant Hychico for DEEF, a 100% exemption from the payment of turnover tax during the first five years counted as from its granting and of 50% as from the sixth year and until the tenth year inclusive. Under the same legal framework, the Agency granted "tax stability" in the province for a term of 15 years, this being understood as the impossibility of affecting the activity with a higher total tax burden, as a result of increases of the same.

Additionally, the Company submitted the Diadema Eolic Energy Farm II project ("DEEF II") in the RenovAr Program - Round 2 and was awarded on December 19, 2017 through Resolution 488/2017 of the Ministry of Energy. It is carried out through its subsidiary E G WIND S.A. On June 4, 2018, EG WIND signed a contract with CAMMESA for the construction, commissioning and supply of energy from renewable sources for a maximum power of 27.6 MW and a supply period of 20 years at a price of US$ 40.27 MWh, counting from the date of the commercial start-up and includes the obligation of EG WIND to construct the DEEF II.

Currently the DEEF II is under construction in the City of Comodoro Rivadavia, Province of Chubut and will be composed of 9 wind turbines ENERCON E-82 E4 with a nominal power of 3.02 MW (megawatt) each, totaling an installed power of 27.18 MW. The total investment is estimated at approximately US$ 38 million and the construction period in 15 months.

Furthermore, Hychico continued with the operation of the hydrogen and oxygen plant, by studying and gaining experience in the production and storage of hydrogen, working with worldwide leader strategic partners and in projects such as:

Storage of Renewable Energy through Hydrogen: There are several technologies for energy storage. According to the Fraunhofer institute in Germany, for high levels of power, energy and accumulation times, the options covering a wider spectrum are those of hydrogen and synthetic methane. Hychico projects involve both types of technologies.

Given the proximity of the hydrogen plant to some "depleted" reservoirs of oil and gas, in 2010 Hychico initiated a series of geological studies and surveys of facilities in order to analyze the feasibility of underground hydrogen storage in one of those reservoirs. The objective of the pilot project is to test reservoir capacity, watertightness and behavior of the reservoir to gain experience in large-scale hydrogen storage. One possible application is the use of mixtures of hydrogen with natural gas as fuel to power an equipment of between 10 and 30 MW and to supply electric energy to the MEM at times of peak demand.

For this pilot project, Hychico submitted the corresponding Environmental Impact Study and held a public hearing coordinated by the Ministry of Environment and Control of Sustainable Development of the Province of Chubut, achieving its approval in May 2014. Thus, in 2015 a pipeline of 2.3 km was built linking the hydrogen plant with the F-160 well where the pilot project is being carried out. The development of the tests is carried out in different stages involving cycles of injection and production of natural gas and hydrogen at different levels of pressure and concentration.

In connection with this project, Hychico participated in the European Union program HyUnder - www.hyunder.eu - aimed at assessing the potential, actors and market of large-scale underground hydrogen storage. It is also part of other projects like H2Store and HyInteger with companies and research centers of international prestige in subjects related to microbiology, geosciences and materials.

Towards the production of "Green Methane": a possible application of stored hydrogen in underground form is the use of the microbial action present in the reservoirs that could combine the hydrogen with the carbon dioxide contained or injected in the formation to finally obtain methane. The advantages of this process would be the large volumes involved as well as taking advantage of natural geothermal energy. Methane, the main component of natural gas, could be used directly in applications such as turbine fuel, GNC, heating, etc., using the currently available natural gas infrastructure.

Through a scientific-technological collaboration agreement, the renowned Institute of Geological and Mining Research of France, BRGM -www.brgm.fr- was selected to provide advice to Hychico in the plan under analysis.

This project includes the biological characterization of the site, the identification and the optimization of parameters. Its objective is to model the behavior of the reservoir to provide a feasibility study of "green methane" production by the end of 2018.

The results obtained up to the present in the Hydrogen and "Green Methane" underground storage projects have been selected to be exhibited in the last two World Hydrogen Energy Conferences (World Hydrogen Energy Conference 2016 and 2018 -www.whec2018.com-) that were developed in Spain and Brazil, respectively.

1.3.2 Future Prospects

Hychico will continue to operate its two plants and evaluate the storage of hydrogen in depleted reservoirs of gas and oil, as well as the feasibility of advancing with the methanation project. In this sense a work program has already been defined with its corresponding budget and schedule, which will be extended until mid-2018.

Hychico's long-term objectives are to supply future regional and international markets with "green hydrogen" produced from renewable energies and / or "green methane" using hydrogen and a sustainable source of carbon dioxide as a raw material, as well as the development of wind farms to supply national electricity demand as renewable energy generating plants free of greenhouse gas emissions.

Participation in future Rounds for the RenovAR Program and Forward Market (MATER)

It is the Government's intention, through the Ministry of Energy and Mining, to perform several calls for the RenovAr Program with the aim of obtaining offers of renewable energy sources necessary to fulfill the goals of Law No. 27191. An electricity Forward Market has been set as from renewable sources (MATER) which will allow the purchase/sale between private parties. Today, the main disadvantage of this market is determined by the hiring term, which tends to be below 15 years. The selling of renewable energy between private parties will mature in the following years and, according to the Renewable Energies Report of CAMMESA of June 2018, 2089 are the "Large Users Enabled" that should consume an 8% of renewable energy as from 2018.

It is the intention of the Company and its subsidiary Hychico to be active participants in the market of renewable energies, for which purpose, several assessment and feasibility studies are being performed to participate with potential generation projects in the following tenders under the framework of the RenovAR Program. With this goal, a portfolio of wind farm and solar projects have been developed in different areas of the country for the coming RenovAR rounds and Forward Market.

2. Background

2.1. Hydrocarbons

Capex was established in 1988 to carry out oil and gas exploration in Argentina. As a first step, in 1989 the Company purchased from Compañías Asociadas Petroleras Sociedad Anónima a 20% interest in the consortium awarded the Rawson Marina area, tendered in 1985 in the first round of the "Houston Plan" tenders. In addition, it acquired a 5% share in a consortium that purchased the exploration rights to the Tostado area, in the third round of "Houston Plan" tenders. These areas were abandoned in 1990 and 1991, respectively, after prospecting work indicated the inexistence of commercially-developable oil and gas reserves.

Agua del Cajón area

In January 1991, the Company, having paid US$ 26 million, acquired 100% of the rights to the Agua del Cajón area which the Argentine Energy Secretariat awarded under concession to the Company for 25 years, with a possibility to extend it for an additional 10 years.

The Agua del Cajon area is located in the neuquina basin, in the southeastern region of the province of Neuquén. As result of an intensive exploratory work, it was indentified that most of the reserves were located in two fields in the area (El Salitral and Agua del Cajón), where, lastly, exploitation tasks were intensified.

The increase in production achieved by the Company since it took over the operation of the Agua del Cajón area is worth mentioning. Gas production totaled 87 thousand m^3/day and oil production reached 35 m^3/day when the Company began. Since the takeover to date, gas and oil production exceeded 3 million m^3/day and 200 m^3/day, respectively. This increase was mainly driven by putting new formations into production, the optimization of oil recovery systems, increased efficiency in field operation, and the oil uptake associated with gas production and gas processing at the gas separation plant. As a result of the prospecting and development efforts in the area, significant reserves of natural gas and oil were identified and added. The accumulated productions of gas and oil reached 19.6 billion of m^3 and 2.9 million m^3, respectively, at April 30, 2018.

Through Decree 822/08 issued by the Province of Neuquén, the State Secretariat for Natural Resources in its capacity as Enforcement Authority was authorized - under the framework of Law 17319, Law 26197 and the national and provincial legislation in force governing the matter – to renegotiate extension of the concession. Subsequently, Provincial Law 2615 was enacted which approved the basic parameters and conditions for the renegotiation of the provincial areas. As a result of this process, in April 2009 a Memorandum of Agreement was executed through which the Province of Neuquén granted the Company an extension over the original term of the concession for the Agua del Cajón Area for an additional 10 years, in other words, expiring on January 11, 2026. On May 8, 2009, the Province of Neuquén issued Decree 773/09, which definitively approved the agreement.

The extension of the original concession term for the Agua del Cajón area for an additional 10 years, implied the following commitments from the Company:

- Fee: Payment to the Province of Neuquén of a concession fee of US$ 17 million.

- Investment and disbursement work plan: This involves an estimated total of US$ 144 million until the end of the concession. At the date of issue of these financial statements, the Company fulfilled the committed amounts.

- Extraordinary production fee: Since June 2009, the Company has paid the corresponding concession fees to the Province of Neuquén at a 15% rate, with the addition of a 3% rate for this concept.

- Extraordinary income: Involves paying an additional percentage of an extraordinary fee that varies between 1% and 3 % depending upon the behavior of the price of crude oil and natural gas, in relation to a reference price scale.

In April 2017, by means of Decree No. 556/17, the Executive Power of the Province of Neuquén granted the Company a non-conventional hydrocarbon exploitation concession for a term of 35 years over the entire Agua del Cajón Area. This concession will end in the year 2052 and, as a condition for its granting, the Company undertook to carry out an investment program for US$ 126.0 million, to be carried out for a period of five years as of January 1, 2017. As of December 31, 2017, the investment made in one year was US$ 42.9 million (34% of the total investment committed).

Likewise, as part of the terms and conditions for granting the non-conventional exploitation concession, the Company paid the following amounts to the Province of Neuquén: (i) US$ 4.97 million as a conventional exploitation bond under the article 58 bis, second paragraph, of Law 17,319; (ii) US$ 3.1 million in contributions for corporate social responsibility; and (iii) US$ 0.882 million in stamp tax due to the signing of the investment agreement with the Province. By virtue of the payment of the bond mentioned in (i), the Company also maintains the right to conventionally exploit the area until the end of the non-conventional concession.

Under the agreement signed with the Neuquén Province, the Company shall pay the following royalties: (a) on the production from all completed and finished wells, except for those with production from unconventional reservoirs, such as shale gas, shale oil or schist of slate rock, the percentages agreed under the Memorandum of Understanding shall be paid from April 13, 2009 to January 11, 2026, date as from which the maximum royalty payment of 18% shall be made, as set forth in Section 59 of Law 17319; and (b) royalties of 12% shall be paid on the production from wells completed and finished as from the grant of the unconventional hydrocarbon exploitation concession, with production from the unconventional shale gas, shale oil, or schist of slate rock reservoirs.

Senillosa area

In October 1991, the Company acquired 100% of the exploration rights in the Senillosa area, having paid thousands of US $ 315.2. In October 2005 the Senillosa area was returned to the Province of Neuquén.

Exploration areas in the province of Río Negro

During the years 2007 and 2008, Capex acquired exploration permits for 4 areas that were tendered directly by the Province of Rio Negro.

In the Villa Regina area, exploratory studies were carried out and two wells that were drilled were sterile, the reason of which the area was reverted in 2012.

In the Lago Pellegrini area exploratory studies were made and three wells that were drilled were sterile. The Company decided to revert the area in 2015.

In the Cerro Chato area four wells were drilled, one of these was an oil-producing well for a brief period. The other three proved to be dry wells and were abandoned. The Company decided to revert the area in 2015.

In the Loma de Kauffman area, exploration studies were carried out and eight wells were drilled, three of which produce gas, one produces oil, and four proved to be unproductive wells. The gas producing wells were low productivity and, in view of their geographic location and the works needed to connect them with the transport system, were not commercially viable. Having expired in the month of May 2017 the Third Exploratory Period, the Company carried out the process of reversion of the area. The reversal of the same was approved by the Province of Río Negro on June 13, 2018.

The amount invested by the Company in the Rio Negro areas totaled $ 296 million.

2.2 Electric energy

The main strategy in the Agua del Cajón area has been the vertical integration, capitalizing all the value added from the extraction of gas and its related liquefied products to its transformation and sale as electric power. This vertical integration, added to the installed technology and efficient operation, has permitted to reach competitive advantages in the energy sector, and mitigated in part the difficulties experienced by that market.

With the incorporation of new gas reserves in the Agua del Cajón area, the Company began to consider alternative industrial uses for its gas production. The limited capacity for electric power generation in Argentina and the incipient deregulation of the electricity sector in the early 90s offered a good opportunity for adding value to the gas business and creating an additional market.

After the completion of feasibility studies and the analysis of alternative projects (largely the construction of additional gas pipelines and treatment facilities) that would enable the Company to develop and sell its natural gas reserves, the Company decided to build a gas-fired electric power generation plant.

The development of CT ADC to its current generating capacity was achieved in four stages: stage I, with the addition of two turbine generators with a capacity of 93 MW, and put into service in December 1993; stage II, in October 1994, which added three turbine generators with a nominal total capacity of 144 MW; in August 1995 Stage III came into operation with an additional 134 MW turbine, completing the development of the power station as an open cycle plant with a nominal total capacity of 371 MW.

To advantageously use the hot exhaust gases, the Company embarked on the conversion of the power station to combined cycle operation (stage IV). Definitive start-up took place in January 2000. Combined cycle operation recovers the exhaust gases using a recovery boiler. These boilers have supplementary fire, which increases the amount of steam produced and allows generating additional energy compared to the energy obtained only with exhaust gases. The combined cycle operation significantly increases efficiency while the operation with supplementary fire allows us to have flexibility to increase the generation of energy. With the completion of the four stages for the development of the Plant, total nominal generation capacity reached 672 MW (ISO).

In order to connect the CT ADC to the National Grid (SIN), three 132kW high-voltage lines were built covering a distance of 111 km, with Arroyito and Chocón Oeste being the interconnection points. Due to the operating requirements of the combined cycle, an additional 500kW high-voltage line was built, with a connection point at Chocón Oeste, thus achieving high reliability and flexibility in power delivery.

2.3 LPG

The turboexpander plant started operating in 1998. The Company processes its rich-in-liquefiable-components gas at an LPG plant owned by Servicios Buproneu S.A. From this processing of rich gas it obtains propane, butane and stripped gasoline. Propane and butane are sold by the Company separately, and the stripped gasoline is sold together with its crude oil, while the remaining gas is used as fuel for the generation of electricity. The efficiency levels of this plant are high and exceed 99%.

2.4 Renewable Energy

With the development of hydrogen in the world as a complement of hydrocarbons in terms of energy, and with its strategic vision of sustainable development and environmental preservation, the Company started the activity in relation to renewable energies by means of its subsidiary Hychico S.A. and subsequently also through its subsidiary E G WIND S.A.

As from the start of Hychico activities, in 2006, two new projects were developed for the installation of an eolic energy farm to supply the national grid with wind power and with the design and placing into operation of a hydrogen production plant through water electrolysis; both projects are located in the Argentine Patagonia.

<u>Hydrogen and Oxygen Plant</u>

The hydrogen and oxygen plant has two electrolyzers of 325 KW (kilowatts) each, with a production capacity of 60 Nm3/h (normal cubic meters per hour) for hydrogen and 30 m3/h for oxygen, an oxygen compressor, a gas engine generator with total installed power of 1.4 MW, and hydrogen and oxygen storage systems and auxiliary systems. The plant is operating since May 2010. The hydrogen is used as fuel for generating electricity, by an hydrogen gas combination; the oxygen is used for the industrial gas market of the region.

It is worth mentioning that the purity of hydrogen produced makes it especially suitable for use in fuel cells. It should be noted that the proportions reached of up to 42% hydrogen mixture are above the usual international ranges for these high horsepower engines, achieving good performances in terms of yields and reducing emissions of greenhouse gases.

The oxygen produced, also high purity (99.998%), is marketed to high pressure in the market for industrial gases.

The Plant was built in 11,000 m2 and is divided into different areas: control, processes and auxiliary systems.

Diadema Eolic Energy Farm I and II

The Argentine Patagonia, due to the abundance of wind resources in particular, and other factors including a large expanse of available land with low population density, qualified workers and a road infrastructure, amply qualifies for the installation of eolic energy farms that will allow the start of large-scale projects in the medium term for the production of energy free from greenhouse gas emissions.

Based on a long-term vision, and on the importance to gain operating experience in the development and operation of wind farms, Hychico has defined the execution of a pilot project in the Patagonia. Thus, an eolic energy farm was built which is composed of 7 aerogenerators with a generation capacity of 6.3 MW, each of them interconnected with the national grid. The Diadema Eolic Energy Farm (DEEF) was put into commercial operation in December 2011. In March 2012, Hychico and Cammesa entered into a WEM Supply Contract with Renewable Sources of Energy for the commercialization of energy generated by DEEF, under ES Resolution 108/11 at a price of 115.896 US$/MWh.

The term of the contract is 15 years from the first day of the month following the date of signature thereof and may be extended by the SE up to 18 months unless the company delivers the contracted energy in a shorter period.

In its economic and financial analysis, Hychico has considered the rate of return from the DEEF and the obtainment of greenhouse gases emission reduction certificates (GGAC) in the framework of the Clean Development Mechanism (CDM). To this end, Hychico has written the Project Design Document (PDD) and submitted it to the Argentine Office of the Clean Development Mechanism (OAMDL for its Spanish acronym), having obtained approval from this organism with retroactive effects to July 2012. The next step comprises verification by the organism of the greenhouse gases emission reduction and subsequent issue of the corresponding certificates, which would be sold by Hychico. Considering the current market for trading carbon bonds and the recent international negotiations on this matter, we expect that commitments will be assumed in the next Conferences of the Parties (COP), to be able to trade the certificates obtained until that moment.

Regarding the Diadema II Wind Farm see point 1.3.1.

3. Macroeconomic context

Ever since the new administration took office in 2015, the Government economic plan, in general terms, has consisted in stabilizing the macro-fiscal situation and adapting regulations for economic activity to create conditions favorable to sustainable growth driven by private investment.

Private consumption and investment grew during 2017, a year in which Government adjusted public utility rates; as the salary increases from wage bargaining agreements came into effect, private consumption started to recover. Along with this recovery and due to high ratios of imports for consumption and investment, in 2017 imports recorded an increase, which exports were unable to offset.

Fiscal result for the first quarter of 2018 resulted in a deficit of 224 billion pesos (164 in 2017), in spite of the improvement in current resources and the decrease of expenses in capital and monetary subsidies.

A combination of domestic factors (high inflation levels, a deficit in tax and current accounts) and external factors (rise of interest rate in the US, capital outflow in emerging markets, increase in oil prices) caused foreign exchange turbulence in May and June 2018 and devaluation of the Argentine peso as the US dollar rose to around $ 28 pesos / US$ 1.

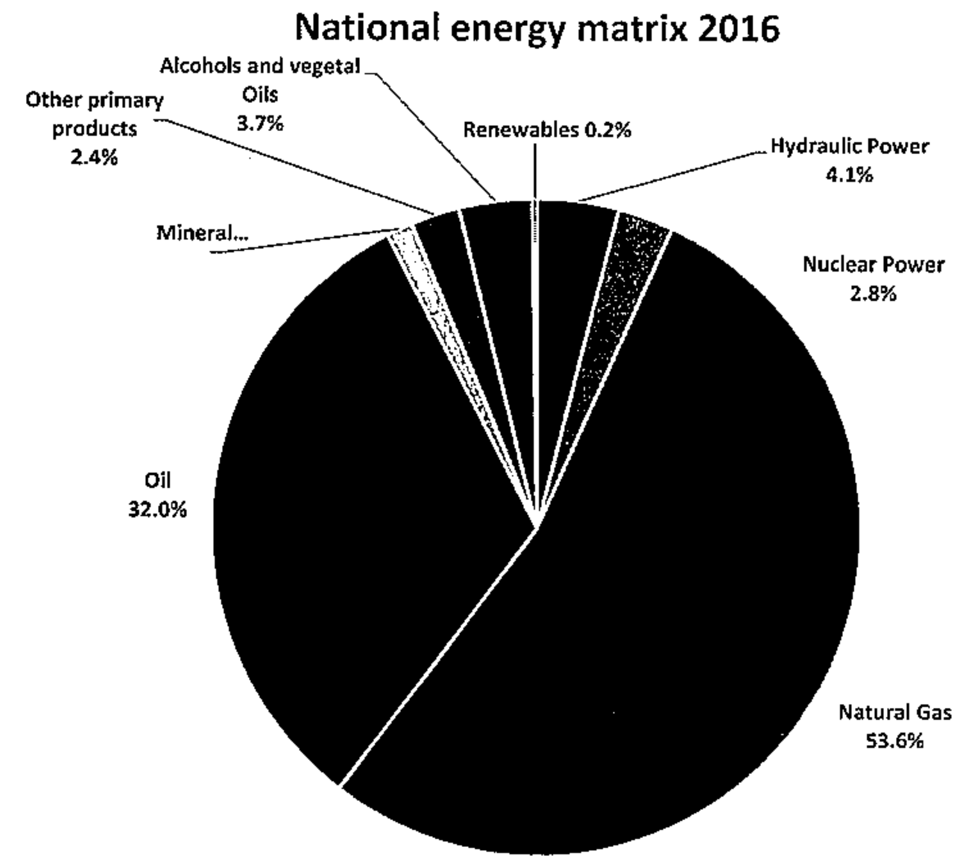
In June 2018, the Argentine Government negotiated with the IMF a stand-by agreement for US$ 50 billion, to continue with the process for reducing the fiscal deficit. Morgan Stanley Capital International also raised Argentina's rating from "frontier market" to "emerging market", which provided a new sign of trust in Argentina and positioned the country on the same standing as other major economies in Latin America; this fact would encourage the arrival of capital and greater investments.

4. Argentine Energy Market

Argentine Energy Matrix

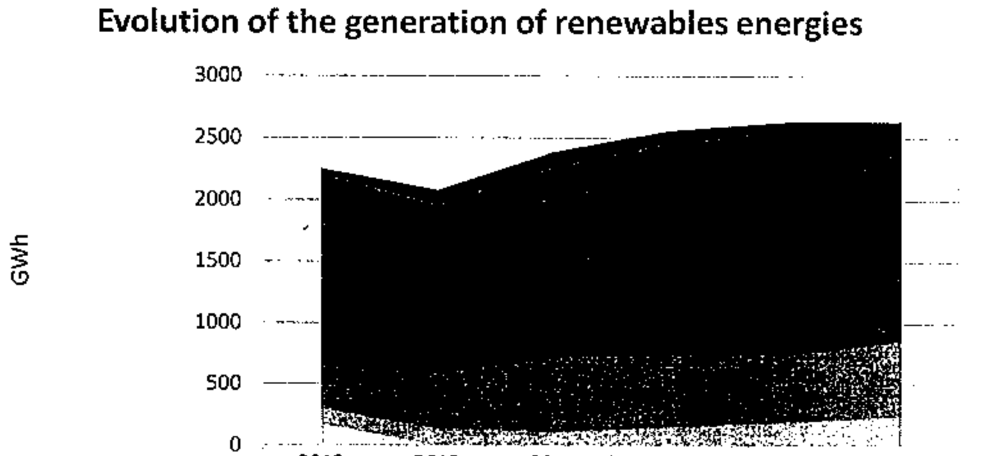
Natural gas and oil are the energy resources with greater share in the national energy matrix.

The following graphic shows the participations at December 31, 2016, since no official data are available as of December 31, 2017:



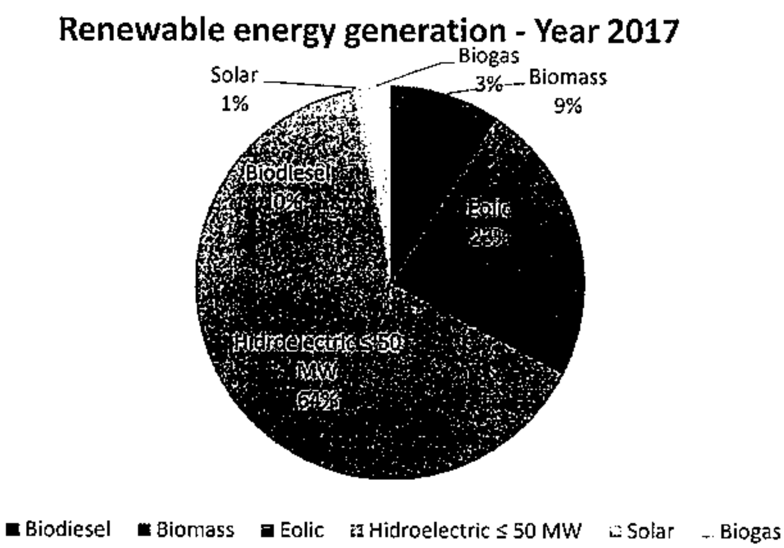
Source: Ministry of Energy and Mining

3,3% of the energy matrix of the country corresponds to the generation of renewable energy (including the run-on-the-river power generation lower or equal to 50MW). The following tables show the changes over the last 6 years and its breakdown in the year 2017:



	2012	2013	2014	2015	2016	2017
Biogas	36	108	103	84	58	64
Solar	8	15	16	15	14	16
Hidroelectric ≤ 50 MW	1566	1376	1543	1713	1820	1696
Eolic	348	447	613	593	547	616
Biomass	127	134	114	155	193	243
Biodiesel	170	2	0	0	1	0

Source: Ministry of Energy and Mining



Source: Ministry of Energy and Mining

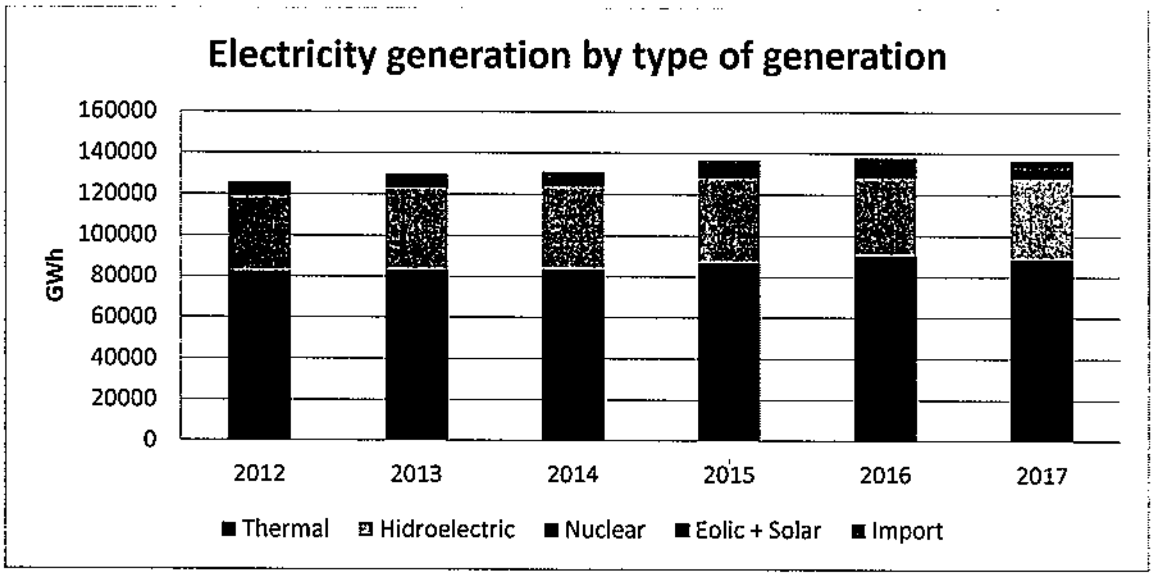
4.1 Electric Market

In the year 2017, the energy generated in Argentina decreased 0.1%, reaching a volume of electricity generated of 136,436 GWh compared with the 136,599 GWh generated in 2016.

The thermal generation continued to be the main resource for supplying demand, contributing to an energy volume of 88,462 GWh (64.8%), followed by the run-on-the-river power generation which contributed 39,584 GWh (29.0%), nuclear with 5,716 GWh (4.2%) and photovoltaic and eolic energy with 2,674 GWh (2.0%).

Thermal generation in the year 2017 was 2% lower than that recorded in the year 2016, hydroelectric 4% higher and nuclear energy recorded a 25% decrease. Imports were also recorded for 734 GWh (50% lower as compared with 2016).

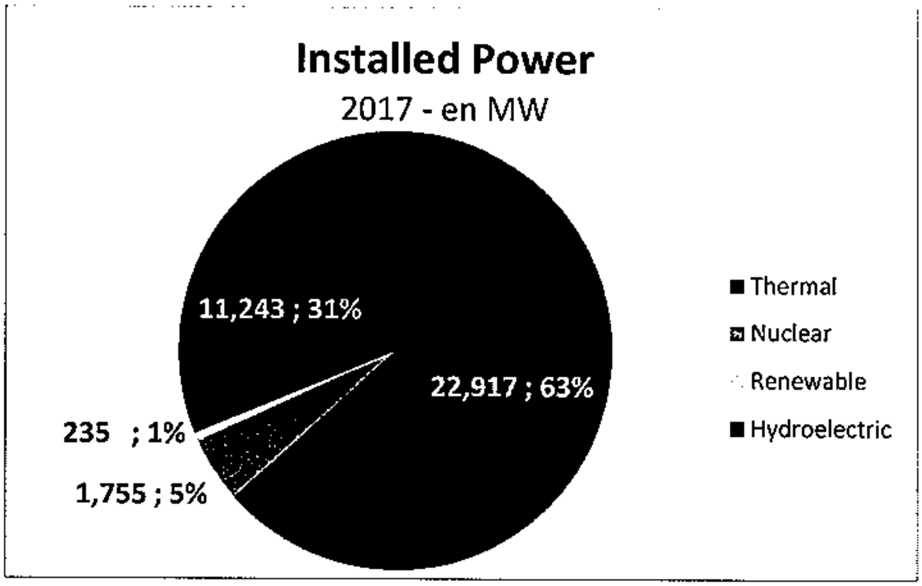
The following table shows the changes in electricity generation by type of generation:



Source: CAMMESA

In 2017, the pool of generating resources recorded an increase in its installed capacity as against the prior year, totaling 36,150 MW.

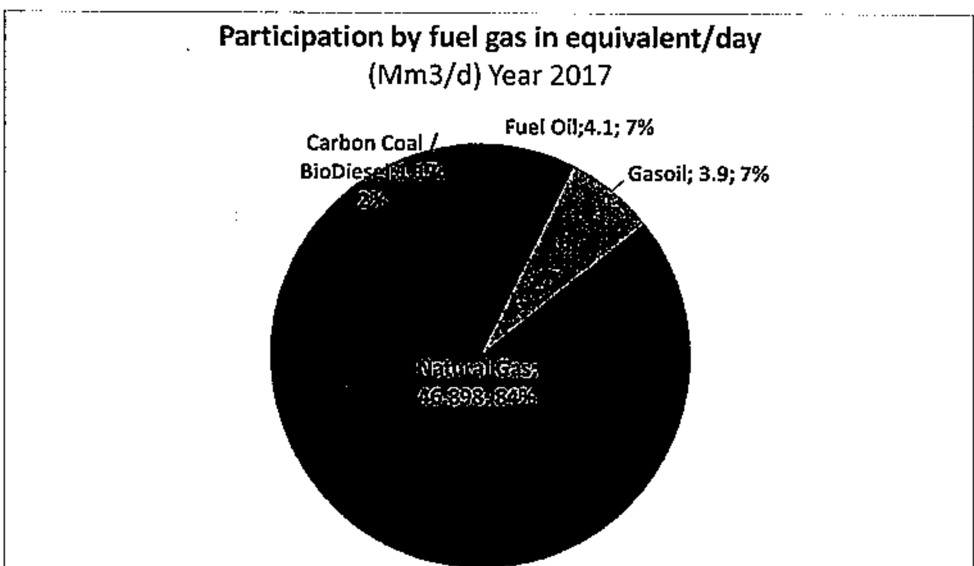
The following table shows the installed power in Argentina at December 2017:



Source: CAMMESA

As for the supply of fuel for the electric sector, in 2017 the provisions of ES Resolution 95/2013 were maintained, which established the centralization of supply and dispatch of fuel by CAMMESA.

In the year 2017, consumption of natural gas for energy generation had an increase compared with the prior year by 10.09%, due to a higher supply (mainly in the winter months) and to a lower residential demand, which allowed a greater availability of the product. The consumption of fuel oil was lower than the year 2016 by 51%, while the consumption of gas oil decreased by 41%. On the other hand, the consumption of coal decreased by 10% compared with the prior year.



Source: CAMMESA

Regulatory Framework - Main topics

Current remuneration schedule

ES RES 19 E / 2017 of the Ministry of Energy and Mining

On January 27, 2017, the Ministry of Energy and Mining issued Resolution No. 19 - E/2017 (ES Res 19 E /17), which established a new remuneration mechanism that values the availability of generation units. In this way, the authority sought to adopt remuneration criteria with economically reasonable, predictable and efficient conditions, through medium-term power commitments, establishing the possibility of being transferred to the demand. Its entry into force is from February 1, 2017, rendering ineffective the Scheme of Remuneration established in Resolution SEN No. 22/16.

The ES Res 19 E / 17 establishes that a generator, cogenerator and self-generator of the WEM, which is the owner of a conventional thermal generation plant, may declare Guaranteed Availability Offers to subscribe Guaranteed Availability Commitments (CoDiG) for the power and energy of the units installed, together with seasonal summer declarations. The Declarations of Guaranteed Availability Offered (DIGO) will cover periods of three years, being able to differentiate the values in different semi-annual seasonal periods. For the year 2017, in exceptional cases, the DIGO will be enabled for the winter semester. Excluded from these offers are the State Generating Agents of the WEM (including the Argentine part of binational entities) and the Generating Agents that have committed energy and / or power through specific agreements.

The compensation scheme is denominated in US Dollars.

Likewise, for those generators that have balances for the financing of the "Maintenance program of the electric power generation units", after canceling the credits already accrued, the Resolution foresees the reimbursement or payback of the same, deducting from the monthly liquidation up to 1 US$ / MWh per MW generated, until cancellation of the total financing.

Finally, it also determines a specific remuneration scheme for those plants that generate hydroelectric and renewable energy, as well as incentives for those thermals that have an increase in energy efficiency and higher expenses for irregular dispatch.

The remuneration for thermal generators is composed of:

i) A remuneration per available monthly power, which is subdivided into:

a) A minimum price associated with Real Available Power,
b) A base price according to compliance with a DIGO and,
c) A maximum additional price related to the fulfillment of an Assigned Power, the latter receiving an additional price in the unit price to face situations of maximum requirement.

ii) A remuneration for energy generated and operated, which will be the sum of the Generated Energy and the Operated Energy, which may be increased according to the fulfillment of the thermal efficiency objectives.

The values set by ES Res 19 E / 2017 for technologies with characteristics similar to the CT ADC (> 150MW) are as follows:

i) Remuneration for monthly available power

a) Minimum price of Power

Technology / Scale	[U$S/MW-month]
CC big P > 150 MW	3,050

M.

b) Base Price to remunerate the Guaranteed Availability Offered (DIGO)

Period	[U$S/MW – month]
May 17 – Oct 17	6,000
Nov 17 onwards	7,000

c) Additional price

Período	[U$S/MW – mes]
May 17 – Oct 17	1,000
Nov 17 onwards	2,000

ii) Remuneration for energy generated and operated

a) Generated Energy: Non-fuel variable prices, by type of fuel consumed by the generating unit, are set forth in the following table:

Tecnología/Escala	Natural Gas [U$S/MWh]
CC – Big	5.0

b) Operated Energy: generators will receive a monthly remuneration for this concept represented by the integration of hourly powers in the period, valued at 2.0 US$ / MWh for any type of fuel.

<u>Remuneration of other Generation Technologies:</u>
The resolution also covers remuneration for other generation technologies that are not applicable to Capex.

Through Note No. 2017-15482939-APN-SECEE#MEM, ES Resolution 19E/2017 is amended; these amendments became effective as from November 2017:

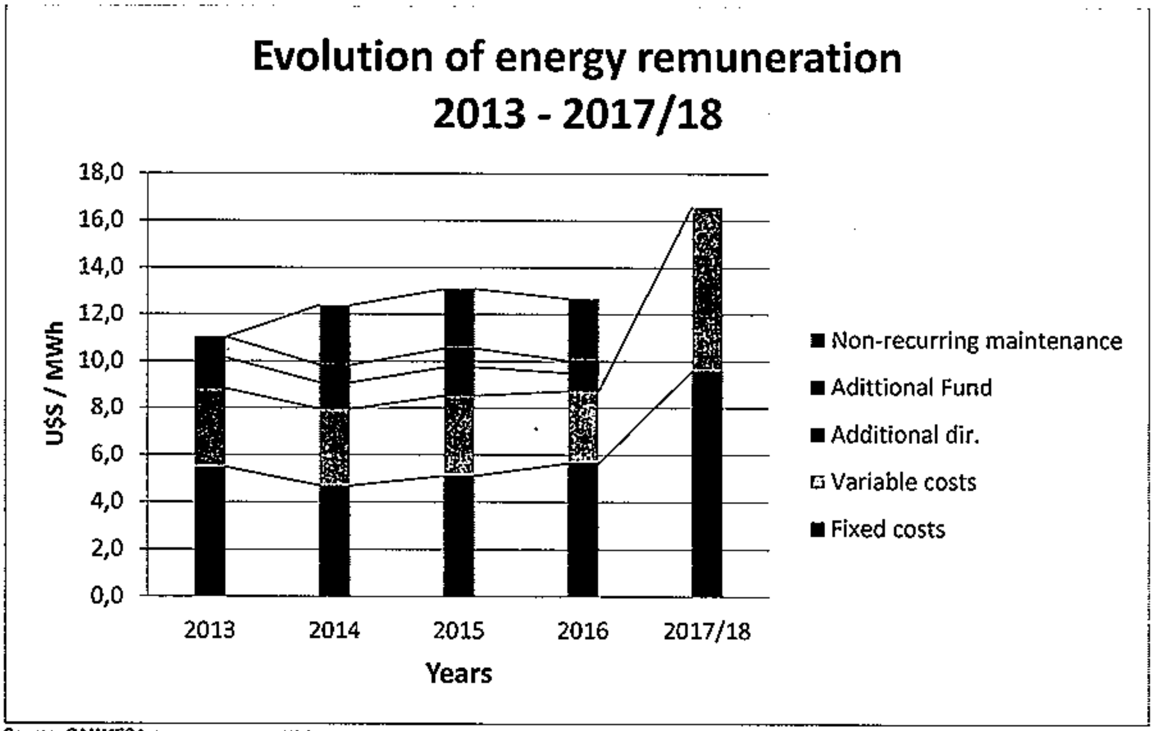
- Offered Guaranteed Availability (DIGO, for its acronym in Spanish) declaration may be made in each Seasonal Schedule;
- the method to control the DIGO may be chosen, which may be monthly (with a 7.5% tolerance) or half-yearly;
- the exchange rate to be considered by CAMMESA for the payment of settlements will be that of the prior day to the due date of the commercial document.

In the following table, the changes in the remuneration schedule are shown for thermal generation as from the issue of ES Resolution 95/2013. The values correspond to thermal power plants with technology similar to that of CT ADC (> 150 MW). Furthermore, and for comparative purposes with the remuneration in force in US$ of ES Res 19 E/2017, i) the remuneration in pesos established in Res. SEN 95/13, 529 / 14, 482/15 and 22/16 has been calculated in US dollars at the average rate of exchange and ii) the Remuneration for Power established in Res SE 19 E / 2017 has been compared with the Fixed Costs Remuneration established by the previous resolutions and the Generated and Operational Energy Remuneration established by Res SE 19 E / 2017 with the Variable Costs Remuneration established by the previous resolutions.

Concept	Res. SEN 95/13 (1)	Res. SEN 529/14 (2)	Res. SEN 482/15 (3)	Res. SEN 22/16 (4)	Res. SEN 19/17 (5)
			US$/MWh		
Fixed cost remuneration	5.5	4.7	5.1	5.6	9.59
Variable cost remuneration	3.4	3.2	3.4	3.1	7.00
Additional direct remuneration	1.3	1.1	1.2	0.8	-
Additional remuneration trust (*)	0.9	0.8	0.8	0.5	-
Non-recurring maintenance remuneration	-	2.5	2.5	2.6	-
Total	11.1	12.3	13.0	12.6	16.59

(*) This item is accumulated in a Fund, which the generating companies have not yet collected.

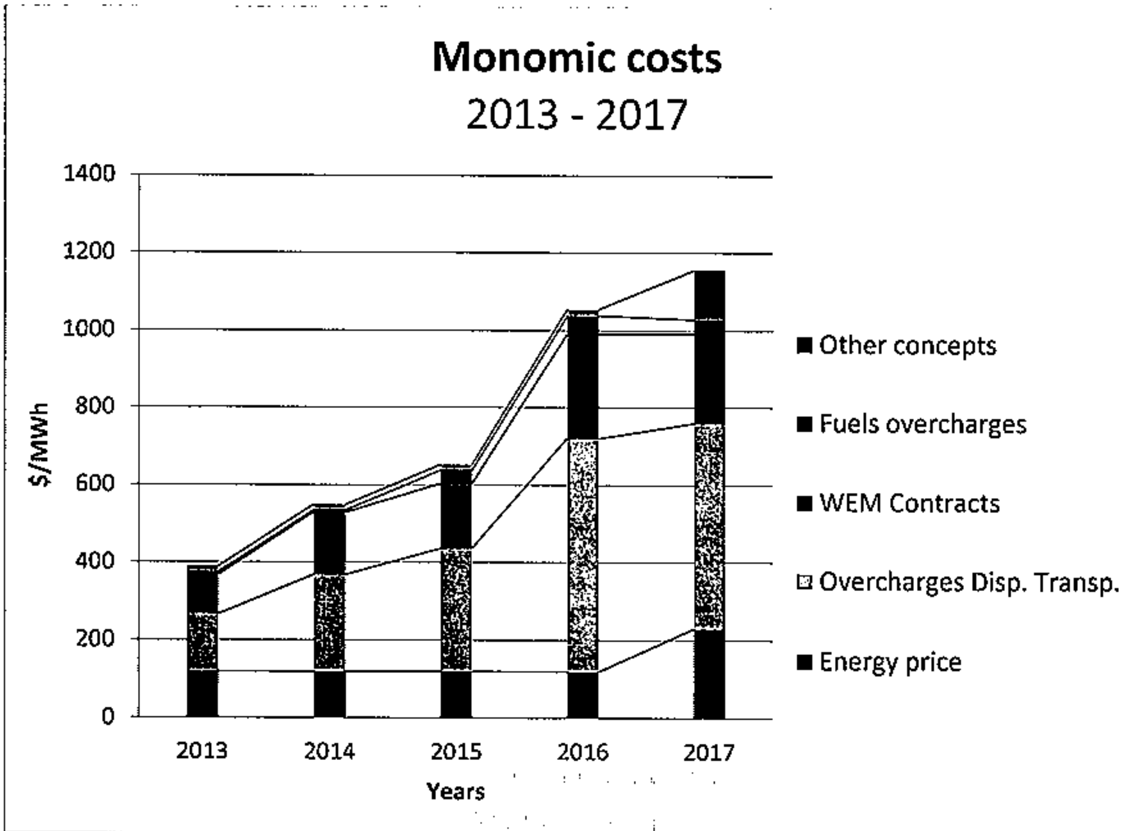
(1) In effect as from February 2013 to January 2014, in pesos converted to US$ at the average annual exchange rate for comparison.
(2) In effect as from February 2014 to January 2015, in pesos converted to US$ at the average annual exchange rate for comparison.
(3) In effect as from February 2015 to January 2016, in pesos converted to US$ at the average annual exchange rate for comparison.
(4) In effect as from February 2016 to January 2017, in pesos converted to US$ at the average annual exchange rate for comparison.
(5) In effect as from February 2017, in US Dollars.



Source: CAMMESA. In pesos converted to US $ at the average annual exchange rate for comparison.

Additionally, the following graph shows the average annual cost of generating 1 MWh in the electric system. This cost includes, in addition to the price of energy, the charge for power, the cost of generation with liquid fuels and other concepts.

M



Source: CAMMESA

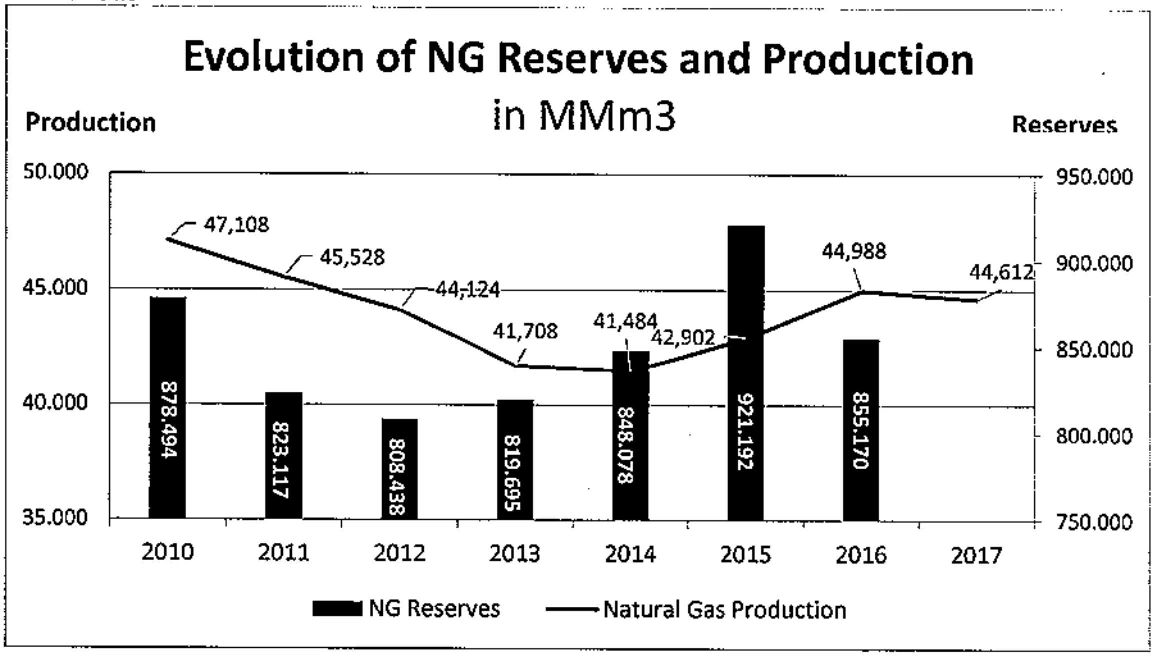
Recognition of fuel costs

Current regulations recognize the own fuel costs valued at the reference price, as well as the recognized freight, the cost associated with transport and distribution of natural gas, and the related taxes and rates, provided that the following conditions are met: (i) that costs have been recognized by CAMMESA at the effective date of the Resolution; and (ii) that costs have originated in contractual relations assumed prior to the effective date of the Resolution.

The commercial management and dispatch of fuel for generation is centralized by CAMMESA.

4.2 Oil, Gas and LPG Market

Natural Gas



Source: Ministry of Energy and Mining - There is no available information on reserves for the year 2017

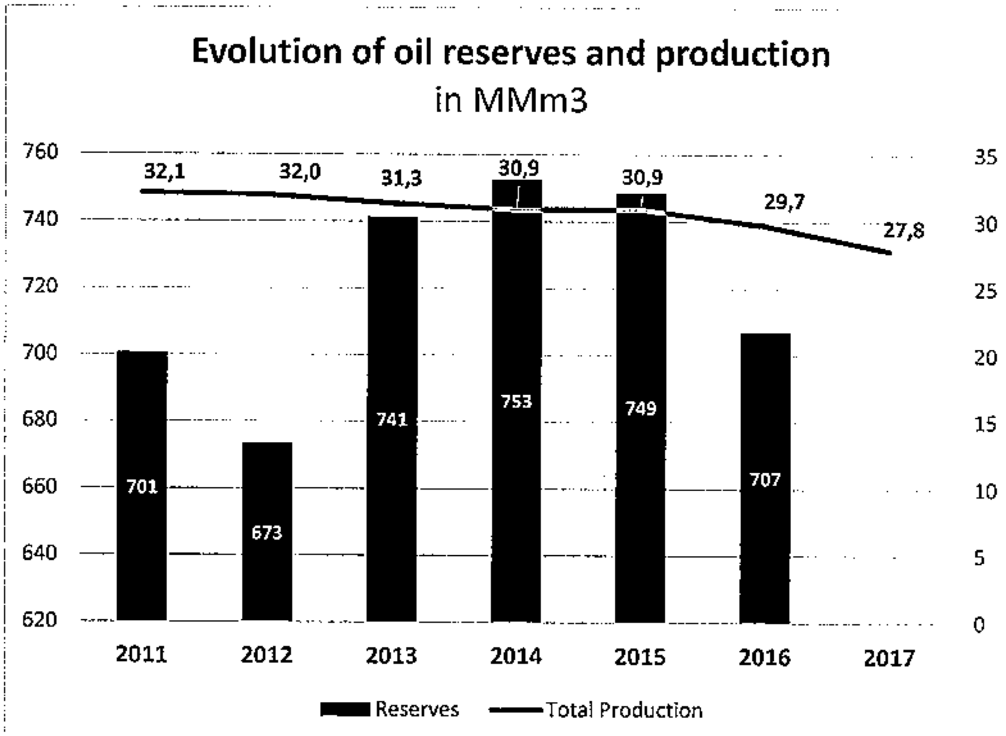
In 2017, total natural gas production for Argentina decreased by 44,612 million m^3, representing a 0.8% decrease as against the volumes produced in 2016. Non-conventional gas production in 2017 increased by 22.2%, that is, 31.4 million m3/day, exceeding the 25.7 million m3/day registered in 2016.

Imports of natural gas increased by 1.4%, 11,088 million m3 imported during the year 2017, while in the previous year 10,937 million m3 were imported, mainly due to the increase in volumes supplied by Bolivia.

According to the latest annual information published by the MEyM, as of December 31, 2016, the total reserves of natural gas in the country amounted to 855.170 million m3, of which 39% corresponded to proven reserves. In comparison with the same data as of December 31, 2015, reserves experienced a decrease of 7.2%.

M.

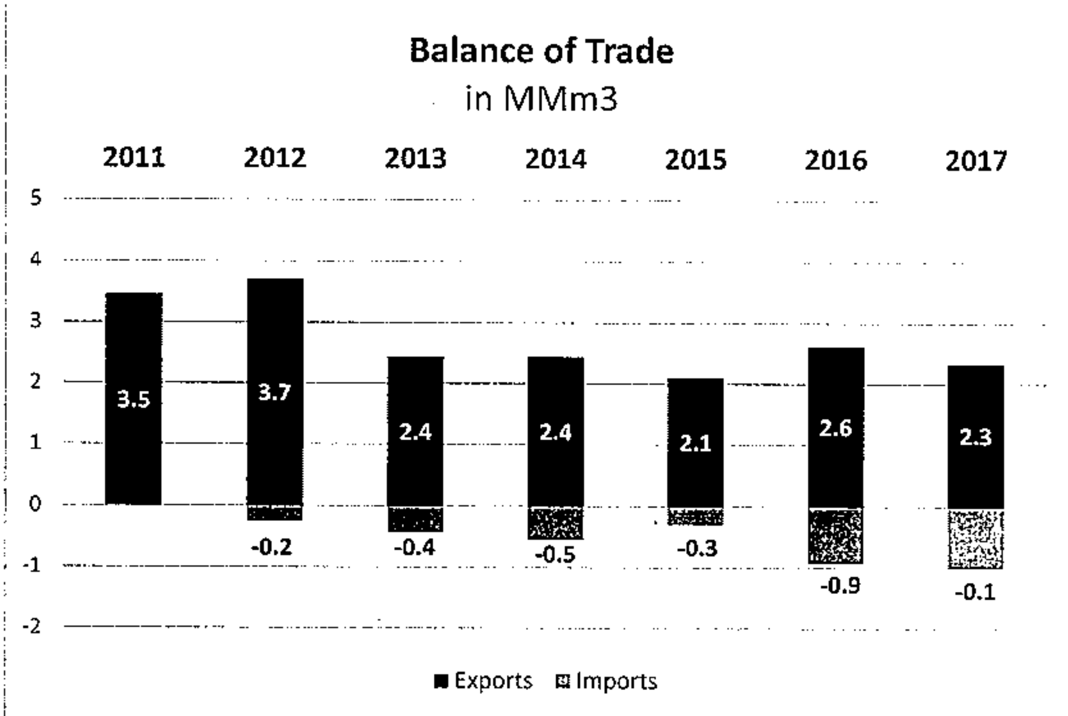
Oil



Source: MEyM - There is no available information on reserves for the year 2016

In accordance with data published by the MEyM, the total oil production in Argentina recorded in 2017 amounted to 27.8 million m³, 6% lower than in 2016, following the trend of recent years. Data for the San Jorge Gulf Basin account for approximately half of the country's production, while the Neuquén Basin accounts for 41%.

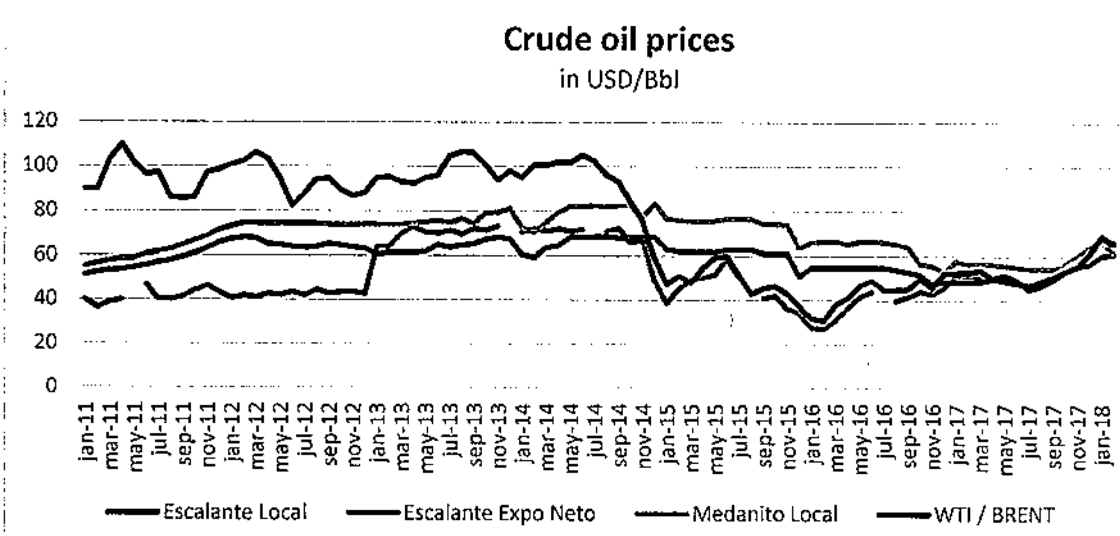
Total reserves of Argentina at December 31, 2016 amounted to 707 million m³, recording a 0.9% increase since 2011.



Source: MEyM

In the year 2017, 1 million m^3 of oil were imported, 7.1% higher than in the prior year. Exports decreased by 10.7% compared with 2016, having exported 2.3 million m^3 of oil, which accounts for 8.4% of total production for the country in the year.

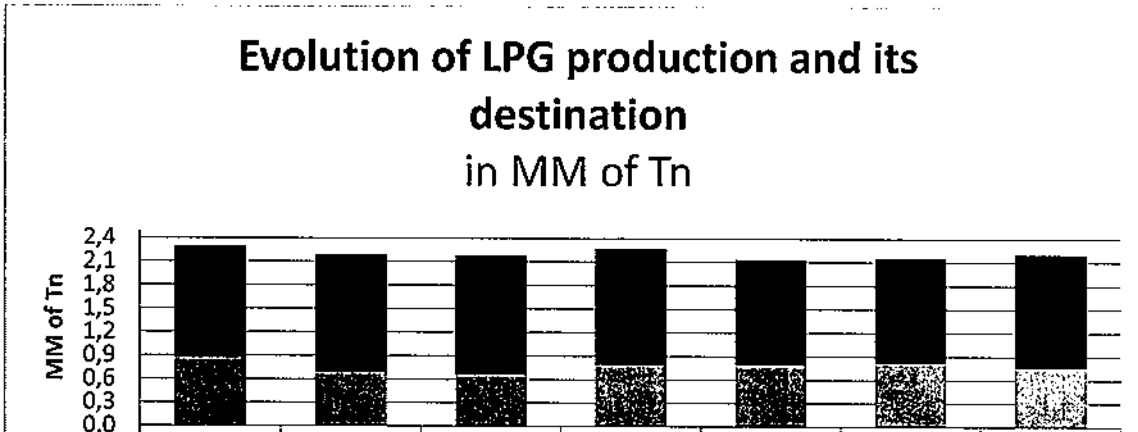
Changes in the oil prices in Argentina



Source: MEyM

The higher price of crude oil type Medanito as compared with Escalante is due to the better quality and capacity for processing at oil refineries and its consequent effect on demand.

LPG



	2011	2012	2013	2014	2015	2016	2017
Local	1,42	1,50	1,52	1,47	1,35	1,33	1,44
Expo	0,88	0,69	0,66	0,80	0,79	0,83	0,77

Source: MEyM

Compared with the prior year, total Argentine production of propane and butane increased 2.2% in 2017, reaching 2.205 million tn/year. 52% of this production is Propane Gas, while the remaining 48% is Butane Gas, as reported by the MEyM.

Exports which had increased by 5.0% between 2015 and 2016, recorded an decrease of 7.5% between 2016 and 2017.

Sales in the local market account for 65% of total 2017 production, while the remaining 35% was mainly exported to Brazil, Ecuador and Chile.

Regulatory Framework - Main topics

Federal Hydrocarbons Law 17319

Ownership of fields

In the original wording, Law 17319 (Hydrocarbons Law) set forth that the liquid and gaseous hydrocarbons fields located in the Argentine territory and its continental shelf were the non-transferable, imprescriptible property of the National Government. However, this ownership was transferred to the Provinces in which the mentioned fields are located.

In Argentina, exploration and exploitation of oil and gas is performed through exploration permits, concessions for exploitation, contracts for exploitation or partnership agreements.

On October 31, 2014, the National Congress passed Law 27007 which amends Law 17319. Among the main changes, it grants a legal status to the figure of concession for unconventional exploitation, created by Decree 929/13. It is established that the term of the concessions for unconventional exploitation of hydrocarbons will be effective for 35 years, with the possibility of successive renewals for 10 years.

With the enforcement of this law, the term of the concessions for conventional exploitation is maintained at 25 years; however, successive renewals of 10 years are authorized for both conventional and unconventional exploitation concessions. Even those concessions currently in place and already extended will be able to be renewed again. As to the renewal processes already started by the provinces, Law 27007 stated that they would have a 90-day period to complete the process.

Law 27007 eliminates, with future effect, the possibility that the Federal Government and the Provinces may reserve areas for exploitation by state-owned companies or entities, or companies or entities with state ownership. The law allows the grantor to decide the system that will be used to exploit and develop the areas reserved for this purpose but in relation to which no agreement has been entered into.

The law maintains a rate of 12% for royalties as set forth by Law 17319. It also maintains the possibility of reducing the rate in certain exceptional cases up to 5% and establishes the possibility of incrementing it by 3 points (resulting in 15%) and introduces a maximum applicable cap of 18% for successive renewals.

Furthermore, Law 27007 created an Investment Promotion System for the Exploitation of Hydrocarbons for investment projects exceeding US$ 250 million and established that in certain cases, part of the production may be freely traded in the foreign market, without paying export duties. In addition, it set forth that foreign currency obtained from the export of hydrocarbons may be freely disposed of.

Federal Law 26741

Declaration of public interest

On May 04, 2012 the Argentine Congress passed Law 26741 of National Hydrocarbons Sovereignty, which declared the self-sufficiency in the supply of hydrocarbons as well as in the exploration, exploitation, industrialization, transportation and sale of hydrocarbons a national public interest.

Among other issues, this law prescribed that the National Executive Branch should be the authority in charge of setting hydrocarbon policies and introducing the measures necessary to accomplish the purpose of the Law with the participation of the provinces and public and private capital, national and international.

Natural gas

Gas Plus Program

Under ES Resolution 24/08, the Energy Secretariat created the so-called "Gas Plus Program" consisting of incentives for new production of natural gas.The Company has submitted several projects, which have been approved. Gas sales made by the Company correspond to the Gas Plus Program.

Stimulus Plan for Injection of Natural Gas for Companies with Reduced Injection

Late November 2013 the Commission for the Strategic Planning and Coordination of the National Hydrocarbon Investment Plan issued Resolution 60/13 which created a new "Stimulus Plan for Injection of Natural Gas for Companies with Reduced Injection" (the "Program"). Companies which have had an average injection lower than 3.5 million of m3/day, such as the Company, could request adherence to that Program. The request for adherence to the Program should be approved by the Commission. In general terms, the Program establishes a system for payments on the prices of Natural Gas, that will be made gradually depending on the excess production of each company over its adjusted base injection (basic production for the period July – December 2013). These payments range from US$4/MMBTU to US$7.5/MMBTU, depending on the injection above the injection basis. The Argentine Government will make these payments on a quarterly basis in pesos. The companies adhering to the Program will undertake the commitment to inject at least the adjusted base injection, or pay the Argentine Government the import price of the missing volume, which will be calculated based on the import price of the liquefied natural gas during the last six months. The Program will be in force for 4 years with the possibility of one-year extension subject to the authorization of the Commission. Companies could adhere to the Program until March 31, 2014.

Resolution 41/16 of the Ministry of Energy and Mining

On April 7, 2016, the Ministry of Energy and Mining adopted Resolution 41/16 setting effective April 1, 2016 the new prices for natural gas at the point of access to the transport system for each original basin, destined for the generation of electricity for sale in the WEM. The applicable price for the Neuquen Basin is US$/MMBTU 5.53.

Resolution 46-E / 2017 - Stimulus Program for Investments in Developments in Natural Gas Production from Unconventional Reservoirs

On March 2, 2017, the Ministry of Energy and Mining issued Resolution 46-E / 2017, which created the "Program to Encourage Investments in Developments in Natural Gas Production from Unconventional Reservoirs" (the "Program"), aimed at encouraging investments for the production of natural gas from non-conventional reservoirs in the Neuquén Basin.

The Program will be in force since its publication in the Official Gazette and until December 31, 2021.

Companies that have the right to produce unconventional gas from concessions located in the Neuquén Basin, which must be registered in the National Registry of Oil Companies, may join this Program. They must also have a specific investment plan approved by the provincial enforcement authority and with the agreement of the Secretary of Hydrocarbon Resources to be included in the Program.

The compensation is calculated on the production of unconventional gas to be marketed, that is, the natural gas conditioned for commercialization, excluding the internal consumptions in field and taking into account the difference between the effective price (average weighted price of the sales of Natural gas from each company to the domestic market) and the minimum price.

The minimum price will be:
US$ 7.50 / MMbtu for calendar year 2018,
US$ 7.00 / MMbtu for calendar year 2019,
US$ 6.50 / MMbtu for the calendar year 2020, and
US$ 6.00 / MMbtu for calendar year 2021.

Payment of the first compensation under the program will be made the month after the one in which the application is made or the month of January 2018, whichever is later. Notwithstanding, those companies participating in the "Natural Gas Injection Stimulus Program for Reduced Injection Companies", created by Res 60/13 of the former Committee on Planning and Strategic Coordination of the National Hydrocarbon Investment Plan, which adhere to the present program, may receive compensation, if applicable, from the month following the one in which the application for inclusion of the company to the Program is submitted. For the purposes of compensation for the year 2017, the minimum price established in this program for the year 2018 will be used. In addition, for the calculation of the effective price for 2017 for such companies, the price of the excess injection provided for in Res. 60/13 will be considered.

Resolution 419-E/2017 - Incentive Program for the Investments in Developments of Natural Gas Production from Unconventional Reservoirs

On November 1, 2017, Resolution 419-E/2017 (which amends Resolution 46-E/2017) was issued, setting a new Appendix I modifying the terms and conditions of the Program.

Definitions:

1. Unconventional Gas: gas from natural gas reservoirs, characterized by the presence of very compact sandstones or clays with low permeability and porosity (Tight Gas or Shale Gas).
2. Included Concessions: Concessions which produce Unconventional Gas, located in the Neuquina Basin.

3. Initial Production: Average monthly Unconventional Gas Production for the period July 2016/June 2017.
4. Included Production:
    a. All the monthly production of Unconventional Gas for those concessions whose Initial Production is lower than 500,000 m3/d.
    b. All the monthly production of Unconventional Gas minus the Initial Production for those concessions whose Initial Production is equal to or higher than 500,000 m3/d.
5. Minimum Price:
    - 2018: 7.50 US$/MMbtu.
    - 2019: 7.00 US$/MMbtu.
    - 2020: 6.50 US$/MMbtu.
    - 2021: 6.00 US$/MMbtu.
6. Effective Price: Average weighted monthly price for the total volume of natural gas sales in Argentina (to be published by the ES).
7. Unit Compensation: The result of the Effective Price subtracted from the Minimum Price (when such difference is greater than zero).
8. Interim payments: payment of 85% of the compensation (estimated on the projections of companies) for the previous month.

Concessions which do not reach an average annual production (12 consecutive months) of 500,000 m3/day in their investment plan before December 31, 2019 will not be considered. If they do not reach the 500,000 m3/day, they must reimburse the compensation amounts received, adjusted with an interest rate (average lending rate of Banco Nación for trade discounts operations). The Secretariat of Hydrocarbon Resources can request a fidelity bond insurance policy to guarantee the reimbursement of the compensation.

- An independent measurement and production schedule must be submitted.
- The payment of the first compensation will correspond to the month after the request is submitted or in January 2018, whichever occurs later.
- Early start of Gas II Plan:
    - The companies participating in Gas II Plan (Resolution 60/13) will be able to receive compensations as from the month after the submission is completed.
    - For 2017, the minimum price to be used will be that of 2018.
    - The effective price for 2017 will be the corresponding price of the excess injection.
- Payments:
    - 88% will be paid to the Company and 12% to the corresponding province.
    - Payment order in pesos, with the exchange rate of the last business day of the month to which the volumes correspond.
- Initial interim Payment:
    - The Secretariat of Hydrocarbon Resources will issue a payment order before the last business day of the month following that of the inclusion of the Company.
    - Within 20 days of the month after which the payment order is issued, a sworn statement of the Included Production, certified by independent auditors, must be submitted.
- Control of Production volumes:
    - Volumes corresponding to the entering points to the Transportation System of Natural Gas: the Secretariat of Hydrocarbon Resources will send the volumes of included production submitted by the companies to ENARGAS, which will verify the injection volumes.
    - Points located before the entering points to the Transportation System of Natural Gas: the Secretariat of Hydrocarbon Resources will verify the results of the measurement of volumes from each Gas Measure Point installed, pursuant to Resolution 318/2010.

Oil

Prices in the domestic market

In the domestic market, oil sales are made at prices negotiated between oil producers and refineries to which crude oil is sold. Those prices are set taking into consideration the current quotation of Brent crude oil, retail (pump) prices for fuels and byproducts, the future price scenarios, and the regulations and requirements established by the government.

Effective January 1, 2017 a group of oil producers and refineries signed a "Pricing Agreement for the Transition to International Prices in the Argentine Hydrocarbons Industry", whereby the sale prices for Escalante and Medanito Crude Oil for 2017 were set. The Company and other heavy oil producing companies did not sign the agreement, so they continued negotiating free sale prices, according to the above-mentioned guidelines.

The Ministry of Energy and Mining stated in a note dated September 22, 2017 that the commitments set out in the Agreement would be suspended as from October 1, 2017, so each company may freely negotiate the prices in the hydrocarbon market, there being freedom for the import and export of crude oil, as long as market supply is ensured.

Export duties

Resolution 1077/2014 of the Ministry of Economy and Finance dated December 29, 2014 defines the international price (IP) of crude oil as the Brent price minus 8 US$ / bbl, and the nominal aliquot of the export right according to the IP of crude oil. As long as crude oil IP does not exceed 71 US$ / bbl, the current tax rate will be 1%, while when crude oil IP exceeds 71 US$ / bbl, the standard defines a polynomial formula [(IP-70) / 70 x 100], which will be used to apply variable withholdings.

As of January 7, 2017, the application of the export duties became ineffective, and Law 26732, which extended the collection of export duties for the term of 5 years as from January 7, 2012, has expired.

LPG

Law 26020 and ES Resolution 168/05

The regulatory framework for the industry and commercialization of LPG has been approved by Congress through Law 26020. The main objective of that regulatory framework is to ensure regular, reliable and economic supply of LPG to low-income residential customers who do not have natural gas supply service through networks. In addition, a general policy has been established, with precise objectives for the regulation of the LPG industry and commercialization, all of them tending to improve market competitiveness and further develop the LPG industry, encouraging efficiency in the sector and guaranteeing safety in all the stages of the activity, with an adequate protection of users' rights, especially at the time of fixing prices.

Law 26020 covers the whole LPG production chain, that is, the activities related to the production, fractionation, transport, storage, distribution, port services and sale of LPG throughout the Argentine territory.

As regards the production own regulation, Section 11 of Law 26020 has established the freedom of production activity, that is, production of LPG in any manner or through technical alternatives is free: new plants may be opened or the existing ones may be enlarged only upon compliance with Law 26020, its regulatory provisions and the pertinent technical standards.

Furthermore, Law 26020 authorizes the free import of LPG with the only requirement of compliance with that law and its regulatory and complementary provisions, with no need for prior authorization. Conversely, export of LPG will only be free after the domestic supply volume has been guaranteed, with the prior authorization from the National Executive Branch being required in each case.

As provided by ES Resolution 168/05, those interested in making export transactions are to register with the liquefied petroleum gas Bureau, under the authority of the Fuels Undersecretariat, for their approval, and those interested in exporting LPG are to demonstrate that demand from the whole commercial chain has been duly satisfied with the mechanism established by that resolution.

Law 26020 Enforcement Authority is the Energy Secretariat, which must secure and enforce compliance with the objectives set by that law in relation to the regulation of the LPG industry and commercialization, issuing such regulations as may be necessary for such purpose.

Decree 470/2015 and ES Resolution 49/2015

In March 2015, Decree 470/2005 and ES Resolution 49/2015 were published, which replaced the "Garrafas para Todos" (Gas Bottles for Everyone) Program in force since 2009 with the "Hogares con Garrafas" (Homes with Gas Bottles) (HOGAR) Program. This new Program modifies the system of subsidies and maximum prices in force. The Company took part in those programs.

The maximum reference prices to be billed by producers under the "Homes with Gas Cylinders ("Hogares con Garrafas" or "HOGAR") were updated in April 2018 (Disposition 5/2018). The new prices were set at $ / tn 5,416 for butane and $ / tn 5,502 for propane, with the compensations remaining at $ / tn 550 and $ / tn 200 for butane and propane, respectively.

Undiluted Propane Gas Supply Contracts

Since 2002, "Undiluted Propane Gas Supply Agreements" for Networks have been entered into with propane gas producers; the purpose of these agreements is to ensure stability in the supply conditions of propane gas for the distribution networks currently operating in Argentina.

The agreements, until December 2015, included the direct collection of $ 300/tn from the party receiving the volume of gas comprised in the agreement. The difference between this amount and the price known as "Export Parity Local" published by the ES is collected by means of a tax credit certificate and/or in cash from the enforcement authority.

Deliveries between May 1, 2015 and December 31, 2015 were not collected through a tax certificate, instead they were collected through the issuance of public debt instruments (BONAR 2020 US$). The Company had to adhere as a Beneficiary Company of that program, created by means of Decree 704/2016, published in the Official Gazette on May 20, 2016.

The prices collected by these companies were index-adjusted in October 2016 (Res 212/2016), March 2017 (Res 74-E/2017) and in November 2017 (474/ E/2017); the price in effect as from that date for residential users was determined at $/tn 1,941.

As set forth in the Sixteenth Agreement to Extend the Propane Gas Supply Agreement for Undiluted Propane Gas Distribution Networks expiring on December 31, 2019, a new semi-annual price adjustment mechanism was established effective March 2018, with an Adjustment Percentage of 35% between April and September 2018, 49% between October 2018 and March 2019, and 70% between April and December 2019. Those percentages will be applied to the price of LPG - Export Parity for the month prior to the commencement of each period of price adjustment.

5. The Environment

The Company's strategy continues basing on sustainable development, environmental preservation and compliance with applicable legislation, for which purpose it annually proposes actions for which it allocates resources and ensures follow-up to achieve the proposed objectives. This is done through the annual development of a dynamic Environmental Management Plan which provides all necessary measures for the effective control of the environmental aspects associated with activities, products and services, including emergency situations.

This Management Plan is carried out under the ISO 14001 standard, which is an international environmental management standard that requires the commitment to improve the environment on a permanent basis and comply with applicable regulations. The environmental management prepared for this purpose was implemented and certified in the oil and gas field of Agua del Cajón and in the LPG plant in 2000, while in the Agua del Cajón thermal power plant it was certified in 2001.

From the date of certification to date, Capex renewed the certification of its environmental management system according to ISO 14001 (in its 1996 and 2004 versions). As of 2015, with the issuance of the new ISO 14001 standard, work began on adapting to the requirements of this, achieving certification in December 2017 for the Agua del Cajón Thermal Power Plant, and in January 2018 for the Agua del Cajón field and the LPG plant.

Through the application of the SGA, Capex constantly strives to improve its environmental performance, for which:

(i) Keeps under control all significant environmental aspects of the activities, products or services of the operating areas, taking into account the interests of third parties and legal.
(ii) Sets environmental goals and targets, analyzing the context as well as the risks and opportunities that it presents
(iii) Permanently monitors the key indicators of each operational area. Some of them are associated with the monthly monitoring of water, soil, air resources, and others are of process such as waste generated vs generated equivalent energy; waste generated vs. waste reused; volume of affected soils vs spills. These indicators give an account of the evolution and management of resources.

Further, the Company is audited by public entities (ENRE), whether by themselves or by companies authorized and hired for such purpose. These audits monitor the operation of the management system for each transaction, and for the definition and compliance with responsibilities and other commitments taken on in relation to the management systems for the different activities.

SEB also has a quality management system for the laboratory at the LPG plant, certified under ISO 9001 standard and it maintains it throughout the time.

A major progress has been made in terms of the environment with the development of Stage IV of the Power Electricity Generation Project as a result of the reduced emissions of greenhouse gases and nitrogen oxide (NOx). With the accomplishment of this goal, Capex qualified under the *United States Initiative on Joint Implementation (USIJI)* as a reducer of greenhouse gas emissions. It has also obtained recognition from the Argentine Bureau for Joint Implementation.

In May 2006, the Company applied for registration of the project with the UN Executive Board; however, the application was rejected by the Board in November 2006. The grounds for the rejection were that the project was constructed prior to January 1, 2000, thus failing to comply with the provisions of paragraph 4 of the 7/CMP1 ruling which forms part of project approval procedures.

The Company considers that the grounds provided are clearly arbitrary, as this specification establishes that the "start date for project activities" should be after January 1, 2000, the "start date" understood to be the period in which implementation or construction or actual execution of project activities has already begun and can be documented. As permitted by the regulations, the Company opted to use for purposes of qualification the "actual execution" of the project which materialized with its commercial start-up on January 17, 2000.

A petition for reconsideration was filed in February 2007, but it was also rejected by the Executive Board. In June 2009 the Company submitted to the Executive Board a new letter requesting that if a procedure is implemented to appeal against projects rejected by the Board, such procedure be applicable to newly rejected projects as well as to those predating its implementation.

The Company is waiting for a rule to be issued which contemplates the possibility to appeal.

During the current year the Company continued with the routine periodical analyses of exhaust gases, in compliance with current regulations and to monitor their impact on the environment. The NOx emissions indicator is one of the indicators that are reviewed periodically, giving results below the limits established by current regulations. As regards liquid effluents, care has been taken regarding their final disposal to comply with current regulations and mitigate their environmental impact, in addition to carrying an indicator related with the volume generated annually. Studies were also carried out to evaluate the performance of what is installed to date in relation to effluent management.

Additionally, in the area of Agua del Cajón, in 2014, a reforestation plan was initiated that has been maintained to date and which has allowed the rehabilitation of sectors impacted by hydrocarbons activity in a total area of 7 hectares. This is possible through the implantation of native species adapted and cared for in such a way as to support the climate of the Patagonian steppe. Based on the achievements, it is expected to continue this same methodology.

Furthermore, over the years improvements have been made in waste management, with on-site treatment systems that allow the reduction of the impacts associated with transport and better control of the application of the measures necessary for the treatment. Examples of this are the recent management of cutting residues and the management of oiled soil, which treats all soils originated by possible oil spills.

Lastly, in line with the commitment to reduce the consumption of natural resources and rationalize the energy consumption adopted in its environmental policy, Capex has made changes to the Water Thermal Plant of Agua del Cajón that allowed to minimize the consumption of fresh water of the industrial type, as well as to subtract the consumption of electric energy consumed by auxiliaries.

As regards Hychico, in May 2012, Diadema Eolic Energy Farm obtained the certification under ISO 14001 Standard, so it is the first eolic energy farm in Argentina that has achieved this goal, which still maintains, being IRAM the certifying body. Hychico aims to make the adaptation to the new 2015 version of the standard, with the aim of certifying under it in July 2018.

6. Systems and communications

The Company has information systems that allow for the adequate recording of every economic event, thus enabling an adequate level of internal control and providing timely and reliable information.

In the course of the year, the email and internal chat tools of the organization were updated.

The new solution for the Payroll Settlement systems as well as the Commercial Control and Contractor Documentation systems was implemented, as planned in the previous year.

A simplification process was carried out in the codification of the JDEdwards roles that results in a better management of them. The migration to the new version of JDEdwards began, which is estimated to have been implemented during the first quarter of next year.

For the incorporation of the operation of the areas of Loma Negra and La Yesera, the implementation of new administrative, commercial and operational circuits was carried out in order to comply with legal and corporate requirements.

During the financial year 2018-2019 the Company will focus on the implementation of new solutions for the Management of Drilling and Plant Equipment and the incorporation of a Security Management tool for a better segregation analysis of functions in JDEdwards.

In addition, an enhancement of the Computer Security technology will be carried out by means of the implementation of a "Sandbox" (separate test environment) that allows to analyze and execute tests in a secure way on those files suspected of containing malicious code.

7. Human Resources

During the fiscal year, the Company focused its efforts on an action plan related to the following strategic guidelines:

Strengthening leadership skills and competencies critical to the business:

- We implemented the second edition of the Management Development Program IAE, in which we focus on Learning and Personal Change, Diversity Management, Communication, Commitment and Motivation, Training of Collaborators and Team Development. Action plans were generated that will optimize the dynamics of the teams and key aspects for the development of leadership and business.
- We continued with the implementation of Targeted Programs, aimed at meeting development needs, identified at the levels of middle management and management.
- We move forward with the development of Supervisor Training Programs.
- We concluded the implementation of the Training Program for Analysts in the administrative areas, whose objective is the development and strengthening of key competences for the organization and deepening of the knowledge of the business.
- Within the Analysts Training Program, we worked on the identification of process improvements and administrative circuits that are in the process of being implemented.

Promoting change and organizational alignment:

- We continued with the realization of projects of continuous improvement. Based on the experience gained in the operational and production sectors, with the use of Lean and Six Sigma tools, we identified opportunities for proceses improvement in the areas of Administration, with the participation of an interdisciplinary team, concluding with the implementation of the Financial Accounting Information Generation module, within which opportunities for improvement in delivery times and quality of information were identified.
- We work on the generation of induction and alignment tools for the process of taking the Operation of the Loma Negra and La Yesera areas.

Having a sustainable organization:

- We continue working on the strategy of succession of critical positions defining actions for the medium / long term, identifying key positions and maps of succession that will be implemented with a defined schedule.
- On-going Occupational Health programs.

Attraction and retention of talent:

- We have a strict recruitment process seeking to integrate into the company the best profiles to accompany its culture, also generating opportunities for our own personnel through the publication of internal searches.
- Regarding the process of Internal Searches, in order to guarantee transparency and equal opportunities for all employees, all the personnel were informed about vacant positions in the process of taking over the new fields.
- We have implemented a process for identifying talented people within the company and set in motion individual development plans for their growth, with a focus on critical competencies.

Strengthening labor relations within a positive productive environment:

- We maintain open relations and negotiations with the different actors - Unions, Provincial and National Authorities, Intendencies - operating in the Neuquén Basin, in order to ensure the maintenance of social peace in a changing and challenging environment. Our objective is not to affect production or negatively impact the scope of work of our collaborators and contractors, ensuring the completion of committed investment plans.
- In the year ended, we signed the Collective Agreement of Work with APUAYE (Association of University Personnel of Water and Energy).

Our professionals participate in professional updating programs and specialty forums both national and abroad.

For the medium term, and in light of the changes in which the Company is involved, we will continue strengthening and acquiring critical competencies for the sustained development of our businesses, and consolidating a leadership model that will lead to its success, promoting innovative and sustainable actions.

Improvement of the organization, a sustained internal climate of excellence and productive efficiency continue to be central actions to be taken in the coming years.

We maintain our commitment to strengthen the relationship with the main social and union actors, promoting actions that ensure social peace.

8. Financial Situation

Financial debt of the Company and its subsidiaries at April 30, 2018 is structured as follows:

Amounts in $thousands

Bank and financial debt	Current	Non-current	Total
Corporate Bonds - Senior Notes (NO)	(195,344)	(6,162,000)	(6,357,344)
Advance funding for CT ADC maintenance	(56,647)	(58,402)	(115,049)
Corporación Interamericana de Inversiones (CII)	(16,624)	(49,296)	(65,920)
Commissions, accrued expenses and guarantees	8,811	44,198	53,009
Total	(259,804)	(6,225,500)	(6,485,304)

Amounts in $thousands

Investments	Current	Non-current	Total
Time deposits	217,315	-	217,315
LETES 2018	495,100	-	495,100
Mutual funds	3,409,989	-	3,409,989
BONAR 2020	137,353	-	137,353
Paid account	347,277	-	347,277
Total	4,607,034	-	4,607,034

Amounts in $thousands

Net position	Current	Non-current	Total
Total	4,347,230	(6,225,500)	(1,878,270)

The Group bases its financial strategy on two pillars: (i) maintaining its financial liabilities in medium and long-term structures in order to maintain a maturity profile according to the cash generation of its businesses and, (ii) prioritizing the position of liquidity in order to be able to complete its growth and investment plan.

In line with this strategy, Capex owns all of its structured financial liabilities under the issuance of Corporate Bonds Class II for US$ 300 million completed in May 2017 and whose maturity is fully effective in May 2024, at a nominal annual rate of 6.875%. The funds received from this issuance were used to refinance Corporate Bonds Class I of US$ 200 million due in March 2018 at an annual nominal rate of 10% and to increase the liquidity of Capex in order to complete its plan of investments and acquisition of new businesses. In this sense, this additional liquidity was used, in part, to acquire the Loma Negra and La Yesera hydrocarbon areas and to meet the investments associated with the development of the Diadema Eolic Energy Farm II, awarded within the framework of the RenovAR Ronda 2.0 Program. In addition, it is the Company's intention to pay for the acquisition of the Pampa del Castillo - La Guitarra hydrocarbon area with funds from the issuance of the aforementioned Corporate Bonds Class II, once the preceding conditions established in the purchase sale agreement have been completed.

Lastly, and in line with the aforementioned strategy, the Group has at the date of these financial statements a liquidity position of US$ 138 million and $ 1,773 million, which is invested in instruments of immediate liquidity. It should be noted that as of the date of issuance of these financial statements, the Group holds approximately 90% of its placements in US dollars.

9. Results for the year

The following table summarizes the consolidated ratios obtained in the fiscal year ended April 30, 2018, compared to the previous year:

Ratios	04.30.2018	04.30.2017
Solvency (Shareholders' Equity/Liabilities)	0.62	0.62
Debt-to-equity ratio (Liabilities / Shareholders' Equity)	1.60	1.61
Current ratio (Current Assets / Current Liabilities)	4.15	0.56
Quick (Acid Test) Ratio (Current Assets – Inventory and Spares and Materials / Current Liabilities)	4.15	0.56
Net worth to assets ratio (Shareholders' Equity/ Total Assets)	0.38	0.38
Asset Immobilization Ratio (Non-current Assets / Total Assets)	0.63	0.76
Return on Assets (Gross Profit / Total Assets)	0.18	0.21
Return on Equity (Net Profit / Average Shareholders' Equity)	0.49	0.65
Ordinary Return on Investment (EBT / Shareholders' Equity (excluding net comprehensive result for the year))	0.72	1.12
Leverage (Return on Equity / Return on Assets)	2.72	3.10
Assets turnover (Sales / Total Assets)	0.28	0.31

Consolidated comprehensive income statement

Thousand $

	04/30/2018	04/30/2017	Variation	
Net Sales	4,181,833	2,895,651	1,286,182	44.4%
Cost of Sales	(1,385,140)	(952,901)	(432,239)	45.4%
Gross Profit	**2,796,693**	**1,942,750**	**853,943**	**44.0%**
Selling Expenses	(609,224)	(451,719)	(157,505)	34.9%
Administrative Expenses	(268,123)	(182,637)	(85,486)	46.8%
Other operating income net	618	946	(328)	-34.7%
Operating result	**1,919,964**	**1,309,340**	**610,624**	**46.6%**
Financial income	1,236,598	241,034	995,564	413.0%
Financial costs	(2,170,943)	(679,454)	(1,491,489)	219.5%
Other financial income	(28)	(2,054)	2,026	-98.6%
Result Before Income Tax	**985,591**	**868,866**	**116,725**	**13.4%**
Income Tax	(288,255)	(302,065)	13,810	-4.6%
Net Result of the Year	**697,336**	**566,801**	**130,535**	**23.0%**
Other Comprehensive Results	1,575,080	1,165,842	409,238	35.1%
Comprehensive Result for the Year	**2,272,416**	**1,732,643**	**539,773**	**31.2%**

The performance of the results as of April 30, 2018 with respect to April 30, 2017 was as follows:

- Gross profit amounted to $ 2,796,693 thousand, in the year ended April 30, 2018, representing 66.9% of net sales, compared to $1,942,750 thousand or 67.1% of net sales at April 30, 2017. Gross profit increased by 44.0%.
- The operating result, in the year ended April 30, 2018 amounted to $ 1,919,964 thousand (profit), compared to $ 1,309,340 thousand (profit) for the prior year, representing an increase of 46.6%.

- The net result amounted to $ 697,336 thousand (profit), in the year ended April 30, 2018, compared to $ 566,801 thousand (profit) for the previous year, representing an increase of 23.0%.

- Other comprehensive income amounted to $ 1,575,080 thousand (profit), as a result of the revaluation for certain assets of Property, plant and equipment as of April 30, 2018 and 2017.

- The comprehensive result for the year was of $ 2,272,416 thousand (profit) in the year ended April 30, 2018, compared to $ 1,732,643 thousand (profit) for the previous year, representing an increase of 31.2%.

Net Sales

Thousand $

Product	04/30/2018	04/30/2017	Variation	
Energy				
Energy CT ADC (1)	3,023,870	2,213,023	810,847	36.6%
Energy DEEF	68,232	41,457	26,775	64.6%
Façon Service of electric energy	6,080	4,189	1,891	45.1%
Gas	113,650	11,525	102,125	886.1%
Oil	679,253	447,470	231,783	51.8%
Propane	166,439	103,285	63,154	61.1%
Butane	105,237	72,819	32,418	44.5%
Oxygen	2,455	1,883	572	30.4%
Services	16,617	-	16,617	100.0%
Total	4,181,833	2,896,651	1,286,182	44.4%

(1)It includes income generated by the gas produced in the ADC, Loma Negra and La Yesera areas, these last two as of December 2017, consumed in the CT ADC. and paid by CAMMESA under the concept Own Fuel Recognition.

Sales for the year ended on April 30, 2018 increased by 44.4% compared with the previous year. The evolution of each product was as follows:

a) Energy:

The income generated by CT ADC operations measured in pesos increased by $ 810,847 thousand. representing a rise of 36.6% from $ 2,213,023 thousand as of April 30, 2017 to 3,023,870 thousand as of April 30, 2018. This variation was due to an increase in the price given by:

(i) An increment of 93.4% in the average sales price on GW sold. from an average 170.3 $/MWh in the year ended April 30, 2017 to an average 329.5 $/MWh in the year ended April 30, 2018 as a result of the increases in the rate schedule implemented by Resolution SEN 19 E/2017 (effective since February 2017).

(ii) An increase of 8.5 % in the remuneration recognized by CAMMESA to generators for the gas produced by ADC, Loma Negra and La Yesera areas, and consumed in the CT ADC, and generated by the rise in the peso/US dollar exchange rate, currency in which said gas is remunerated, compensated by the lower consumption of own gas in the CT ADC. Resolution 41/16 issued by the Ministry of Energy and Mining (in force as from April 2016) established the reference value of gas per million BTU for thermal plants from Neuquén basin of US$ 5.53. Income for that remuneration is included within the Oil and Gas segment (Note 5 to the Consolidated financial statements).

The ADC CT generation remained in line with the previous year.

Sales of energy from the DEEF measured in pesos increased by $ 26,775 thousand, representing a rise of 64.6%, from 41,457 thousand for the year ended at April 30, 2017 to $ 68,232 thousand for the year ended at April 30, 2018. In the year ended April 30, 2018. sales in GWh were 29.1 at an average price of $/MWh 2,344.7 and in the year ended April 30, 2017 it was of 23 GWh at an average price of $/MWh 1,802.5; the price increase is due to the increment in the US dollar exchange rate, currency in which the price is fixed with CAMMESA. The increase in GW sold was due to the wind factor increase by 37% (in the previous year there was an unavailability of a wind turbine for 93 days due to technical problems, which was economically compensated by the supplier of the wind turbines).

b) Façon Service of electric energy:

Façon services for the generation of electricity with natural gas and hydrogen measured in pesos increased by $ 1,891 thousand, representing a rise of 45.1% from $ 4,189 thousand for the year ended at April 30, 2017 to $ 6,080 thousand for the year ended at April 30, 2018. This variation was mainly due to a 26% increase in the peso rate as a result of the higher price of the US dollar, currency in which the price of this service is fixed, and an increase in MWh sold during the year.

c) Gas:

Gas production decreased slightly, by 1.7%, from 566,840 thousand m3 as of April 30, 2017 to 557,353 thousand m3 as of April 30, 2018. Taking into account the natural decline of the field, Capex has been supporting the level of gas production through the investments made, encouraged mainly by the increase in the price of gas, stimulus programs and the development of reserves with better productivity. As of November 2017, Capex incorporated gas production from its participation in the Consortia with concessions in the Loma Negra and La Yesera areas in the Province of Río Negro with an average of 91.2 thousand m3 per day.

Under the "Gas Plus" program, Capex, in the year ended April 30, 2018, sold $ 113,650 thousand corresponding to the delivery of 32,814 thousand m3 at an average price of US$ / m3 0.20496 (or US$ 5.6 million btu), while in the previous year gas sales amounted to $ 11,525 thousand corresponding to 4,186 thousand m3 at an average price of US$ / m3 0.18658 (or US$ 5.1 million). btu). The increase in the m3 sold is due to better commercial conditions and the contribution of the sales of the Consortia of the Loma Negra and La Yesera areas for $ 5,370 thousand corresponding to the delivery of 2,518 thousand m3 for the month of November 2017.

The remaining gas was used for the generation of electric energy in the ADC CT and in the operation of the LPG plant.

d) Oil:

Sales of oil increased by $ 231,783 thousand. representing an increment of 51.8%. This rise was due to an increment of 29.2% in the m3 sold, from 75,872 m3 as of April 30, 2017 to 98.003 m3 as of April 30, 2018, and an average increase of 17.5% in the price in pesos, effect of the price increase agreed between the parties and the exchange rate of the US dollar that was applied on the sale prices. Considering the international price of crude oil and the need for a local price that allows developing the production activity, and the impact of the exchange rate in the final price of oil, at the pump, producers and refiners have been negotiating a price convergence of the internal product with the international value thereof.

Oil production increased by 29.3%. from 47,393 m3 as of April 30, 2017 to 61,294 m3 as of April 30. 2018, due to the results obtained from the stimulation of some wells and to the incorporation of oil production from its participation in the consortia with concessions in the Loma Negra and La Yesera areas in the Province of Río Negro, of an average of 42.4 m3 per day as of November 2017.

e) Propane, butane and gasoline:

- Sales of propane increased by $ 63,154 thousand or 61.1% from $ 103,285 thousand as of April 30, 2017 to 166,439 thousand as of April 30, 2018, including the income from the "Propano Sur Program".

  The rise in sales is the result of an increase in the average sales price of 58.9%. from $ 4,896.9 average $/tn as of April 30, 2017 to $7,779 average $/tn as of April 30, 2018, due mainly to the rise in international prices and the exchange rate of the US dollar. Volume sold rose by 1.4 %.

- Sales of butane increased by $ 32,418 thousand or 44.5% from $ 72,819 thousand at April 30, 2017 to $ 105,237 thousand at April 30, 2018. This was result of a rise in the average sale price of 43.8%. from $/ton 5,178.8 on average as of April 30, 2017 to $/ton 7,445.1 on average as of April 30, 2018, mainly due to the increase in international prices and the US dollar exchange rate. The volume sold had an increase of 0.5%.

- No sales of gasoline were recorded at April 30, 2018 and 2017 because the production of 28,102 m3 and 27,830 m3. respectively, were blended and sold with oil for market reasons.

f) Oxygen:

Hychico sold 127,113 m3 and 112,379 m3 of oxygen for a total of $ 2,455 thousand and $ 1,883 thousand in the years ended on April 30, 2018 and 2017, respectively. This increase in sales was the result of a rise in the sale price due to the increase in the price of the US dollar and an increase in the volume sold of 13.1%.

g) Services:
It corresponds to the participation of 37.5% over the income for the services provided by the Loma Negra Consortium for the treatment of crude oil and the gas readiness as of November 2017.

Cost of sales

Thousand $

	04/30/2018	04/30/2017	Variation	
Fees and other compensations	(26,500)	(12,850)	(13,650)	106.2%
Salaries and social security contributions	(328,466)	(251,574)	(76,892)	30.6%
Materials, spare parts and others	(62,772)	(39,126)	(23,646)	60.4%
Operation, maintenance and repairs and materials, spare parts and others	(159,051)	(102,398)	(56,653)	55.3%
Fuel, lubricants and fluids	(21,894)	(7,017)	(14,877)	212.0%
Transportation, freight and studies	(15,285)	(12,465)	(2,820)	22.6%
Amortization of Property, Plant and Equipment	(689,937)	(481,858)	(208,079)	43.2%
Office, travel and representation expenses	(4,861)	(4,207)	(654)	15.5%
Taxes, rates, contributions and insurance	(41,851)	(34,275)	(7,576)	22.1%
Acquisition of electricity from CAMMESA	(51)	(118)	67	-56.8%
Acquisition of gas to third parties	(17,741)	(8,573)	(9,168)	106.9%
Adjustment on the cost of sales	(16,731)	1,560	(18,291)	-1172.5%
Cost of Sales	**(1,385,140)**	**(952,901)**	**(432,239)**	**45.4%**

The cost of sales as of April 30, 2018 amounted to $ 1,385,140 thousand (33.1 % of sales), while as of April 30, 2017 it amounted to $ 952,901 thousand (32.9% of net sales).

The 45.4% increase in the cost of sales was mainly explained by:

- the higher depreciation charge for the assets related to the exploitation of oil and gas, the CT ADC, DEEF and the LPG Plant for $ 208,079 thousand, as a result of the larger investment made and the upgrade of the technical revaluation of certain assets carried out at April 30, 2018. and the investment in the extension of the Agua del Cajón area concession.
- an increment of $ 76,892 thousand in labor costs. as a result of the salary increases granted;
- a rise in the costs of materials, spare parts and others for $ 23,646 thousand, as a consequence of the increase in the activity of the field for the maintenance of the production;
- an increase of $ 56,653 thousand in operation. maintenance and repairs costs. as a result of the rate increments for these services throughout the period;
- an increase in fees and other compensation of $ 13,650 thousand, mainly as a result of the contracting of geological studies,
- an increase in the costs of fuels, lubricants and fluids of $ 14,877 thousand, as a consequence of the rise in the activity of the deposit and the increase in prices, and
- an increase in gas transportation expenses of $ 9,168 thousand, as a consequence of the increment in the gas tariff.

M.

Selling expenses

Thousand $

	04/30/2018	04/30/2017	Variation	
Royalties	(401,038)	(327,592)	(73,446)	22.4%
Cost of transport and energy deliveries	(67,377)	(24,465)	(42,912)	175.4%
Turnover tax	(137,399)	(95,875)	(41,524)	43.3%
Commissions and other	(3,410)	(3,787)	377	-10.0%
Selling expenses	**(609,224)**	**(451,719)**	**(157,505)**	**34.9%**

Selling expenses amounted to $ 609,224 thousand. representing 14.6% of sales. The 34.9% increase was mainly due to a rise in:

a) the costs of transportation and dispatch of energy as a result of the increase in tariffs,
b) the royalties associated with the gas, generated by: i) the increase in the average price of the gas used for the liquidation of royalties (price for sale to third parties and income from recognition of own fuels by CAMMESA) and ii) the rise in the quotation of the US dollar
c) the royalties associated with the greater oil produced by the incorporation of the participations in the Loma Negra and La Yesera Consortia, and an average increase of 17.5% in the price.
d) the turnover tax as a consequence of the higher billing.

Administrative expenses

Thousand $

	04/30/2018	04/30/2017	Variation	
Fees and other compensations	(17,485)	(11,199)	(6,286)	56.1%
Salaries and social security contributions	(130,770)	(88,550)	(42,220)	47.7%
Operation, maintenance and repairs	(25,069)	(15,952)	(9,117)	57.2%
Transportations, freight and studies	(1,815)	(1,748)	(67)	3.8%
Amortization of property, plant and equipment	(3,602)	(1,538)	(2,064)	134.2%
Office, travel and representation expenses	(4,738)	(2,256)	(2,482)	110.0%
Taxes, rates, contributions, insurance and rental	(33,676)	(26,401)	(7,275)	27.6%
Bank expenses	(50,968)	(34,993)	(15,975)	45.7%
Administrative expenses	**(268,123)**	**(182,637)**	**(85,486)**	**46.8%**

Administrative expenses amounted to $ 268.123 thousand. or 6.4% of sales. With respect to the previous year, there was an increase of $ 85,486 thousands, or 46.8%. This increment is mainly due to: i) an increment in salaries and social security contributions. as a result of the salary increases granted; ii) an increment in rental expenses and iii) a rise in bank charges as a consequence of the higher tax on bank debits and credits given the higher expenditures in the purchases of the business line and the acquisitions of the consortia and the higher income received by the Group.

Other operating income / (expenses), net

Thousand $

	04/30/2018	04/30/2017	Variation	
Sale of vehicles	300	528	(228)	-43.2%
Provision for lawsuits and fines	(50)	(481)	431	89.6%
Provision for turnover and obsolescence of spare parts and materials	-	1,049	(1,049)	-100.0%
Cost of services of consortia indirect administrative charges	2,652	-	2,652	100.0%
Sundry	(2,284)	(150)	(2,134)	1422.7%
Other operating income / (expenses), net	**618**	**946**	**(328)**	**-34.7%**

Other operating income / (expenses), net as of April 30, 2018 and 2017, represented a gain of $ 618 thousand and $ 946 thousand, respectively.

Financial results

Thousand $

	04/30/2018	04/30/2017	Variation	
Financial Income	1,236,598	241,034	995,564	413.0%
Financial Costs	(2,170,943)	(679,454)	(1,491,489)	219.5%
Other financial results	(28)	(2,054)	2,026	-98.6%
Financial Results	**(934,373)**	**(440,474)**	**(493,899)**	**112.1%**

a) Financial income

Thousand $

	04/30/2018	04/30/2017	Variation	
Exchange difference	866,293	43,334	822,959	1899.1%
Interest and others	368,155	187,774	180,381	96.1%
Interest accrued on receivables	2,150	9,926	(7,776)	-78.3%
Financial income	**1,236,598**	**241,034**	**995,564**	**413.0%**

The financial income reflected in the year ended as of April 30, 2018 amounted of $ 1,236,598 thousand while at April 30, 2017 it was of $ 241,034 thousand, representing an increase of 413.0%. The main reason for this variation by $ 995,564 thousand was due to:

- The variation in exchange difference as a result of the increase in the US Dollar exchange rate with respect to the peso, calculated over the investments in such foreign currency. As of May 2017, the basis of investments in foreign currency increased as a result of the Group's high liquidity. The variation in the price of the US dollar between April 2017 and April 2018 was of 33.5%. while between April 2016 and April 2017 it was of 8.1%.

- The variation of interest and other accrued results mainly corresponds to the interest accrued on the credits with CAMMESA and to the income generated by investments in mutual funds and the holding of securities.

- The variation in interest accrued on receivables mainly corresponds to the present value of Hychico's long term receivables.

b) Financial costs

Thousand $

	04/30/2018	04/30/2017	Variation	
Exchange difference	(1,710,265)	(253,958)	(1,456,307)	573.4%
Interest and others	(455,750)	(421,433)	(34,317)	8.1%
Interest accrued from accounts receivables and payable	(4,928)	(4,063)	(865)	21.3%
Financial Results	**(2,170,943)**	**(679,454)**	**(1,491,489)**	**219.5%**

Financial costs in the year ended as of April 30, 2018 showed a negative balance of $ 2,170,943 thousand. while at April 30, 2017 they were negative by $ 679,454 thousand, representing an increase in costs of 219.5 %. The main cause of the variation of $ 1,491,489 thousands is:

- The greatest losses due to exchange differences as a consequence of the increase in the financial debt in foreign currency and the increment in the price of the US dollar; the variation in the US dollar quotation between April 2017 and April 2018 was of 33.5% and 8.1% between April 2016 and April 2017. The Group holds 99.0% of its financial liabilities in US dollars. so the variation in the exchange rate of that currency has had a significant impact on the economic results and on equity.

The loans (see Note 20 of the consolidated financial statements) referred to above are as follows:

- Corporate Bonds Class II for US$ 300 million due May 2024, at a fixed rate of 6.875%, payable semiannually.

- Secured loan for US$ 14,000,000 destined for construction of Hychico Diadema Eolic Energy Farm, accruing interest at variable rates equivalent to LIBO plus a nominal annual rate of 4.5% (as of April 2018) payable semiannually. As of April 30, 2018, the capital owed amounts to US $ 3,200,000.

- The variation in interest and other mainly corresponds to interest accrued by Corporate Bonds and to the advance funding for the maintenance of the ADC power plant, the capital of which increased by 64,6% compared to the period ended April 30, 2017. As of April 30, 2018, 65.5% of the principal owed was canceled through the compensation with the credits with CAMMESA for the "Remuneration for Non-Recurring Maintenance" and "Additional Trust Compensation". With respect to the Corporate Bonds, in May 2017 the Class II disbursement was received with an increase in the capital of the debt for US $ 100 million and a decrease in the rate; the increase in the price of the US dollar generated a higher accrual of interest in pesos.

- The accrual of interest from receivables and payables corresponds to the present value of the accrual for well capping.

Income Tax

Thousand $

	04/30/2018	04/30/2017	Variation	
Income Tax	(288,255)	(302,065)	13,810	-4.6%

Income tax as of April 30, 2018 showed a negative balance of $ 288,255 thousand, as a result of the recognition of the tax effect on the income for the year. It is worth mentioning that as of April 30, 2018, the Group recognized $ 59,583 thousand (profit) for the change in the tax rate foreseen in the tax reform enacted on December 29, 2017.

Other comprehensive income

Thousand $

	04/30/2018	04/30/2017	Variation	
Other comprehensive results	1,575,080	1,165,842	409,238	35.1%

Other comprehensive income as of April 30, 2018 amounted to $ 1,575,080 thousand, because the Company has applied the revaluation model for certain assets within Property, plant and equipment and adjusted the fair values of those assets as of July 31, 2017, January 31 and April 30, 2018. It should be mentioned that as of April 30, 2018, the Group recognized $ 538,482 (profit) in this item due to the change in the tax rate on income, foreseen by the tax reform enacted on December 29, 2017, corresponding to the deferred liability recognized by the application of the revaluation model.

The portion of total other comprehensive income for $1,575,080 thousand attributable to the Company is $1,563,180 thousand and is accumulated in the Reserve for revaluation of assets, in the Statement of Changes in Shareholders' Equity. The closing balance as of April 30, 2018 for that reserve is $ 4,151,170 thousand which, as set forth in the Restated Text of the CNV, may not be distributed, capitalized or allocated to absorb accumulated losses, but must be computed as part of accumulated gains/losses for the purposes of comparison to determine the Company's situation under sections 31. 32 and 206 of Commercial Companies Law No 19550.

10. Board Proposal

In compliance with prevailing legal standards and the Company by-laws, the Board of Directors of the Company submits for the consideration of the Shareholders this Annual Report, the Inventory, the Independent Auditors' Report, the Report from the Syndics' Committee, the Report from the Audit Committee and the individual and consolidated Financial Statements for the thirtieth fiscal year commenced May 1, 2017 and ended April 30, 2018.

The comprehensive result for the year showed a gain of $ 2,258,882,392, consisting of i) the net gain of $ 695,702,673, and ii) other comprehensive income from the revaluation of property, plant and equipment for $ 1,575,050,198 . In accordance with the applicable standards, Other comprehensive income is part of the Reserve due to revaluation of assets.

At the end of the year, the unallocated results amounted to a gain of $ 864,732,163 (the sum of the net profit gain of $ 695,702,673 and the reversal of the depreciation charge for the revalued assets of $ 169,029,490).

The Board of Directors proposes that the unallocated profit results amounting to $ 864,732,163 be transferred to the free reserve for distribution of dividends and / or investments and / or debt cancellation and / or absorption of losses.

The achievements are the result of a great effort. That is why, to all involved: customers, banks, suppliers, shareholders and our staff, a special thanks.

Autonomous City of Buenos Aires, 6 July 2018.

THE BOARD OF DIRECTORS

CODE OF CORPORATE GOVERNANCE

<table>
<tr><td colspan="3">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.</td></tr>
<tr><td colspan="3">Recommendation I.1: Ensure the disclosure by the Governing Body of the policies applicable to the Issuer's relationship with the economic group the Issuer heads and/or forms part of and with its related parties.
Internal regulation or policy to authorize transactions between related parties. State the main guidelines of the standard or internal policy.</td></tr>
<tr><td></td><td>Complies</td><td>All transactions for a significant amount that Capex conducts with those individuals and/or entities considered "related parties" according to what is established by section 72 of the Capital Markets Law (No. 26831"CML") must be subject to a specific procedure for approval and previous control, developed with coordination by the Legal Department and involving the Board of Directors and the Audit Committee (as applicable).

Also, in compliance with the provisions of the CML, all the transactions for a significant amount between Capex and related parties are immediately reported through the modality of "relevant fact".

Lastly, both the individual and the consolidated financial statements disclose the transactions and balances of Capex with its related parties.</td></tr>
<tr><td colspan="3">Recommendation I.2: Ensure the existence of mechanisms that prevent conflicts of interest.
Clear policies and special procedures to identify, manage and solve conflicts of interest that might occur between the members of the Governing Body, senior managers and syndics and/or members of the surveillance committee in their relationship with the Issuer or with related parties.
Make a description of the most relevant aspects.</td></tr>
<tr><td></td><td>Complies</td><td>The Company has a Code of Conduct, which states that directors, managers and employees must avoid any possible or actual conflict of interests (their own against the Company's).

When a director, manager or employee of the Company is facing a situation that may create a conflict of interests because the person is directly or indirectly concerned with the issue, this fact must be reported to the immediate superior, who will treat the matter as adequate and exempt the affected employee from the obligation/task.

If a situation of conflict of interests arises, the decision must be arbitrated with an unconditioned third party.</td></tr>
<tr><td colspan="3">Recommendation I.3: Preventing the improper use of privileged information.

Answer if:
The Issuer, without prejudice to current regulations, has policies and mechanisms in place to prevent the improper use of privileged information by the members of the Governing body, senior managers, syndics and/or members of the surveillance committee, controlling shareholders or shareholders exerting significant influence, intervening professionals and other persons listed in sections 7 and 33 of Decree No. 677/01.
Make a description of the most relevant aspects.</td></tr>
<tr><td></td><td>Complies</td><td>The Code of Conduct establishes that Directors, managers and employees must avoid personal or own business transactions on share, financial, strategic matters, based on material information outside public knowledge and obtained through performing their functions. All transactions between</td></tr>
</table>

M.

		related companies must be conducted with the participation/approval of all the responsible sectors involved, in conditions of transparency and good business practices.

PRINCIPLE II. PROVIDE THE BASIS FOR A SOLID ADMINISTRATION AND SUPERVISION OF THE ISSUER

The framework for corporate government must:

Recommendation II. 1: Ensure that the Governing Body assumes the administration and supervision of the Issuer and its strategic orientation.

Answer if:

II.1.1 the Governing Body approves:

II.1.1.1 the strategic or business plan, as well as the management goals and annual budget,

	Complies	On April 28, 2017 the Board of Directors approved the business plan and budget for the year 2017-2018.

II.1.1.2 the investment (in financial assets and capital goods) and financing policy,

	Complies	On April 28, 2017 the Board of Directors approved the investment and financing policy for the year 2017-2018.

II.1.1.3 Corporate governance policy (compliance with the Code of Corporate Governance),

	Complies	The Audit Committee reviews and controls the Code of Corporate Governance. Once it is prepared, it is submitted to the Board of Directors for voting.

II.1.1.4 the recruitment, evaluation and remuneration policy for senior managers,

	Complies partially	The selection process for senior managers is the result of the joint work of the Executive Director, the Directors and HR. There is no specific policy, as the Company considers that, in view of the fluctuations in the economy which have affected the labor market, a policy would undergo continuous and constant changes, while a procedure establishes a working method with variables that will adapt to the economic situation that may arise in each moment. There is a procedure coordinated by HR for the evaluation of all the employees (including managers), their performance and their goals, and a yearly variable compensation and eventual promotions are determined based on that procedure. This procedure is recorded and documented by the Human Resources Management on each occasion. Remunerations are approved by the Board of Directors with the annual budget and reviewed during the year by the Executive Board in relation to market and to the Company's situation.

II.1.1.5 the policy on the assignment of responsibilities to senior managers,

	Complies	On April 19, 2013 the Board of Directors expressly delegated to the Executive Director the assignment of responsibilities to managers.

II.1.1.6 the supervision of the plans for the succession of senior managers,

	Complies	On April 19, 2013 the Board of Directors expressly

M.

		delegated the implementation and monitoring of succession planning to the Executive Director.
II.1.1.7 the policy on corporate social responsibility		
	Complies partially	The Company carries forward CSR programs that are approved by the Board of Directors within the annual budget and communicated to the senior managers. On April 28, 2017 the Board of Directors approved the CSR programs for the year 2017-2018.
II.1.1.8 the policies on the integral risk management and internal control, and prevention of fraud,		
	Complies partially	The Audit Committee approves the Annual Audit Plan which includes these activities. At the end of the year, the Audit Committe reviews and approves the performance of Internal Audit and External Audit and includes it in its yearly report.
II.1.1.9 the policy on ongoing training and development of the members of the Governing Body and senior management,		
	Complies partially	The members of the Board of Directors are businessmen with adequate experience and training for performing their functions. The Company has implemented ongoing training and development programs; it promotes and facilitates this activity and evaluates the skills necessary for senior managers to conduct their activities.
II.1.2 If relevant, add other policies applied by the Governing Body which have not been mentioned and describe their important points.		
	Complies	The Board has made an analysis of the need for new policies and considered that are not necessary.
II.1.3 The Issuer has a policy aimed at ensuring the availability of relevant information for the decision making process of the Governing Body and for consultation at management level, which is even for all members executive, external and independent members and well in advance, allowing for an appropriate analysis of its contents. Please specify.		
	Complies	Information meetings are held on a weekly basis within each management sector and reported to the Board of Directors. The Board of Directors can have absolute access to all available information on all discussed matters.
<u>Recommendation II.2: Ensure an effective Management Control of the Issuer.</u> Answer if: The Governing Body verifies: II.2.1 compliance with annual budget and business plan,		
	Complies	The Board of Directors verifies this by means of the information received on a periodical basis from the Executive Director, who implements compliance with the annual budget and the business plan. There is a procedures manual available in the issuer's intranet, which contemplates the process from the preparation of the Annual Budget, with the information requirements for the different sectors, to the consolidation and final approval by the Board of Directors, and also the requests and approvals of additional budget requirements. In addition, deviations

M.

		and compliance are analyzed on a periodical basis.
II.2.2 the performance of senior managers and compliance with objectives set for them (the level of profit foreseen versus the profit made, financial rating, quality of accounting report, market share, etc.). Describe the main aspects of the Management Control policy of the Issuer by detailing the techniques used and frequency of monitoring by the Governing Body.		
	Complies	The Board of Directors verifies this by means of the information provided on a periodical basis by the Executive Director with the help of Management. Managers attend the meetings and submit their reports. There is a Management Control procedure manual available in the issuer's intranet, which includes the description of the process for Management control of the economic and financial budgets for the months accumulated to date. In addition, management control meetings are held quarterly, to evaluate the degree of compliance and deviations from budget. The sources of the information analyzed are the accounting records and market data.
Recommendation II.3: Communicate the Governing Body's performance appraisal process and its impact. Answer if: II.3.1 Each member of the Governing Body Complies with the By laws and, if applicable, with the Operation Regulations of the Governing Body. Detail the main provisions of the Regulations. Indicate the degree of compliance with By laws and Regulations.		
	Complies	All of the members of the Board of Directors comply with the corporate By laws. It is worth mentioning that the Company's Governing Body does not have regulations for this operation and does not consider it necessary.
II.3.2 (The Governing Body discloses the results of its administration considering the objectives set at the beginning of the period, so that the shareholders may evaluate the degree of compliance with those objectives, containing both financial and non-financial aspects. In addition, the Governing Body presents a diagnosis about the degree of compliance with the policies mentioned in Recommendation II, items II.1.1 and II.1.2. Detail the main aspects of the assessment by the General Shareholders' Meeting of the degree of compliance by the Governing Body with the objectives set and the policies mentioned in Recommendation II, items II.1.1 and II.1.2, indicating the date of the Meeting when the assessment was submitted.		
	Complies	On a yearly basis, in its Annual Report, the Board of Directors presents the results of its administration and describes the actions taken, to enable the evaluation of its performance by the Shareholders' Meeting. Historically, the Shareholders' Meetings have approved these without observations. The last Meeting where this evaluation was submitted was on August 17, 2016.

Recommendation II.4: The number of external and independent members in the Governing Body of the Issuer should be significant. Answer if: II.4.1 The proportion of executive, external and independent members of the Governing Body (as defined by the regulations of this Commission) bears relation to the capital structure of the Issuer. Please specify.

M.

	Complies	In compliance with the provisions of section 109 of the CML, on occasion of the election of directors, each time that a candidate is proposed for the consideration of the Shareholders' Meeting this body is informed, before voting on this issue, of the status of independent or non-independent for each candidate. Also, after the Shareholders' Meeting and in compliance with the Regulations of the National Securities Commission (CNV), within 10 days of the election of the new directors, the CNV and the markets are informed of the personal data of each director, and also whether he has the status of independent or non-independent (this, under the modality of a sworn statement signed by each director). Currently, the Board of Directors is composed of 5 full directors, 2 out of which are independent. This composition allows for the correct fulfillment of the duties of the Board of Directors and the integration of the Audit Committee as provided by the CML.
II.4.2 In the current year, the shareholders have agreed at a General Meeting on a policy to maintain a proportion of independent members of at least 20% of the total number of members of the Governing Body. Describe the relevant aspects of such policy and any agreement of shareholders that clarifies the way members of the Governing Body are appointed and their term. Indicate whether the independence of the members of the Governing Body has been questioned during the year or if any abstentions or conflicts of interest have occurred.		
	Complies	The Company designates a proportion of Independent Directors on the total of members of the Board, to ensure compliance with the regulations in force in connection with the Audit Committee. As for the communication of the proportion of independent directors, this is documented in the transcription of the Shareholders' meetings in which the Directors are appointed, as required by regulations in force. Over the course of the fiscal year the independence of the members of the Board of Directors was not questioned and no abstentions were produced by conflicts of interest.
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. Answer if: II.5.1. the Issuer has a Committee for Appointments:		
	Does not comply	The Company does not have a Committee for Appointments, and it does not consider necessary to implement one, given that the functions of this committee, with the scope established in the regulations in force, are performed directly by the Shareholders' Meeting (as regards the selection of Directors); by the Board of Directors with support from the Human Resources Department (as regards the selection of the Executive Director), and by the Executive Director with support from the Human Resources Department (regarding senior managers).
II.5.1.1 made up of at least three members of the Governing Body, most of them, independent,		

M.

	Does not comply	See explanation to II.5.1
II.5.1.2 chaired by an independent member of the Governing Body,		
	Does not comply	See explanation to II.5.1
II.5.1.3 with members that accredits qualifications and experience in human capital issues,		
	Does not comply	See explanation to II.5.1

II.5.1.4 holding meetings at least twice a year.		
	Does not comply	See explanation to II.5.1
II.5.1.5 whose decisions are not necessarily mandatory for the General Shareholders' Meeting; rather, they are of an advisory nature in connection with the selection of the members of the Governing Body.		
	Does not comply	See explanation to II.5.1
II.5.2 If there is a Committee for Appointments, the same: II.5.2.1. verifies the annual review and evaluation of its regulations and proposes to the Governing Body modifications for its approval, II.5.2.2 proposes the development of criteria (qualifications, experience, professional reputation and ethics, among others) for the selection of new members of the Governing Body and senior managers, II.5.2.3 identifies the candidates for the Governing Body to be proposed to the General Shareholders' Meeting by the Committee, II. 5.2.4 suggests the members of the Governing Body that will be part of the different Committees of the Governing Body, according to their professional background, II. 5.2.5 recommends that the Chairman of the Board of Directors should not be the General Manager of the Issuer at the same time, II. 5.2.6 ensures availability of the curriculum vitae of the members of the Governing Body and senior management on the Issuer's website, with their terms of office explicitly indicated in the first case, II.5.2.7 verifies the existence of a succession plan for the Governing Body and the senior managers, II.5.3 If considered relevant, include the policies applied by the Issuer's Appointments Committee that have not been mentioned in the preceding point.		
	Does not comply	See explanation to II.5.1
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. Answer if: The Issuer sets a limit for the members of the Governing Body and/or syndics and/or members of the surveillance committee to perform functions in other entities not belonging to the economic group that the Issuer heads or forms part of. Specify this limit and detail if any infringement to the limit was committed in the course of the year.		
	Complies	The Code of Conduct establishes that the directors and managers may be a part of the personnel of the affiliate companies, provided that this is publicly known and that their acting is transparent and there are no interferences in the performance of their functions in such a way that they are unable to make an impartial decision for one of the parties. Regarding other non-affiliate companies, the Company's practice is that there is no limitation to the extent that there is no conflict of interests; in all cases, the incompatibilities and limitations included in sections 264,

M.

		273 and 286 of Law No. 19550 and amendments must be taken into account.
Recommendation II.7: Ensure the training and development for the members of the Governing Body and the senior management of the Issuer. Answer if: II.7.1 The Issuer has Continuing Education programs related to the needs existing at the Issuer for the members of the Governing Body and senior management, including contents about their roles and responsibilities, comprehensive corporate risk management, specific knowledge of the business and its regulations, the dynamics of corporate governance and corporate social responsibility matters. In the case of the members of the Audit Committee, international accounting, audit and internal control standards, and specific regulations of the capital market. Describe the programs developed in the course of the year and their degree of compliance.		
	Complies	In addition to what is stated in II.1.1.9, the members of the Board of Directors have the experience as well as the knowledge and professional training adequate for performing their functions. To date, training takes place according to the specific needs that may exist. Regarding Senior Managers, the following training courses were implemented during the year: - Seminar on exploration and production of unconventional resources - SPE Buenos Aires. - Conference on the economic and financial developments of oil assets - IAPG - Annual conference - SPE Dubai - Seminar on evaluation and development of tight reservoirs - IAPG - Seminars on oil production - IAPG - Coaching processes for the development of management competencies - Refreshing cycle on Political and Economic Outlook nationally and internationally. - Training seminars on tax issues
II.7.2 The Issuer, by means other than those mentioned in II.7.1, encourages the members of the Governing Body and senior management to maintain a continuing education that supplements their educational level in a way that adds value to the Issuer. Describe the ways in which this is done.		
	Complies	By means of their participation in events, forums, seminars and congresses.
PRINCIPLE III. ENDORSE AN EFFECTIVE POLICY TO IDENTIFY, MEASURE, MANAGE AND COMMUNICATE CORPORATE RISK Within the framework for corporate government: Recommendation III: The Governing Body must have a comprehensive corporate risk management policy and monitor its correct implementation. Answer if: III.1 The Issuer has comprehensive corporate risk management policies (fulfillment of strategic, operational, accounting, financial reporting, laws and regulations, and other goals). Make a description of the most relevant aspects of these policies.		
	Complies	Internal procedures and policies for risk control are made effective through internal and external audits and by the Audit Committee. The Audit Committee, in the exercise of its functions and according to what is established by the standards in force, the Regulations for the Audit Committee and following its action plan for the year, supervises the application of the Company's information policies for risk management and informs about this in its yearly report. Considering that the most significant risk for

M.

<table>
<tr><td></td><td></td><td>the Company, according to the nature of its activity, is environmental risk, Capex has certified the field, the generation plant and the LPG plant under the ISO 14001 standard, and it has a policy on environmental management and safety. With respect to the financial risks on the annual financial statements, there is a description of the risks and their effect on the results.</td></tr>
<tr><td colspan="3">III.2 There is a Risk Management Committee within the Governing Body or the General Management. Report on the existence of procedure manuals and detail the main risk factors specific to the Issuer or its activity and the actions implemented for mitigation. If no such Committee exists, then describe the oversight role performed by the Audit Committee in connection with risk management.
Also, specify the degree of interaction between the Governing Body or its Committees and the Issuer's General Management regarding comprehensive corporate risk management.</td></tr>
<tr><td></td><td>Complies</td><td>Through the follow-up of business and its management functions, the Executive Board assesses the risks and together with the Managers involved takes the necessary measures to mitigate them. The Executive Board permanently keeps the Board of Directors informed. Also, and considering the Group's activity, there is a risk matrix for environmental management and safety and risk management procedures.</td></tr>
<tr><td colspan="3">III.3 Within the Issuer's General Management there is an independent function in charge of implementing the policies on comprehensive risk management (function of the Risk Management Officer or equivalent). Please specify.</td></tr>
<tr><td></td><td>Complies</td><td>There is an Environmental Management and Safety Manager, who reports hierarchically to the Executive Director. Also, in connection with the other risks, the Internal Auditor performs an equivalent function, reporting to the Executive Director.</td></tr>
<tr><td colspan="3">III.4 The policies on comprehensive risk management are constantly updated, in accordance with well-known methodologies and recommendations. Mention which ones (Enterprise Risk Management, according to the conceptual framework of COSO – Committee of sponsoring organizations of the Treadway Commission –, ISO 31000, IRAM 17551 standard, Section 404 of Sarbanes-Oxley Act, other).</td></tr>
<tr><td></td><td>Complies partially</td><td>Each manager's office evaluates the review of its procedures and, according to what is mentioned in point III.2 the necessary procedures are discussed with the Executive Board and updated.</td></tr>
<tr><td colspan="3">III.5 The Governing Body reports on the results of the risk management oversight performed jointly with the General Management in the financial statements and the annual report. Specify the main points of the statements made.</td></tr>
<tr><td></td><td>Complies</td><td>The financial statements include references to financial risks and their effects on the results of operations, as well as relevant information on environmental management and safety.
It must be mentioned that the Company complies with national and provincial regulations regarding environmental management and safety reports; also, through the Executive Director, the Board of Directors is kept informed of the events occurred during operation and of the actions taken for their treatment or remediation. At the closing date of the financial statements there are no material contingencies, and the commitments undertaken with the authorities for the year are being complied with.</td></tr>
</table>

PRINCIPLE IV SAFEGUARD THE INTEGRITY OF FINANCIAL INFORMATION WITH INDEPENDENT AUDITS

Recommendation IV: Guarantee independence and transparency in the functions entrusted to the Audit Committee and the External Auditor.
Answer if:
IV.1. The Governing Body, at the time of selecting the members of the Audit Committee and taking into account that the majority of them must be independent, assesses whether it is convenient that the Committee is chaired by an independent member.

	Complies partially	In compliance with regulations, the Committee is comprised of three or more members of the Board of Directors, chosen on a majority of votes; the majority of these directors must be independent and they must have professional training according to the standards of the CNV and the applicable regulations. Without detriment to the above, that the Committee be chaired by an independent member was not evaluated specifically.

IV.2 There is an internal audit function that reports to the Audit Committee or to the Chairman of the Governing Body and that is responsible for evaluating the internal control system.

Indicate if the Audit Committee or the Governing Body performs a yearly evaluation of the performance of the internal audit area and the degree of independence of their professional work, meaning that the professionals responsible for that function are independent of the other operating areas and that they also fulfill the independence requirements with respect to the controlling shareholders or the related entities that exercise significant influence on the Issuer.
Also, specify if the internal audit function performs its work in accordance with the international standards for the professional practice of internal audit, issued by the Institute of Internal Auditors (IIA).

	Complies partially	The Audit Committee, on a yearly basis, verifies the performance of the internal auditor and analyzes his work and degree of independence.

IV.3 The members of the Audit Committee perform a yearly evaluation of the competence, independence and performance of the External Auditors appointed by the Shareholders' Meeting. Describe the relevant aspects of the procedures applied to perform the evaluation.

	Complies	The Audit Committee evaluates the competence, independence and performance of the External Auditors appointed by the Shareholders' Meeting. Every year it issues a report on the following procedures and work performed: Analysis of the services proposals and External Auditors' fees; maintaining the conditions of independence, and inquiry to Company's officers about the existence of facts that could affect the auditor's independence; analysis of the work plans, their development and results; planning and approach of jobs, etc. An opinion is issued, based on the applicable regulations and the Regulations for the Committee.

IV.4 The Issuer has a policy on the rotation of the members of the Syndics' Committee and/or the External Auditor; and in connection with the latter, if the rotation includes the external audit firms or only the individuals.

	Complies partially	Regarding the rotation of the members of the Syndics' Committee, the Company does not have a specific policy, given that the composition of the Committee is renewed

		every year (a new Syndics´ Committee is elected, even though the members might be the same ones). Regarding the rotation of the External Auditor, the Company applies the provisions contained in the regulation of the National Securities Commission relating the rotation of the external auditors.

PRINCIPLE V. RESPECT THE RIGHTS OF SHAREHOLDERS Recommendation V.1: Ensure that the shareholders have access to the Issuer information. Answer if: V.1.1 The Governing Body promotes informative meetings with the shareholders on a periodical basis, in coincidence with the presentation of the interim financial statements. Specify, indicating the number and frequency of meetings held during the course of the year.		
	Complies partially	The Company complies with the periodical information regimes instituted by the Standards and Regulations of the Buenos Aires Stock Exchange. By means of this information system, all the information about the Company that is considered relevant is made known to the public, so that its shareholders may keep informed. Apart from the information that must be made available to the Buenos Aires Stock Exchange and the CNV within the framework of legal information requirements, the Company discloses all the information that is considered relevant directly to the Shareholders, in a transparent and accurate way, as requested.
V.1.2 The Issuer has mechanisms for providing information to investors and a specialized sector for handling their queries and consultations. Furthermore, it has a website that can be accessed by the shareholders and other investors, with an access channel enabled for them to contact among themselves. Provide details.		
	Complies partially	The representatives for Market Relations are the persons in charge of answering queries and concerns from shareholders and investors. In addition, the Company has a website with free access, where institutional information is supplied, and which includes a link to the official web page of CNV where all its financial and relevant information can be consulted.
Recommendation V.2: Promoting active participation of all the shareholders. Answer if: V.2.1 The Governing Body takes measures to promote the participation of all the shareholders in the General Shareholders' Meetings. Specify, distinguishing between the measures required by law and those voluntarily offered by the Issuer to its shareholders.		
	Complies partially	The Company complies with legal requirements and considers that no additional measures are necessary.
V.2.2 The General Shareholders' Meeting has Regulations on its functioning to ensure that the information is available to the shareholders sufficiently in advance for decision-making. Describe the main guidelines of those regulations.		
	Does not comply	The Company does not consider it necessary to have Regulations on the functioning of the Shareholders' Meetings, because it thoroughly complies with the legal requirements established for the meetings, according to regulations in force. Also, the Company makes all the required information available to the Shareholders within

M.

<table>
<tr><td></td><td></td><td>the prescribed terms.</td></tr>
<tr><td colspan="3">V.2.3 The mechanisms implemented by the Issuer apply for minority shareholders to propose issues to be discussed at the General Shareholders' Meeting, in line with regulations in force. Explain the results.</td></tr>
<tr><td></td><td>Complies</td><td>There is no impediment, arising from the by-laws or facts, for minority shareholders to propose issues for discussion at the Shareholders' Meetings, according to regulations in force.</td></tr>
<tr><td colspan="3">V.2.4 The Issuer has policies in place to encourage the participation of relevant shareholders, such as institutional investors. Specify.</td></tr>
<tr><td></td><td>Does not comply</td><td>The Company does not have such policies, because they could attempt against the principle of equal treatment. Further, the Board of Directors considers that the institutional investors have enough qualifications to decide their involvement.</td></tr>
<tr><td colspan="3">V.2.5 At Shareholders' Meetings where the appointment of members of the Board of Directors are proposed, the following is made known, prior to the voting: (i) the position of each candidate regarding the adoption or non-adoption of a Corporate Governance Code; and (ii) the grounds for each such position.</td></tr>
<tr><td></td><td>Complies</td><td>In the Shareholders' Meetings held on August 17, 2016 the positions of the candidates regarding the adoption or non-adoption of a corporate governance code were made known, prior to the voting.</td></tr>
<tr><td colspan="3">Recommendation V.3: Ensure the principle of equality between share and vote.
Answer if:
The Issuer has a policy to encourage the principle of equality between share and vote. Indicate how the composition of outstanding shares by class of shares has changed over the last three years.</td></tr>
<tr><td></td><td>Complies</td><td>The Company encourages the equality between share and vote, as prescribed by its By-laws, where it is established that all the Company's shares are ordinary (class A) shares, entitled to one vote each and of nominal value one peso (N/V$ 1) each.</td></tr>
<tr><td colspan="3">Recommendation V.4: Establish mechanisms to protect all shareholders from takeovers.
Answer if:
The Issuer adheres to System for the Mandatory Acquisition of Shares in a Public Offering. Otherwise, explain if there are other mechanisms included in the by-laws, such as tag along rights.</td></tr>
<tr><td></td><td>Does not comply</td><td>The Company and the Shareholders' Meeting decided not to adhere to the System for the Mandatory Acquisition of Shares in a Public Offering. This decision was included in the By laws. Also, there are no alternative mechanisms in the by-laws such as tag along. The Board of Directors does not deem it necessary to reconsider this issue.</td></tr>
<tr><td colspan="3">Recommendation V.5: Encouraging the Shareholding dispersion of the Issuer.
Answer if:
The Issuer has a Shareholding dispersion of at least 20 per cent of its ordinary shares. Otherwise, whether the Issuer has a policy to increase its share dispersion in the market.

Indicate the percentage of Shareholding dispersion as a percentage of the Issuer's capital and the changes in that percentage over the last three years.</td></tr>
<tr><td></td><td>Does not comply</td><td>Currently, the directly and indirectly controlling shareholders hold an interest of 87.02% of the capital stock, while the remaining percentage is traded by various stakeholders, in the Stock Exchange.</td></tr>
</table>

Recommendation V.6: Ensure that there is a transparent dividend policy. Answer if: V.6.1 The Issuer has a dividend distribution policy set forth in the By laws and approved by the Shareholders, which establishes the conditions to distribute cash or stock dividends. If any, indicate the criteria and conditions for and frequency of distribution of dividends.		
	Does not comply	The Company does not have a policy on dividends. On a yearly basis, it evaluates whether it is convenient to submit a proposal for distribution to the Shareholders' Meeting. To perform this assessment, the Board of Directors takes into account the results for the year, the Company's liquidity, the future needs for financing and other considerations, including economic and financial projections of their own and of the macro-economic context in general.
V.6.2 The Issuer has documented processes for the preparation of a proposal to allocate the Issuer's retained earnings, which may lead to setting up legal, statutory or optional reserves, their carry-forward to a new fiscal year and/or dividend payments. Describe those processes and indicate in which Minutes of Shareholders' Meeting the distribution or non-distribution of dividends (whether cash or stock dividends) was approved, if not envisaged by the By-laws.		
	Complies partially	The Directors, after evaluating the legal requirements and the Company's financial and business situation, prepares a proposal for allocation of earnings, which is included in the Annual Report.

PRINCIPLE VI. MAINTAIN A DIRECT AND RESPONSIBLE RELATION WITH THE COMMUNITY Recommendation VI: Disclose to the community the matters related to the Issuer and provide a direct communications channel with the company. Answer if: VI.1 The Issuer has an updated website with public access, which not only contains relevant information on the company (By laws, economic group, composition of the Governing Body, financial statements, annual report, among others) but also allows users to make generally concerns.		
	Complies partially	The website does not allow users to post concerns, although queries are answered immediately by the representative for market relations.
VI.2 The Issuer presents a Social and Environmental Responsibility Report annually, audited by an independent external auditor. If any, state the scope or legal or geographical coverage and where it is available. Specify rules or initiatives adopted to carry out its corporate social responsibility policy (Global Reporting Initiative and/or United Nations Global Compact, ISO 26000, SA8000, Millennium Development Goals, SGE 21-Foretica, AA 1000, Ecuador Principles, among others.		
	Complies partially	The Company meets and adheres to the principles under the Global Compact initiative and annually presents the Communication on Progress (COP) report, detailing the corporate social responsibility actions it carries out (https://www.unglobalcompact.org/). Also, the Company issues an Environmental Monitoring report for Works and Tasks (MAOT) audited by an independent auditor. Additionally, the Company prepares an annual internal report detailing the corporate social responsibility activities carried out during the year.

PRINCIPLE VII. JUST AND RESPONSIBLE REMUNERATION Recommendation VII: Establishing clear remuneration policies for the members of the Governing Body and senior managers of the Issuer's first line with an emphasis on the consecration of conventional or statutory limitations, on the existence or non-existence of profits. Answer if: VII.1. The Issuer has a Remunerations Committee:

	Complies partially	The formulation and application of policies on remunerations, benefits and others are made as follows: 1) for the members of the Board of Directors, their remuneration is determined by the Shareholders' Meeting; 2) for the senior tier of management, the Executive Director and Human Resources perform an evaluation of remunerations and submit the proposal to the Board of Directors for its final approval.
VII.1.1 made up of at least three members of the Governing Body, most of them, independent		
	Does not comply	The members of the Board of Directors that review it are not independent.
VII.1.2 chaired by an independent member of the Governing Body		
	Does not comply	See explanation to VII.1.1.
VII.1.3 with members proficient and experienced in Human Resources policies		
	Complies partially	The members that review it have wide experience in that field.
VII.1.4 holding meetings at least twice a year		
	Complies partially	Meetings are held twice a year.
VII.1.5 whose decisions are not necessarily mandatory for the General Shareholders' Meeting or Surveillance Committee; rather, they are of an advisory nature in connection with the remuneration of the members of the Governing Body		
	N/A	N/A See answer to VII.1.
VII.2 In case there is a Remunerations Committee, the same:		
VII.2.1 ensures that there is a clear relation between the performance of key employees and their fixed and variable remuneration, considering the risks involved and their management		
	Complies	Key personnel receive a monthly remuneration and a yearly variable compensation. The monthly remuneration is determined on the basis of the position held and of the training, skill and experience of each officer. The yearly variable compensation consists in a bonus, subject to the Company's goals and to the achievement of individual goals. These goals are supervised by the Committee of Goals, integrated by senior managers and reporting to the Executive Director.
VII.2.2 supervises that the variable portion of the remuneration of the members of the Government Body and senior managers is commensurate with the Issuer's medium and/or long term performance		
	Complies	Yes
VII.2.3 reviews the competitive position of the Issuer's policies and practices in relation to the remuneration and benefits of comparable companies and recommends or not changes,		
	Complies	Remuneration and benefits for officers and employees are the result of market studies performed by the Company (either on its own account or through top-tier specialized companies providing services) to ensure their adequacy.
VII.2.4 defines and communicates the policies on retention, promotion, dismissals and lay-offs of key personal		
	Complies	It is communicated and defined through the Remunerations Committee.

M.

VII.2.5 announces the guidelines to determine retirement plans of the members of the Issuer's Governing Body and senior managers		
	Complies	The Remunerations Committee sets the applicable criteria in case of retirement.
VII.2.6 regularly reports to the Governing Body and the Shareholders' Meeting on the tasks performed and topics discussed at its meetings.		
	Does not comply	
VII.2.7 ensures the presence of the Chairman of the Remunerations Committee on the General Shareholders' Meeting approving remunerations to the Governing Body so that it can explain the Issuer's policy on remunerations of the members of the Governing Body and senior managers		
	Does not comply	If at the shareholders' meetings there is a request of information about the policy on remunerations to the directors and senior managers, the pertinent explanations will be given by the Executive Board.
VII. 3 If considered relevant, mention the policies applied by the Issuer's Remunerations Committee that have not been mentioned in the preceding issues.		
	N/A	N/A
VII. 4 If there is no Remunerations Committee, explain how the functions mentioned in Section VII.2 are performed within the Governing Body.		
	N/A	N/A

PRINCIPLE VIII. ENCOURAGE BUSINESS ETHICS Recommendation VIII: Ensure ethical conduct by the Issuer. Answer if: VIII.1 The Issuer has a Code of Business Conduct. Indicate main guidelines and if the Code is of public knowledge. The Code is signed by at least the members of the Governing Body and senior managers. State whether its application is encouraged among suppliers and customers.		
	Complies	Capex directors, managers and employees are aware of the Code of Conduct and apply it to the work activities in general. The Company has a Code of Conduct which determines working guidelines for shareholders, customers and suppliers, employees and the community.
VIII.2 The Issuer has mechanisms to receive complaints of illicit or unethical conduct, whether personally or by electronic means, ensuring that the information provided is kept in strict confidence and integrity and properly recorded. Indicate if the receipt and assessment of complaints work is performed by the Issuer's employees or external and independent professionals for greater protection of the complainants.		
	Complies	Capex has all the communications channels open and available for its employees; those of direct communication with its head-managers as well as with the Human Resources department. The Company expects that its employees report all violations to laws or internal procedures through any of these channels so that they can take the necessary corrective actions, where applicable. Those employees who wish to make a suggestion or report violations to any law or procedure and do not want to be identified, can also do so through the suggestions box. Such box is managed by the Internal Auditor.

		All the information related to this policy is treated as confidential on the understanding that any inquiry may involve the participation of a specialist in the subject who will also maintain confidentiality.
VIII.3 The Issuer has policies, procedures and systems for the management and resolution of complaints mentioned in point VIII.2. Describe the most relevant aspects and state the level of participation of the Audit Committee in such resolutions, particularly complaints related to internal control issues to report accounting matters and those related to the conduct of the Governing Body and senior managers.		
	Complies	Depending on the nature of the event, the Internal Audit department will assess such event on an independent basis, and if necessary, determine the participation of third parties specialized in the matter. The employee should generally address the matter with someone from a higher senior level, if available, and if the employee considers that it deserves consideration, will report it to an immediate superior or even to the Human Resources department. The bosses or the Human Resources department are the ones who determine which other sector should participate, if the matter so requires. Only in extreme circumstances, the employee could directly contact the Internal Auditor. Any issue related to the Executive Director will be directly addressed by the Audit Committee.

PRINCIPLE IX: EXTEND THE SCOPE OF THE CODE Recommendation IX: Encouraging the incorporation of good governance practices in the By laws. Answer if: The Governing Body assesses if the provisions of the Corporate Governance Code must be shown, in whole or in part, in the By-laws, including the general and specific responsibilities of the Governing Body. Indicate which provisions are effectively included in the By-laws from the effective date of the Code up to the present day.		
	Complies	The Company has made the assessment, concluding that the provisions of the By-laws together with the legal regulations applicable to the Company are sufficient in terms of corporate governance and Board responsibilities. Therefore, the Company has considered that it is not necessary to add, partially or in full, the Corporate Governance Code to the By-laws.

NOMENCLATURE

Currency

Terms	Description
$	Argentine peso
€	Euro
GBP	Pound sterling
US$	United States dollar

Glossary of Terms

Terms	Description
bbl	Barrel
BTU	British thermal unit
CC	Combined cycle
CNV	National Securities Commission
CSJN	Supreme Court of Justice
CT ADC	Agua del Cajón Power Plant
FACPCE	Argentine Federation of Professional Councils in Economic Sciences
GWh	Gigawatts per hour
IASB	International Accounting Standards Board
Km	Kilometer
km^2	Square kilometer
KW	Kilowatt
LVFVD	Sales settlement with maturity to be defined
m^3	Cubic meter
MMBTU	Million British thermal unit
WEM	Wholesale Electricity Market
Mm^3	Thousand cubic meters
MMm^3	Million cubic meters
$MMMm^3$	Billion cubic meters
MW	Megawatt
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
Nm^3	Standard cubic meter
DEEF	Diadema Eolic Energy Farm
tn	Ton
V/N	Nominal value
WTI	West Texas Intermediate

M.

Capex S.A.

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

BOARD OF DIRECTORS AND SYNDICS' COMMITTEE

Chairman

Mr. Alejandro Götz

Vice-chairman

Mr. Pablo Alfredo Götz

Directors

Mr. Rafael Andrés Götz

Mrs. Lidia Argentina Guinzburg

Mr. René Balestra

Alternate directors

Mrs. Marilina Manteiga

Mr. Miguel Fernando Götz

Statutory Syndics

Mr. Norberto Luis Feoli

Mr. Edgardo Giudicessi

Mr. Mario Árraga Penido

Alternate Syndics

Mrs. Claudia Marina Valongo

Mrs. Andrea Mariana Casas

Mrs. Claudia Angélica Briones

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

CAPEX S.A.

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended April 30, 2018 compared with the year 2017

Fiscal year No. 30 commenced on May 1, 2017

Company legal domicile: Córdoba Av. 948/950, 5th floor, apartment C, City of Buenos Aires

Company main activity: Generation of electricity

Registration number with the Superintendence of Commercial Companies: 1,507,527

Date of by-laws: December 26, 1988

Date of the latest registration with the Public Registry of Commerce:

- Latest amendment: September 30, 2005

Duration of Company: December 26, 2087

Name of parent company: Compañías Asociadas Petroleras Sociedad Anónima (C.A.P.S.A.)

Legal domicile: Córdoba Av. 948/950, 5th floor, apartment C, City of Buenos Aires

Main activity: Exploitation of hydrocarbons

Participation of parent company in capital stock and votes: 75.2%

CAPITAL STOCK (Note 16)

Type of shares	Subscribed, paid-in and registered with the Public Registry of Commerce
	$
179,802,282 ordinary, book-entry Class "A" shares of $ 1 par value and one vote each, authorized to be placed for public offering	179,802,282

M.

Consolidated Statements of Financial Position
At April 30, 2018 and 2017
Stated in pesos

	Note/ Exhibit	04.30.2018	04.30.2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6 / A	9,338,710,350	6,849,140,196
Investment in subsidiaries		-	75,000
Spare parts and materials	10	149,058,787	99,669,808
Net deferred tax assets	7	11,377,272	22,088,202
Other accounts receivable	12	24,866,752	38,996,718
Total Non-Current Assets		**9,524,013,161**	**7,009,969,924**
CURRENT ASSETS			
Spare parts and materials	10	45,651,741	32,540,789
Inventories	11	4,330,576	4,833,702
Other accounts receivable	12	104,376,169	79,195,705
Trade accounts receivable	13	825,831,951	653,803,416
Financial instruments at fair value	14 / C	632,453,773	482,898,674
Cash and cash equivalents	15	4,009,885,687	967,538,539
Total Current Assets		**5,622,529,897**	**2,220,810,825**
Total Assets		**15,146,543,058**	**9,230,780,749**

The accompanying Notes 1 to 39 and Exhibits A and C to H form an integral part of these consolidated financial statements.

Alejandro Götz
Chairman

Consolidated Statements of Financial Position
At April 30, 2018 and 2017
Stated in pesos

	Note / Exhibit	04.30.2018	04.30.2017
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Capital stock	16	179,802,282	179,802,282
Additional paid-in capital	16	79,686,176	79,686,176
Legal reserve	17	35,960,456	-
Free reserve	17	464,413,176	-
Reserve for assets revaluation	17	4,151,170,233	2,757,020,004
Unappropriated retained earnings	18	864,732,163	500,373,632
Total shareholders' equity attributable to shareholders		**5,775,764,486**	**3,516,882,094**
Non-controlling interest		39,164,580	24,560,269
Total shareholders' equity		**5,814,929,066**	**3,541,442,363**
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade accounts payable	19	125,190,944	44,042,587
Financial liabilities	20	6,225,499,304	85,724,974
Deferred income tax, net	7	1,623,441,300	1,625,918,557
Provisions and other charges	24 / E	2,480,347	2,730,347
Total non-current liabilities		**7,976,611,895**	**1,758,416,465**
CURRENT LIABILITIES			
Trade accounts payable	19	702,085,041	343,973,839
Financial liabilities	20	259,804,164	3,327,697,436
Salaries and social security contributions	21	97,265,165	71,320,430
Taxes payables	22	231,812,339	141,250,208
Other liabilities	23	64,035,388	46,680,008
Total current liabilities		**1,355,002,097**	**3,930,921,921**
Total liabilities		**9,331,613,992**	**5,689,338,386**
Total shareholders' equity and liabilities		**15,146,543,058**	**9,230,780,749**

The accompanying Notes 1 to 39 and Exhibits A and C to H form an integral part of these consolidated financial statements.

Alejandro Götz
Chairman

Capex S.A.

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

Consolidated Statements of Comprehensive Income

Corresponding to the years beginning on May 1, 2017 and 2016 and ended on April 30, 2018 and 2017
Stated in pesos

	Note/ Exhibit	04.30.2018	04.30.2017
Net sales	25	4,181,833,313	2,895,651,049
Cost of sales	F	(1,385,139,876)	(952,901,490)
Gross profit		2,796,693,437	1,942,749,559
Selling expenses	H	(609,223,514)	(451,718,732)
Administrative expenses	H	(268,123,182)	(182,636,604)
Other operating income, net	26	617,750	946,218
Operating income		1,919,964,491	1,309,340,441
Financial income	27	1,236,598,118	241,034,248
Financial costs	27	(2,170,943,445)	(679,454,239)
Other financial income	E	(27,816)	(2,054,147)
Result before income tax		985,591,348	868,866,303
Income tax	28	(288,255,049)	(302,064,934)
Net result for the year		697,336,299	566,801,369
Concepts that will not be reclassified to results			
Other comprehensive results			
Results for property, plant and equipment revaluation (net)	17	1,575,080,198	1,165,842,220
Comprehensive result for the year		2,272,416,497	1,732,643,589
Net result for the year attributable to:			
Company shareholders		695,702,673	563,534,686
Non-controlling interest		1,633,626	3,266,683
Net result for the year		697,336,299	566,801,369
Net comprehensive result for the year attributable to:			
Company shareholders		2,258,882,392	1,730,074,009
Non-controlling interest		13,534,105	2,569,580
Comprehensive result for the year		2,272,416,497	1,732,643,589
Basic and diluted net result per share attributable to:			
- Company shareholders	29	3.86926	3.13419
Basic and diluted comprehensive result per share attributable to:			
- Company shareholders	29	12.63842	9.62209

The accompanying Notes 1 to 39 and Exhibits A and C to H form an integral part of these consolidated financial statements.

Alejandro Götz
Chairman

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

Consolidated Statement of Changes in Shareholders' Equity

Corresponding to the years beginning on May 1, 2017 and 2016 and ended on April 30, 2018 and 2017
Stated in pesos

	Attributable to the Company shareholders								
	Capital Stock		Retained Earnings						
			Retained earnings		Other accumulated comprehensive income				
	Outstanding shares	Additional paid-in capital	Legal reserve	Free reserve (1)	Reserve for assets revaluation(1)	Unappropriated retained earnings (2)	Subtotal	Non-controlling interest	Total Shareholders' equity
Balances at April 30, 2016	179,802,282	79,686,176	23,508,318	43,367,267	1,692,108,746	(231,664,704)	1,786,808,085	10,490,689	1,797,298,774
Ordinary Shareholders' Meeting of August 17, 2016	-	-	(23,508,318)	(43,367,267)	-	66,875,585	-	-	-
Capital contribution from Interenergy Argentina S.A. to Hychico S.A.	-	-	-	-	-	-	-	11,500,000	11,500,000
Comprehensive result for the year	-	-	-	-	1,166,539,323	563,534,686	1,730,074,009	2,569,580	1,732,643,589
Reversal of reserve for assets revaluation	-	-	-	-	(101,628,065)	101,628,065	-	-	-
Balances at April 30, 2017	179,802,282	79,686,176	-	-	2,757,020,004	500,373,632	3,516,882,094	24,560,269	3,541,442,363
Ordinary Shareholders' Meeting of August 9, 2017	-	-	35,960,456	464,413,176	-	(500,373,632)	-	-	-
Capital contribution from Interenergy Argentina S.A. to Hychico S.A.	-	-	-	-	-	-	-	1,070,206	1,070,206
Comprehensive result for the year	-	-	-	-	1,563,179,719	695,702,673	2,258,882,392	13,534,105	2,272,416,497
Reversal of reserve for assets revaluation	-	-	-	-	(169,029,490)	169,029,490	-	-	-
Balances at April 30, 2018	179,802,282	79,686,176	35,960,456	464,413,176	4,151,170,233	864,732,163	5,775,764,486	39,164,580	5,814,929,066

(1) See Note 17
(2) See Note 18

The accompanying Notes 1 to 39 and Exhibit A and C to H form an integral part of these Consolidated Financial Statements.

Alejandro Götz
Chairman

Consolidated Statements of Cash Flows

Corresponding to the years beginning on May 1, 2017 and 2016 and ended on April 30, 2018 and 2017

Stated in pesos

	Note / Exhibit	04.30.2018	04.30.2017
Cash flows from operating activities:			
Comprehensive result for the year		2,272,416,497	1,732,643,589
Adjustments to arrive at net cash flows provided by operating activities:			
Exchange differences generated by cash and cash equivalents		(595,104,421)	(38,517,504)
Income tax	28	288,255,049	302,064,934
Interest accrued on financial liabilities and others	20	437,836,251	354,536,309
Exchange difference generated by financial liabilities and others		1,676,485,021	239,410,840
Exchange difference from placements in financial investments at amortized cost not considered as cash or cash equivalents		(208,680,920)	-
Exchange difference from assignment of rights		(10,388,887)	(2,192,160)
Interest accrued on accounts receivable and payable	27	2,778,112	(5,862,768)
Amortization of property, plant and equipment	6 / A	693,539,247	483,395,832
Provision property, plant and equipment	6 / A	27,816	2,054,147
Retirement of property, plant and equipment, net	6 / A	3,410,804	-
Other comprehensive results	17	(1,575,080,198)	(1,165,842,220)
Recovery of the provision for turnover and obsolescence of spare parts and materials	10 / 26	-	(1,049,229)
Provisions for lawsuits and fines	26 / E	50,000	480,995
Changes in net operating assets and liabilities:			
(Increase) / decrease in trade accounts receivable		(337,182,334)	46,082,915
Decrease in other accounts receivable		12,166,580	119,095,749
Decrease / (increase) in inventories		16,572,411	(1,559,252)
(Increase) / decrease in spare parts and materials		(60,932,562)	76,275,506
Increase in trade accounts payable		319,380,095	517,846
Increase in salaries and social security contributions		25,944,735	20,459,133
Decrease in taxes		(162,556,477)	(110,320,666)
Increase / (decrease) in other liabilities		17,355,380	(9,237,192)
Court judgements paid	24 / E	(300,000)	(995,000)
Income tax paid		(44,408,039)	-
Tax on assets paid		(4,270,595)	(11,266,242)
Net cash flows provided by operating activities		**2,767,313,565**	**2,030,175,562**
Cash flows from investment activities			
Payments made for the acquisition of property, plant and equipment	6 / A	(1,104,087,745)	(976,941,567)
Changes in financial investments at amortized cost not considered as cash or cash equivalents		59,200,820	85,901,321
Payments for acquisition of new areas		(406,368,856)	-
Capital contributions in subsidiaries		-	(18,750)
Net cash flows used in investment activities		**(1,451,255,781)**	**(891,058,996)**
Cash flows from financing activities			
Interest paid	20	(272,682,941)	(368,230,140)
Fees and expenses on the issuance of Corporate Bonds	20	(60,914,027)	-
Financial liabilities settled	20	(3,239,206,510)	(236,051,000)
Financial liabilities obtained	20	4,702,918,070	138,260,000
Contributions from third parties in subsidiaries		1,070,206	11,500,000
Net cash flows provided by / (used in) financing activities		**1,131,184,798**	**(454,521,140)**
Net increase in cash, cash equivalents and overdrafts		**2,447,242,582**	**684,595,426**
Exchange difference generated by cash and cash equivalents		595,104,421	38,517,504
Cash, cash equivalents and overdrafts at the beginning of the year	15	967,538,539	244,425,609
Cash, cash equivalents and overdrafts at the end of the year	15	**4,009,885,542**	**967,538,539**

Alejandro Götz
Chairman

Operations not generating changes in cash

Complementary information	04.30.2018	04.30.2017
Loans canceled with compensations	(168,294,954)	(105,282,672)
Accrual for well capping	67,804,440	10,495,366
Capital contributions to be made in E G Wind S.A.	-	56,250

The accompanying Notes 1 to 39 and Exhibits A and C to H form an integral part of these consolidated financial statements.

Alejandro Götz
Chairman

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK

1.1 – General information

Capex S.A. ("the Company") and its subsidiaries Servicios Buproneu S.A. (SEB) and Hychico S.A. (Hychico) and E G WIND S.A. (E G WIND) (jointly, "the Group") have as main activity the generation of electric power, the production of oil and gas, the provision of services related to the processing and separation of gases and the production of hydrogen and oxygen.

The Company was incorporated in 1988 to carry out oil and gas exploration in Argentina and it has subsequently added the electricity generation business.

In January 1991, the Company acquired 100% of the rights over the Agua del Cajón area located in the Neuquén Basin in the south east of the province of Neuquén, under a 25-year concession with an extension option for 10 years. On April 13, 2009, a Memorandum of Understanding was signed, whereby the province of Neuquén granted the Company an extension to the original term until January 11, 2026. The agreement involved the payment of US$ 17 million, the commitment to conduct an action plan for an aggregate amount of US$ 144 million until the expiration of the concession term, the payment of an extraordinary 3% production fee and the extraordinary fee ranging from 1% to 3% depending on the price of crude and natural gas with regard to a scale of reference prices.

In April 2017, under Decree No. 556/17 the Executive Branch of the Neuquén Province granted the Company a concession to exploit unconventional sources of hydrocarbons across the Agua del Cajón Area for a term of 35 years. The concession term will expire in 2052 and, as a condition precedent for its granting, the Company agreed to go ahead with a pilot project for the development of investments for US$ 126 million over a period of five years counted as from January 1, 2017.

Furthermore, as part of the terms and conditions for the granting of the concession to exploit unconventional hydrocarbons, the Company paid the Neuquén Province a total of $137,853,682 in April 2017, which was capitalized in the item Property, Plant and Equipment. This amount results from the following items: (I) US$ 4.97 million in respect of the conventional exploitation bond under Section 58 bis, paragraph two, of Law 17319; (ii) US$ 3.1 million in respect of contributions for corporate social responsibility; and (iii) US$ 0.882 million for stamp tax on the investment agreement signed with the Province. With the payment of the bond mentioned in point (i), the Company also keeps the right to exploit conventional resources in the area until the end of the unconventional hydrocarbon exploitation concession.

Under the agreement signed with the Neuquén Province, the Company shall pay the following royalties: (a) on the production from all completed and finished wells, except for those with production from unconventional reservoirs, such as shale gas, shale oil or schist of slate rock, the percentages agreed under the Memorandum of Understanding of April 13, 2009 shall be paid until January 11, 2026, date as from which the maximum royalty payment of 18% shall be made, as set forth in Section 59 of Law 17319; and (b) royalties of 12% shall be paid on the production from wells completed and finished as from the grant of the unconventional hydrocarbon exploitation concession, with production from the unconventional shale gas, shale oil, or schist of slate rock reservoirs.

As of October 31, 2017, the transaction was closed by means of which Capex S.A. ("The buyer") acquired Chevron Argentina S.R.L. ("The seller") i) 37.5% of the "Loma Negra" hydrocarbons exploitation concession, and (ii) 18.75% of the "La Yesera" hydrocarbons concession, two oil and gas exploitation areas located in the Province of Rio Negro (see Note 37).

The electricity generation business has a total nominal generation capacity of 672 MW (ISO), including an open cycle with a total nominal capacity of 371MW and a combined cycle with supplementary firing with a total nominal capacity of 301 MW.

To connect the power station with the National Interconnected System (SIN), a total of 111km of three high-voltage lines of 132kW were built, with Arroyito and Chocón Oeste being the interconnection points. Due to the operating needs of the combined cycle, an additional high-voltage line of 500 KW was built, the connection point of which is in Chocón Oeste. Thus, delivery is highly reliable and flexible.

M.

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT'D.)

The Company processes the gas produced, which is rich in liquefied components, in an LPG plant owned by SEB. Propane, butane and stabilized gasoline are obtained from this process. Propane and butane are sold separately and stabilized gasoline is sold together with crude oil, while the remaining gas is used as fuel to generate electricity. The efficiency levels of this plant are approximately 99.6%.

The Company started through Hychico two projects for the generation of wind power and the production of oxygen and hydrogen by electrolysis. Hydrogen is used as fuel for the generation of electric power, by mixing hydrogen with gas; oxygen is destined for the industrial gases market in the region and the produced wind power is sold in the WEM. Likewise, the Company through E G WIND S.A. began the construction of a new wind farm in the City of Comodoro Rivadavia (see Note 36).

The Company trades its shares in the Buenos Aires Stock Exchange.

1.2- Regulatory framework for the oil, electricity, gas and LPG sectors

a) **Oil sector**

Federal Hydrocarbons Law 17319 and 27007

Ownership of fields

In its original wording, Law 17319 (Hydrocarbons Law) set forth that the liquid and gaseous hydrocarbons fields located in the Argentine territory and its continental shelf were the non-transferable, imprescriptible property of the National Government. However, this ownership was transferred to the Provinces in which the mentioned fields are located.

In Argentina, exploration and exploitation of oil and gas is performed through exploration permits, concessions for exploitation, and contracts for exploitation or partnership agreements.

On October 31, 2014, the National Congress enacted Law 27007, which amends Law 17319. Among the main amendments, we can mention that it gives legal status to the figure of concession for unconventional exploitation, created by Decree 929/13. It is established that the term of the Concession for the Unconventional Exploitation of Hydrocarbons will be effective for 35 years, with the possibility of time extensions for 10-year periods, applicable even for the current concessions.

With the enforcement of this law, the term of the concessions for conventional exploitation is maintained at 25 years; however, successive renewals of 10 years are authorized for both conventional and non-conventional exploitation concessions.

Law 27007 eliminates, with future effect, the possibility that the Federal Government and the Provinces may reserve areas for exploitation by state-owned companies or entities, or companies or entities with state ownership. The law allows the grantor to decide the system that will be used to exploit and develop the areas reserved for this purpose but in relation to which no agreement has been entered into.

As for royalties, the law maintains a rate of 12%, as set forth by Law 17319. It also maintains the possibility of reducing the rate in certain cases up to 5% and allows for increasing it up to 3 points (resulting 15%). A ceiling of 18% is set for successive extensions.

Furthermore, Law 27007 created an Investment Promotion System for the Exploitation of Hydrocarbons for investment projects exceeding US$ 250 million and established that in, certain exceptional cases, part of the production may be freely traded in the foreign market, without paying export duties. In addition, it set forth that foreign currency obtained from the export of hydrocarbons may be freely available to the exporter.

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT'D.)

Federal Law 26741

Public Interest Statement

On May 4, 2012 the Argentine Congress passed Law 26741 of National Hydrocarbons Sovereignty, which declared the self-sufficiency in the supply of hydrocarbons as well as in the exploration, exploitation, industrialization, transportation and sale of hydrocarbons a national public interest.

Among other issues, this law ordered that the National Executive Branch should be the authority in charge of setting the policies on hydrocarbons and of deciding the measures leading to the achievement of the goals established in the law, jointly with the provincial governments and with the public and private interests, domestic or international.

Domestic market prices

In the domestic market, oil sales are made at prices negotiated between oil producers and refineries to which crude oil is sold. Those prices are set taking into consideration the current quotation of Brent crude oil, retail (pump) prices for fuels and byproducts, the future price scenarios, and the regulations and requirements established by the government.

Effective January 1, 2017 a group of oil producers and refineries signed a "Pricing Agreement for the Transition to International Prices in the Argentine Hydrocarbons Industry", whereby the sale prices for Escalante and Medanito Crude Oil for 2017 were set. The Company and other heavy oil producing companies did not sign the agreement, so they continued negotiating free sale prices, according to the above-mentioned guidelines.

The Ministry of Energy and Mining stated in a note dated September 22, 2017 that the commitments set out in the Agreement would be suspended as from October 1, 2017, so each company may freely negotiate the prices in the hydrocarbon market, there being freedom for the import and export of crude oil, as long as market supply is ensured.

Export Duties

Resolution 1077/2014 of the Ministry of Economy and Public Finance dated December 29, 2014, defines the international price of crude oil taking the Brent quotation as reference value minus 8 US$/bbl and the nominal rate of exportation based on the international price of crude oil. When the international price of crude oil does not exceed 71 US$/bbl, the applicable rate will be 1%, when the international price of crude oil is over 71 US$/bbl, the resolution defines a polynomial formula [(IP -70)/70 x 100], where IP is the international price, that can be used to apply variable withholdings.

The Company did not make oil sales to foreign customers.

As of January 7, 2017, the application of the export duties became ineffective, and Law 26732, which extended the collection of export duties for the term of 5 years as from January 7, 2012, has expired.

b) <u>Electricity sector</u>

b.1) Remuneration schedule as from February 2017

ES Res 19 E/17 from the Ministry of Energy and Mining

On January 27, 2017, the Ministry of Energy and Mining adopted Resolution No. 19 - E/2017 (ES Res 19 E/17), which established a remunerative mechanism which values positively the greater accuracy in the statement of guaranteed availability of generation of conventional source electricity. The aim is to adopt remuneration criteria with economically reasonable, foreseeable and efficient conditions by means of mid-term commitments, with the possibility of transferring them to the demand. It will come into force as from February 1, 2017, annulling the Remuneration Schedule established in EES Resolution No. 22/16.

M.

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT'D.)

ES Resolution 19 - E/2017 sets out that a WEM generating, co-generating and self-generating agent, owner of a conventional power generation plant, can declare Offers of Guaranteed Availability in order to subscribe to Commitments of Guaranteed Availability (CoDiG, for its acronym in Spanish) in terms of the power and energy of the installed generation units, along with the seasonal statements in the summer. The statements of Offered Guaranteed Availability (DIGO, for its acronym in Spanish) will cover periods of 3 years, differentiating the values in different seasonal periods of six months. For 2017, the DIGOs was enabled for the winter season. State-owned WEM Generation Agents are excluded from these offers (including the Argentine share of binational entities), as well as Generation Agents which have committed to supply energy and/or power by means of specific agreements.

The remuneration schedule is US dollar denominated.

Likewise, for those generators with balances for the financing of the *Maintenance Program for Electricity Generation Units*, after paying the credits already accrued, the Resolution foresees their payback or reimbursement, deducting up to 1 US$/MWh per generated MW from the monthly settlement, until the financing is fully repaid.

Finally, it also sets forth a specific remuneration schedule for those plants generating hydroelectric energy and renewables, as well as incentives for those thermals that have an increase in energy efficiency and higher usage expenses due to irregular dispatch.

The remuneration to enabled thermal generators is composed of:

i) A remuneration for monthly available power, subdivided in:

a) a minimum price associated to Real Available Power,
b) a base price pursuant to the fulfillment of a DIGO and
c) a maximum additional price related to the fulfillment of an Assigned Power, the latter receiving an additional amount to the unit price to cope with more demanding situations.

ii) A remuneration for generated and operated energy, which will be the sum of Generated Energy and Operated Energy, which might be increased in accordance with the fulfillment of thermal efficiency objectives.

The values set by Resolution ES 19 - E/2017 for technologies with similar characteristics to CT ADC (>150 MW) are the following:

i) Remuneration for monthly available power

a) Power minimum price

Technology / Scale	[US$/MW-month]
CC big P > 150 MW	3,050

b) Base Price to remunerate the Offered Guaranteed Availability (DIGO, for its acronym in Spanish)

Period	[US$/MW-month]
May 17 – Oct 17	6,000
Nov 17 onwards	7,000

c) Additional Price

Period	[US$/MW-month]
May 17 – Oct 17	1,000
Nov 17 onwards	2,000

M.

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT'D.)

ii) Remuneration for generated and operated energy

a) Generated Energy: non-fuel variable prices, per type of fuel consumed by the generating unit, is established in the following chart:

Technology / Scale	Natural Gas [US$/MWh]
CC - Big	5.0

b) Operated Energy: the generators will receive a monthly remuneration on this concept, represented by the integration of time powers in the period, valued at 2.0 US$/MWh for any type of fuel.

Remuneration of other Generation Technologies:

The resolution also covers remunerations for other generation technologies which are not applicable to the Group.

Through Note No. 2017-15482939-APN-SECEE#MEM, ES Resolution 19E/2017 is amended; these amendments became effective as from November 2017:

- Offered Guaranteed Availability (DIGO, for its acronym in Spanish) declaration may be made in each Seasonal Schedule;
- the method to control the DIGO may be chosen, which may be monthly (with a 7.5% tolerance) or half-yearly;
- the exchange rate to be considered by CAMMESA for the payment of settlements will be that of the prior day to the due date of the commercial document.

b.2) Remuneration schedule from February 2013 to January 2017

b.2.1) ES Resolution 95/13

On March 22, 2013, the Energy Secretariat adopted ES Resolution 95/13 which modified remuneration schedule for the power generation activity and numerous amendments to the WEM organization, also suspending the addition and renewal of new contracts in the MAT.

The resolution established a new general scope system in substitution of the previous remuneration schedule in effect for the entire generation sector (generators, self-generators and co-generators), except for: (i) binational hydroelectric power stations and nuclear power plants; and (ii) electricity generation under contracts regulated by the Energy Secretariat which contain a differential remuneration under ES Resolutions Nos. 1193/05, 1281/06, 220/07, 1836/07, 200/09, 712/09, 762/09, 108/11, 137/11 and any other electric power supply contract with a differential remuneration schedule established by the Energy Secretariat ("the generation agents encompassed by the Resolution").

The remuneration schedule applies to economic transactions as from February 2013, and it was valid until January 2017.

The remuneration schedule included three items:

i) Fixed cost remuneration: The fixed cost remuneration were based on parameters that vary by type of generation, technology, scale and available power in each machine (based on the target availability defined by the Energy Secretariat) in the power remuneration hours (HRP).

ii) Variable cost remuneration: Remuneration of variable costs (non-fuels), which replaced the remuneration of variable maintenance costs and other variable non-fuel costs, was calculated monthly on the basis of the energy generated by type of fuel. By Note 2053 of April 19, 2013, the Energy Secretariat recognized the remuneration of power made available to the generating unit, regardless of available fuel.

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT'D.)

iii) Additional Remuneration The additional remuneration was determined monthly on the basis of the total generated power. A portion of the remuneration was applied to a trust and reinvested in the financing of new infrastructure projects in the electricity sector, the specifications of which were established by the Energy Secretariat.

The three items in the aggregate constituted the total remuneration receivable by the generators encompassed.

Recognition of fuel costs

As established by the resolution, the own fuel costs valued at the reference price will be recognized, as well as the recognized freight, the cost associated with transport and distribution of natural gas, and the related taxes and rates, provided that the following conditions were met: (i) that costs were recognized by CAMMESA at the effective date of the Resolution; and (ii) that costs had originated in contractual relations assumed prior to the effective date of the Resolution.

The commercial management and dispatch of fuels for power generation was centralized on CAMMESA; as contractual relations between the WEM agents and their suppliers of fuels and associated inputs have become extinct, those associated costs ceased to be recognized.

Payment priority

ES Resolution 95/13 established two different payment priorities. The first one included the payment of the fixed cost remuneration, the variable cost remuneration and the recognition of the fuel prices, which equiparate with the priority stabliched in Section 4, sub-sect. e), of ES Resolution 406/03. The second priority included the additional remuneration, that equiparate with the application Section 4, sub-sect. c), of ES Resolution 406/03.

Suspension of contracts with the MAT

The resolution established the suspension of new contracts in the MAT (excluding those derived from resolutions that will set out a differential remuneration system), as well as their extension or renewal.

b.2.2) ES Resolution 529/14

On May 20, 2014 the Energy Secretariat issued Resolution 529/14, which updated the values of the remuneration schedule set in ES Resolution 95/13, and changed the method for fixed costs remuneration, and introduced the notion of "Remuneration of Non-Recurring Maintenance", whose calculation will be based on the total generated power, and exclusively intended for the financing of major maintenance works subject to approval by the Energy Secretariat (see item b.2.5)).

b.2.3) ES Resolution 482/15

On July 10, 2016 ES Resolution 482/15 was issued, which updated the values of the remuneration schedule and added amendments to the method for calculating the remuneration, for example (i) in the fixed costs, the reference power availability value was determined based on the typical conditions of temperature in the facility, (ii) in the variable costs, incentives referring to the increase in payments due to the larger number of hours the plant is operative and a more efficient use of fuels (see Incentive to "Production" and "Operating Efficiency"), and (iii) in the remuneration of non-recurring maintenance, a formula will be applied considered adjustments based on the power Use Factor in the latest year and on a Start-up Factor considering the number of starts based on the dispatch administered by CAMMESA in the latest year, which was computed up to the month prior to that of the transaction.

Pursuant to the "Agreement for projects management and operation, increase in the power plant generation availability and adjustment to the generation remuneration 2016-2018" dated June 5, 2016 ("2016-2018 Agreement"), ES Resolution 482/15 included a specific contribution, the Resources for 2016-2018 FONINVEMEM investments ("2016-2018 FONINVEMEM Resources"), for the execution of the works considered under such system.

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT'D.)

b.2.4) ES Resolution 22/16

On March 30, 2016 ES Resolution 22/16 updated the values of the remuneration schedule set in ES Resolution 482/15, as from the economic transactions corresponding to February 2016.

The changes in the remuneration system for generators, for technologies of similar characteristics to the CT ADC (>150MW) is:

	ES Resolution 95/13 (1)	ES Resolution 529/14 (2)	ES Resolution 482/15 (3)	ES Resolution 22/16 (4)
	$/MWh			
Fixed cost remuneration	31.0	38.8	49.6	84.3
Variable cost remuneration	19.0	26.8	33.1	46.3
Additional remuneration – Direct	7.5	9.4	11.7	11.7
Additional remuneration - Trust fund (*)	5.0	6.2	7.8	7.8
Remuneration of non-recurring maintenance	-	21.0	24.7	39.5

(*) This item is accumulated in a Fund not yet collected by the generating companies.
(1) Applicable from February 2013 to January 2014
(2) Applicable from February 2014 to January 2016
(3) Applicable from February 2016 to January 2017
(4) Applicable as from January 2017

b.2.5) Maintenance program for the energy generating units

As from June 2011, the Company has been negotiating with ES and CAMMESA the financing of a plan for major and extraordinary maintenance, to be carried out in all the units of the Agua del Cajón power plant ("CT ADC"), aimed at the continuity of operations of its generating units in a reliable manner.

Through ES Note 1873 dated April 12, 2013, the Energy Secretariat approved the works proposed for a total of $ 158,470,000 (equivalent to US$ 30,891,000), subject to CAMMESA's issuing together with the Company the administrative instruments necessary for those documents to be authorized by the ES.

On March 27, 2014 the Company submitted to CAMMESA a proposal for financing and assignment of credit rights in guarantee of performing maintenance at the CT ADC, in the context of ES Resolution 146/02.

The main characteristics of this proposal are:

- The amount of the financing was the equivalent in pesos of up to US$ 30,891,000, from which the items mentioned in the next paragraph were subtracted.
- The Company committed to using in the maintenance of the CT ADC units those receivables not yet collected to which it was entitled pursuant to sections 4 and 5 of the "2008-2011 ES-Generators Agreement".
- This financing was granted based on the estimate of the cash flow presented, the control on progress of works, and subject to CAMMESA availability of funds, through the delivery of partial advances. Once each advance was received, the Company must have done a report on the funds received in the previous month.

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT'D.)

- For each machine for the maintenance of which funds have been advanced, and only after the start-up of the power generation units to be repaired was made, the Company had to refund the financed amount in 36 equal and consecutive monthly installments.

- The repayment of this financing will be made, firstly, applying the Remuneration for Extraordinary Maintenance (created through ES Resolution 529/14 – Remuneration of non-recurring maintenance, see item b.2.2)); if this was not enough, then the Additional Remuneration for Generators corresponding to each machine will be applied (established by ES Resolution 95/13 and amended by ES Resolution 529/14). With the entry into force of the Res SE 19 E / 2017, a discount of up to 1 US$ / MWh per MW generated was given on the monthly computation (see point b.1).

- The Company guarantees, for each month subsequent to the start-up after having performed the maintenance works being financed and until the end of the repayment period, the minimum availability of each power generation unit to be repaired.

- In guarantee of faithful compliance with every commitment undertaken, the Company assigned and transfered in favor of CAMMESA 100% of its present and future credit rights, accrued or to be accrued in favor of Capex derived exclusively from Fixed Cost Remuneration, Variable Costs (non-fuel) and Additional Remuneration for generators, for a maximum amount of up to US$ 20 million at each moment and up to the limit of the value of the unpaid installments.

- The Company may, prior notification to CAMMESA, settle in advance part or the total of the financing. CAMMESA is obliged to accept the advanced settlement.

Afterwards, the Company requested that the original amount be increased by US$ 20,000,000 (including VAT) to finance the works with the new scope arising from:

1) Changes in the original maintenance plan, and
2) Higher costs than originally estimated.

On November 18, 2015, the increase in the financing amount was approved by the Electric Power Undersecretary and accepted by CAMMESA by means of an Addendum to the original Agreement, with which the total amount under the Program is US$ 50,891,000.

Since the beginning of the program until November 30, 2017, Capex received from CAMMESA all the funds of the program for the equivalent for $567.5 million. These funds were offset with the Non-recurring maintenance remuneration and with the balance accumulated in credits for the "Additional Trust Remuneration", accruing at April 30, 2018 a debt of $115.0 million, payable in up to 48 installments to be deducted from the monthly remuneration of the generator, according to the proposal submitted by the company. They are exposed in the item "Financial Debts" (see Note 20).

b.2.6) National Decree 134/15

By means of Decree 134/15, the National Executive Branch declared the state of emergency in the national electricity sector, effective until December 31, 2017. As from this declaration, the Ministry of Energy and Mining was instructed to prepare, enforce and implement an action plan as needed in relation to the segments of electricity generation, transportation and distribution with national jurisdiction, with the purpose of having an adequate quality and reliability of energy supply and ensuring the service of electric public utilities in proper technical and economic conditions. Further, the provinces were summoned to adhere to this declaration.

b.3) Renewable energies

b.3.1) Energy Secretariat Resolution 108/2011

Energy Secretariat Resolution 108/11 dated March 29, 2011 authorizes the execution of supply contracts between the WEM and the offers of power generation and associated energy as from renewable energy sources presented by generating, co-generating or self-generating agents that at the date of publication of this resolution are agents of the WEM or are not commercially authorized or interconnected.

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT'D.)

Authorization to participate in those generation offers should be granted to all projects involving the National State, ENARSA or the projects that the Minister of Federal Planning, Public Investment and Services so determined.

The WEM supply contracts envisaged by this resolution will be characterized as follows:

- Duration: up to fifteen (15) years, renewable for periods of up to 18 months
- Selling party: WEM agent whose offer has been approved by the Energy Secretariat
- Buying party: the WEM as a whole, represented by CAMMESA.
- The remuneration receivable by the selling party and payable by the buying party shall be determined based on the costs accepted by the Energy Secretariat.
- All offerors wishing to enter into contracts with the WEM are to submit to the Energy Secretariat the respective investment projects, including the following information:
    - Units to be commissioned which will take on the commitment.
    - Guaranteed availability of the commissioned units that will take on the commitment.
    - Offered duration of the WEM supply contract.

- Period of validity of the offer.
    - Power availability undertaken for the whole period.
    - The offer shall contain a breakdown of all fixed and variable costs, as well as the costs of the financing used for the installation of the new offered capacity.
- The documentation supporting the breakdown of costs submitted.

It was established that the power to be assigned and the energy supplied in compliance with each of the WEM supply contracts will be remunerated on a monthly basis, calculated based on the annual installation costs to be considered and the fixed and variable costs of operation of the committed equipment. These costs may be reviewed by the Energy Secretariat when any of its components show significant variations, to ensure that the costs are covered by the remuneration assigned to the respective WEM supply contract.

It is also established that while Energy Secretariat Resolution 406/03 applies, the obligations arising under the contract shall rank pari passu with the ones established in Section 4, paragraph e) of that resolution. If this order of priority is modified, payment of the obligations derived from the contract may not be lower in priority with respect to the recognition of operating costs of the thermal power plants.

Hychico has made a supply contract with the WEM taking this resolution into account.

b.3.2) Law XVII No. 95 – Tax benefits for renewable energies

On October 19, 2015, the Head of the Agency for the Promotion of Renewable Energies in the Province of Chubut decided to grant to Hychico for its DEEF, within the framework of Law XVII No. 95, the benefits set forth in Article 7, Section B, Sub-section 3, fully excepting it from payment of turnover tax during the first five (5) years as from the granting date, and with a 50% turnover tax exemption as from the sixth year up to and including the tenth year. Within the framework of that Law, and in accordance with the provisions of Article 8, the "tax stability" benefit was granted in the provincial territory for a term of 15 years, with tax stability being understood as the impossibility of imposing on the activity a heavier tax burden as a consequence of tax increases.

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT'D.)

b.3.3) Law 27191 – Changes to the regime for the promotion of renewable energies

On September 25, 2016, the National Congress enacted Law 27191 which was published in the Official Gazette on October 21, 2015. The Law introduced amendments to the National Program for the Promotion of the Use of Renewable Energy Sources created by Law 26190. To that end, to reach an 8% renewable energy contribution to the national consumption matrix at December 31, 2017 and 20% at December 31, 2025, the law added the following: (i) it extended the definition of renewable energies; (ii) it eliminated the 10 year limitation for the tax benefit system; (iii) it set out non-excluding tax incentives such as: early refund of VAT, accelerated amortization of income tax, exclusion from the tax on assets base of assets used in promoted activities, exemption from import duties, offsetting of tax losses against income (going from 5 to 10 years), tax exemption for dividend distribution when the beneficiary is an individual (only in the case of reinvestment), and tax certificates for 20% of the value of the national components; (iv) it created the Trust Fund for the Development of Renewable Energies that, among other things, will grant loans and guarantees for investment projects, and (v) it ordered that all power users would have to contribute by complying with the renewable energy consumption objectives set forth by the law, for which a gradual schedule was established and special obligations for Large Users of over 300kW. Finally, the law ratified that wind power generation should receive the same treatment as run-of-the-river power generation; therefore, this will be dispatched according to the actual wind availability.

In addition, in May 2016 the Ministry of Energy and Mining issued Resolutions 71/2017 and 72/2017 through which it set in motion the first round of the Open Bid Process for contracting in the WEM electricity from renewable generation sources ("Programa RenovAr") to comply with Laws 26190 and 27191. On September 5, 2016, Hychico and Plenium Energy S.A. (a related company) submitted a bid under that program but it was not awarded.

b.3.4) Resolution E-275/2017 of the Ministry of Energy and Mining

On August 17, 2017, Resolution No. E-275/2017 from the Ministry of Energy and Mining was published in the Official Gazette which called for interested parties to offer in the National and International Open Bid Process for contracting in the WEM electricity from renewable sources - Program RENOVAR (2nd Round), with the aim of entering into contracts in the forward market (called supply contracts of renewable electricity) with CAMMESA in representation of Distributors and Large Users of the Wholesale Electric Market - until their reallocation to distribution agents and/or Large Users of WEM in accordance with the Program Bidding Terms and Conditions. The Company participated in the call with the Diadema Eolic Energy Farm II project (see Note 36).

c) <u>Gas natural sector</u>

- **Federal Hydrocarbons Law 17319 - Law 26741 of "National Hydrocarbons Sovereignty" and Decree 1277/12**

See section a) Oil sector

- **Gas Plus Program**

Under ES Resolution 24/08 the ES created the "Gas Plus Program". The plan creates a set of incentives for those who incorporate new production of natural gas. The Company has submitted several projects, all of which have been approved. The sales of gas made by the Company correspond to the Gas Plus Program.

M.

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT'D.)

- **Stimulus Plan for injection of Natural Gas for Companies with Reduced Injection**

In late November 2013 the Planning and Strategic Coordination of the National Plan for Investments in Hydrocarbon Resources issued Resolution 60/13 which created a new "Incentive Program for Natural Gas Injection for Companies with Reduced Injection" (the "Program"). Companies which had an average injection lower than 3.5 million of m3/day, such as this Company, could request adherence to that Program. The request for adherence to the Program should be approved by the Committee. In general terms, the Program establishes a system for payments on the prices of Natural Gas that is made gradually depending on the excess production of each company over its adjusted basic injection (basic injection = injection of the period July to December 2013). These payments range from US$4/MMBTU to US$7.5/MMBTU, depending on the injection above the basic injection. The Argentine Government makes these payments on a quarterly basis in pesos. The companies adhering to the Program undertake the commitment to inject at least the adjusted basic injection, or pay the Argentine Government the import price of the remaining volume, which is calculated based on the import price of the liquefied natural gas during the last six months. The Program will be in force for 4 years with the possibility of one-year extension subject to the authorization of the Committee. Companies could request adherence to the Program until March 31, 2014.

In December 2013, the Company submitted the request for the mentioned program, and on March 25, 2014 the Committee, through Resolution 26/14, registered the Company.

- **Resolution 41/16 of the Ministry of Energy and Mining**

On April 7, 2016, the Ministry of Energy and Mining issued Resolution 41/16, setting the new prices of natural gas at the entering point to the transportation system for each basin of origin, to be used in the generation of electric power that will be sold in the WEM, applicable as from April 1, 2016. The price in effect for the Neuquén Basin is US$/MMBTU 5.53.

- **Resolution 46-E / 2017 - Incentive Program for Investments in Developments of Natural Gas Production derived from Unconventional Reservoirs**

On March 2, 2017, the Ministry of Energy and Mining issued Resolution 46-E/2017, by means of which the Incentive Program for Investments in Developments of Natural Gas Production derived from Unconventional Reservoirs (the "Program") was created with the aim of stimulating the investments in natural gas production derived from unconventional reservoirs in the Neuquén Basin.

The Program will be in force from its publication in the Official Gazette to December 31, 2021.

Companies that have the right to produce unconventional gas derived from concessions located in the Neuquina Basin may request adherence to this Program. They should be registered with the National Registry of Oil Companies. Further, to be included in this Program, these companies should have a specific investment plan approved by the competent provincial authority, in conformity with the Secretariat of Hydrocarbon Resources.

The compensation is calculated based on the production of unconventional gas to be sold, that is to say, the natural gas prepared for commercialization, excluding internal consumption in the fields and taking into account the difference between the effective price (average weighted price of each company's sales of natural gas to the internal market) and the minimum price.

The minimum price will be:
(i) 7.50 US$/MMbtu for calendar year 2018,
(ii) 7.00 US$/MMbtu for calendar year 2019,
(iii) 6.50 US$/MMbtu for calendar year 2020, and
(iv) 6,00 US$/MMbtu for calendar year 2021.

The payment of the first compensation under the program will be made in the month after the request is submitted or in January 2018, whichever occurs later. Nevertheless, those companies taking part in the "Incentive Program for Natural Gas Injection for Companies with Reduced Injection", created by Resolution 60/2013 of the former Commission for the Strategic Planning and Coordination of the National Hydrocarbon Investment Plan, which adhere to the current program, may receive compensation, if applicable, as from the month following submission of request for adherence to the Program. For the 2017 compensation, the minimum price used will be the one set in this program for the year 2018. Also, for the calculation of the effective price during 2017 for such companies, the price of the surplus injection provided for in Res 60/13 will be considered.

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT'D.)

- **Resolution 419-E/2017 - Incentive Program for the Investments in Developments of Natural Gas Production from Unconventional Reservoirs**

On November 1, 2017, Resolution 419-E/2017 (which amends Resolution 46-E/2017) was issued, setting a new Appendix I modifying the terms and conditions of the Program.

Definitions:

1. Unconventional Gas: gas from natural gas reservoirs, characterized by the presence of very compact sandstones or clays with low permeability and porosity (Tight Gas or Shale Gas).
2. Included Concessions: Concessions which produce Unconventional Gas, located in the Neuquina Basin.
3. Initial Production: Average monthly Unconventional Gas Production for the period July 2016/June 2017.
4. Included Production:
    a. All the monthly production of Unconventional Gas for those concessions whose Initial Production is lower than 500,000 m3/d.
    b. All the monthly production of Unconventional Gas minus the Initial Production for those concessions whose Initial Production is equal to or higher than 500,000 m3/d.
5. Minimum Price:
    - 2018: 7.50 US$/MMbtu.
    - 2019: 7.00 US$/MMbtu.
    - 2020: 6.50 US$/MMbtu.
    - 2021: 6.00 US$/MMbtu.
6. Effective Price: Average weighted monthly price for the total volume of natural gas sales in Argentina (to be published by the ES).
7. Unit Compensation: The result of the Effective Price subtracted from the Minimum Price (when such difference is greater than zero).
8. Interim payments: payment of 85% of the compensation (estimated on the projections of companies) for the previous month.

Concessions which do not reach an average annual production (12 consecutive months) of 500,000 m3/day in their investment plan before December 31, 2019 will not be considered. If they do not reach the 500,000 m3/day, they must reimburse the compensation amounts received, adjusted with an interest rate (average lending rate of Banco Nación for trade discounts operations). The Secretariat of Hydrocarbon Resources can request a fidelity bond insurance policy to guarantee the reimbursement of the compensation.

- An independent measurement and production schedule must be submitted.
- The payment of the first compensation will correspond to the month after the request is submitted or in January 2018, whichever occurs later.
- Early start of Gas II Plan:
    - The companies participating in Gas II Plan (Resolution 60/13) will be able to receive compensations as from the month after the submission is completed.
    - For 2017, the minimum price to be used will be that of 2018.
    - The effective price for 2017 will be the corresponding price of the excess injection.
- Payments:
    - 88% will be paid to the Company and 12% to the corresponding province.
    - Payment order in pesos, with the exchange rate of the last business day of the month to which the volumes correspond.
- Initial interim Payment:
    - The Secretariat of Hydrocarbon Resources will issue a payment order before the last business day of the month following that of the inclusion of the Company.
    - Within 20 days of the month after which the payment order is issued, a sworn statement of the Included Production, certified by independent auditors, must be submitted.

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT'D.)

- Control of Production volumes:
  - Volumes corresponding to the entering points to the Transportation System of Natural Gas: the Secretariat of Hydrocarbon Resources will send the volumes of included production submitted by the companies to ENARGAS, which will verify the injection volumes.
  - Points located before the entering points to the Transportation System of Natural Gas: the Secretariat of Hydrocarbon Resources will verify the results of the measurement of volumes from each Gas Measure Point installed, pursuant to Resolution 318/2010.

On January 31, 2018, the Company submitted an application to the Exploration and Production Undersecretariat of the Ministry of Energy and Mining, requesting adherence to the mentioned Program for the Agua del Cajón concession. This presentation included the approval by the Provincial Enforcement Authority (Ministry of Energy and Natural Resources for the Province of Neuquén – Resolution No. 012 dated January 29, 2018) of an investment plan for US$ 101.5 million, until 2021, which would make the development of natural gas production from unconventional reservoirs possible. On June 6, 2018, the ES notified Capex that the Agua del Cajón concession was included in the Program.

Likewise, on that date Capex requested before the Ministry of Energy and Mining adherence to the same Program for the Loma Negra concession, located in the province of Río Negro; the Company holds an interest of 37.5% in the concession and operates it. The presentation also included the approval by the Provincial Enforcement Authority (Energy Secretariat for the Province of Rio Negro – Resolution No. 13 dated January 30, 2018) of an investment plan for US$ 74.5 million, corresponding to the "Loma Negra" concession area in its entirety.

d) LPG sector

- **Law 26020 and ES Resolution 168/05**

The regulatory framework for the industry and commercialization of LPG has been approved by the Argentine Congress through Law 26020. This regulatory framework is aimed at ensuring the regular, reliable and economical supply of LPG to low-income social sectors which do not have natural gas service through networks. Furthermore, a general policy has been defined, establishing specific goals for the regulation of the industry and commercialization of LPG, all of them aimed at improving market competitiveness and increasing the development of the LPG industry, promoting its efficiency and ensuring safety in all the stages of the activity, with an adequate protection of user rights, especially at the time of fixing prices.

Law 26020 rules the supply chain of LPG in full, that is to say the production, fractionation, transport, storage, distribution, port services and commercialization of LPG within the Argentine territory.

As regards the production own regulation, we have to mention that section 11 of Law 26020 has established freedom in the production activity, i.e. the LPG production under any form or technical alternative is free: the opening of new plants or the enlargement of existing ones can be made with no further requirement other than compliance with Law 26020, its regulations and pertinent technical standards.

Furthermore, Law 26020 authorizes the free import of LPG, the only requirement being that of compliance with the law, regulations and supplementary resolutions and no prior authorization is required. On the contrary, export of LPG can only be free once the internal demand volumes are satisfied and prior authorization by the Executive Branch in each case is obtained.

Resolution 168/05 of the ES establishes that the export operations have to be recorded with the LPG Direction, reporting to the Undersecretariat of Fuels, for approval, and those interested in the export of LPG must prove that the demand of the commercial chain has been duly satisfied through the mechanism set forth in the mentioned Resolution.

The Enforcement authority of Law 26020 is the Energy Secretariat, which shall enforce and promote compliance with the objectives of the industry and commercialization of the LPG established by such Law, issuing the necessary regulations to that end.

- **ES Resolution 1070/08 and 1071/08**

By Resolutions 1070/08 and 1071/08, the Energy Secretariat ratified (i) an agreement supplementary to the Agreement with Gas Producers entered into with certain gas producers; and (ii) an Agreement for LPG Price Stability entered into with certain LPG producers, bottlers and other market players, none of which was entered into by the Company (see Note 25.2 a.1)). Subsequently, addenda to those agreements were signed, and ratified by resolutions of the Energy Secretariat.

NOTE 1 – GENERAL INFORMATION (CONT'D)

- **ENARGAS Resolutions 1982, 1988 and 1991/11**

By the end of November 2011, the ENARGAS adopted Resolutions 1982, 1988 and 1991/11 whereby, among other issues: (i) the unit prices were adjusted for the charge created by National Executive Branch Decree 2067/08, they being increased by approximately 1,000%, and (ii) said charge was fully applied to certain non-residential users of natural gas, according to their main or secondary line of business; this includes the natural gas treatment plants located outside the regulated measurement area, such as the Agua del Cajon plant of Servicios Buproneu S.A. in which the Company processes its natural gas.

The Company considers that this charge is unconstitutional since it involves a tax and has not been created under a Law passed by the National Congress. In view of this, the Company has filed legal action and has been awarded a precautionary measure, as explained in Note 25.2 a.2).

- **ES Resolution 77/12**

Energy Secretariat Resolution 77/12 (the "Resolution") was published in March 2012. This resolution extends the LPG (butane) price stability agreement, establishes that the producing companies that are not a party to the agreement must meet the supply parameters determined by the Energy Secretariat and sell LPG (butane) to the Bottling Companies at prices and with remunerations equal to the ones set for the producing Companies that are a party to the Agreement, and that the companies not complying with those parameters and provisions shall (i) not be authorized to export; (ii) not be allowed to purchase and sell LPG in the domestic market to any of the persons operating in the industry; and (iii) shall be rendered liable to fines for failure to deliver the product under the terms established by the Competent Authority or for sales in excess of the prices set in the Agreement or in the Resolution. The Company has filed administrative and legal actions against the Resolution (see Note 25.2 a.3)) and, as a result, it has been awarded a precautionary measure with staying effects on this standard and on the restrictions imposed on the Company by the Energy Secretariat under the Resolution. Subsequently, the ES issued Resolutions 429/13 and 532/14, approving the successive extensions to the agreement for the stability of prices of LPG, and, in general, repeating the provisions of ES Resolution 77/12. The Company, not being a party to the LPG price agreement, will eventually file administrative and legal actions against those regulations, if necessary.

- **Decree 470/2015 and ES Resolution 49/2015**

In March 2015, Decree 470/2015 and ES Resolution 49/2015 were published, which replaced the "Garrafas para Todos" (Gas Bottles for Everyone) Program in force since 2009 with the "Hogares con Garrafas" (Homes with Gas Bottles) (HOGAR) Program. This new Program modifies the scheme of volume contributions of propane and butane, the system of subsidies and maximum prices in force. The Company took part in those programs.

The maximum reference prices to be billed by producers under the "Homes with Gas Cylinders ("Hogares con Garrafas" or "HOGAR") were updated in April 2018 (Disposition 5/2018). The new prices were set at $ / tn 5,416 for butane and $ / tn 5,502 for propane, with the compensations remaining at $ / tn 550 and $ / tn 200 for butane and propane, respectively.

- **Undiluted Propane Gas Supply Agreement**

Since 2002, "Undiluted Propane Gas Supply Agreements" for Networks have been entered into with propane gas producers; the purpose of these agreements is to ensure stability in the supply conditions of propane gas for the distribution networks currently operating in Argentina.

The agreements, until December 2015, included the direct collection of $ 300/tn from the party receiving the volume of gas comprised in the agreement. The difference between this amount and the price known as "Export Parity Local" published by the ES is collected by means of a tax credit certificate and/or in cash from the enforcement authority.

Deliveries between May 1, 2015 and December 31, 2015 were not collected through a tax certificate, instead they were collected through the issuance of public debt instruments (BONAR 2020 US$). The Company had to join as a Beneficiary Company of that program, created by means of Decree 704/2016, published in the Official Gazette on May 20, 2016.

NOTE 1 – GENERAL INFORMATION (CONT'D)

The prices collected by these companies were index-adjusted in October 2016 (Res 212/2016), March 2017 (Res 74-E/2017) and in November 2017 (474/ E/2017); the price in effect as from that date for residential users was determined at $/tn 1,941.

As set forth in the Sixteenth Agreement to Extend the Propane Gas Supply Agreement for Undiluted Propane Gas Distribution Networks expiring on December 31, 2019, a new semi-annual price adjustment mechanism was established effective March 2018, with an Adjustment Percentage of 35% between April and September 2018; 49% between October 2018 and March 2019, and 70% between April and December 2019. Those percentages will be applied to the price of LPG - Export Parity for the month prior to the commencement of each period of price adjustment.

NOTE 2 – BASIS FOR PREPARATION AND PRESENTATION

2.1 - International Financial Reporting Standards.

The National Securities Commission (C.N.V.), by means of G.R. Nos. 562/09 and 576/10, has established the application of T.P. Nos. 26 and 29 issued by the Argentine Federation of Professional Councils in Economic Sciences (F.A.C.P.C.E.) which adopt the International Financial Reporting Standards (IFRS) issued by the IASB (International Accounting Standards Board), for those entities included in the public offering system of Law 17811, either for their capital or corporate bonds, or which has requested authorization for being included therein.

2.2 Basis for presentation

These financial statements for the fiscal year ended April 30, 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB.

The consolidated financial statements contain all the significant disclosures required by IFRS.

The presentation in the statement of financial position segregates current and non-current assets and liabilities. Current assets and liabilities are those which are expected to be recovered or settled within the twelve months after the closing of the reporting year. In addition, the Group reports on the cash flows from operating activities using the indirect method. The fiscal year commences on May 1 and ends April 30 of each year. Economic and financial results are presented on the basis of the fiscal year.

These financial statements are stated in Argentine pesos without cents, except otherwise expressly stated. They have been prepared under the historical cost convention, modified by the measurement of certain financial and no financial assets and liabilities at fair value.

The preparation of these financial statements in accordance with IFRS requires the Company to make 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 income and expenses recorded during the 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 4.

These financial statements were approved for issuance by the Company's Board of Directors on July 6, 2018.

Comparative information

Balances at April 30, 2017 shown in these consolidated financial statements for comparative purposes arise from the financial statements at those dates. Certain immaterial amounts corresponding to the financial statements presented for comparative purposes have been reclassified to keep consistency in disclosure with the amounts for the current year.

2.3 - Accounting standards

2.3.1 - New and amended standards adopted by the Group

Below follows a brief description of the new and/or amended standards and interpretations adopted by the Company and their impact on these financial statements.

NOTE 2 - BASIS FOR PREPARATION AND PRESENTATION (CONT'D)

- IAS 7 - Statement of Cash Flows

It was amended in January 2016. An entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. This includes changes arising from cash flows, such as application of funds and loan amortization, and non-cash changes, such as purchases, sales and unrealized exchange differences. It applies for annual periods beginning on or after January 1, 2017. The Group estimates that the application of the amendments had no impact on the results of operations or the financial situation.

- IAS12 - Income Taxes

It was amended in January 2016 to clarify the requirements regarding the recognition of deferred tax assets for unrealized losses. The amendments specify how to account for the deferred tax when an asset is measured at fair value and this value is lower than the tax base of the asset. The amendments also explain other aspects related to the accounting of deferred tax assets. These amendments became effective as from January 1, 2017. The Group estimates the amendments had no impact on the results of operations or the financial situation of the Group.

2.3.2 - New published standards, amendments and interpretations which have not yet come into force for fiscal years begun on May 1, 2016 and have not been early adopted.

At the date of issue of these Financial Statements, the following standards have been issued which have not been adopted since their application is not required at the end of the year commenced May 1, 2017:

- IFRS 15 "Revenue from Contracts with Customers"

Issued in the month of May 2014 and subsequently in September 2015, the entry into force for the annual periods beginning on January 1, 2018 was modified. It deals with the principles for the recognition of income and establishes the requirements for information about the nature, amount, timing and uncertainty of income and cash flows arising from contracts with customers. The basic principle involves recognizing income that represents the transfer of goods or services committed to customers in exchange for an amount that reflects the consideration to which the entity expects to be entitled.

Management has evaluated the effects of the application of IFRS 15 in the financial statements of the Company in relation to the contracts in force as of May 1, 2018. As a result of the evaluation, the Company has not identified differences related to performance obligations, nor with the methodology of price allocation, which could affect the opportunity of recognizing income in the future.

Lastly, no contractual assets or liabilities have been detected that must be presented separately in accordance with IFRS 15.

- IFRS 9 "Financial Instruments"

The amendment was issued in July 2014 and includes in a single document all phases of the IASB project to replace IAS 39 "Financial Instruments: Recognition and Measurement". The phases comprise classification and measurement of the instruments, impairment and hedge accounting. This version adds a new impairment model based on expected losses and some minor changes to the classification and measurement of financial assets. The new standard supersedes all previous versions of IFRS 9 and is effective for periods beginning on or after January 1, 2018.

The Group will retrospectively apply the amended IFRS 9 as from May 1, 2018 with the permitted practical resources and will not restate the comparative periods.

The Group has reviewed the financial assets it currently measures and classifies at fair value through profit or loss or at amortized cost, and it has concluded that they meet the conditions to maintain their classification; consequently, the Group does not expect that the amendments to IFRS 9 will affect the classification and measurement of the financial assets.

As regards the new hedge accounting model which in general terms allows incrementing eligible hedging relationships optionally to represent the effect of the related risk management activities, the Group has not opted to designate any hedging relationship at the date of issue of these financial statements, nor does it expect to make any designation; in consequence, the Group expects no modifications as a result of the application of IFRS 9.

NOTE 2 - BASIS FOR PREPARATION AND PRESENTATION (CONT'D)

With respect to the new impairment model based on expected credit losses (ECL) instead of incurred credit losses, according to the assessments made at the date of issue of these financial statements, the Group does not expect any increase in the provision for impairment of trade receivables.

The Group has already adopted the first phase of IFRS 9 at the date of transition to IFRS, and is analyzing the possible impacts of the first, second and third modified phases, on the measurement of classification and exposure of financial instruments.

- IFRS 16 - Leases

It was issued in January 2016 and replaces the current guidance of IAS 17. IFRS 16 defines a lease as a contract, or as a part of a contract, which transfers the right to control the use of an asset (underlying asset) for a certain period of time in exchange for a consideration. Under this norm, the lessee shall recognize a lease liability that reflects the current value of future payments and a right-of-use asset. This is a significant change regarding IAS 17, in which lessees were required to make a distinction between a financial lease (disclosed in the statement of financial position) and an operating lease (causing no impact on the statement of financial position). IFRS 16 includes an optional exemption for short-term leases and low-value underlying assets leases. This standard applies to annual reporting periods beginning on or after January 1, 2018. The Group is currently analyzing the possible impact of its application on the results of operations and the financial situation of the Group.

- IFRIC 22 - Foreign Currency Transactions and Advance Consideration

It was issued in December 2016. The interpretation refers to the establishment of the "date of the transaction" for the purpose of determining the exchange rate to be used on initial recognition of the related asset, expense or income when an entity has paid or received an advance consideration in a foreign currency. The date of the transaction is the date of initial recognition of the non-monetary asset or liability resulting from the reception or payment of the advance. It applies for annual periods beginning on or after January 1, 2018. The Group is currently analyzing the possible impact of its application on the results of operations and the financial situation of the Group.

- IFRIC 23 - Uncertain income tax positions

IFRIC 23 was issued in June 2017. It clarifies how the recognition and measurement requirements of IAS 12 are applied where there is uncertainty over income tax treatments. According to this interpretation, an entity should measure the impact of the uncertainty using the method that best predicts the resolution of the uncertainty, either the most likely amount method or the expected value method. The entity is required to assume that a tax authority with the right to examine and challenge tax treatments will examine those treatments and have full knowledge of all related information. The interpretation applies to annual reporting periods beginning on or after January 1, 2019, and its early adoption is permitted. The Group is analyzing the impact of the application of IFRIC 23; however, it considers that its application will not have a significant impact on the results of operations or the financial position of the Group.

- IAS 28 "Investments in associates and joint ventures"

It was amended in October 2017. This standard clarifies that IFRS 9 applies to other financial instruments in an associate or joint venture to which the equity method is not applied. It applies to annual reporting periods beginning on or after January 1, 2019 and its early adoption is permitted. The Group is currently analyzing the possible impact of its application; however, it considers that application of this amended standard will not have an impact on the results of operations or the financial position of the Group.

2.4 - Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are all entities over which the Company has control as well as rights to decide on the operating and financial policies to obtain variable returns from their activities, and has the power to affect those returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are de-consolidated from the date on which that control ceases.

The main consolidation adjustments are as follows:

NOTE 2 - BASIS FOR PREPARATION AND PRESENTATION (CONT'D)

1. elimination of balances of reciprocal assets and liabilities accounts between the parent company and subsidiaries, so that the financial statements disclose only the balances held with third parties;
2. elimination of transactions between the parent company and subsidiaries, so that the financial statements disclose only those operations carried out with third parties;
3. elimination of interests in equity and in the comprehensive results for each year of the subsidiaries in the aggregate.

Accounting policies of the subsidiaries have been amended, where applicable, to ensure consistency with the policies adopted by the Company.

The Company's subsidiaries at April 30, 2018 are those detailed below. Their Capital stock consist of ordinary shares.

Name of the entity	Country	% direct and indirect of share holding and voting rights	% of non-controlling interest	Main activity
Servicios Buproneu S.A. (SEB)	Argentina	95%	5%	Provision of services related to the processing and separation of gases.
Hychico S.A. (Hychico)	Argentina	84.98165%	15.0184%	Production of electricity, hydrogen and oxygen
E G WIND S.A.	Argentina	99.25%	0.75%	Generation of electrical energy from renewable sources

a) SEB

SEB is a direct subsidiary in which the Company holds a 95% participation in capital stock and votes at April 30, 2018 and 2017. SEB's main asset is a gas separation plant, located at Plottier, province of Neuquén. From that plant SEB provides gas processing services to the Company, under a contract signed by those companies in November 1999, which was amended on several times.

b) Hychico

Hychico is a direct subsidiary in which the Company holds an interest percentage of 48.5496% in the capital at April 30, 2018 and 2017, respectively and an indirect participation of 36.4320% at April 30, 2018 and 2017, respectively. Hychico is engaged in the development of energy projects on the basis of renewable energy and it is currently carrying out in Comodoro Rivadavia, province of Chubut, (i) the Diadema Eolic Energy Farm with a Total Installed Power of approximately 6,300 KW (the "Eolic Energy Farm"), and (ii) a hydrogen and oxygen production plant (the "Plant") through the electrolysis process, using hydrogen as a fuel for power generation.

c) E G WIND

E G WIND is a direct subsidiary in which the Company holds 95% of capital and votes at April 30, 2018, and it indirectly holds 4.25% at that date. On November 17, 2017, the Company acquired 95% of the shares of E G WIND S.A. from Hychico S.A. and Plenium S.A., paying $ 25,000 and assuming the rights and obligations, assets, authorizations, permits and any other related information. E G WIND engages in the generation of electric power from renewable sources and is now building Diadema Eolic Energy Farm II (see Note 36).

2.4.2 Business combinations

Business acquisitions are accounted for by means of the application of the acquisition method. The acquisition consideration is measured at its fair value, estimating at the acquisition date the sum of the fair value of transferred assets, the liabilities incurred or assumed and the equity instruments issued by the Company and delivered in exchange for the control of the acquired business. The costs related to the acquisition are charged to income/loss as incurred. The identifiable assets acquired and the liabilities assumed in the business combination are recognized at their fair value at the acquisition date (see Note 37).

If, as a result of the assessment, the amount of the acquisition consideration exceeds the net amount of the identifiable assets acquired and the liabilities assumed at the acquisition date, plus the amount of the non-controlling interest in the acquired business and plus the fair value of the equity interest of the acquired company the Company had in its possession (if any), a goodwill will be recorded.

NOTE 2 - BASIS FOR PREPARATION AND PRESENTATION (CONT'D)

If, on the contrary, as a result of the assessment, the net amount of the identifiable assets acquired and the liabilities assumed exceeds the amount of the acquisition consideration, plus the amount of the non-controlling interest in the acquired business and plus the fair value of the equity interest of the acquired company the Company had in its possession (if any), such excess will be immediately recorded under income/loss as a profit from the business acquisition. The non-controlling interest in the acquired company is valued at its fair value at the acquisition date or valued in accordance with the equity method on the net assets acquired.

The Company has up to 12 months from the acquisition date to complete the accounting of the business combinations. In case the accounting of the business combinations is not complete at year end, the Company will disclose this event and report the interim amounts.

2.4.3 Participation in joint arrangements

A joint arrangement is that whereby two or more parties have joint control: this involves the contractually agreed sharing of control, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Under IFRS 11, investments in joint arrangements are either joint operations or joint ventures, depending on the contractual rights and obligations of the parties. The Company has analyzed the nature of joint arrangements and determined that they fall within the scope of joint operations. In this way, the Company's financial statements recognize the assets, liabilities, revenue from ordinary activities and expenses relating to its participation in joint operations of various consortia for hydrocarbon exploration and production.

Investments in joint operations are initially accounted for at cost, and subsequently valued in accordance with the equity method. The Company's share of assets, liabilities and income/loss relating to its participation in the consortia in which it takes part are consolidated applying the proportional consolidation method, since the Company has joint control on the activities of these joint operations.

Note 38 shows the summarized financial position of the Consortia.

Recoverability of interests in joint operations

The valuation of interests in joint operations each of which is considered as a cash generating unit (CGU) is analyzed if at each date there is objective evidence that an investment in a company will not be recovered. If this were the case, the Company determines the amount of impairment as the difference between the book value of the investment and the estimated present value of projected cash flows. At April 30, 2018, the book value of the interest in joint arrangements does not exceed the present value of projected cash flows.

2.5 Foreign currency translation

2.5.1 - Functional and presentation currency

The financial statement figures of each of the Group's entities were measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency is the Argentine peso, which coincides with the presentation currency of the financial statements.

IAS 29 "Financial reporting in hyperinflationary economies" requires that the financial statements of an entity whose functional currency is that of a hyperinflationary economy, be restated in constant currency at the end date of the reporting period, regardless of whether they are based on the historical cost method or the currency cost method. For this purpose, in general terms, for non-cash items it is necessary to compute the inflation recorded since the acquisition date or since the date of revaluation, as applicable. To conclude on the existence of a hyperinflationary economy, the standard establishes a series of factors to be considered; among them, a cumulative inflation rate over three years that approaches, or exceeds, 100%.

NOTE 2 - BASIS FOR PREPARATION AND PRESENTATION (CONT'D)

As shown by the minutes of the meeting held on May 16, 2018 and published in June 2018 by the Center for Audit Quality (CAQ) and its International Practices Task Force (IPTF) which, among other things, monitors cumulative inflation statistics per country and classifies each country according to their cumulative inflation rate, cumulative inflation measured on the basis of the Wholesale Price Index (WPI) published by INDEC did not exceed 100% at April 30, 2018. On this basis, and together with the evaluation of other quality indicators, the Company has concluded that Argentina does not meet the conditions to be considered as a hyperinflationary economy at April 30, 2018. In consequence, restatement of financial statements under IAS 29 has not been applied in these financial statements.

However, deterioration of certain macroeconomic variables as from May 2018 could lead to Argentina being classified as a hyperinflationary economy during 2018, and therefore application of the adjustment for inflation in accordance with IAS 29 would be required.

At the date of issue of these financial statements, Decree 664/03 currently in force prohibits presentation to the National Securities Commission of financial statements adjusted for inflation.

As explained earlier, these financial statements have been prepared based on the historical cost model, except for the valuation of certain items that were measured at fair value as indicated in Notes 2.6 and 3.5.

The Group is evaluating the possible impact of application of IAS 29 on the Company's financial statements.

2.5.2 - Balances and transactions

Foreign currency transactions are converted into the functional currency using the exchange rate applicable at the date of transaction (or valuation, if it relates to transactions that have to be re-measured).

Gains and losses from exchange differences resulting from the cancellation of those transactions or the measurement at closing of monetary assets and liabilities stated in foreign currency are recognized in the statement of comprehensive income, except for cash flow or net investment hedges which qualify to be disclosed as other comprehensive results.

Exchange differences generated are disclosed under the line "Financial income" (if generated by asset captions) and "Financial costs"(if generated by liability captions) of the statement of comprehensive income.

Exchange rates used are: buying rate for monetary assets, selling rate for monetary liabilities, each of them in effect at the end of the year according to Banco Nación, and the specific exchange rate for transactions in foreign currency.

2.6 Property, plant and equipment

I. *Oil and gas exploration activities:*

The Group applies IFRS 6 "Exploration for and Evaluation of mineral resources" to account for its oil and gas exploration and evaluation activities ("E and E").

Based on this and in accordance with IFRS 6, the Group capitalizes the expenses of E and E such as topographic, geological, geophysical and seismic studies, costs of drilling exploratory wells and evaluation of oil and gas reserves, as exploration and evaluation assets within a special category under the caption Property, Plant and Equipment, until their technical and commercial feasibility is shown for the extraction of mineral resources.

This implies that the exploration costs are temporarily capitalized until the evaluation is made and the existence of sufficient proven reserves is determined which justify their commercial development, and therefore, their addition as productive wells, assuming that the disbursements required are made and the Group is making progress in the evaluation of reserves and the economic and operating feasibility of the project.

NOTE 2 - BASIS FOR PREPARATION AND PRESENTATION (CONT'D)

Occasionally, at the time of concluding the drilling of an exploratory well, it is possible to determine the existence of reserves that cannot yet be classified as proven reserves. In these situations, the cost of the exploratory well is capitalized if the well enabled the discovery of a volume of reserves justifying its development as a productive well and the Group is making a substantial progress in the evaluation of reserves and of the economic and operating viability of the project. If any of these conditions is not fulfilled, the cost of the well is charged to income.

In addition to this, the exploration activity, in many cases, implies drilling multiple wells along several years, with the purpose of performing a thorough evaluation of those projects. This has as a consequence, among others, the possibility that exploratory wells are kept under evaluation for long periods, awaiting the completion of the wells and additional exploration activities that are necessary to assess and quantify the reserves corresponding to each project.

If the exploration and evaluation activities do not determine proven reserves that justify their commercial development, the related capitalized amounts are charged to income/loss. Accordingly, the costs of exploratory wells and related costs of the studies mentioned above in this Note are charged to income/loss.

Exploration and evaluation assets for which proven reserves were identified are tested for impairment and reclassified to "Oil and gas exploitation activities".

When there are events or circumstances that indicate a potential impairment, an impairment test is made at the level of identifiable cash generating units. The events and circumstances include: evaluation of seismic data, requirements to abandon the areas without renewal of exploration rights, non- successful results from drillings, failure to make planned investments and unfavorable political and economic market conditions. Impairment is recognized for the amount exceeding the carrying value compared with its recoverable value, which is the higher between the value in use and fair value less costs to sell (see Note 33).

II. *Oil and gas exploitation activities:*

Exploitation costs are those incurred to access the proven reserves and to provide facilities to extract, collect and store oil and gas. Under this item, the payment of concession rights is included (see Note 1.1).

Exploitation costs incurred to drill development wells (successful and dry) and to build or install equipment and facilities for production are capitalized and classified as "Works in progress" until they are completed. Once they are productive, they are reclassified to "Oil and gas wells" and "Assets associated to the production of oil and gas" and start to be amortized. The costs related to the production of oil and gas are charged to income/loss.

Cost of repairs that increase the total of recoverable reserves are capitalized in the net book value of the related wells and are amortized using the units of production method.

Maintenance costs that only restore production to its original level are charged to income/loss in the period in which they are incurred.

Assets classified as "Exploitation assets" are tested for impairment purposes when there are events or circumstances that indicate that their carrying value may not be recoverable. Impairment is recorded for the amount in excess of the carrying value compared to its recoverable value (value in use). For the purposes of the impairment test, assets are grouped at the minimum levels for which there are identifiable cash generating units (CGUs).

Costs for future abandonments and dismantlement of fields (environmental, safety, etc.) are capitalized at their current value when the asset is initially recorded in the financial statements and are recorded under the line "Oil and Gas wells". This capitalization is made with a counterpart in the pertinent accrual.

At April 30, 2012, the Group applied the exception of IFRS 1 "First-time adoption of IFRS" as to the use of the deemed cost for certain assets of the caption Property, plant and equipment, by considering the fair value at the transition date by applying the like-new amortized market value method for certain oil and gas wells and for certain assets associated to the production of oil and gas.

NOTE 2 - BASIS FOR PREPARATION AND PRESENTATION (CONT'D)

III. *Other tangible assets:*

The vehicles, furniture and fixtures and administrative assets are valued at historical cost, net of accumulated amortization and impairment losses, if any. The historical cost includes the amounts directly attributable to the acquisition of these assets.

Revaluation of the CT ADC, Buildings and Land, LPG Plant and Diadema Eolic Energy Farm

In the fiscal year ended on April 30, 2015, the Company has changed its accounting policy to value the Property, plant and equipment caption for the assets CT ADC, Buildings and land, LPG Plant (owned by SEB) and Diadema Eolic Energy Farm (owned by Hychico) which has been applied to all elements that belong to the same category of assets. Previously, the Company measured the entire caption of Property, plant and equipment according to the cost model using, at April 30, 2012, the exemption established by IFRS 1 "First time adoption of international reporting financial standards", as to the use of the deemed cost for certain assets and by the market value method for land plots in Vicente López and Neuquén, which is not amortized.

As from July 31, 2014, the Company values the CT ADC, Buildings and Land, LPG plant (SEB property) and DEEF (Hychico's property) by the revaluation method, as it considers that this model most feasibly reflects the value of these assets. Furthermore, it has determined that each of these groups of assets represent a category of asset under IFRS 13, considering the nature, features and inherent risks.

The revaluation model measures the asset at its fair value less accumulated amortization and accumulated impairment, if any.

In accordance with IAS 8, this change in the accounting policy is exempt from the retroactive application.

For the application of such model, the Company has used the services of independent experts. Their participation has been approved by the Board of Directors based on skills such as the knowledge of the market, reputation and independence. Furthermore, the Board of Directors decides, after discussing with experts, the valuation methods and, where applicable, the entry data to be used in each case. At April 30, 2018, the Company has updated the fair value of revalued assets.

To determine the fair value of Buildings and land, as they are assets for which there is an active market in similar conditions, the market value in that market has been used, through appraisals of real estate agents renown in the area. This valuation method is classified under IFRS 13, as hierarchy of fair value level 2.

To determine the fair value of LPG Plant and DEEF, the expert independent appraiser has used the depreciated replacement cost method, determining the components that form the plants and obtaining the new values from suppliers recognized in the industry and from specialized publications, adding costs of freight, insurance, assembly and other general expenses, and computing the state factor and functional obsolescence The valuations of the DEEF and the CT ADC, under the depreciated replacement cost method, showed a lower fair value than the projected cash flow.

The amortization coefficient of the DEEF was 31.4% and 23.5% at April 30, 2018 and January 31, 2017, respectively, while that of the CT ADC was 64.9% and 61.8% at 30 April 2018 and January 31, 2017, respectively.

In the case of the LPG plant, the amortization coefficient was 75.8% and 61.3% at April 30, 2018 and January 31, 2017, respectively. Additionally, a coefficient of depreciation due to economic obsolescence was applied of 19.2% and 36.4% as of April 30, 2018 and January 31, 2017, respectively, based on the existence of external factors, such as increase of direct and indirect costs and a decrease in selling prices, which caused a loss of value of the assets.

As of April 30, 2018, the Company and independent experts made an update of the fair value of the LPG plant, DEEF and CT ADC. The differences that arose with respect to the revaluation practised as of January 31, 2017, were registered at that date.

This valuation method is classified under IFRS 13, as hierarchy of fair value level 3.

The main factors that could affect the values of the revalued assets in future periods are as follows: i) the estimated useful life, ii) the impairment due to functional obsolescence and iii) a fluctuation in the costs of the components. Capex estimates that any sensitivity analysis that considers relevant modifications to those factors could lead to significant changes.

NOTE 2 - BASIS FOR PREPARATION AND PRESENTATION (CONT'D)

The Board of Directors determines the policies and procedures to be followed for the recurring measurements of the fair value of revalued assets. Further, at each reporting year closing date, the significant variations in the fair values of assets measured are analyzed based on the revaluation model, or if there are any changes to the fair value, and therefore, the need to record a new revaluation. The application of the revaluation model to the assets mentioned implies that revaluation be made with the adequate frequency to ensure that the fair value of the revalued asset does not significantly differ from its book value.

The Board of Directors approved the revaluations made to the different types of assets. The last revaluation, approved by the Directors, was effected on April 30, 2018.

At year-end, the Company has made a comparison between the fair values of revalued assets with their carrying values, measured based on the revaluation model, and concluded that the latter do not exceed their fair value.

The increases due to revaluations are recognized in the Statement of Comprehensive Income under the caption Other comprehensive results and they are accumulated in the Reserve for revaluation of assets of the Statement of Changes in Shareholders' Equity, unless such increase implies a reduction of the revaluation of that asset previously recognized in the statement of income, in which case the increase is recognized in the statement of income. A reduction due to revaluation is recognized in the statement of income, unless such reduction is offset by an increase in the revaluation of the same asset previously recognized in the Reserve for revaluation of assets. At the time of sale of a revalued asset, any Reserve for the revaluation of assets related to that asset is transferred to accumulated retained earnings (see Note 17.b). See in Note 18.c) the concepts established by CNV for the reserve for revaluation of assets.

Amortization of revalued assets is recognized in the statement of income for the year. At the closing of the year, a reversal of the reserve for revaluation of assets with counterpart in unappropriated retained earnings is recorded for the difference between amortization based on the revalued book value of the asset and amortization based on the original cost of the asset.

There were no transfers between Levels 1, 2 and 3 during the years ended at April 30, 2018 and 2017.

As of April 30, 2018 technicians from the Company and independent experts performed a review of the useful life assigned to the revalued assets without finding significant variations to those determined as of January 31, 2017.

Based on future cash flow estimates made by Hychico, in accordance with judgmental elements available, the assets related to the Hydrogen and Oxygen plant have been fully impaired for $ 24,841,927 and $ 24,814,111 at April 30, 2018 and 2017, respectively.

Other tangible assets are tested for impairment when there are events or circumstances that indicate that their carrying value may not be recovered. Impairment losses are recognized for the amount exceeding the carrying value compared with its recoverable value, which is the higher between the value in use and fair value less sale costs. For the purposes of the impairment test, assets are grouped at the minimum levels for which there are identifiable CGUs. Other tangible assets impaired in prior years are reviewed to determine their possible reversal at the end of each year.

IV. *Other accounting policies applicable to Property, plant and equipment:*

Gains and losses from the sale of assets are calculated comparing the income obtained with the net-book value and are recognized in the statements of comprehensive income under "Other operating (expenses) / income, net".

Indebtedness cost either generic or attributable to the acquisition, construction or production of assets that necessarily require substantial time to be available for use or sale are added to the cost of those assets until they are ready to be used or sold.

Gains from temporary investments of funds generated from specific loans pending use are deducted from the total cost of financing potentially subject to capitalization.

Materials start to be amortized when they are added to tangible assets in accordance with their useful lives.

NOTE 2 - BASIS FOR PREPARATION AND PRESENTATION (CONT'D)

V. *Amortization*

The amortization methods during the estimated useful life of the assets are:

(i) The acquired areas and other operating studies are amortized based on accumulated production and total reserves, expressed in equivalent units of cubic meters of oil, with the limit of the expiration of the concession from the date of granting (see Note 1.1). Changes in reserve estimates are taken into account in the calculation of amortization on a prospective basis.
(ii) The wells and goods destined for the extraction of oil and gas are amortized based on the accumulated production and proven developed reserves related to them, expressed in equivalent units of cubic meters of oil, with the limit of the expiration of the concession from the date of granting it (see Note 1.1). Changes in reserve estimates are taken into account in the calculation of amortization on a prospective basis.
(iii) The gas pipeline is amortized by applying linear aliquots according to its estimated useful life in 20 years.
(iv) The ADC CT is amortized based on the GW generated and the remaining GW to be produced based on the estimated useful life of each generation unit.
(v) For goods whose service capacity is not directly related to production, estimated linear aliquots are applied according to the characteristics of each asset.

Amortization methods described for each type of asset are used to allocate the difference between the cost and the net book value during their estimated useful lives. Below are the estimated useful lives for the main assets:

- Central Administration and Plant administration
  Buildings: 50 years
  Furniture and fixtures: 5 years
  Administration assets: 5 years

- Assets for the production of oil and gas
  Areas acquired and other studies: total reserves
  Oil and gas wells: proven developed reserves
  Assets associated to production: proven developed reserves
  Vehicles: 5 years
  Supply gas pipeline: 20 years

- CT ADC
  CT ADC Open cycle: GWh remaining production from May 1, 2018.
  CT ADC Combined cycle: GWh remaining production from May 1, 2018.
  Gas pipeline: 20 years
  General: GWh remaining production from May 1, 2018.

- LPG Plant: 10.3 years as from May 1, 2018.

- Hydrogen and Oxygen Plant: 20 years

- Diadema Eolic Energy Farm: 13.9 years as from May 1, 2018.

On an annual basis, amortization rates are reviewed and a comparison is made whether the current remaining useful life differs from that previously estimated. The effect of these changes is recorded as results for the year in which they are determined.

At April 30, 2018 and 2017, the net book value of Property, Plant and equipment does not exceed the present value of the projected future cash flows.

M.

NOTE 2 - BASIS FOR PREPARATION AND PRESENTATION (CONT'D)

2.7 - Financial Instruments

2.7.1 - Recognition and measurement of financial assets

Regular purchases and sales of financial assets are recognized on the transaction date, i.e., when the Group commits to purchase or sell the asset. Financial assets are deleted from the financial statements whenever the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has substantially transferred all risks and rewards derived from the ownership.

Financial assets which are not measured at fair value through profit or loss are recognized initially at fair value plus transaction costs. Financial assets which are measured at fair value through profit or loss are recognized initially at fair value and the costs of the transaction are charged to income/loss.

Gains and losses from changes in the fair value of the assets measured at fair value and which are not part of a hedging relationship, are disclosed in the comprehensive income accounts within Other operating income / (expenses), net in the year in which they are arise.

Gains and losses from financial assets measured at amortized cost and which are not part of a hedging relationship are recognized through profit or loss when the financial asset is deleted or impaired by the amortization process, using the effective interest rate method.

2.7.2 – Classification

The Group classifies financial instruments in the following categories: financial assets at amortized cost, financial assets at fair value, financial liabilities at fair value with changes in results and financial liabilities at amortized cost. This classification depends on the business model of the Group to manage its financial assets and the contractual characteristics of the instruments' cash flows.

Financial assets and financial liabilities are offset when the Group has a legally enforceable right to set-off.

2.7.2.1 - Financial Assets

Group financial assets are measured at amortized cost if both of the following conditions are met:

i) they are kept within the business model for the purpose of obtaining contractual cash flows, and

ii) contractual conditions of the financial asset give rise on specified dates to cash flows that are only collection of principal and interest on the outstanding principal amount.

If any of these conditions is not met, financial assets are measured at fair value through profit and loss.

Checks to be deposited, time deposits, mutual funds, secure bonds, trade receivables and other accounts receivable have been included within the financial assets category.

2.7.2.2 - Financial Liabilities

The Group has determined that all financial liabilities be measured at amortized cost using the effective interest method; the changes in the valuation are recognized in the statement of comprehensive income.

2.7.3 - Impairment of financial assets

The Group analyzes, at the end of each year, whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment loss of financial assets is recognized 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 financial asset, and such an event has an impact on the cash flows for the financial asset or group of financial assets that can be reliably estimated.

NOTE 2 - BASIS FOR PREPARATION AND PRESENTATION (CONT'D)

Some examples of objective evidence include cases in which certain debtors of the Group have financial problems, have failed to pay or have not complied with the payment of accounts receivable, probability that those debtors may file for reorganization proceedings or bankruptcy, as well as the experience on the behavior and characteristics of the aggregate portfolio.

The resulting loss, determined as the difference between the carrying value of the assets and the current value of estimated cash flows, is recognized in the comprehensive statement of income. If in a subsequent period, the amount impaired decreases and this may be related to an event occurred after the measurement, the impairment is reversed.

The amount of the provision is the difference between the book value of the assets and the current value of future estimated cash flows, discounted at the effective interest rate. The assets' carrying value is written down through an allowance account and the amount of the loss is recognized in the statement of comprehensive income.

2.8 - Spare parts and materials and inventories

- Spare parts and materials

Spare parts and materials held for use in the field and in the electricity generating plant are valued at acquisition cost less the provision for obsolescence. Cost is determined applying the weighted average price method.

The breakdown of spare parts and materials is divided in three: current, non-current (which are not amortized) and have a turnover greater than a year and critical, which are amortized and are recorded with the electricity generation plant and LPG Plant under the caption Property, plant and equipment (Note 2.6.III).

It includes the advances to suppliers valued at the spot price paid at the time of the transaction.

- Inventories (Stock)

Stock of oil, propane, butane and fuel are measured at the lower between cost or net realizable cost. Cost is determined applying the weighted average price method. Net realizable value is the sale price estimated in the normal course of business, less variable sale costs applicable.

The Group assesses the net realizable value of the spare parts and materials and inventories at the end of the year, charging to income/loss the timely correction of value when they are valued in excess. Whenever the circumstances that previously caused the correction of the value are no longer in existence, or there is clear evidence of an increase in the net realizable value due to a change in the economic circumstances, their amount is reversed.

2.9 - Trade and other accounts receivable

Trade account receivables and other accounts receivables are initially recognized at fair value and subsequently at amortized cost in accordance with the effective interest rate method, less the impairment allowance.

The implicit interest is disaggregated and recognized as financial income as long as interest is accrued.

The amount of the provision is the difference between the book value of the assets and the current value of future estimated cash flows, discounted at the effective interest rate. The assets' carrying value is written down through an allowance account and the amount of the loss is recognized in the statement of comprehensive income.

They are disclosed within current assets if their collection is due in a period shorter than or equal to one year.

2.10 - Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits payable on demand in financial institutions, other highly liquid short-term and low risk investments with an original maturity of three months or less, and bank overdraft. In the balance sheet, overdrafts are classified as financial liabilities as financial liabilities, under current liabilities.

NOTE 2 - BASIS FOR PREPARATION AND PRESENTATION (CONT'D)

2.11 - Equity accounts

The recognition of the activity of this caption is made in accordance with the decisions of the Shareholders' meeting, legal standards or regulations.

Capital stock

- Outstanding shares

Corporate capital represents the capital issued, which consists of contributions made by the shareholders. It is represented by ordinary, registered, non-endorsable shares of $1 face value each.

- Additional paid-in capital

It comprises the overprice paid for the shares issued with respect to their nominal value.

Retained earnings

- Legal Reserve

In accordance with Law 19550 on commercial companies, 5% of the profits for the year arising from the statement of comprehensive income plus (less) prior years' adjustments, transfers of other comprehensive income to unappropriated retained earnings and accumulated losses of prior years, must be appropriated to the Legal Reserve until such Reserve reaches 20% of capital.

- Free reserve

The free reserve comprises retained earnings appropriated to the distribution of future dividends and/or investments and/or debt settlement and/or absorption of losses.

- Reserve for assets revaluation

The reserve for assets revaluation comes from the difference between the cost value of certain assets amortized of Property, plant and equipment and the fair value of these assets (see Note 17).

- Unappropriated retained earnings/losses

Unappropriated retained earnings/losses comprise accumulated gains or losses with no specific allocation, which in the case of earnings may be distributed through a decision of the shareholders' meeting, provided that they are not subject to legal restrictions. They comprise prior year results which were not distributed, the amounts transferred from other comprehensive results and the prior year adjustments due to the application of accounting standards.

In case there are unappropriated retained losses to be absorbed at the end of the year and to be considered by the Shareholders' Meeting, the following order of allocation of balances should be followed:

1. Retained earnings
    a. Free reserve
    b. Legal reserve
2. Additional paid-in capital
3. Capital stock

- Distribution of dividends

The distribution of dividends to Company's shareholders is recognized as a liability in the financial statements in the period in which these dividends have been approved by the Shareholders' Meeting (see Note 18).

NOTE 2 - BASIS FOR PREPARATION AND PRESENTATION (CONT'D)

- Non-controlling interest

Non-controlling interest represents the interest of third parties on equity other than that of the owners of the Company.

2.12 Trade accounts payable, salaries and social security contributions and other payables

Accounts payable comprise payment obligations for assets and services acquired from suppliers in the normal course of business. Salaries and social security contributions represent the obligations related to the Company's personnel. The other liabilities represent obligations for royalties and irrevocable contribution to pay.

They are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest rate method.

They are disclosed within current liabilities if their payment is due in a period shorter than or equal to one year.

2.13 - Financial liabilities

Financial liabilities are initially recognized at fair value, net of the costs directly attributable to obtain them. Afterwards, they are valued at amortized cost using the effective interest rate method.

They are disclosed within current liabilities if their payment is due in a period shorter than or equal to one year.

2.14 - Income tax and tax on assets

2.14.1 Current and deferred income tax

The income tax charge for the year comprises current and deferred taxes. Taxes are recognized in the statement of income, except that they refer to items recognized in other comprehensive income or directly in equity. In this case, income tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax is calculated based on the laws approved or to be approved at the date of the financial statements. Management regularly assesses the positions of the tax returns as regards situations in which the tax regulation applicable is subject to interpretation, and, where necessary, it sets up accruals based on the amounts expected to be paid to tax authorities.

Deferred tax is recognized, in accordance with the liability method, for the temporary differences arising between the tax basis of assets and liabilities and their book values in the financial statements. However, deferred tax is not recognized if it arises from the initial recognition of an asset or liability in a transaction, different to a business combination, which, at the time of the transaction, does not affect either the accounting or the tax gain or loss.

Deferred tax assets are recognized only to the extent that it is probable that the company holds tax benefits which are likely to be obtained in the future to be able to offset the temporary differences.

Deferred tax assets and liabilities are offset only if there is a legal right to offset the amounts recognized and when the deferred tax assets and liabilities derive from the income tax corresponding to the same tax authority, are applied to the same tax entity or different tax entities, which expect to settle current tax assets and liabilities by their net amount.

<u>Tax reform in Argentina</u>

On December 29, 2017, the National Executive Branch enacted Law 27430 on Income Tax. This law introduced several changes to the income tax treatment, among others:

<u>Income tax rate</u>: The income tax rate for Argentine companies will be reduced gradually from 35% to 30% for fiscal years beginning on or after January 1, 2018 until December 31, 2019 and to 25% for fiscal years beginning on or after January 1, 2020.

NOTE 2 - BASIS FOR PREPARATION AND PRESENTATION (CONT'D)

Tax on 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, according to the following rates: (i) dividends deriving from profits generated during fiscal years beginning on or after January 1, 2018 until December 31, 2019 will be subject to tax at a rate of 7%, and; (ii) dividends deriving from profits obtained during fiscal years beginning on or after January 1, 2020 will be subject to tax at a rate of 13%.

Dividends on profits obtained until the fiscal year prior to the fiscal year beginning on or after January 1, 2018 will 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).

Optional tax revaluation: The law prescribes that companies may choose to have their Argentine-based assets that generate taxable income revalued for tax purposes. The special tax on the amount of the revaluation depends on the asset: 8% for real property other than inventories, 15% for real property-inventories, and 10% for movable property and other items of property. Once an option has been exercised for an item of property, the other items of the same category must be revalued. The tax result arising from the revaluation is not subject to income tax and the special tax levied on the revaluation will not be deductible from that tax.

At the date of these financial statements, the Group is considering exercising this option.

Index-adjustments to deductions: Acquisitions or investments made in the fiscal years beginning on or after January 1, 2018 will be index-adjusted based on the Domestic Wholesale Price Index ("IPIM", for its acronym in Spanish) published by the National Institute of Statistics and Census ("INDEC", for its acronym in Spanish). This will increase the amortization that may be deducted and its computable cost in the event of a sale.

2.14.2 Tax on assets

The Group determines the tax on assets by applying the current 1% rate on computable assets at the end of each year. This tax complements income tax. The tax obligation of each company for each year will agree with the higher of the two taxes. However, if tax on assets exceeds income tax in a given year, that amount in excess will be computable as payment on account of income tax arising in any of the following ten years.

In Hychico, tax on assets at April 30, 2018 exceeded income tax, so it has been recognized as a tax credit. At April 30, 2018 and 2017, the balances amounted to $13,757,237 and $18,011,121, respectively, as it was expected that those credits would be recovered (see Note 12). In Capex and SEB, income tax at April 30, 2018 exceeded tax on assets, so no accrual has been set up. Enactment of Law 27260, section 76, repeals application of tax on assets for the years beginning on January 1, 2019.

In E G WIND, by General Instruction No. 2/2017 (an internal directive through which the AFIP informs all of its agencies of the guidelines to follow in its procedures), the AFIP instructed its legal departments to fulfill the criterion established by the Argentine Supreme Court, recognizing that no tax on assets exists when losses are reported in the balance sheets for the respective period and tax losses are recorded in the income tax return for such fiscal period. In compliance with this instruction, E G WIND has not determined the tax on assets at the end of the reporting period.

2.15 - Provisions and other charges

Provisions are recognized when:

- the Group has a present obligation, either legal or implicit, as a result of a past event,
- it is probable that an outflow of resources will be necessary to cancel that obligation, and
- a reliable estimate of the amount of the obligation can be made.

M.

NOTE 2 - BASIS FOR PREPARATION AND PRESENTATION (CONT'D)

Provisions are measured at the current value of disbursements that are expected to be necessary to settle the obligation considering the best information available at the date of preparation of the financial statements and are re-estimated at each closing. The discount rate used to determine the current value reflects the current market evaluations, at the date of the financial statements, of the time value of money as well as the specific risk related to the liability.

The provision for lawsuits was set up based on the analysis of possible indemnities that the Group estimates to pay according to the opinion of its internal and external legal counsel.

To calculate the provision for well abandonment, the Group considered the well abandonment plan until the end of the concession and valued them at the estimated cost of capping, discounted at a rate that reflects the specific risks of liabilities and time value of money.

2.16 - Revenue recognition

Income from sales is measured at the fair value of the consideration received or to be received, and represents amounts receivable for the sale of assets and/or services.

Income from sales of assets and/or services is recorded at the time in which the risks and rewards of ownership have been transferred – or that the provision has been made. Non-invoiced sales at the end of the year are recognized based on estimates made by management, taking into account historical results, considering the type of customer, type of transaction and the specific circumstances of each agreement.

Income from the electricity generation activity is recognized as from the energy and power effectively delivered to the spot market.

Income from sales of crude oil, natural gas, butane, propane and oxygen is recognized with the transfer of ownership, in accordance with the terms of the related agreements, i.e., when the customer acquires the ownership of the product, assuming risks and rewards.

Revenue from the provision of services is recognized once the service has been performed

The above mentioned income is recognized when all and each of the following conditions are met:

- The entity transferred to the buyer significant risks and rewards;
- The amount of income was reliably measured;
- It is probable that the entity receives the economic benefits associated to the transaction;
- Costs incurred or to be incurred, in relation to the transaction, were reliably measured.

Income from transactions between group companies and business segments generate income, costs and results which are eliminated in the consolidation process.

Revenue from interest earned is recognized using the effective interest method. Interest is registered on a temporary basis, with reference to the principal outstanding and the applicable interest rate. Revenue is recognized whenever it is likely that the entity will receive the economic benefits associated with the transaction and the amount of the transaction can be measured through reliable means.

2.17 - Segment reporting

The Board has determined operating segments based on the reports reviewed and used for strategic decision making (see Note 5).

Segment reporting is presented in a manner consistent with the internal reporting. The Board of the Company and the Managers are responsible for assigning resources and assessing the profitability of operating segments.

NOTE 2 - BASIS FOR PREPARATION AND PRESENTATION (CONT'D)

2.18 - Receivable and payable balances with related parties

Receivables and debts with parent company and with other related parties generated by sundry transactions have been valued in accordance with the conditions agreed by the parties involved (see Note 31).

Companies and individuals comprised in Decree 677/01 and regulations of the CNV have been included as related parties.

NOTE 3 - ADMINISTRATION OF FINANCIAL RISKS

3.1 Market risk

Market risk is the potential loss in case of adverse changes in the market variables. The Company is exposed to different types of market risks: foreign exchange risk, interest rate risk and price risk.

For each of the market risks described below, a sensitivity analysis of the main inherent risks of financial instruments is included, showing how the results and equity might be affected in accordance with IFRS 7 - Financial Instruments: Disclosures.

The sensitivity analysis uses variations of risk factors that represent its historical behavior. Estimates made are representative both of favorable and unfavorable variations. The impact on results and/or equity is estimated based on the financial instruments owned by the Group at the closing of each year.

3.1.a. Foreign exchange risk

Foreign exchange risk arises whenever future business transactions or recognized assets or liabilities are stated in a currency different to the functional currency of the entity.

The Group's results and equity are exposed to the variations in the foreign exchange rates in the currencies with which it operates. The Group owns approximately 99% of its financial liabilities denominated in US dollars, the currency generating the greatest exposure is the US dollar.

The maturity of 100% of the principal of the debt in US dollars is May 2024; therefore, even when the economic results are exposed to the foreign exchange variation, including the principal of the debt, from the financial point of view the foreign exchange variation risk in the short term is limited to the amount of interest payable, which is partially mitigated by financial assets exposed in the same currency.

At April 30, 2018 and 2017 the Group does not hedge the risk of changes in the exchange rate through derivative financial instruments. However, it is important to mention that the price of the hydrocarbons (oil and gas) are denominated in US dollars, representing approximately 58% and 71%, respectively, of the Group's income during the fiscal years ended on April 30, 2018 and 2017, respectively. In the case of energy, since the sanction of Res. 19 E / 2017, effective as of February 1, 2017, the remuneration is set in dollars and its revenues represented approximately 35% and 8%, respectively, of the total sales of the Company as of April 30, 2018 and 2017. In the case of the prices of propane and butane, their value is stated in pesos but it is related to an export parity price in US dollars, and the income from these products represented approximately 7% and 6%, respectively, of the Group's total sales at 30 April 2018 and 2017 (see Note 5).

The table below presents the exposure of the Group to foreign exchange risk for those financial assets and liabilities stated in a currency other than the functional currency of the Group:

	At 04/30/2018 $	At 04/30/2017 $
Net Asset /(liability) position	**(153,509,028)**	**(143,317,869)**
US Dollar - exchange rate	20.44 (buyer) and 20.54 (seller)	15.30 (buyer) and 15.40 (seller)
Total	**(3,171,100,985)**	**(2,214,991,847)**

NOTE 3 - ADMINISTRATION OF FINANCIAL RISKS (CONT'D)

The sensitivity of the comprehensive income and equity at April 30, 2018 and 2017, as a result of a 10% appreciation of the exchange rate on financial assets and liabilities stated in US dollars, would have been a decrease in the comprehensive income and equity of $ 206,119,433 and $ 143,974,470, respectively (see Note 39.d)).

3.1.b. Interest rate risk

The variations in the interest rates may affect the income or expenses for interest of financial assets and liabilities with reference to a variable interest rate. Indebtedness at variable rates exposes the Group to interest rate risk on its cash flows due to their volatility. Indebtedness at fixed rates exposes the Group to interest rate risk on the fair value of its liabilities, since depending on the volatility of interest rates at a given moment, there may be an increase in the rate of depreciation that would cause the fixed rates to be higher than the variable rates at that moment. In the current conditions of the financial market of constant increase in interest rates, this risk is partially mitigated.

At April 30, 2018 and 2017, the Group approximately had 99% (at a rate of 6,875) and 91.5% (at a rate of 10%), respectively, of its financial liabilities at a fixed rate, which reduces its exposure to variations in the interest rate.

3.1.c. Price risk

The Group is not significantly exposed to hydrocarbons price risk, basically because Government regulatory and economic policies, among others, determine that local prices must achieve the expansion of the activity of exploitation and expansion of hydrocarbon reserves. Within this framework, the price of oil is fixed in the negotiations between refiners and producers in accordance with the mechanics of the internal market and export, its framework being the transfer of these values to the final price of liquid fuels. As regards the price of gas, the same follows a government policy, setting different maximum values for each of the market segments prioritizing the development of the industry and the payment possibilities of each segment, also generating plans to stimulate production.

The price of LPG is based on a monthly publication issued by the ES, that sets the prices in pesos according to the export parity. However, although they try to eliminate gradually, there are programs of subsidies to consumption that could affect some producers.

In general, the selling prices in the local market are affected in the face of significant variations in international prices of hydrocarbons and the price that the consumer pays in the Internal Market.

Regarding the generation of electric power, the remuneration received by the generating companies is not in relation to its demand. The remuneration is set by the Enforcement Authority, which is dependent on the National Government.

At April 30, 2018 and 2017, the Group does not own derivative products or hedges on hydrocarbon prices.

At April 30, 2018 and 2017, a 10% increase or decrease in the prices of electricity and hydrocarbons would have implied an increase or decrease in the comprehensive income and in equity of $ 236,820,673 and $ 160,126,931 respectively (see Note 39.d)).

3.2 Credit risk

Credit risk is defined as the potential that a third party fails to meet its contractual obligations, generating losses for the Group. The Group's credit risk is measured and controlled per customer or individual third party.

The provisions for insolvency are determined based on the following criteria:

- Aging of credits
- Existence of bankruptcy proceedings
- Analysis of the customers' capacity to repay the loan granted

The Group's exposure to the credit risk is mainly attributable to trade receivables due to sale transactions of electricity, oil, gas and LPG; nonetheless, the Group has not had to set up provisions for uncollectibility in the past years.

M.

NOTE 3 - ADMINISTRATION OF FINANCIAL RISKS (CONT'D)

In the last three years CAMMESA paid its settlements within the expected payment period, without registering any significant delays. The generators that sell electricity in the spot market have little management capacity to ensure collection of their receivables. Since applying ES Resolution 95/13 and amendments, the credit risk of the energy sale transactions came to be exclusively related to CAMMESA, in view of the temporary stay of the addition of new WEM contracts in the MAT.

In relation to financial placements, the Group's investment policy only accepts banks, financial institutions and mutual funds with at least "A" risk rating from independent parties, or which consolidate with institutions having that rating.

3.3 Liquidity risk

The Administration and Finance Management monitors current and future business projections aimed at:

(i) structuring financial liabilities so that their maturity in the short and medium term does not affect the current flow of business, considering the conditions prevailing at each time, in the credit markets to which it has access, and

(ii) maintaining active positions in instruments with proper liquidity.

Within the framework of this strategy, in the past, the Company has structured practically all its financial liabilities on the basis of Negotiable Obligations Class I in March 2011, for a term of 7 years, with the principal to be repaid in one installment at maturity date, in March 2018. Following the same strategy, in May 2017 the Company issued the Class II Negotiable Obligations for a term of 7 years with maturity of its capital in a quota in May 2024 so as to refinance the Class I in advance of its expiration. The covenants governing this debt continue to be of incurrence rather than of maintenance. This means that creditors cannot request advance payment if the Company does not meet any of the financial covenants; instead, the Company must comply with certain pre-established financial restrictions (see Note 20).

The Group's Administration and Finance Management invests cash surplus in results-bearing accounts, such as time deposits, mutual funds and corporate bonds, by choosing instruments with very high liquidity and the proper maturities.

The table below analyzes financial liabilities grouped based on contractual terms pending and not discounted, as from the date of the financial statements and until maturity and considering the prevailing exchange rates at April 30, 2018 and 2017.

At April 30, 2018	Less than 3 months	Between 3 months and one year	Between 1 and 2 years	More than 2 and 5 years	More than 5 years
Financial liabilities	225,980,576	591,817,507	657,257,442	2,371,330,950	6,373,818,750
Trade accounts payable	666,252,471	11,356,276	2,826,813	122,364,131	-

At April 30, 2017	Less than 3 months	Between 3 months and one year	Between 1 and 2 years	Between 2 and 5 years
Financial liabilities	-	3,409,560,000	21,560,000	64,680,000
Trade accounts payable	337,340,541	8,664,881	3,444,977	33,420,347

3.4. Capital risk

The Group's goals when administering capital are to safeguard its ability to continue with the management of operation.

The Group monitors its capital structure based on the net financial debt to EBITDA ratio generated by the Group and measured in US dollars. This ratio is calculated by dividing the net financial debt by EBITDA. The net financial debt is calculated as total financial liabilities less financial investments and cash and cash equivalents.

Ratios are as follows:
a) At April 30, 2018: 0.518 and
b) At April 30, 2017: 0.962.

NOTE 3 - ADMINISTRATION OF FINANCIAL RISKS (CONT'D)

3.5 Fair value estimation

The Group classifies the measurement at fair value of financial instruments, using a hierarchy of fair value, which reflects the significance of the inputs used to perform these measurements. The fair value hierarchy has the following levels:

- Level 1: quotation prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: information different from quotation prices included in level 1 that may be observable for assets and liabilities, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3: information on assets or liabilities not based on data that may be observable in the market (non-observable information).

The tables below shows the financial assets and liabilities of the Group measured at fair value at April 30, 2018 and 2017.

As of April 30, 2018

	Level 1	Total
Assets		
Financial Assets at fair value through profit and loss		
Bonar 2020	137,353,320	137,353,320
LETES 2018	495,100,453	495,100,453
Mutual funds	3,409,989,464	3,409,989,464

As of April 30, 2017

	Level 1	Total
Assets		
Financial Assets at fair value through profit and loss		
Bonar 2020	108,722,784	108,722,784
LETES 2017	374,175,890	374,175,890
Mutual funds	324,024,850	324,024,850

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

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on Company specific estimates. If all significant inputs required to determine the fair value of a financial instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs required to determine the fair value of a financial instrument is not based on observable market data, the instrument is included in Level 3.

There were no transfers between Levels 1, 2 and 3, for financial instruments valued at fair value during these years.

NOTE 4 - ACCOUNTING ESTIMATES AND JUDGMENTS

Accounting estimates and judgments are continually assessed and are based on the historical experience and other factors, including the expectations for future events that are considered reasonable under the circumstances.

NOTE 4 - ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

Significant accounting estimates and judgments

The Group makes estimates and hypotheses as regards the future. Resulting accounting estimates, by definition, will rarely equal actual results. Estimates and judgments that have a significant risk to give rise to a material adjustment in the book value of assets and liabilities within the following fiscal year are explained below. The main accounting principles and areas that require a greater amount of judgment and estimates in the preparation of financial statements are:

(i) oil and gas reserves;
(ii) provisions for lawsuits and other contingencies,
(iii) income tax and deferred tax charges
(iv) impairment test of assets
(v) fair value of revalued assets.

(i) Oil and gas reserves

Reserves are understood as the volumes of oil and gas (determined in equivalent m^3 of oil), which generate or are related to an economic benefit in the areas where the Group operates and over which it has rights for their exploration and exploitation.

The estimate of oil and gas reserves is an integral part of the Group's decision-making process. The volume of oil and gas reserves is considered in the calculation of amortization charges, applying production unit ratios, as well as in the assessment of the recoverability of the investment in Exploration and Exploitation assets (see Notes 2.6 and 34).

The estimates of reserves were prepared by Group technical personnel, and are based on technological and economic conditions in force at December 31, 2017, considering the economic assessment and having as their horizon the expiry of the concession, in order to determine the term for recoverability.

These reserve estimates are adjusted whenever changes to the issues considered for their assessment justify so, or at least, once a year. These estimated reserves have been audited by an independent auditor.

There are several factors which create uncertainty about the estimate of proven reserves, estimates of future production profiles, development costs and prices, including other factors beyond the control of the producer. The procedure for calculating the reserves is subjective to allow for the estimate of crude oil and natural gas to be recovered from the subsoil, which has certain degree of uncertainty. The reserves estimate is prepared based on the quality of the information on geology and engineering available at that date, as well as on its interpretation.

See details on reserves in Note 34.

(ii) Provisions for lawsuits and other contingencies

Provisions are recognized for certain civil, commercial, labor and tax contingencies which occasionally take place in the ordinary course of business. With the aim of determining the sufficiency of the provisions for these contingencies, we have considered, based on the advice of our internal and external legal counsel, the probability of adverse judgements or resolutions regarding these matters, as well as the range of probable losses that could result from potentially adverse resolutions. Where applicable, the amount of the provisions required for these contingencies is determined after a careful analysis of each case in particular (See Note 24).

(iii) Income tax

Each group company has recognized income tax by the deferred tax liability method. Accordingly, deferred tax assets and liabilities are recognized to reflect the future tax consequences attributable to differences between the amounts recorded in the financial statements of existent assets and liabilities and their pertinent tax bases. Deferred tax assets and liabilities are valued by applying the tax rate in effect to the taxable income during the years in which these temporary differences are expected to be recorded or settled. The effect that any modification in the tax rates may have on the deferred tax assets and liabilities is recognized in the comprehensive statement of income for the period that includes the date in which such modification of the tax rate has been made. (see note 7).

NOTE 4 - ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

The deferred tax assets are recognized only insofar that it is probable that the Company will have future taxable profits against which the temporary differences can be offset. Assets generated by tax losses are capitalized to the extent that they are recoverable before expiration date.

(iv) Impairment test of property, plant and equipment

The Group regularly assesses the recoverability of Property, plant and equipment, including assets being explored and assessed, as mentioned in Note 2.6, when there are events or circumstances that indicate a potential sign of impairment. The carrying amount of property, plant and equipment is considered impaired by the Company when the value-in-use, calculated based on the estimated cash flows expected from those assets, discounted and separately identifiable, or their net realizable values are lower than their carrying amounts. This analysis is made at the minimum level in which there are identifiable cash generating units (CGUs).

When evaluating if there is a sign that a cash generating unit (CGU) might be affected, internal and external sources are analyzed, considering specific facts and circumstances, which, in general, include the discount rate used in the projections of cash flows for each of the cash generating units and the condition of the business in terms of economic and market factors, such as the price of the tariff, inflation, exchange rate, costs, seismic information, disposal area requirements without renewal of exploration rights, other expenses and the regulatory framework of the industry in which the Group operates.

A previously recognized impairment loss is reversed when there is a subsequent change in the estimates used to compute the recoverable value of the asset. In this case, the new value cannot exceed the value it would have had at the new date of measurement had the impairment not been recognized. Both the impairment charge and its reversal are recognized as income/loss.

The value-in-use calculation requires the use of estimates and is based on cash flow projections prepared based on financial and economic budgets approved by the Board. Cash flows beyond the budgeted periods are extrapolated using estimated growth rates, which do not exceed the long-term average growth rate of each of the business segments involved.

At the time of estimating future cash flows, critical judgment is required from Management. Actual cash flows and values may significantly vary from the foreseen future cash flows and related values obtained through discount techniques. To consider the estimation risk included in those calculations, the Group has taken into consideration several scenarios of weighted probability of occurrence.

The estimate of net realizable values, where necessary, is calculated based on valuations prepared by independent appraisers.

<u>Methodology for the estimation of the recoverable value:</u>

General criterion of the Group: the methodology used for the estimation of the recoverable value of Property, plant and equipment consists, mainly, in the calculation of the value in use, from the expected future flows of funds deriving from the exploitation of these assets, discounted with a rate that reflects the weighted average cost of the used capital, conforme a lo establecido en las normas contables.

In assessing the value in use, projection of cash flows based on the best estimations available for revenue and expense of the Cash Generating Units (CGUs) are used. This is done by employing sector provisions, past results and future expectations about the evolution of the business and the development of the market. Among the most sensitive aspects included in the projections used in all the CGUs, the prices of energy, fuels, the regulations in force, the estimation of cost increases, and the costs in personnel stand out.

In assessing Exploration and Exploitation assets, projections are made about cash flows that comprise the economically productive life of the oil and gas fields, limited by the expiration of the license agreements, permits, and exploitation agreements or contracts. The estimated cash flows are based, among other factors, on production levels, prices of commodities, costs of production, market supply and demand, contractual conditions and other factors. As regards exploration assets, the estimations on future necessary investments related to the non-developed oil and gas reserves are also taken into consideration.

NOTE 4 - ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

The cash flows of Electricity and LPG are estimated, among other factors, from the expected evolution of sales, unitary contribution margins and fixed costs, in line with the expectations considered in the specific strategic plans of each business, limited by the useful life of each asset. However, those cash inflows and outflows corresponding to future restructurings or improvements in the performance or increase in assets are not taken into consideration.

(v) Fair value of revalued assets

For the group of assets of the caption Property, plant and equipment (CT ADC, Buildings and Lands owned by Capex), the LPG Facility (owned by SEB), and DEEF (owned by Hychico) valued under the revaluation model, the Group makes estimates of the fair value of those assets as stated in Note 2.6.III.

NOTE 5 – SEGMENT REPORTING

The Board has determined operating segments based on the reports it reviews and which are used for strategic decision making.

Segment reporting is presented in a manner consistent with the internal reporting. The Board and the Senior Managers are responsible for assigning resources and assessing the profitability of operating segments.

Management information used in the decision-making process is prepared on a monthly basis and contains a breakdown of the Group's segments:

1) the exploration, production and sale of oil and gas ("Oil and Gas"),
2) generation of electric power ("Electricity ADC"),
3) production and sale of gas-derived liquid fuel ("LPG").
4) generation of wind electric power ("Energy DEEF"),
5) generation of electric power with hydrogen ("HYDROGEN Energy") and
6) oxygen production and sale ("Oxygen").

As of April 30, 2018, income received from CAMMESA, broken down by segment which arises to $ 3,023.9 million, is allocated to:

1) <u>Gas revenue for $ 1,642.8 million</u>: payments received from CAMMESA as Own Fuel Recognition, the remuneration of which is fixed in US dollars and associated with the price of gas for generation plants, and
2) <u>Electric power revenue for $ 1,381.1 million</u>: specific remuneration for the generation of power.

NOTE 5 – SEGMENT REPORTING (CONT'D)

Segments reporting information at April 30, 2018 and 2017 is disclosed below:

	04.30.2018						
	Oil and Gas	Electricity ADC	LPG	Energy DEEF	Hydrogen Energy	Oxygen	Total
Net sales	809,519,834	3,023,869,780	271,676,456	68,231,911	6,079,563	2,455,769	4,181,833,313
Reclassification between segments	1,741,524,055	(1,642,753,914)	(98,770,141)	-	-	-	-
Sales per segment	2,551,043,889	1,381,115,866	172,906,315	68,231,911	6,079,563	2,455,769	4,181,833,313
Participation per segment on Sales	61.0%	33.0%	4.1%	1.6%	0.2%	0.1%	100.0%
Cost of sales	(638,167,870)	(657,150,890)	(59,183,577)	(18,378,590)	(8,861,209)	(3,397,740)	(1,385,139,876)
Gross Profit	1,912,876,019	723,964,976	113,722,738	49,853,321	(2,781,646)	(941,971)	2,796,693,437
Participation per segment on Gross Income	68.4%	25.9%	4.0%	1.8%	-0.1%	0.0%	100.0%
Selling Expenses	(435,254,667)	(153,474,614)	(17,977,481)	(476,108)	(1,491,526)	(549,118)	(609,223,514)
Administrative Expenses	(155,677,436)	(78,023,216)	(27,914,330)	(3,526,404)	(1,954,836)	(1,026,960)	(268,123,182)
Other operating income / (expenses), net	2.443.278	(778,562)	(149,736)	(797,477)	(71,052)	(28,701)	617.750
Operating result	**1,324,387,194**	**491,688,584**	**67,681,191**	**45,053,332**	**(6,299,060)**	**(2,546,750)**	**1,919,964,491**
Financial Income							1.236.598.118
Financial Costs							(2.170.943.445)
Other Financial Income							(27.816)
Result Before Income Tax							**985.591.348**
Income Tax							(288.255.049)
Result for the year							**697.336.299**
Other comprehensive results							1.575.080.198
Comprehensive result for the year							**2.272.416.497**
Amortization							
In Cost of Sales	(266,732,499)	(396,135,354)	(14,664,984)	(10,949,522)	(1,167,228)	(287,373)	(689,936,960)
In Administrative Expenses	(710,372)	(2,653,513)	(238,402)				(3,602,287)
Total	(267,442,871)	(398,788,867)	(14,903,386)	(10,949,522)	(1,167,228)	(287,373)	(693,539,247)

	04.30.2017						
	Oil and Gas	Electricity ADC	LPG	Energy DEEF	Hydrogen Energy	Oxygen	Total
Net sales	458,995,263	2,213,022,071	176,104,486	41,456,774	4,188,960	1,883,495	2,895,651,049
Reclassification between segments	1,596,230,035	(1,503,729,158)	(92,500,877)	-	-	-	-
Sales per segment	2,055,225,298	709,292,913	83,603,609	41,456,774	4,188,960	1,883,495	2,895,651,049
Participation per segment on Sales	71.0%	24.5%	2.9%	1.4%	0.1%	0.1%	100.0%
Cost of sales	(487,954,071)	(396,286,070)	(47,034,758)	(13,306,831)	(5,895,862)	(2,423,898)	(952,901,490)
Gross Profit	**1,567,271,227**	**313,006,843**	**36,568,851**	**28,149,943**	**(1,706,902)**	**(540,403)**	**1,942,749,559**
Participation per segment on Gross Income	80.7%	16.1%	1.9%	1.4%	-0.1%	0.0%	100.0%
Selling Expenses	(391,437,273)	(44,171,947)	(14,783,742)	(111,743)	(863,820)	(350,207)	(451,718,732)
Administrative Expenses	(108,565,708)	(53,570,014)	(17,539,275)	(430,947)	(1,593,438)	(937,222)	(182,636,604)
Other operating income / (expenses), net	236,007	1.137,881	323,125	(654,871)	(66,171)	(29,753)	946.218
Operating result	**1,067,504,253**	**216,402,763**	**4,568,959**	**26,952,382**	**(4,230,331)**	**(1,857,585)**	**1,309,340,441**
Financial Income							241,034,248
Financial Costs							(679,454,239)
Other Financial Income							(2,054,147)
Result Before Income Tax							**868,866,303**
Income Tax							(302,064,934)
Result for the year							**566,801,369**
Other comprehensive results							1,165,842,220
Net comprehensive result for the year							**1,732,643,589**
Amortization							
In Cost of Sales	(229,506,331)	(227,576,038)	(12,894,488)	(10,426,527)	(1,167,226)	(287,373)	(481,857,983)
In Administrative Expenses	(247,835)	(1.194,926)	(95,088)	-	-	-	(1,537,849)
Total	(229,754,166)	(228,770,964)	(12,989,576)	(10,426,527)	(1,167,226)	(287,373)	(483,395,832)

As of April 30, 2018, the Group did not make sales to customers abroad, nor does its own assets other than financial instruments outside of Argentina as April 30, 2018 and 2017.

M.

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

	04.30.2018	04.30.2017
Residual value at beginning of year	6,849,140,196	4,553,549,826
Additions	1,591,782,070	987,436,933
Increase of Provisions	(27,816)	(2,054,147)
Revaluation	1,594,765,951	1,793,603,416
Write-off and provision	(3,410,804)	-
Amortization	(693,539,247)	(483,395,832)
Residual value at the end of the year	9,338,710,350	6,849,140,196

The amortization cost of the years ended at April 30, 2018 and 2017 for $ 689,939,960 and $ 481,857,983, respectively, was charged to the Cost of Sales, and $ 3,602,287 and $ 1,537,849, respectively, to Administrative Expenses.

Below is the revaluation by group of assets:

	Residual value at cost value at 04.30.2017	Additions/ Retirements for the year – net	Amortization for the year at cost value	Residual value at cost value at 04.30.2018
CT ADC	541,833,871	111,097,832	(151,443,967)	501,487,736
Building and land in Neuquén	33,471,592	-	(215,409)	33,256,183
LPG Plant	55,665,883	-	(5,040,417)	50,625,466
DEEF	57,601,560	(2,321,074)	(3,729,195)	51,551,291
Remaining assets	1,901,772,611	1,479,566,692	(271,499,283)	3,109,840,020
Total	2,590,345,517	1,588,343,450	(431,928,271)	3,746,760,696

	Residual value of revaluation at 04.30.2017	Additions/ Retirements for the year- Revaluation	Amortization of the year Revaluation	Residual value of revaluation at 04.30.2018	Net result at 04.30.2018
CT ADC	3,844,153,128	1,372,382,407	(244,691,387)	4,971,844,148	5,473,331,884
Building and land in Neuquén	229,322,232	109,682,725	(74,693)	338,930,264	372,186,447
LPG Plant	105,870,289	28,321,898	(9,624,572)	124,567,615	175,193,081
DEEF	79,449,030	84,378,921	(7,220,324)	156,607,627	208,158,918
Remaining assets	-	-	-	-	3,109,840,020
Total	4,258,794,679	1,594,765,951	(261,610,976)	5,591,949,654	9,338,710,350

M.

NOTE 7 – NET DEFERRED TAX ASSETS AND LIABILITIES

The deferred tax net position is as follows:

	04.30.2018	04.30.2017
Deferred tax assets		
Deferred tax assets to be recovered after 12 months	34,421,518	38,764,609
Deferred tax assets to be recovered within 12 months	2,714,866	3,895,693
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after 12 months	(1,216,276,771)	(1,071,744,731)
Deferred tax liabilities to be recovered within 12 months	(432,923,641)	(574,745,926)
Net deferred tax liabilities [1]	(1,612,064,028)	(1,603,830,355)

[1] This amount is shown in the consolidated financial statements as follows: $ 11,377,272 and $ 22,088,202 under net deferred tax assets at April 30, 2018 and 2017, respectively, and $ 1,623,441,300 and $ 1,625,918,557 under net deferred tax liabilities at April 30, 2018 and 2017, respectively.

The changes in deferred tax assets and liabilities, without considering the offsetting of balances, are as follows:

- Deferred assets:

	Tax Losses	Trade accounts payable	Provisions and other	Total
Balance at April 30, 2017	17,404,518	11,829,089	13,426,695	42,660,302
Charge to results	(8,081,043)	1,999,454	9,928,784	3,847,195
Charge to results due to a change in the income tax rate	(2,254,752)	(3,787,000)	(3,329,361)	(9,371,113)
Charge to Other Comprehensive Results	-	-	-	-
Charge to Other Comprehensive Results due to a change in the income tax rate	-	-	-	-
Balance at April 30, 2018	7,068,723	10,041,543	20,026,118	37,136,384

- Deferred liabilities:

	Financial investments at amortized cost	Property, plant and equipment	Other accounts receivables	Financial liabilities	Total
Balance at April 30, 2017	(3,905,327)	(1,637,964,764)	(3,041,456)	(1,579,110)	(1,646,490,657)
Charge to results	(127,121,066)	88,876,510	2,971,272	(16,704,820)	(51,978,104)
Charge to results due to a change in the income tax rate	18,718,004	45,078,370	-	5,157,728	68,954,102
Charge to Other Comprehensive Results	-	(558,168,082)	-	-	(558,168,082)
Charge to Other Comprehensive Results due to a change in the income tax rate	-	538,482,329	-	-	538,482,329
Balance at April 30, 2018	(112,308,389)	(1,523,695,637)	(70,184)	(13,126,202)	(1,649,200,412)

Hychico's tax losses at April 30, 2018 for $ 6,805,080 may be allocated to future taxable income arising within five years as from the date they are generated; they will prescribe from the fiscal year ending on April 30, 2020.

E G WIND's tax losses at April 30, 2018 for $ 263,643 may be allocated to future taxable income arising within five years as from the date they are generated; they will prescribe from the fiscal year ending on April 30, 2023.

NOTE 8 – FINANCIAL ASSETS AND LIABILITIES PER CATEGORY

	04.30.2018	04.30.2017
ASSETS		
Financial assets at amortized cost		
Trade accounts receivable and other accounts receivable	912,027,591	737,387,584
Financial investments at amortized cost	564,591,939	631,890,799
Cash and cash equivalents	35,304,284	11,622,890
Total	1,511,923,814	1,380,901,273
Financial assets at fair value		
Financial instruments at fair value	4,042,443,237	806,923,524
Total	4,042,443,237	806,923,524
LIABILITIES		
Financial liabilities at amortized cost	7,312,579,454	3,814,932,554
Total	7,312,579,454	3,814,932,554

NOTE 9 - FINANCIAL ASSETS CREDIT RATING

The credit rating of financial assets which have not yet fallen due or have not been written down can be assessed, based on the rating provided by banks for cash and cash equivalents. In the case of trade accounts receivable, the classification is based on historical ratios.

The credit rating of cash items and short-term deposits is as follows:

	04.30.2018	04.30.2017
Cash at banks and short-term deposits		
Credit rating minimum "A"	4,637,666,483	1,450,251,183
Total	4,637,666,483	1,450,251,183

The credit rating of trade accounts receivable is as follows:

	04.30.2018	04.30.2017
Without due date (shown as current assets)	-	162,364,022
Past due		
From 0 to 3 months	9,035,460	3,245
From 9 to 12 months	-	6,985
To be due		
From 0 to 3 months	816,796,491	491,429,164
Total	825,831,951	653,803,416

See Note 3.2 as regards receivables from CAMMESA.

NOTE 10 - SPARE PARTS AND MATERIALS

	04.30.2018	04.30.2017
Non-Current		
In local currency		
Spare parts and consumption materials	133,355,310	90,470,914
In foreign currency (Exhibit G)		
Sundry advances	15,703,477	9,198,894
Total	149,058,787	99,669,808
Current		
In local currency		
Spare parts and consumption materials	41,725,872	30,241,065
In foreign currency (Exhibit G)		
Sundry advances	3,925,869	2,299,724
Total	45,651,741	32,540,789

M.

NOTE 10 - SPARE PARTS AND MATERIALS (CONT´D)

The provision for turnover and obsolescence was set up based on the analysis of possible losses the Group estimates to incur due to the decrease in the value of materials. The changes are as follows:

Balance at April 30, 2016	**(1,049,229)**
Recovery of the provision allocated to Other operating income / (expenses), net (Note 26)	1,049,229
Balance at April 30, 2017	-
Balance at April 30, 2018	-

NOTE 11 - INVENTORIES

	04.30.2018	04.30.2017
Oil	1,988,819	3,548,103
Propane and butane	2,341,757	1,285,599
Total	4,330,576	4,833,702

NOTE 12 - OTHER ACCOUNTS RECEIVABLE

	04.30.2018	04.30.2017
Non-Current		
In local currency		
Turnover tax	1,035,421	-
Tax on assets (Note 2.14.2)	11,022,707	9,527,154
Other tax credits	41,104	-
Prepaid expenses	-	10,106,494
In foreign currency (Exhibit G)		
Assignment of CAMMESA rights	12,767,520	19,363,070
Total	24,866,752	38,996,718

Current	04.30.2018	04.30.2017
In local currency		
Sundry advances	9,915,164	3,489,445
Turnover tax	6,520,075	5,437,705
Value added tax	12,541,699	6,501,750
Income tax and tax on assets	2,734,530	8,483,967
Other tax credits	9,151,745	4,657,679
Prepaid insurance	21,302,292	16,878,653
Prepaid expenses	1,246,904	3,551,259
Assignment of CAMMESA rights	1,293,143	927,069
Intercompany receivables Section 33 – Law 19550 (Note 31.b)	829,360	520,786
Agreement for gas propane supply for networks to collect	13,108,645	9,721,073
Sundry	1,376,314	315,352
In foreign currency (Exhibit G)		
Sundry advances	7,549,179	5,630,174
Intercompany receivables Section 33 – Law 19550 (Note 31.b)	137,294	7,650
Assignment of CAMMESA rights	16,669,825	13,073,143
Total	104,376,169	79,195,705

The fair value of other accounts receivable does not significantly differ from the carrying value.

M.

NOTE 12 - OTHER ACCOUNTS RECEIVABLE (CONT'D)

According to the term for collection, they are grouped as follows:

	04.30.2018	04.30.2017
Without due date (shown as current assets)	25,183,958	15,612,051
To be due		
From 0 to 3 months	37,505,683	25,451,907
From 3 to 6 months	25,585,947	22,301,111
From 6 to 9 months	9,793,337	10,196,887
From 9 to12 months	6,307,244	5,633,749
From 1 to 2 years	13,844,045	23,606,161
More than 2 years	11,022,707	15,390,557
	129,242,921	118,192,423

NOTE 13 - TRADE ACCOUNTS RECEIVABLE

	04.30.2018	04.30.2017
Non-Current		
In local currency		
Doubtful accounts	2,627,115	2,627,115
Less: Provision for doubtful accounts (Exhibit E)	(2,627,115)	(2,627,115)
Total	-	-
Current		
In local currency		
From sale of energy and others	35,775,159	609,629,007
Intercompany receivables Sect. 33 – Law 19550 (Note 31.b)	16,651,300	674,603
In foreign currency (Exhibit G)		
From sale of oil and others	106,415,410	43,061,351
From sale of energy	664,201,568	-
Intercompany receivables Sect. 33 – Law 19550 (Note 31.b)	2,788,514	438,455
Total	825,831,951	653,803,416

At April 30, 2018 and 2017, trade accounts receivable for $ 825,831,951 and $ 653,803,416, respectively, fully complied with their contractual terms, and their fair value did not significantly differ from the carrying value.

The aging analysis of these accounts receivable is as follows:

	04.30.2018	04.30.2017
Without due date (shown as current assets)	-	162,364,022
Past due		
From 0 to 3 months	9,035,460	3,245
From 9 to 12 months	-	6,985
To be due		
From 0 to 3 months	816,796,491	491,429,164
Total	825,831,951	653,803,416

At April 30, 2018 and 2017, the provision for trade accounts receivable amounts to $ 2,627,115.

The movements of the provision (Exhibit E) for doubtful trade accounts receivable are as follows:

	04.30.2018	04.30.2017
Balance at beginning of year	2,627,115	2,627,115
Balance at year end	2,627,115	2,627,115

The accounts receivable provided for correspond to certain customers facing a specific economic situation.

The amounts charged to the provision are generally deleted when there is no expectation of receiving additional cash.

NOTE 14 - FINANCIAL INSTRUMENTS AT FAIR VALUE

Current	04.30.2018	04.30.2017
In foreign currency (Exhibit G)		
Financial instruments at fair value (Exhibit C)	632,453,773	482,898,674
Total	632,453,773	482,898,674

According to the term for collection, they are grouped as follows:

	04.30.2018	04.30.2017
To be due		
From 0 to 3 months	632,453,773	482,898,674
Total	632,453,773	482,898,674

NOTE 15 - CASH AND CASH EQUIVALENTS

	04.30.2018	04.30.2017
Current		
In local currency		
Cash	65,117	56,412
Banks	15,168,578	11,238,187
Financial instruments at fair value (Exhibit D)	1,772,841,985	324,024,850
In foreign currency (Exhibit G)		
Cash	4,607,860	129,618
Banks	15,462,729	198,673
Financial investments at amortized cost (Exhibit D)	564,591,939	631,890,799
Financial instruments at fair value (Exhibit D)	1,637,147,479	-
Total	4,009,885,687	967,538,539

For purposes of the statement of cash flows, cash and cash equivalents and bank overdrafts include:

	04.30.2018	04.30.2017
Cash and banks	35,304,284	11,622,890
Financial instruments at fair value	3,409,989,464	324,024,850
Financial investments at amortized cost	564,591,939	631,890,799
Bank overdrafts	(145)	-
Total	4,009,885,542	967,538,539

At April 30, 2018, the cash and cash equivalents described above and in the Statement of Cash Flows include $ 202,356,000 (US$ 9,900,000) subject to contractual restrictions and, thus, unavailable for general use by the entity (see Note 37.b)).

NOTE 16 - CAPITAL STOCK AND ADDITIONAL PAID-IN CAPITAL

	Number of shares	Face value per share	Capital subscribed	Additional paid-in capital	Subtotal
		$	$	$	$
Balances at April 30, 2017	179,802,282	1	179,802,282	79,686,176	259,488,458
Balances at April 30, 2018	179,802,282	1	179,802,282	79,686,176	259,488,458

The capital stock of $ 179,802,282 is represented by 179,802,282 ordinary, book-entry Class "A" shares of $ 1 nominal value and one vote each, authorized to be placed for public offering.

All the shares issued have been subscribed and paid in.

NOTE 16 - CAPITAL STOCK AND ADDITIONAL PAID-IN CAPITAL (CONT'D)

Capital stock at April 30, 2018 and 2017 is as follows:

Capital	Face value	Approved by	
		Date	Instrument/Body
	$		
Subscribed, paid-in and registered	2,000,000		Incorporation Agreement
Subscribed, paid-in and registered	18,000,000	01.17.94	Extraordinary Shareholders' Meeting
Subscribed, paid-in and registered	16,363,636	03.18.94	Extraordinary Shareholders' Meeting
Subscribed, paid-in and registered	4,520,859	08.18.99	Ordinary Shareholders' Meeting
Subscribed, paid-in and registered	7,062,780	07.11.00	Ordinary Shareholders' Meeting
Subscribed, paid-in and registered	11,986,819	09.21.05	Ordinary Shareholders' Meeting
Subscribed, paid-in and registered	119,868,188	08.28.07	Ordinary Shareholders' Meeting
Subscribed and paid-in	179,802,282		

NOTE 17 – RESERVES

a) **Change in Reserves**

	Legal reserve	Free reserve	Reserve for assets revaluation (see point b)
Balances at April 30, 2016	**23,508,318**	**(1) 43,367,267**	**1,692,108,746**
Ordinary Shareholders' Meeting dated August 17, 2016	(23,508,318)	(43,367,267)	-
Comprehensive result of the year	-	-	1,166,539,323
Reversal of reserve for assets revaluation (point b)	-	-	(101,628,065)
Balances at April 30, 2017	-	-	**2,757,020,004**
Ordinary Shareholders' Meeting dated August 9,2017	35,960,456	(2) 464,413,176	-
Comprehensive result of the year	-	-	1,563,179,719
Reversal of reserve for assets revaluation (point b)	-	-	(169,029,490)
Balances at April 30, 2018	**35,960,456**	**464,413,176**	**4,151,170,233**

(1) For the distribution of future dividends and/or investments and/or cancellation of debts and/or absorption of losses. The amounts included in this item were determined by the Meetings of Shareholders which approved the pertinent annual financial statements.

(2) For the distribution of dividends, investments and / or cancellation of debt and / or absorption of losses. The sums included under this concept were constituted by the Meetings of Shareholders that approved the corresponding annual financial statements.

M.

NOTE 17 – RESERVES (CONT'D)

b) Changes and breakdown of the Reserve for the revaluation of assets / other comprehensive results

Below is a detail of the changes and breakdown of the Reserve for revaluation of assets / Other comprehensive results

	CT ADC	LPG Plant	DEEF	Building and land - Neuquén	Total	Attributable to the Company	Attributable to Minority Interest
Balance at April 30, 2016 of reserve for the revaluation of assets	1,460,530,443	57,041,827	66,195,983	113,695,135	1,697,463,388	1,692,108,746	5,354,642
Increase / (decrease) due to revaluation	1,728,930,205	25,967,357	(15,786,241)	54,492,095	1,793,603,416	1,794,675,881	(1,072,465)
Deferred tax	(605.,25,572)	(9,088,575)	5,525,184	(19,072,233)	(627,761,196)	(628,136,558)	375,362
Total other comprehensive results	1,123,804,633	16,878,782	(10,261,057)	35,419,862	1,165,842,220	1,166,539,323	(697,103)
Reversal due to change of share (1)	-	-	-	-	-	(11,444,272)	11,444,272
Reversal of deferred tax (1)	-	-	-	-	-	4,005,495	(4,005,495)
Reversal due to amortization for the year (1)	(131,746,990)	(7,853,724)	(6,604,703)	(85,454)	(146,290,871)	(144,906,597)	(1,384,274)
Reversal of deferred tax(1)	46,111,447	2,748,803	2,311,646	29,909	51,201,805	50,717,309	484,496
Subtotal for reversal of reserve for revaluation of assets (1)	(85,635,543)	(5,104,921)	(4,293,057)	(55,545)	(95,089,066)	(101,628,065)	6,538,999
Balance at April 30, 2017	2,498,699,533	68,815,688	51,641,869	149,059,452	2,768,216,542	2,757,020,004	11,196,538
Increase due to revaluation	1,372,382,407	28,321,898	84,378,921	109,682,725	1,594,765,951	1,580,677,536	14,088,415
Deferred tax	(480,333,842)	(9,912,664)	(29,532,622)	(38,388,954)	(558,168,082)	(553,237,138)	(4,930,944)
Result due to change in income tax rate	478,919,672	11,241,468	14,521,798	33,799,391	538,482,329	535,739,321	2,743,008
Total other comprehensive results	1,370,968,237	29,650,702	69,368,097	105,093,162	1,575,080,198	1,563,179,719	11,900,479
Reversal due to amortization for the year (1)	(244,691,387)	(9,624,572)	(7,220,324)	(74,693)	(261,610,976)	(260,045,370)	(1,565,606)
Reversal of deferred tax(1)	85,641,985	3,368,600	2,527,113	26,143	91,563,841	91,015,880	547,961
Subtotal for reversal of reserve for revaluation of assets (1)	(159,049,402)	(6,255,972)	(4,693,211)	(48,550)	(170,047,135)	(169,029,490)	(1,017,645)
Balance at April 30, 2018	3,710,618,368	92,210,418	116,316,755	254,104,064	4,173,249,605	4,151,170,233	22,079,372

(1) Charged to "Unappropriated Retained Earnings"

NOTE 18 – UNAPPROPRIATED RETAINED EARNINGS

	04.30.2018	04.30.2017
Balances at April 30, 2016		(231,664,704)
Ordinary Shareholders' Meeting dated August 17, 2016 (constitution of legal and free reserves)		66,875,585
Comprehensive result for the year		563,534,686
Reversal of reserve for revaluation of assets (Note 17)		101,628,065
Balances at April 30, 2017	500,373,632	500,373,632
Ordinary Shareholders' Meeting dated August 9, 2017 (constitution of legal and free reserves)	(500,373,632)	
Comprehensive result of year	695,702,673	
Reversal of reserve for revaluation of assets (Note 17)	169,029,490	
Balances at April 30, 2018	864,732,163	

Restrictions on the distribution of profits

a) In accordance with the Commercial Companies Law, by-laws and CNV Resolution No. 368/01, 5% of net income, once accumulated losses have been absorbed, plus (less) prior years' adjustments, the reversal of assets revaluation reserve, must be appropriated to the Legal Reserve until it reaches 20% of capital, previously reconstituting, as appropriate, the legal reserve of prior years.

b) In line with the Global Program for the Issue of Class 2 Corporate Bonds (Note 20 a), the Company and its subsidiaries SEB and E G WIND may declare or pay:

M.

NOTE 18 – UNAPPROPRIATED RETAINED EARNINGS (CONT'D)

- Stock dividends or distributions with voting rights;
- Dividends or distributions collected by the Company and/or its Restricted subsidiaries (SEB and E G WIND);
- Dividends paid pro rata to the Company and its restricted subsidiaries (SEB and E G WIND), on one hand, and to the minority bondholders of one Restricted Subsidiary, on the other hand.

The above will apply provided that at the time of payment and immediately after giving effect to it: (a) no default or event of default (such as nonpayment of principal or interest at maturity, failure by the Company to fulfill a commitment or agreement included in the program, or in case the Company is declared insolvent or bankrupt in an insolvency or bankruptcy proceeding) shall have occurred and still persists; and (b) the Company may incur additional financial debt for at least US$ 1 if, when incurred, the Consolidated Interest Coverage Ratio is not less than 2.0:1.0 and the Interest Coverage Ratio and Financial Debt to adjusted EBITDA Ratio is not higher than 3.5:1.0.

c) At the closing of the year, the positive balance of the Reserve for the revaluation of assets may not be distributed, capitalized or allocated to absorb accumulated losses, but must be computed as part of Retained earnings for the purposes of comparison to determine the Company's situation under sections 31, 32 and 206 of the Commercial Companies Law No 19550, in accordance with the amended text of the CNV.

NOTE 19 - TRADE ACCOUNTS PAYABLE

	04.30.2018	04.30.2017
Non-Current		
In local currency		
Sundry accruals	120,457,266	39,045,036
In foreign currency (Exhibit G)		
Sundry accruals	4,733,678	4,997,551
Total	125,190,944	44,042,587
Current		
In local currency		
Suppliers	252,461,425	143,429,918
Intercompany suppliers (Note 31.b)	164,063	48,534
Sundry accruals	21,933,475	14,434,778
In foreign currency (Exhibit G)		
Suppliers	324,465,224	168,226,681
Intercompany suppliers (Note 31.b)	1,733,679	616
Sundry accruals	101,327,175	17,833,312
Total	702,085,041	343,973,839

The carrying amount of trade accounts payable approximates to their fair value.

According to the estimated term for payment, they are grouped as follows:

	04.30.2018	04.30.2017
Past due		
From 0 to 3 months	460,764	6,948,070
From 3 to 6 months	231,433	-
Without due date (shown as current liabilities)	-	927
To be due		
From 0 to 3 months	689,193,880	328,453,314
From 3 to 6 months	4,937,480	3,929,503
From 6 to 9 months	3,630,742	2,322,052
From 9 to12 months	3,630,742	2,319,973
From 1 to 2 years	2,826,813	1,789,297
More than 2 years	122,364,131	42,253,290
	827,275,985	388,016,426

NOTE 20 - FINANCIAL LIABILITIES

	04.30.2018	04.30.2017
Non-Current		
In local currency		
Commissions and expenses to be accrued	(44,198,388)	(515,026)
Advance funding for maintenance of the CT ADC (Note 1.b.2.5)	58,401,692	-
In foreign currency (Exhibit G)		
Bank	49,296,000	86,240,000
Corporate bonds	6,162,000,000	-
Total	6,225,499,304	85,724,974

	04.30.2018	04.30.2017
Current		
In local currency		
Advance funding for maintenance of the CT ADC (Note 1.b.2.5)	56,647,302	183,718,838
Bank overdrafts	145	-
Commissions and expenses to be accrued	(8,810,948)	(1,905,314)
In foreign currency (Exhibit G)		
Bank	16,623,707	22,002,190
Corporate bonds	195,343,958	3,123,881,722
Total	259,804,164	3,327,697,436

Changes in loans are as follows:

	04.30.2018	04.30.2017
Balances at the beginning	**3,413,422,410**	**3,390,779,073**
Increase in bank overdrafts	145	-
Funding for maintenance of the CT ADC	100,918,070	138,260,000
Offsetting with credit for remuneration of non-recurring maintenance and additional remuneration trust	(168,294,954)	(105,282,672)
Loans obtained	4,602,000,000	-
Capitalized commissions and expenses	(60,914,027)	-
Accruals:		
Accrued interest		
Commissions and expenses activated	427,526,330	352,260,678
Accrued commissions and expenses	10,309,921	2,275,631
Exchange difference generated by foreign currency debts	1,672,225,024	239,410,840
Payments:		
Interest	(272,682,941)	(368,230,140)
Capital	(3,239,206,510)	(236,051,000)
Balances at the end	**6,485,303,468**	**3,413,422,410**

According to the estimated term for payment, they are grouped as follows:

	04.30.2018	04.30.2017
Without due date (shown as current liabilities)	-	183,718,838
6 months or less	219,541,548	3,133,198,598
6-12 months	40,262,616	10,780,000
1-2 years	64,011,903	21,044,974
More than 2 years	6,161,487,401	64,680,000
Total	**6,485,303,468**	**3,413,422,410**

The carrying values of the resources outside the Company are stated in the following currencies:

	04.30.2018	04.30.2017
US Dollar	6,423,263,665	3,232,123,912
Pesos	62,039,803	181,298,498
Total	6,485,303,468	3,413,422,410

NOTE 20 – FINANCIAL LIABILITIES (CONT'D)

Debts in US dollars accrue annual interest averaging approximately 6.875 % and 10% at April 30, 2018 and 2017, respectively.

The fair value of corporate bonds at April 30, 2018 and 2017 amounts to $ 6,202 million and $ 3,139 million, respectively, measured at fair value level 1 (see Note 2.7.2.2).

The carrying value of the other current and non-current financial liabilities is close to their fair value.

a) Corporate bonds – Senior Notes Class II

On March 15, 2017 the Ordinary General Meeting and on March 20, 2017 the Board of Directors of the Company approved the terms and conditions of the Global Negotiable Obligations Program, the request for authorization of public offer and quotation for up to a nominal value in circulation at any time that may not exceed US$ 600,000,000 or its equivalent.

On May 10, 2017 Capex issued Class II Corporate Bonds for an amount of US$ 300 million under that program.

Class II of the Negotiable Obligations, at the time of issuance, has been qualified internationally and locally by two risk rating agencies such as: "B + (EXP) / RR3" and "B" and "A (arg)" and "raA +" , respectively by Fitch and Standard & Poor's respectively. As of the date of issuance of these financial statements, Class II Negotiable Obligations were classified internationally and locally as "B + (EXP) / RR3" and "B +" and "A (arg)" and "raAA +", respectively by Fitch and Standard & Poor's.

The international underwriters were Deutsche Bank Securities Inc, J.P. Morgan Securities LLC, BBVA Securities Inc. and Itaú BBA USA Securities, Inc, and the Argentine underwriters were BACS Banco de Crédito y Securitización S.A., Banco Hipotecario S.A. and Banco CMF S.A.

Main characteristics:

Issued Amount: US$ 300,000,000
Issue Date: May 15, 2017
Maturity date: May 15, 2024
Issue Price: 100%
Interest rate: 6.875% nominal annual rate
Applicable return: 6.875% nominal annual rate
Interest Payment Dates: compensatory interest accrued and payable for periods of six months, from the signing date to the full repayment date, The payment dates will be May 15 and November 15 of each year to maturity, commencing on November 15, 2017.
Amortization: Principal will be amortized in only one installment on May 15, 2024.
Amount of principal awarded to the International Underwriters:

Deutsche Bank Securities Inc...	U$S 138,889,000
J,P, Morgan Securities LLC	U$S 138,889,000
BBVA Securities Inc..................	U$S 11,111,000
Itaú BBA USA Securities, Inc...	U$S 11,111,000

Optional Redemption with no Premium: at any time as from May 15, 2021, the Company may redeem the Corporate Bonds, according to the following schedule and as set forth in the Pricing Supplement:

	Redemption price
2021	103.438%
2022	101.719%
2023	100.000%

NOTE 20 – FINANCIAL LIABILITIES (CONT'D)

Redemption price in case of repurchase of shares: 106.875% of principal on the Corporate Bonds, in conformity with and under the terms of the Pricing Supplement regarding the Optional Redemption with the Proceeds from the Shares Offered.
Application of the funds: The funds shall be applied to the settlement of short and long-term liabilities, to making investments in fixed assets in Argentina, payment of capital contributions in controlled or related companies and working capital.
Guarantees: No guarantees.
Main commitments of Capex and its restricted subsidiaries:

As of the date of issuance of the financial statements as of April 30, 2018 SEB and E G WIND qualify as restricted subsidiaries for the fulfillment of certain commitments. Hychico does not.

- Change of control: In the event of a change of control, the holders may request Capex to buy all or some of its corporate bonds.
- Limitation on incurring additional financial indebtedness: Capex and its restricted subsidiaries may incur additional financial indebtedness if, at the time of, and immediately after, giving pro-forma effect to incur Indebtedness, and the application of the funds derived therefrom, (i) they have not incurred any Default or Event of Default, and (ii) the Consolidated Interest Coverage Ratio is not less than 2.0:1.0 and the Consolidated Net Financial Indebtedness to Consolidated EBITDA Ratio is not higher than 3.5:1.0 (*). Once the minimum and maximum values have been reached in the case of the Consolidated Interest Coverage Ratio and the Consolidated Net Financial Debt on Adjusted EBITDA, respectively, the Company and its restricted subsidiaries, taken together, may incur additional financial debt for an amount that is the greater between US $ 60 million and 10% of the value of the Consolidated Assets (*).
- Limitation on dividend payments: The Company and its restricted subsidiaries may pay dividends if no event of default shall have occurred and Capex may incur additional financial indebtedness for at least US$1, if when it incurs such indebtedness the Consolidated Interest Coverage Ratio is not less than 2.0:1.0 and the Consolidated Net Financial Indebtedness to Consolidated EBITDA Ratio is not higher than 3.5:1.0 (*).
- Limitation on dividend payments and other payment restrictions affecting the restricted subsidiaries: The restricted subsidiaries may not have agreements restricting their ability to pay dividends (*)
- Limitation on sales of assets: The Company and its subsidiaries shall apply the proceeds from the sales of their assets (other than in the ordinary course of business) to: (1) the repayment of Financial Debt; (2) the purchase of assets in a similar line of business (in the case of the purchase of Shares in a company, this company must, as from that moment, become a restricted subsidiary); (3) making a capital contribution in any of the Restricted Subsidiaries, provided that such Restricted Subsidiary uses the funds from that contribution as stated in points (1) or (2). All amounts not applied to one or some of these items within 365 days must be applied to an offer for the purchase of the Corporate Bonds (*)
- Limitation on liens on any of its assets or property (with the usual exceptions)
- Limitation on sale & leaseback transactions (with the usual exceptions) (*)
- Limitation on mergers, absorptions and sales of assets (with the usual exceptions) (*)
- Limitation on transactions with related companies (with the usual exceptions) (*)
- No activity will be carried out other than the permitted business
- Keeping its corporate existence in full force and effect
- Maintenance of property and insurance
- Keeping its bond ratings: Capex will make all commercial efforts to keep the rating of the Corporate Bonds with at least two credit rating agencies.

If on any date subsequent to the issuance, the Corporate Bonds have at least two Investment Grade Ratings granted by Rating Agencies, and no Event of Default has occurred or subsisted under the Trust Contract, Capex and its Restricted Subsidiaries shall not be subject to the commitments indicated with (*).

For further information, see the Offering Circular and Pricing Supplement for Capex's Global Class II Corporate Bond Issue Program for US$ 600,000,000.

The balance as of April 30, 2018 amounts to $ 6,357,343,958, of which $ 195,343,958 are current. Additionally, commissions and expenses paid in relation to the negotiable obligations have been deducted from the liability, which will be accrued in the term of the debt. The balance of these commissions as of April 30, 2018 amounts to $ 52,494,309, of which $ 8,681,660 are current (see point i).

NOTE 20 – FINANCIAL LIABILITIES (CONT'D)

At the date of issue of the financial statements at April 30, 2018, the Company and its Restricted Subsidiaries are in compliance with all commitments taken on.

Together with the issuance of Class II, Capex launched a purchase offer to the holders of Class I and on May 10, 2017 Capex accepted the purchase by all of the holders of Class I which accepted the purchase offer launched by Capex. The total amount of this transaction was US$ 51,126,000 (nominal value), approximately 25.56% of the outstanding total. The purchase was paid on May 15, 2017. The remaining balance of US$ 148,874,000 (nominal value) was paid off on June 12, 2017, together with interest accrued at that date, with the proceeds from the Class II Corporate Bonds (see point b).

b) Corporate Bonds Senior Notes Clase I

On December 28, 2010, the Company Board of Directors approved the terms and conditions of the Global Corporate Bond Program, the request for authorization of public offering and listing for trading for a fair value of up to US$ 200 million.

On March 10, 2011 Class I Corporate Bonds were issued for an amount of US$ 200 million under that program.

At the time of their issuance, Class I Corporate Bonds has been rated locally and internationally by two credit rating agencies as "B/RR4" and "B-" and "A+(arg)" and "raA", respectively.

Its characteristics are as follows:

Facilitators: Deutsche Bank Securities Inc and J.P. Morgan Securities, LLC
Issued amount: US$ 200,000,000
Issue price: 100%
Issue date: March 10, 2011
Expiration date: March 10, 2018
Interest: it accrued compensatory interest payable every six months as from the agreement execution date and until repayment date, at an annual nominal fixed rate of 10%. The payment dates would be March 10 and September 10 of each year until/to maturity, commencing on September 10, 2011.
Amortization: Principal would be amortized in only one installment on March 10, 2018.
Listing for trading: The corporate bonds were listed for trading on the Buenos Aires Stock Exchange and the Luxembourg Stock Exchange.
Optional redemption with a premium: The Company might make a full and non-partial redemption at any time prior to March 10, 2016 for an amount equal to 100% of principal, plus accrued and unpaid interest until the redemption date plus a premium.
Optional redemption without premium: The Company might make a full or partial redemption at any time as from March 10, 2016, at the redemption prices expressed as percentages of the principal amount set below, plus accrued and unpaid interest, if any, until the redemption date.

Year	Redemption price
2015	105%
2016	103.3%
2017 and subsequent	100%

Allocation of funds: Payment of short and long term liabilities and provision of working capital in Argentina.
Guarantees: No guarantees

NOTE 20 – FINANCIAL LIABILITIES (CONT'D)

Main commitments of the Company and its restricted subsidiaries

- Limitation to incur additional financial debt: the Company and its restricted subsidiaries might incur additional financial debt if at the time of incurring such debt and giving effect to it: (1) no event of default had occurred and (2) the Consolidated Interest Coverage Ratio was not less than 2.5:1.0 (adjusted EBITDA for the year of four consecutive quarters preceding the calculation date to interest paid for such year) and the Financial Debt to adjusted EBITDA ratio was not higher than 3.5:1.0. In all cases, the values were consolidated with its restricted subsidiaries. Once the minimum and maximum values had been reached in the case of the Interest Coverage Ratio and Financial Debt to adjusted EBITDA Ratio, respectively, the Company and its restricted subsidiaries, taken as a whole, might incur additional financial debt for the higher of US$ 20 million or 5% of the Consolidated Asset value.
- Change of control: In the event of a change of control, the holders might request the Company to buy all or a part of its corporate bonds.
- Limitation on dividend payments: The Company and its restricted subsidiaries might pay dividends if no event of default had occurred and the Company might incur additional financial debt for at least US$1, if, when incurred, the Consolidated Interest Coverage Ratio was not less than 2.5:1.0 and the Interest Coverage Ratio and Financial Debt to adjusted EBITDA Ratio was not higher than 3.5:1.0. (*)
- Limitation on dividend payments and other payment restrictions affecting the restricted subsidiaries: The restricted subsidiaries might not have agreements restricting their ability to pay dividends (*)
- Limitation on sales of assets: The Company and its subsidiaries had to apply the proceeds from the sales of their assets (other than in the normal course of business) to: (1) the repayment of Financial Debt, (2) the purchase of assets in a similar line of business (in the case of the purchase of Shares in a Company, this company must, as from that moment, become a restricted subsidiary). All amounts not applied to one or some of these items within 270 days had to be applied to an offer for the purchase of the Corporate Bonds (*)
- Limitation on liens on any of its assets or property (with the usual exceptions)
- Limitation on sale & leaseback transactions (with the usual exceptions) (*)
- Limitation on mergers, absorptions and sales of assets (with the usual exceptions) (*)
- Limitation on transactions with related companies (with the usual exceptions) (*)
- No activity would be carried out other than the permitted businesses
- Keeping its corporate existence in full force and effect
- Maintenance of property and insurance
- Keeping its bond ratings: The Company would make all commercial efforts to keep the rating of the Corporate Bonds with at least two credit rating agencies.

If at any date following the issuance of the Corporate Bonds, they were rated as investment grade by at least two credit rating agencies (equal, for example, to a) BBB-, in the case of S&P and Fitch, and b) Baa3, in the case of Moody's, or higher) and no event of default had occurred or still subsisted, the Company and its restricted subsidiaries would not be subject to the commitments marked with an (*).

For further information, see the Offering Circular and Pricing Supplement for the Company's Global Corporate Bond Issue Program.

This debt was canceled in advance with the issue of May 10, 2017, of Class II Corporate Bonds for US $ 300 million maturing in May 2024 (see point a). Additionally, at the time of payment, the commissions and expenses paid in relation to the Corporate Bonds were charged to results.

c) Banco de Crédito y Securitización S.A. loan for $ 30,000,000

On November 11, 2014, the Company entered into a loan agreement with BACS Banco de Crédito y Securitización S.A.:

M.

NOTE 20 – FINANCIAL LIABILITIES (CONT'D)

Amount: $ 30,000,000
Purpose of the funds: working capital.
Starting date: November 11, 2014
Term: 36 months
Expiration date: November 11, 2017
Amortization: 5 semi-annual, equal and consecutive installments, with a grace period of one year.
Interest rate: It accrued interest at nominal annual floating BADLAR rate for Private Banks (adjusted) plus 400 bps. Interest were paid on a semi-annual basis.
Main commitments of the Company and its restricted subsidiaries: they have general conditions similar to the conditions that existed under fixed-rate Class 1 Corporate Bonds falling due in 2018 for a nominal value of up to US$ 200,000,000. In the event of noncompliance with certain financial commitments, there is a restriction on the declaration or payment of dividends or on any capital distribution.

The loan was prepaid on November 11, 2016.

d) Industrial Commercial Bank of China (Argentina) S.A.

On April 1, 2016, the Company entered into a loan agreement with Industrial Commercial Bank of China (Argentina) S.A. (ICBC) the main characteristics of which are as follows:

Amount: $ 50,000,000
Purpose of the funds: refinancing liabilities.
Starting date: April 1, 2015
Term: 24 months
Expiration date: April 1, 2017
Amortization: 3 quarterly, equal and consecutive installments the first one having fallen due on October 1, 2016.
Interest rate: It accrued interest at nominal annual floating BADLAR rate for Private Banks (adjusted) plus 5.25% annual interest. Interest were paid on a quarterly basis.
Main commitments of the Company and its restricted subsidiaries: they have general conditions similar to the conditions already existing under fixed-rate Class 1 Corporate Bonds falling due in 2018 for a nominal value of up to US$ 200,000,000. In the event of noncompliance with certain financial commitments, there is a restriction on the declaration or payment of dividends or on any capital distribution.

The loan was prepaid on July 1, 2016.

e) Banco Ciudad de Buenos Aires, Hipotecario and Macro loan for $ 125,000,000

On May 5, 2016, Capex entered into a loan agreement with Banco de la Ciudad de Buenos Aires, Banco Hipotecario S.A. and Banco Macro S.A., as lenders, and Banco Macro S.A. as administrative agent and organizer, the main characteristics of which are as follows:

Amount: $ 125,000,000
Purpose of the funds: $ 100,000,000 to cancel financial liabilities and $ 25,000,000 for working capital.
Starting date: May 5, 2016
Term: 24 months
Expiration date: May 5, 2017
Amortization: 5 quarterly, equal and consecutive installments, with a grace period of one year. Each of those installments were as follows:

Installment	Expiration date	Percentage of the loan
1	May 2017	15%
2	August 2017	15%
3	November 2017	15%
4	February 2017	25%
5	May 2017	30%

M.

NOTE 20 – FINANCIAL LIABILITIES (CONT'D)

Interest: It accrued interest at nominal annual floating BADLAR rate for Private Banks (adjusted) plus 450 bps. Minimum cash used for the correction is the percentage of minimum cash liquidity required to financial institutions for loans of fixed installments within 30 to 59 residual days under Category 1 according to the BCRA, valid when determining the appropriate interest. They were paid quarterly.
Main commitments of the Company and its restricted subsidiaries: they have general conditions similar to the conditions already existing under fixed-rate Class 1 Corporate Bonds falling due in 2018 for a nominal value of up to US$ 200,000,000. In the event of noncompliance with certain financial commitments, there is a restriction on the declaration or payment of dividends or on any capital distribution exists.

The loan was prepaid on November 7, 2016.

f) Banco Galicia for $ 3,750,000

On May 29, 2016, Capex entered into a loan agreement with Banco Galicia for $ 3,750,000, the main characteristics of which are as follows:

Amount: $ 3,750,000
Starting date: May 29, 2015
Term: 365 days
Expiration date: May 27, 2016
Interest: It accrued interest at nominal annual floating BADLAR rate for Private Banks (adjusted) plus 450 bps. Interest were paid at maturity.

g) Banco de Crédito y Securitización S.A. loan for $ 15,000,000

On July 28, 2015, Capex entered into a loan agreement with BACS Banco de Crédito y Securitización S.A., the main characteristics of which are as follows:

Amount: $ 15,000,000
Purpose of the funds: working capital.
Starting date: July 28, 2015
Term: 28 months
Expiration date: November 13, 2017
Amortization: 5 quarterly, equal and consecutive installments, the first one having fallen due on November 11, 2016 and the rest payable semiannually.
Interest: It accrued interest at nominal annual floating BADLAR rate for Private Banks (adjusted) plus 400 bps. Minimum cash used for the correction is the percentage of minimum cash liquidity required to financial institutions for loans of fixed installments within 29 days under Category 1 according to the BCRA, valid when determining the appropriate interest. They were paid alongside with capital amortization.
Main commitments of the Company and its restricted subsidiaries: they had general conditions similar to the conditions already existing under fixed-rate Class 1 Corporate Bonds falling due in 2018 for a nominal value of up to US$ 200,000,000. In the event of noncompliance with certain financial commitments, there is a restriction on the declaration or payment of dividends or on any capital distribution.

The loan was prepaid on November 11, 2016.

h) Corporación Interamericana de Inversiones - US$ 14,000,000

In March, 2012, Hychico signed a loan agreement with Corporación Interamericana de Inversiones, which was applied to the long-term refinancing of the liabilities taken on for the construction and operation of the DEEF (loan with the Deutsche Bank AG London taken in October 2010). Its characteristics are as follows:

M.

NOTE 20 – FINANCIAL LIABILITIES (CONT'D)

Underwriter: Corporación Interamericana de Inversiones (CII)
Manager: Corporación Interamericana de Inversiones
Amount: it is divided into Loan A for up to US$ 8,000,000 and Loan B for up to US$ 6,000,000.
Disbursement date: April 24, 2012
Maturity date: 10 years as from the date of the first disbursement.
Amortization: the loan is amortized in 20 consecutive and equal semi-annual installments, falling due as from the date of the first disbursement.
Interest: it accrues interest (calculated on a six-month basis) payable semi-annually as from the disbursement at an annual rate equivalent to the aggregate of LIBO plus a rate of 8.75%. Furthermore, default interest at an annual rate of 2% will be applied to the amounts that might be owed in case of default.
Fees: it accrues i) Commitment Fee: 0.5% annual on the amounts not disbursed under the loan, which will be accrued as from the effective date and until the loan has been fully disbursed or the disbursements ceased; ii) Origination Fee: 1.25 % on the amount of principal payable at the date of the first disbursement; iii) Syndication Fee: 1.25% on the amount of the Loan B payable at the disbursement of each fund request; iv) Supervision Fee: US$ 8,000 payable at the time of the first interest payment of each year and until the total amortization of Loan A and v) Administration Fee: US$ 2,000 payable at the time of the first interest payment of each year and until the total amortization of Loan B.
Advance payment: the loan may voluntarily be repaid earlier, either in full or in part. Advance payments will be subject to a surcharge equal to: (i) 2% of the amount paid earlier if it occurs before the fifth anniversary of the Loan; or (ii) 1.5% if the early repayment occurs between the fifth anniversary of the loan and the expiration date. The amount of the advance payment may not be below US$ 2,000,000. All advance payments will be applied to the installments of the loan principal balance inversely to their expiration dates.
Allocation of funds: refinancing of the liabilities taken on for the construction and operation of DEEF.
Guarantees: the loan is secured as follows:

- Senior Pledge on the equipment and all assets of DEEF
- Surety bonds provided by the Company as surety and principal payer of all obligations assumed by Hychico under the loan agreement, the promissory notes and other main documents (1);
- Conditional assignment of the rights included in the Energy Purchase Agreement;
- Conditional assignment of the rights arising from the permits and main agreements, including easement, connection agreements, and any other document or agreement related to DEEF;
- Assignment of the guarantee over the rights arising under the loan for use signed with CAPSA on the land where DEEF is located; and
- Senior pledge on 100% of the shares of Hychico.

1) Capex undertakes, until full repayment of the loan, to maintain ownership and control, directly or indirectly through its subsidiary SEB, a majority of the capital stock with voting rights.

The loan sets forth covenants for Hychico and for the Company, as its Guarantor, the most important ones are mentioned below:

Positive covenants

- Comply with the Financial Debt Service Coverage ratio;

Negative covenants

- Incur and maintain any financial debt, except for this loan and the liabilities derived from the loans of the Guarantor, which are subject to the Loan with regard to payment terms and conditions, except for a maximum amount of US$500,000;

M.

NOTE 20 – FINANCIAL LIABILITIES (CONT'D)

- Declare, approve and/or distribute dividends or any type of remuneration to the shareholders, temporary and definitive, directly or indirectly, except each of the following conditions are met:
  - that the net result for the year be positive and it be declared against the income of the year;
  - that the Financial Debt Service Coverage ratio be greater than 1.1, measured after payment of dividends; and
  - that Hychico complies with its obligations under this Agreement and the Main Documents.

- Invest in assets outside the normal course of business;
- Guarantee and become surety of third party debts;
- Constitute and/or allow that a lien is levied on any of the assets belonging to Hychico, except for those mentioned in the Loan Agreement;
- Sell or lease more than ten per cent (10%) of DEEF assets or carry out a merger, division, consolidation and transfer of more than ten per cent (10%) of DEEF assets, spin-off, transformation, change of the corporate name or any other significant change to its legal structure, unless the proceeds be applied to the acquisition of replacement assets;
- Reduce its capital stock(1);
- Allow or take any action that allows the Loan to be lower in priority (including the Guarantee) with respect to the other preferred debts incurred.

(1) In September, 2013, the CII removed permanently the restriction imposed on Hychico relating to the reduction of its capital stock provided that it is mandatory under the Law of Commercial Companies N°19950.

These covenants have been met, there being no events of default at April 30, 2018.

On April 16, 2018, Hychico prepaid all of the amounts due under Tranche B of the loan for US$ 2,400,000, and all the management fees for said tranche were eliminated. At the same time, an amendment to the loan agreement dated March 29, 2012 was agreed, which will accrue interest at LIBO plus 4.5% as from April 15, 2018.

At the balance sheet date of Capex, Hychico has repaid according to the due dates provided, principal for $ 141,697,040 and interest for a cumulative total of $ 58,664,724.

At April 30, 2018 and 2017 the balance amounts to $ 65,919,707 and $ 108,242,190 of which $ 16,623,707 and $ 22,002,190 are current, respectively. The commissions and guarantees paid have been deducted from the loan, which will accrue during the life of the debt. The balance of these commissions and guarantees at April 30, 2018 and 2017 amounts to $ 515,027 and $ 644,314, of which $ 129,288 and $ 129,288 are current, respectively (see point i)).

i) Summary at April 30, 2018

Loan	Current	Non-Current	Total
Corporate Bonds - Senior Notes (point a))	195,343,958	6,162,000,000	6,357,343,958
Unearned commissions and expenses corporate bonds (point a))	(8,681,660)	(43,812,649)	(52,494,309)
Corporación Interamericana de Inversiones (point h))	16,623,707	49,296,000	65,919,707
Commissions and guarantees Corporación Interamericana de Inversiones (point h))	(129,288)	(385,739)	(515,027)
Advance funding for maintenance of the CT ADC	56,647,302	58,401,692	115,048,994
Bank overdrafts	145	-	145
Total	**259,804,164**	**6,225,499,304**	**6,485,303,468**

NOTE 21 – SALARIES AND SOCIAL SECURITY CONTRIBUTIONS

	04.30.2018	04.30.2017
In local currency		
Salaries and social security contributions	21,932,415	16,083,579
Sundry accruals	75,332,750	55,236,851
Total	97,265,165	71,320,430

NOTE 22 – TAXES

	04.30.2018	04.30.2017
In local currency		
Income tax payable (net) – (Note 28)	154,373,252	58,659,786
Tax withholdings and collections	12,190,359	7,714,640
Value added tax	50,614,747	66,839,788
Other	14,633,981	8,035,994
Total	231,812,339	141,250,208

NOTE 23 – OTHER LIABILITIES

	04.30.2018	04.30.2017
In local currency		
Oil and gas royalties	64,035,388	46,623,758
Capital increase pending integration (Note 31.b))	-	56,250
Total	64,035,388	46,680,008

NOTE 24 - PROVISIONS AND OTHER CHARGES

1. Provisions

	04.30.2018	04.30.2017
In local currency		
Provisions for lawsuits and fines (Exhibit E)	2,480,347	2,730,347
Total	2,480,347	2,730,347

The provision for lawsuits was set up based on the analysis of possible indemnities that the Group estimates to pay according to the opinion of its legal counsel. The changes are as follows:

Balances as of April 30, 2016	**3,244,352**
Increase in the provision allocated to other operating income, net – (Note 26)	480,995
Court judgements paid as of April 30, 2017	(995,000)
Balances as of April 30, 2017	**2,730,347**
Increase in the provision allocated to other operating income, net – (Note 26 and Exhibit E)	50,000
Court judgements paid as of April 30, 2018	(300,000)
Balances as of April 30, 2018	**2,480,347**

2. Contingencies

a) Precautionary measures and administrative appeals

a.1) Energy Secretariat Resolution 821/10

On October 24, 2010, Resolution 821/10 (the "Resolution") issued by the Energy Secretariat imposed penalties on the Company for alleged non-compliance with the supply of liquefied petroleum gas (LPG) in accordance with the agreement on LPG price stability (the "Agreement") executed between the Secretariat and some LPG retailers and producers, among which the Company was not included.

The penalties imposed were:

NOTE 24 - PROVISIONS AND OTHER CHARGES (CONT'D)

- A fine of $ 3,117,426,
- The forced delivery of LPG 2,351 tn to other producers and/ or retailers for a market value of approximately $ 3,853,289, and
- Prohibition to export for the time the resolution was not complied with.

The Company requested the stay of the resolution and filed a motion for reconsideration with the administrative court that was resolved negatively and motivated the submission of a hierarchical appeal. Additionally, the Company filed an autonomous precautionary measure with a federal court to prevent the application of the resolution until the administrative appeal lodged filed was resolved. The precautionary measure was granted and notice was served on the Energy Secretariat on November 25, 2010, and is in force since the hierarchical appeal has not been resolved to date.

The Company's management, in line with the opinion of the internal and external legal advisors, understands that it has solid grounds to consider these claims to be wrongful; therefore, the financial statements at April 30, 2018 do not include any related charge. Legal advisors of the Company consider that Law 26854 on precautionary measures ("LPM") in lawsuits to which the Government is a party or intervenes as a third party claimant would not have a significant impact on the precautionary measure granted.

a.2) <u>ENARGAS Resolutions 1982, 1988 and 1991/2011</u>

The Company considers that the charge envisaged by Resolutions 1982, 1988 and 1991, as mentioned in Note 1.2.d) is unconstitutional for it is clearly a tax and has not been created by a Law passed by National Congress. The charge has a tax nature for the following reasons: (i) it is not aimed at expanding or improving the public utility service for gas distribution or transport; instead, it is destined for a trust fund created and administered by the national state to meet natural gas imports; (ii) the gas treatment plants without regulated measurement, as is the case of the Company, do not use public utility services for gas distribution or transport but receive the fluid directly from producers; (iii) the charge has been excluded from other tax bases (except for VAT); (iv) without prejudice to its name, the charge is a requirement imposed by the State in the exercise of its powers so that private parties may deliver to it sums of money to defray expenses to serve its purposes, the importation of gas for supply to the domestic market in this case.

For all these reasons, and considering that this charge has a significant economic impact on the LPG business unit, on December 29, 2011 the Company filed with the Neuquén Federal Court action for declaration of unconstitutionality against the resolutions referred to in the foregoing paragraph and paid the charge for December 2011 under protest, which amounted to $ 3,498,609 plus VAT.

Subsequently, on March 5, 2012, the Company requested that a precautionary measure be granted by the Federal Court at which the action for declaration of unconstitutionality is pending, to stay the effects of the norms referred to above. As a result, on March 14, 2012, the Federal Court hearing the case sustained the precautionary measure requested by the Company, staying the above-mentioned norms and the consequent obligation to pay the charge imposed by them, and requesting the Company to take out bond insurance for $25,400,000 as security for costs. The Company notified the Energy Secretariat and the ENARGAS of the precautionary measure on March 30, 2012. Other LPG producing companies also requested and obtained similar precautionary measures.

On August 2, 2012, the Company was served notice of the resolution of the Federal Court of Neuquén whereby the court declared that it was competent to hear the case but considered that the judicial stage had not yet been authorized to file the claim. Consequently, the precautionaly measure ordered was lifted. The resolution was appealed on August 10, 2012; therefore the precautionary measure will remain effective until the resolution becomes final. The Company considers that there are strong grounds for reversal of the appealed resolution. Also, in August 2012, the Company filed an administrative appeal against Decree 2067/08 and the resolutions adopted in compliance therewith.

Law 26784 was published in the Official Gazette on November 5, 2012. This law, among other issues, modified Law 26095 on Energy Infrastructure Works by establishing that gas imports are a priority for the National Government, and that the charge and the trust fund created by Decree 2067/08 and the proceedings performed as a consequence will be governed by the provisions of that Law.

NOTE 24 - PROVISIONS AND OTHER CHARGES (CONT'D)

In August of 2013 the Federal Court of Appeals in General Roca allowed the appeal filed by Capex in August 2012 and reversed in part the judgment of the lower court; thus the court permitted that claim of Capex could be heard, ordered the parties to the case to bear their own costs and maintained the effectiveness of the provisional remedy issued.

The ruling of the court of appeals removed the uncertainty of the Company regarding the feasibility of its original claim.

The Company's legal counsel completed an analysis of Law 26784 and came to the conclusion that the law does not make Decree 2067/08 and related ENARGAS resolutions constitutional mainly because the Argentine Supreme Court of Justice (CSJN) in the case known as "Franco" established that the Argentine Constitution prevents the Executive Branch from exercising legislative powers without sufficient and prior legal grounds and that "only in the exceptional case of a decree of necessity and urgency it is allowed that a subsequent confirmation is virtually binding, the analogous application of which is not appropriate in this case..." In other words, according to the case law mentioned above, the Argentine Congress could not cure the defect of unconstitutionality of a regulation issued by the Executive Branch, clearly exceeding its regulatory powers. As a result, since it becomes apparent that Decree 2067/08 is not a decree of necessity and urgency, a law passed by the Congress confirming the decree is not sufficient to cure the unconstitutionality.

As regards Law 26784 and after the decision of the Court of Appeals allowing the Company to file its claim and maintain the provisional remedy, on October 29, 2013 the Company filed an amended complaint with the Federal Court of Neuquén requesting that section 54 of the law was also declared unconstitutional. The court hearing the case accepted the amended complaint and ordered that the summons and amended complaint be served upon the National Government and Enargas.

On May 22, 2014, the Company filed a voluntary petition, asking for the rejection of a request by ENARGAS based on Law 26854 of Precautionary Measures against the National Government and on Law 26784; the Company argued, among other reasons, that: (a) the precautionary measure obtained by the Company was granted prior to enactment of Law 26854, and this cannot be applied retroactively (b) the provisions included in the Law of Precautionary Measures against the National Government are unconstitutional, as has been ruled in numerous preceding cases and (c) the Annual Budget Law for 2013 does not ratify Decree 2067/08 or the regulations of ENARGAS derived from it, neither does it amend the unconstitutionality of these regulations due to the fact that it does not meet the requirements demanded by the principle of legality of taxation rooted in the Constitution.

On November 5, 2014, the Company was notified of the decision rendered by the Federal Court of Neuquén removing the provisional remedy, as requested by ENARGAS, on the grounds that the likelihood of the claim originally considered when granting the precautionary measure should have disappeared upon the passing of Law 26784. On the same date, the Company filed an appeal against the decision of the court, which was granted with a stay of execution on November 6, 2014.

On September 16, 2015, the Federal Court of Appeals of General Roca admitted the appeal filed by the Company and rejected the petition for release of the precautionary measure filed by ENARGAS. The entity filed an extraordinary appeal against such decision, which was rejected on February 10, 2016.

In addition to the maintenance of the precautionary measure, on October 27, 2015, the National Supreme Court of Justice issued a ruling in "Compañía Mega S.A v. EN" establishing, in a case similar to that of the Company in which the gas consumed by plaintiff does not enter the transport system and cannot be confused with imported gas, that the charge created by Decree 2067/08 is unconstitutional. The legal advisors of the Company consider that this ruling sets an important precedent to support the Company's position.

Moreover, Resolution 28/16 of 3/28/16 of the Ministry canceled the acts of the former Ministry of Federal Planning, Public Investment and Services linked to the determination of the tariff charges under Decree 2067/08.

The Company Management, based on the opinion of its legal internal and external advisors, continue considering that it has solid arguments to obtain a declaration from the court that the charge created by Decree 2067/08, the related Resolutions issued by Enargas and section 54 of Law 26784 are unconstitutional and, thus deny their application, and maintain the provisional remedy. In consequence, it would not be necessary to set up a provision.

NOTE 24 - PROVISIONS AND OTHER CHARGES (CONT'D)

a.3) Energy Secretariat Resolution 77/12

The Company considers, among other issues that Energy Secretariat Resolution 77/12 mentioned in Note 1.2.d). is in breach of the provisions of LPG Law 26020, which establish that the only price limit for the sales of LPG to the domestic market is the export parity (Section 7, subsect. b) and that the LPG production activity will be free (Section 11). On March 29, 2012, the Company received Note 1584/12 from the Energy Secretariat whereby, under the provisions of the resolution, the Company was required to supply certain bottlers with 12,418 tons of butane at the prices set in that resolution; these prices were significantly lower than the prices at which CAPEX sells its production, and that they met the "export parity" limit set by the LPG Law.

Upon receipt of that Note, on April 4, 2012 the Company filed a motion for reconsideration and, in the alternative, an appeal before a higher administrative authority, against the Resolution and Note 1584/12 of the Energy Secretariat; subsequently, it applied for an autonomous precautionary measure with staying effects on both of them before the Neuquén Federal Court.

In April 2012, the Company received ES Note 2247/12 whereby the Energy Secretariat prohibits it from (i) exporting LPG, and (ii) entering into LPG purchase and sale transactions in the domestic market with all of the persons operating in the industry, on the grounds that the Company had not complied with the supply required by ES Note 1584/12 mentioned above. The Company filed a Motion for Reconsideration and, in the alternative, an appeal before a higher administrative authority, against ES Note 2247/12, and informed the Neuquén Federal Court of this Note, requesting it that the precautionary measure be extended to the prohibitions imposed by that Note.

On April 25, 2012, the Neuquén Federal Court awarded the Company the precautionary measure requested, staying the effects of the resolution and of the ES Notes 1584/12 and 2247/12 regarding the Company and the persons that operate with it. Consequently, the Company continues with its normal operations of production and sale of LPG.

As explained above, the resolution is in breach of: (i) LPG Law 26020 which provides that the only price limit on the sales of LPG to the domestic market is the export parity (Section 7, subsect. b)) and that the LPG production activity will be free (Section 11); (ii) the guarantee of due administrative process and defense envisaged by Section 18 of the Argentine Constitution, for it imposes a sanction without granting the Company the right of self-defense; (iii) the principle of no crime or punishment without prior law, envisaged by Sections 18 and 19 of the Constitution, as the sanctions have not been created by Congress; and (iv) the Company's right to perform any lawful work, as guaranteed by Section 14 of the Argentine Constitution.

The Company's management, in line with the opinion of the internal and external legal advisors, understands that it has solid grounds to consider these claims to be wrongful; therefore, the financial statements at April 30, 2018 do not include any related charge.

Internal and external Legal advisors of the Company consider that Law 26854 on precautionary measures in lawsuits to which the Government is a party or intervenes as a third party claimant would not have a significant impact on the precautionary measure granted.

b) Differences in the liquidation of the employer contributions

In August 2010, the AFIP served notice to the Company of a debt assessment for $ 6,334,286.51 for differences in the computation of employer contributions to the social security system. This amount is made up of principal for $2,863,919.51 plus interest accrued for $ 3,470,367 for the periods from August 2001 to March 2008.

The AFIP considers that the Company should have made employer contributions at a tax rate of 21%, applicable to employers whose main activity is the provision of services instead of the tax rate of 17% applicable to industries, among others. The Tax Authorities consider that applicable regulations state that the generation activity is a service rather than an industrial activity.

The Company challenged the debt assessment based on electricity laws (Laws 15336 and 24065) and other regulations and case law which define the generation activity as an industrial activity.

NOTE 24 - PROVISIONS AND OTHER CHARGES (CONT'D)

In June 2011, the Company received notice of AFIP Resolution N°69/11 rejecting the challenge filed and suspending the application of penalties for certain periods until a final and conclusive judgement is rendered by a criminal court.

The Company filed motion for reversal of the above resolution, which was rejected by the AFIP, as notified in August 2011.

The Company filed legal action with the federal social security court; to that end, the prior deposit of the assessed debt is required, but it was replaced, according to different legal precedents, with a fidelity bond insurance policy for $ 7,186,211.25.

In July 2011 the AFIP notified the Company of: (i) a new debt assessment due to differences in employer contributions for the April 2008-April 2009 year for a total amount of $1,717,313.35 (principal of $1,002,396.78 plus interest of $ 714,916.57), and (ii) the application of fines totaling $ 490,686.71, on grounds of an alleged false statement invoking an employer contribution abatement benefit for the periods from August 2001 to April 2005. The Company challenged both the debt assessment and the applied fines. The AFIP rejected the legal challenges to the applied fine, so the Company also filed an appeal with the federal social security court and provided a bond insurance policy for the amount of the fine.

On March 17, 2015, Panel I of the Court of Appeals with jurisdiction over Social Security Matters in and for the City of Buenos Aires rendered AFIP's resolution ineffective. The resolution had ordered the Company to pay the differences in employers' contributions. The court considered the resolution arbitrary on the grounds that AFIP had dismissed the evidence presented by the Company thus breaching the right to defense and ordered that a new resolution be issued after Capex has produced the evidence it had offered. In February 2018 the AFIP stated that the files of the first debt assessment and of the fine should be called for trial. The National Energy Secretariat stated in written form in 2014 that the electricity generation activity must be considered an industrial activity, something recently ratified by the Administrative Coordination Undersecretariat of the Ministry of Energy and Mining in the text of a note addressed to the General Department of Social Security Resources of the AFIP, in response to the request for opinion by the AFIP in relation to the presentation filed before the Tax Authorities by the Asociación de Generadores de Energía Eléctrica de la República Argentina (AGEERA); the Secretariat also gave reasons why the generation of electricity is considered an industrial activity for the purpose of its classification within Section 2 of Decree No. 814/01. Further, in December 2017 Panel II of the Federal Court of Appeals with jurisdiction over Social Security Matters, in the case "Endesa Costanera S.A. c/ Administración Federal de Ingresos Públicos s/impugnación de deuda" (Endesa Costanera S.A. v. Tax Authorities on challenging of tax debt), defined that the electricity generation activity has the status of "industrial" activity, and therefore it is entitled to the [lesser] rate of 17% for Social Security contributions, as provided in Section 2, subsect. b) of Decree No. 814/2001.

The Company's Management, in line with the opinion of its internal and external legal counsel, understands that it has solid grounds to reverse the position of AFIP; therefore, the financial statements at April 30, 2018 do not include any related charge.

NOTE 25 – SALES

	04.30.2018	04.30.2017
Oil	679,252,586	447,470,183
Gas	113,649,848	11,525,080
Electricity ADC(1)	3,023,869,780	2,213,022,071
GLP	270,743,748	175,373,318
DEEF Energy	68,231,911	41,456,774
Energy generated with hydrogen	6,079,563	4,188,960
Oxygen	2,455,769	1,883,495
Services	16,617,400	-
Others (2)	932,708	731,168
Total	4,181,833,313	2,895,651,049

(1) It includes income generated by the gas produced at field and consumed in CT ADC and paid by CAMMESA as acknowledgement of own fuel for $ 1,642.8 million and $ 1,503.7 million at April 30, 2018 and 2017, respectively. (See note 5)

(2) Revenues from the "Propano Sur Program" and "Hogar Program" for $0.9 million and $ 0.7 million, at April 30, 2018 and 2017, respectively (see Note 1.2.d).

NOTE 26 - OTHER OPERATING INCOME, NET

	04.30.2018	04.30.2017
Sales of vehicles	300,224	527,873
Provision for lawsuits and fines (Note 24 and Exhibit E)	(50,000)	(480,995)
Provision for turnover and obsolescence of spare parts and materials (Note 10)	-	1,049,229
Income from charges for indirect administrative services consortia (net)	2,651,708	-
Sundry	(2,284,182)	(149,889)
Total	617,750	946,218

NOTE 27 - FINANCIAL RESULTS

	04.30.2018	04.30.2017
Financial income		
Interest and other	368,155,051	187,774,600
Exchange difference	866,292,866	43,333,701
Interest accrued from accounts receivable	2,150,201	9,925,947
	1,236,598,118	241,034,248
Financial costs		
Interest and other	(455,749,924)	(421,432,959)
Exchange difference	(1,710,265,208)	(253,958,101)
Interest accrued from accounts receivable and payable	(4,928,313)	(4,063,179)
	(2,170,943,445)	(679,454,239)

NOTE 28 - INCOME TAX

Below is reconciliation between income tax charged to earnings and that resulting from applying the income tax rate applicable in each jurisdiction to the accounting profit before taxes:

	04.30.2018	04.30.2017
Income/Loss before income tax of the Group's shareholders	985,591,348	868,866,303
Current tax rate	35%	35%
Income/loss for the year at tax rate	(344,956,972)	(304,103,206)
- Interest accrued from accounts receivable and payable	(972,341)	2,051,969
- Provision for deferred asset	-	1,966,467
- Sundry	(1,908,725)	(1,980,164)
- Change in the income tax rate (2)	59,582,989	-
Total income tax charge	(288,255,049)	(302,064,934)
- Variation between deferred taxes at the beginning and end of the year charged to income	40,049,866	92,473,018
- Applied and generated loss (net)	8,081,043	-
- Change in the income tax rate (2)	(59,582,989)	-
Income current tax determined for the year (1)	(299,707,129)	(209,591,916)

(1) As of April 30, 2018, the income tax determined has been offset with withholdings, leaving a tax payable of $ 154,373,252 and $ 58,659,786 as of April 30, 2018 and 2017, respectively (see Note 22).

(1) See note 2.14.1

NOTE 29 - EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net income attributable to the Company shareholders by the weighted average number of ordinary shares outstanding during the year, excluding own shares acquired by the Company.

The Company does not have ordinary shares to be potentially diluted, so basic earnings per share are equal to diluted earnings per share.

	04.30.2018	04.30.2017
Net result attributable to the Company's shareholders	695,702,673	563,534,686
Weighted average number of ordinary outstanding shares	179,802,282	179,802,282
Basic and diluted earnings/losses per share	3.86926	3.13419

	04.30.2018	04.30.2017
Comprehensive result attributable to the Company's shareholders	2,272,416,497	1,730,074,009
Weighted average number of ordinary outstanding shares	179,802,282	179,802,282
Basic and diluted earnings/losses per share	12.63842	9.62209

NOTE 30 – COMMITMENTS

- In relation to the supply of LPG, the Company has commitments for the fiscal year 2018/2019 for the total amount of commercial butane gas and 30% of propane gas it will produce.
- With relation to the sale of Hychico's eolic energy, according to the contract signed with CAMMESA, the latter agrees to purchase up to 361,755 MWh, during the term of the contract (15 years from the first day of the month following signature - March/12) (see Note 35).
- Note 1 describes the commitments undertaken by the Company with:
    1. The Province of Neuquén.
    2. CAMMESA as a result of ES Resolutions Nos. 19-E/17.
- The Company has entered into an agreement with Halliburton Argentina S.A. for the provision of fracturing services at risk, being the price for the provision of them subject to the condition that there is commercial production in fractured wells.
- As for the "Maintenance program for the energy generating units", the Company, after completion of the maintenance works, commits to maintaining the minimum availability of the repaired power generation units, from their becoming operative until the end of the repayment period (see Note 1.2.b.5).
- Under the Incentive Program for Investments in the Development of Natural Gas Production from Unconventional Reservoirs, as per Resolution 419 E/2017, the Company made a commitment to an investment plan until 2021 (see Note 1.2.c)).
- In Note 20 a) there is a description of the main commitments arising from the ON Senior Notes class II.
- In relation to the contract entered into between E G WIND S.A. and CAMMESA, the latter undertook to acquire the energy generated for a maximum potency of 27.6 MW over the life of the contract of 20 years as from the date of commercial commissioning, and E G WIND agreed to the construction and operation of Diadema Eolic Energy Farm II (see Note 36).
- There are no capital disbursements committed but not incurred at the closing date of the financial statements at April 30, 2018.

M.

NOTE 31 - RELATED PARTIES AND KEY PERSONNEL FROM COMPANY MANAGEMENT

The Company is controlled by Compañías Asociadas Petroleras Sociedad Anónima (C.A.P.S.A.) which holds 75.2% of the Company's shares. Furthermore, Wild S.A. is the last group parent company with a direct and indirect interest of 98.01% in the shares of CAPSA. The remaining shares are held by shareholders who have acquired them in the Stock Market.

Transactions between related parties were conducted as if between independent parties and are as follows:

a) Transactions with related parties

a.i.) With the parent company

Transactions with the parent company C.A.P.S.A. were:

	04.30.2018	04.30.2017
Sale of electricity	6,079,563	4,188,960
Expenses corresponding to Hychico	-	(57,590)
Expenses corresponding to C.A.P.S.A.	9,259,407	5,261,551
Expenses corresponding to Capex S.A.	(926,938)	(468,957)

a.ii.) With the companies directly or indirectly controlled by the parent company

The following transactions were carried out with Interenergy Argentina S.A.:

	04.30.2018	04.30.2017
Office and garage rental	(4,114,000)	(3,093,000)
Accrual of fees	(5,000)	(5,000)
Services provided	2,708,886	-
Irrevocable contributions	933,569	-
Expenses corresponding to Capex S.A.	(675)	(655)
Expenses corresponding to Interenergy	20,056	15,442

The following transactions were carried out with EG Wind S.A.:

	04.30.2018	04.30.2017
Contriibutions on EG Wind S.A.	-	(18,750)

a.iii.) With the parent companies of the parent company

The following transactions were carried out with Plenium Energy S.A.:

	04.30.2018	04.30.2017
Purchase of participation in E G WIND	6,250	-
Expenses corresponding to Plenium Energy S.A.	1,890	1,960

The following transactions were carried out with Wild S.A.:

	04.30.2018	04.30.2017
Expenses corresponding to Wild S.A.	(5,500)	1,690

M.

NOTE 31 - RELATED PARTIES AND KEY PERSONNEL FROM COMPANY MANAGEMENT (CONT'D)

a.iv.) With related companies

The following transactions were carried out with Alparamis S.A.:

	04.30.2018	04.30.2017
Office and garage rental	(21,600,000)	(17,040,000)

a.v) With consortia

The transactions with Área Rio Negro Norte were:

	04.30.2018	04.30.2017
Management and operation services	22,736,586	-
Prorateable expenses	5,595,430	-
Charges for services	2,544,112	-
Expenses refund	986,832	-
Cash Call	(71,723,068)	-
Distributions to partners	8,012,583	-

The transactions with Lote IV La Yesera were:

	04.30.2018	04.30.2017
Management and operation services	5,667,887	-
Prorateable expenses	723,017	-
Charges for services	1,163,687	-
Expenses refund	68,189	-
Cash Call	(5,851,185)	-
Distributions to partners	1,138,413	-

b) Balances at year end with the related companies

	04.30.2018			04.30.2017			
	Other current account receivables	Current trade receivables	Current accounts payable	Other current account receivables	Current trade receivables	Current accounts payable	Other Current accounts payable
In local currency							
With the parent company:							
- Compañías Asociadas Petroleras S.A.	701,305	-	164,063	395,986	674,603	48,534	-
With the controlled companies:							
- E G WIND S.A.	-	-	-	-	-	-	56,250
With the companies directly or indirectly controlled by the parent company:							
- Interenergy Argentina S.A.	126,165	-	-	124,800	-	-	-
With the controlling companies of the parent company:							
- Plenium Energy S.A.	1,890	-	-	-	-	-	-
With consortia:							
- Rio Negro Norte area	-	14,983,395	-	-	-	-	-
- Lote IV La Yesera	-	1,667,905	-	-	-	-	-
Total in local currency	829,360	16,651,300	164,063	520,786	674,603	48,534	56,250
In foreign currency (Exhibit G)							
With the parent company:							
- Compañías Asociadas Petroleras S.A.	137,294	756,161	1,733,679	7,650	438,455	616	-
With consortia:							
- Rio Negro Norte area	-	1,312,815	-	-	-	-	-
- Lote IV La Yesera	-	719,538	-	-	-	-	-
Total in foreign currency	137,294	2,788,514	1,733,679	7,650	438,455	616	-

NOTE 31 - RELATED PARTIES AND KEY PERSONNEL FROM COMPANY MANAGEMENT (CONT'D)

c) Remuneration of key management personnel

The remuneration of the members of top management on account of services provided (salaries and other services rendered) accrued in the years ended April 30, 2018 and 2017, amounts to $ 80,665,388 and $ 48,231,402, respectively.

NOTE 32 - GUARANTEES GRANTED AND RESTRICTED ASSETS

• On March 29, 2012 Hychico signed a new loan agreement with Corporación Interamericana de Inversiones for up to US$14,000,000. With respect to this loan, the Company provided the surety bonds as surety and principal payer of all obligations assumed by Hychico under the loan agreement, promissory notes and other main documents. Further, the Company and SEB granted as surety a chattel mortgage on 100% of the shares in Hychico.

As consideration for the guarantee granted, Hychico pays the Company an annual fee calculated on the loan outstanding balance.

• In guarantee of faithful compliance with every commitment undertaken under the "Maintenance program for the energy generating units", the Company assigns and transfers in favor of CAMMESA 100% of its present and future credit rights, accrued or to be accrued in favor of Capex, for a maximum amount of up to US$ 20 million at each time point, and up to the limit of the value of unpaid installments (see Note 1.2.b.5).

• On June 29, 2018, the Company provided certain corporate guarantees for a total of US$ 18,620,694 in favor of Enercon GmbH and Enercon Argentina S.R.L., in relation to the payment obligations assumed by its subsidiary E G WIND S.A. with those companies, for the supply and installation of equipment, and for the commissioning of Diadema Eolic Energy Farm II (see Note 36).

NOTE 33 - EXPLORATION AREAS IN RÍO NEGRO

Having expired in May 2017 the Third Exploratory Period and after having made investments in it without having managed to discover commercially exploitable hydrocarbons, dated June 13, 2018, the Province of Río Negro definitively approved the reversion of the Area of Loma de Kauffman.

NOTE 34 - OIL AND GAS RESERVES (NOT COVERED BY INDEPENDENT AUDITOR'S REPORT)

- <u>Agua del Cajón</u>

Below is the estimate of hydrocarbon reserves and resources in the Agua del Cajón area made by the Company at December 31, 2017, and audited by the independent auditor, Lic. Ana Nardone, in compliance with the requirements of ES Resolution 324/06. The expiration horizon was January 2052, with the following values:

Products		Proven			Probable	Possible	Resources
		Developed	Non-developed	Total			
Gas	MMm3 (1)	4,255	1,744	5,999	1,053	969	15,315
Oil	Mbbl	2,151	1,252	3,403	1,138	591	2,088
	Mm3	342	199	541	181	94	332

(1) Determined at 9,300 K/Cal per m^3

Proven developed reserves at April 30, 2018, calculated on the basis of the audited reserves at December 31, 2017 until the end of their consession, and adjusted according to production for the period from January to April 2018, are as follows:

Gas	MMm^3 (1)	4,169
Oil	Mbbl	2,104
	Mm^3	334

(1) Determined at 9,300 K/Cal per m^3r

NOTE 34 - OIL AND GAS RESERVES (NOT COVERED BY INDEPENDENT AUDITOR'S REPORT) (CONT'D)

- Loma Negra

The estimate of hydrocarbon reserves and resources in the Loma Negra area, at December 31, 2017, was audited by the independent auditor, Lic. Ana Nardone, in compliance with the requirements of ES Resolution 324/06. The expiration horizon is December 2024, with the following values:

Products		Proven			Probable	Possible	Resources
		Developed	Non-developed	Total			
Gas	MMm3 (1)	488	1,014	1,502	362	318	-
Oil	Mbbl	648	1,220	1,868	289	679	-
	Mm3	103	194	297	46	108	-

(1) Determined at 9,300 K/Cal per m^3

The Company owns 37.50% of said reserves.

- La Yesera

The estimate of hydrocarbon reserves and resources in the La Yesera area, at December 31, 2017, was audited by the independent auditor, Lic. Ana Nardone, in compliance with the requirements of ES Resolution 324/06. The expiration horizon is June 2027, with the following values:

Products		Proven			Probable	Possible	Resources
		Developed	Non-developed	Total			
Gas	MMm3 (1)	114	40	154	-	236	-
Oil	Mbbl	1,138	503	1,641	-	3,006	-
	Mm3	181	80	261	-	478	-

The Company owns 18.75% of said reserves.

NOTE 35 - HYCHICO BUSINESS – FINANCING – MAIN CONTRACTS

a) Business of Hychico

Hychico S.A. was incorporated on September 28, 2006, and its main activity is the generation of electricity, and the production of hydrogen and oxygen

Hychico decided to start the development of two projects involving the construction of an eolic energy farm and a plant for the production of hydrogen and oxygen through the electrolysis process.

Diadema Eolic Energy Farm

This project was started in the Argentine Patagonia due to the abundance of the eolic resource in particular and other resources, such as a large area available with a low demographic density, qualified workforce and road infrastructure, which will enable in the medium term the commencement of large scale projects, involving the generation of energy free from greenhouse gas emissions.

Hychico started in December 2006 the wind measurement using three towers located approximately 20 km from the city of Comodoro Rivadavia, Province of Chubut, and one tower located in the municipality of Colonia Presidente Luis Sáenz Peña, Province of Santa Cruz. The measurement towers are 50 meters high, with masts manufactured in Argentina and approved by the National Committee of Communications. Their installation has been approved by international auditors, and they all have calibration certificates issued by internationally renowned laboratories.

The Diadema Eolic Energy Farm (DEEF) comprises 7 wind energy converters model ENERCON E-44 with a nominal power of 0.9 MW (megawatt) each, adding up to a total installed power of 6.3 MW, located in the area where the measurements mentioned above were conducted. Each wind energy converter is connected to the Diadema Transformer Station by means of underground cables and overhead lines, through a transmission line of 33 KV (kilovolt) and a length of 5.7 km. Total investments amounted approximately to US$ 17 million.

NOTE 35 - HYCHICO BUSINESS – FINANCING – MAIN CONTRACTS (CONT'D)

Work performed have been aimed at: 1- the performance of different studies on the feasibility of this activity in Argentina and its environmental impact; 2- analysis of the national electric market; 3- retaining an international advisor on the development of wind energy farms, purchase, installation and start-up of the equipment necessary for measuring the winds in the aforementioned places; 4- international bidding procedure for the acquisition, assembly and start-up of the wind energy farm, 5- execution of a contract for the purchase of wind energy converters and a contract for their Operation and Maintenance (note 16), 6- electrical studies to connect the wind farm to the Argentine Interconnection System, 7- assembly of the wind energy converters, 8- construction of medium voltage lines and electromechanical works and 9- testing and start-up of the wind generators and electromechanical installations.

In its economic and financial analysis, Hychico has considered the return on the eolic energy farm and the obtainment of greenhouse gas emissions reduction certificates (CERs) within the framework of the clean development mechanism (CDM). To that end, Hychico has prepared and submitted the PDD (Project Design Document) which has been approved by the United Nations Executive Board with retroactive effects to July 2012. The next step is to verify the reduction of emissions and the subsequent issuance of the pertinent certificates, which would be sold by Hychico. Given the present market for carbon bonds and the recent international negotiations on this matter, we are awaiting for the commitments that could be made in the next COPs (Conference of Parties) to be able to sell the certificates accumulated up to that moment.

Hychico was authorized as generating agent in the Wholesale Electricity Market (WEM) regarding its DEEF, through Resolution of the Energy Secretariat (ES) No. 424/10. Commercial operation of the DEEF commenced in December 2011. The electricity generated is being sold to the WEM, in compliance with regulations in force.

In March, 2012, in compliance with Note ES No. 1205/12, the Supply Contract to the WEM from renewable energy sources for a term of 15 years was signed, within the framework of ES Resolution No. 108/11.

Hydrogen and Oxygen Plant

In December 2008 the plant for the production of hydrogen and oxygen through the electrolysis process was inaugurated; it will produce 850,000 normal cubic meters of hydrogen per year and 425,000 normal cubic meters of oxygen per year.

The plant boasts two electrolyzers with a total capacity of 120 Nm3/h of hydrogen and 60 Nm3/h of oxygen. The high purity hydrogen (99.998%) is mixed with natural gas to power a motor-generator of 1.4 MW, which has an internal combustion engine specially adapted to operate with gas- rich and / or poor mixed with hydrogen.

It is worth mentioning that the purity of hydrogen produced makes it especially suitable for use in fuel cells. It should be noted that the proportions reached of up to 42% hydrogen mixture are above the usual international ranges for these high horsepower engines, achieving good performances in terms of yields and reducing emissions of greenhouse gases.

The oxygen produced, also high purity (99.998%), is sold at high pressure in the market for industrial gases.

The Plant for the production of hydrogen and oxygen was built in 11,000 m2 and is divided into different areas: control, processes and auxiliary systems

In accordance with the façon service agreement signed with Compañías Asociadas Petroleras Sociedad Anónima (CAPSA) in May 2009, as from March 1, 2009 it has started its pre-operating stage, thus generating electricity on an irregular basis. As for oxygen, in November 2008 a contract was signed with Air Liquide Argentina S.A. for the supply of oxygen which is being dispatched as from June 2009.

The hydrogen and oxygen production plant started operations in May 2010 and, thus, the amortization of property, plant and equipment related to the project started.

On November 17, 2017, Hychico signed a contract with the National Agency of Scientific and Technological Promotion, whereby it obtained a non-refundable subsidy as a direct payment to supplier for up to $2.2 million, to be applied to the execution of the project for technological upgrade and innovation in electrolyzers for hydrogen production from wind power. The World Bank approved the audit conducted in March 2018. The work is scheduled for completion within six months following the first payment to the supplier. Subsequently, the guarantees referred to above were submitted to the supplier and to the beneficiary. At the closing date of these financial statements, Hychico was working on the execution of the project and it is expected that, during July 2018, the payment to the supplier by the Ministry of Science, Technology and Innovation subsidy will take place.

NOTE 35 - HYCHICO BUSINESS – FINANCING – MAIN CONTRACTS (CONT'D)

This first stage places Hychico as a key participant in the hydrogen production, as energy and renewable energy vector, whose impact on the energy matrix of the nations will be growing. The hydrogen and oxygen plant allows Hychico to develop experience in these new technologies' operations and processes, to attract strategic partners with technological experience, thus ensuring even more ambitious projects, and to achieve a competitive advantage for Argentina and Hychico in a world market that will demand increasing energy volumes.

At April 30, 2018 and 2017, fixed assets and intangible assets related to the Hydrogen Project are totally provided for in accordance with current economic conditions.

The hydrogen and oxygen produced and the electricity generated have been dispatched and invoiced, and they have been allocated to "Sales" in the Statement of Income (see note 25).

b) Wind energy converters

Contract for the Operation, Maintenance and Technical Assistance

In June 2008 a contract was signed with Wobben Windpower Industria y Comercio Ltda. (Wobben), supplier of seven Wind Energy Converters installed in the Wind Energy Farm, for the Wind Energy Converters Operation, Maintenance and Technical Assistance, for a period of six years with two options for extension of two years each. It includes a clause whereby, in case the aerogenerators are not in service, Wobben must compensate Hychico for such loss. This contract became effective in December 2011. In November 2013, an amendment was signed to that contract, which was assigned to the Argentine affiliate Wobben Windpower Argentina S.R.L. with a corporate guarantee provided by the head office based in Germany.

c) Oxygen supply Contract

In November 2008, The Company entered into an Oxygen Supply Contract with Air Liquide Argentina S.A. (ALASA), with a duration of 4 years from June 1, 2009 (date of start of the commercial operation of the plant) which establishes that ALASA was responsible for the design, assembly supervision and construction, start-up, operation and maintenance of a system to supply oxygen and Hychico was in charge of its construction according to the design, instructions and under the supervision of ALASA.

Since then, extensions of the commercial and operating agreement have been executed; the one currently effective is that corresponding to the period from June 2015 to May 2018.

In the agreement in effect, three differential prices are set for oxygen, according to the packing methodology used by ALASA: i) oxygen in cylinders for industrial use, ii) LASAL-type packed oxygen, and iii) oxygen packed in the highly pure mode; in addition, a volume of oxygen is defined to be supplied monthly, under a "Take or Pay" clause on ALASA.

On May 31, 2018, the extension of the commercial agreement with ALASA was carried out for a period of 3 years.

d) Contract to supply the Wholesale Electric Market with renewable sources

The energy generated by the Diadema Eolic Energy Farm (DEEF) from its startup in December 2011 to March 2012 has been sold to the WEM at spot prices in accordance with current regulations.

In March 2012, by means of Note No. 1205/2012 the Energy Secretariat instructed CAMMESA and Hychico to enter into a Contract to Supply the WEM with Renewable Sources, within the framework of Energy Secretariat Resolution No. 108/2011, for the commercialization of the energy generated by the DEEF.

NOTE 35 - HYCHICO BUSINESS – FINANCING – MAIN CONTRACTS (CONT'D)

The contracted power is 6.3 MW and CAMMESA agreed to acquire up to 361,755 MWh over the life of the contract. The power surpluses in each hour over the contracted power shall be sold in the spot market or through contracts with WEM agents and shall not be considered in the calculation of the contracted power.

The price of the supplied energy is set at US$/MWh 115,896, remaining constant over the life of the contract, and the energy actually delivered into the grid is remunerated up to an amount equal to the quantity of maximum energy established for the hour, at that price. Power is not remunerated. A fraction of the fixed costs of operation of the machinery committed in the WEM will be reimbursed, based on information published in the Economic Transaction Document (ETD) issued by CAMMESA in the respective month.

The duration of the contract is 15 years counted as from the first day of the month following that of the contract date and will be extended by the Energy Secretariat for a maximum period of 18 months, unless Hychico delivers the contracted power within a shorter term.

e) Long-Term Façon Service Agreement with CAPSA

In May 2009, a long-term façon service agreement was entered into between Hychico and CAPSA, whereby CAPSA will deliver to Hychico, free of charge, a maximum of 7,000 m3/d (cubic meters per day) of natural gas at 9,300 kcal/Nm3 (kilo calorie per normal cubic meter) which, together with a minor percentage of hydrogen added by Hychico, will be used to supply the power plant at a rate of 1 MW/h (megawatt per hour) per each 270 m3 of natural gas; the electricity thus produced will be delivered to CAPSA at the electricity connection point established in the agreement.

The term is eighteen (18) years from the date of commencement of supply. Operational activity began in May 2009 (see point a).

Until April 30, 2011 the price of the energy generation service was US$/MWh 30. As from May 1, 2011 it amounts to US$/MWh 34.

As from December 2014 a new price was agreed upon, US$/MWh 40, and a procedure was set for monthly adjustment; it can be renegotiated at the end of each calendar year.

f) Capital status

By Extraordinary Shareholders' Meeting Minutes dated March 15, 2018, Hychico resolved to make a capital contribution for $7,126,000 through the issuance of 7,126,000 registered non-endorsable shares of $1 par value each and carrying one vote per share, and the acceptance of the contributions made by Capex S.A. for $3,459,647, by Servicios Buproneu S.A. for $2,732,784 and by Interenergy Argentina S.A. for $933,569. Hychico's capital is now $105,592,730.

At the date of these financial statements, this capitalization has not yet been filed with the Superintendence of Commercial Companies of Argentina.

NOTE 36 – DIADEMA EOLIC ENERGY FARM II

On October 19, 2017 Capex submitted the Diadema Eolic Energy Farm II project in the Program RenovAr Ronda 2.0; it would be implemented by E G WIND S.A. as a specific-purpose company. Although the offer was technically approved through Resolution E-450/2017, on December 1, 2017, the Ministry of Energy reported, through Resolution E-473/2017, that the project had not been awarded and called the Company to offer again under certain predetermined conditions:

- The price per megawatt/hour for the contracts to be entered into by those who accept the invitation would be US$ 40.27MWh (the Project Diadema Eolic Energy Farm II had been offered with a price of US$ 42 MWh);
- In the cases of projects with a restriction in the electric transportation system, the offeror had to accept, at its sole expense, the execution of the necessary works to solve the restriction informed by CAMMESA. Diadema Eolic Energy Farm II does not need an additional expansion to be executed by the National Government;
- The DEEF II was first in the order of pre-award made by CAMMESA in accordance with current regulations.

NOTE 36 – PARQUE EOLICO DIADEMA II (CONT'D)

CAPEX S.A took part in the new bid process, and the Project was awarded on December 19, 2017 through Resolution 488/2017 of the Ministry of Energy. On June 4, 2018, EG WIND signed a contract with CAMMESA for the construction, commissioning and supply of energy from renewable sources for a maximum power of 27.6MW and a supply period of 20 years at a price of US$ 40.27 MWh, from the date of the commercial rating and includes the obligation of EG WIND to build the Diadema Eolic Energy Farm II.

The Diadema Eolic Energy Farm II will be built in the city of Comodoro Rivadavia, province of Chubut, and will comprise 9 wind energy converters model ENERCON E-44 with a nominal power of 3.02 MW (megawatt) each, adding up to a total installed power of 27.18 MW. Total investment is estimated in US$ 38 million approximately, and the construction time period is 15 months. E G WIND is in the process of entering into agreement with the main suppliers that will be involved in the construction of the wind farm.

NOTE 37 – BUSINESS AGREEMENT / ACQUISITION

a) Non-controlling interest acquisition in the areas of Loma Negra and La Yesera

On October 31, 2017, Capex S.A. ("the buyer") completed the acquisition from Chevron Argentina S.R.L. ("the seller") of i) 37.5% of the concession of hydrocarbon exploitation "Loma Negra", and ii) 18.75% of the concession of hydrocarbon exploitation "La Yesera", two oil and gas exploitation areas located in the province of Río Negro. The transaction includes the associated assets in those areas in relation with the interest percentages mentioned above. These concessions are exploited through Joint Venture agreements with the following partners:

Loma Negra Consortium

Partners	Interest
Capex S.A.	37.5%
YPF S.A.	35.0%
IFC	15.0%
Metro Holding S.A.	12.5%

La Yesera Consortium

Partners	Interest
Capex S.A.	18.75%
YPF S.A.	35.0%
San Jorge Energy S.A.	18.75%
IFC	15.0%
Metro Holding S.A.	12.5%

The areas cover an approximate surface of 354.9 km2. The duration of the concession agreement of Loma Negra matures on December 24, 2024, and on June 3, 2027 in the case of La Yesera. They have an approximate production of 160 m3/day of oil and 250,000 m3 of gas/day.

The agreed price was US$ 25,200,000 which, net of adjustments set forth in the purchase agreement, amounted to a total purchase price of US$ 24,711,491 (including taxes). The net of taxes amount of US$ 24,308,665 and it was allocated as follows: (a) US$ 19,389,270 (or $ 343,190,078) to Loma Negra and (b) US$ 4,919,395 (or $ 85,073,292) to La Yesera.

From the total purchase price, US$ 23,086,119 were paid on October 31, 2017, leaving an outstanding balance as of April 30, 2018 of US$ 125,372. Likewise, the sum of US$ 1,500,000 was withheld, the payment of which is subject to the granting of the concession of transportation corresponding to Loma Negra by the province of Río Negro not later than October 31, 2018.

In addition, the parties agreed on the payment of an additional contingent amount of US$ 1,000,000, which is subject to the fulfillment of certain agreed conditions.

The Company has secured these payments by means of issuing the respective letters of credit.

NOTE 37 – BUSINESS AGREEMENT / ACQUISITION (Cont.)

The breakdown of the transaction value allocated to the corresponding area is as follows:

	Amounts in US$			Equivalent amounts in $		
	Total	Loma Negra	La Yesera	Total	Loma Negra	La Yesera
Price paid	23,211,491	18,252,493	4,958,998	410,843,391	323,069,126	87,774,265
Deferred purchase price	1,500,000	1,500,000	-	26,550,000	26,550,000	-
Total purchase price	24,711,491	19,752,493	4,958,998	437,393,391	349,619,126	87,774,265

The table below outlines the consideration, the fair values of the identifiable assets acquired and the liabilities assumed at the acquisition date, which were included in Capex financial statements as from takeover:

	Total	**Loma Negra**	**La Yesera**
	$	$	$
Cash and cash equivalents	4,474,535	3,994,379	480,156
Trade receivables	3,141,155	3,141,155	-
Other receivables/payables, net	(32,940)	(87,656)	54,716
Inventories	16,069,285	11,615,287	4,453,998
Spare parts and materials	1,567,369	1,518,739	48,630
Property, plant and equipment (includes Mining Property)	419,889,885	338,142,300	81,747,585
Trade accounts payable	(16,336,713)	(15,295,374)	(1,041,339)
Taxes payable	1,490,794	161,248	1,329,546
Total identifiable net assets	**430,263,370**	**343,190,078**	**87,073,292**
Taxes	**7,130,021**	**6,429,048**	**700,973**
Total purchase price	**437,393,391**	**349,619,126**	**87,774,265**

The costs related to the transaction, which mainly included fees for professional services and stamp taxes, amount to $ 4,186,692 and are shown within Administrative expenses.

The fair values of the assets and liabilities of the acquired business arise from preliminary assessments conducted by the Board. In accordance with the acquisition method, the purchase price was allocated to the acquired assets and liabilities based on the fair values at the acquisition date. The fair values were mainly determined considering the replacement values and the remaining useful life of the assets at the acquisition date. For Mining Property, the fair value was estimated according to the present values at the acquisition date of the cash flows expected based on the reserves of the acquired areas.

As a consequence of the valuation of the business acquired by the Company at fair values at the acquisition date, no differences with the total consideration paid arose.

Additionally, on November 7, 2017, unanimously, the partners that make up the Loma Negra and La Yesera consortia chose Capex as operator of the areas, effective as of December 1, 2017.

b) Purchase Agreement for the acquisition of interest of ENAP SIPETROL ARGENTINA S.A. in the Hydrocarbon Concession "Pampa del Castillo - La Guitarra"

On October 3, 2017, the Company agreed with ENAP SIPETROL ARGENTINA S.A ("ENAP SIPETROL") the terms and conditions for the acquisition of 88% of the Concession of Exploitation "Pampa del Castillo - La Guitarra" located in the province of Chubut, for an amount of US$ 33,000,000.

On April 13, 2018, the Company has agreed with Petrominera Chubut SE ("Petrominera") the terms and conditions for the acquisition of seven percent (7%) of participation in the Hydrocarbons Exploitation Concession "Pampa del Castillo - La Guitarra" (the concession"). The agreed purchase price amounts to US$ 6,270,000.

The effective acquisition of the participation of Enap Sipetrol and Petrominera and of all the rights and obligations deriving from it, is subject to the occurrence of certain preceding conditions, which as of the date of issuance of these financial statements are pending compliance. Capex has deposited US$ 9,900,000 in an Escrow account as guarantee of payment of the offer made to Enap Sipetrol Argentina S.A.

NOTE 38 – PARTICIPATION IN CONSORTIA – SUMMARY OF THE FINANCIAL SITUATION

As mentioned in Note 37.a), the Company takes part in the consortia mentioned below. At April 30, 2018 the management information and accounting reports of the joint operations at that date were used.

Consortium	Participation	Assets	Liabilities	Contribution Account	Results [1]
Loma Negra	37.50%	326,310,035	208,151,923	143,843,380	(81,078,057)
La Yesera	18.75%	497,259,973	781,926,892	21,833,345	(41,843,890)

[1] Corresponds to negative results accrued from November 1, 2017 to April 30, 2018; sales in joint ventures are not included since production is directly assigned to each of the participants.

NOTE 39 – SUBSEQUENT EVENTS

a) Contributions towards E G WIND

Capex paid up the pending amount of $18,299,000 for the increase in E G WIND capital in May 2018.

At the Extraordinary Meeting of Shareholders held on May 24, 2018, a new capital increase for $29,160,000 was approved and Capex and Hychico subscribed 95% and 5%, respectively. At the date of issue of these financial statements, the two companies had paid the agreed upon amounts.

b) Mutual onerous contract between Capex and E G WIND

On May 24, 2018, a mutual onerous contract was signed between Capex and E G WIND for the development of the Diadema Eolic Energy Farm II. The characteristics of the contract are:

Amount: The maximum total amount of the contract is US$ 15,000,000, which will be disbursed in tranches at the request of E G WIND. At the date of these financial statements, Capex had made two disbursements for US$ 725,000 and US$ 750,000 on May 24, 2018 and June 14, 2018, respectively.
Interest: The loan accrues interest at a fixed nominal annual rate of 8.10%. Interest is payable quarterly as from the first disbursement.
Amortization: The loan will be amortized in 23 consecutive quarterly installments, and the first one will fall due on November 25, 2019.

c) Capital increase at Hychico

On May 24, 2018, by Minutes of the Extraordinary Shareholders' Meeting, Hychico resolved to accept the contributions made by Capex S.A. for $ 707,853, by Servicios Buproneu S.A. for $ 559,135 and by Interenergy Argentina S.A. for $ 191,012. In the same Meeting it was decided to increase the capital stock by $ 1,458,000 through the issuance of 1,458,000 registered non-endorsable shares of $ 1 par value each and carrying one vote per share in favor of each of the contributing companies, leaving the capital at $ 107,050,730.

d) Devaluation of the peso against the US dollar

Since April 30, 2018 and until the date of presentation of these financial statements, the peso has devalued by approximately 37% against the US dollar.

The Group estimates that the devaluation of the peso against the US dollar will have positive and negative effects on results and equity because: i) Group's revenue is mostly denominated in US dollars; ii) the policy for valuation at current values of certain items of property, plant and equipment requires an index-adjustment of residual values, whose main components are stated in US dollars; and iii) the effect of the devaluation on net indebtedness. 95% of the Group's financial debt will fall due in November 2024, so this situation will not have a significant financial impact in the short term.

Capex S.A.

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

EXHIBIT A
At April 30, 2018 and 2017
This exhibit is part of these consolidated financial statements

Property, plant and equipment

Items	ORIGINAL VALUE						AMORTIZATION					Net book value at 04.30.18	Net book value at 04.30.17
	At the beginning of year	Additions	Completed works in progress	Retirements / Provisions	Revaluation	At year-end	Accumulated at the beginning of year	For the year	Retirements	Revaluation	Accumulated at year-end		
- Assets for the exploration of oil and gas:													
- Acquired exploration permits (includes fidelity bond insurance)													
Loma de Kauffman[1]	-	-	-	-	-	-	-	-	-	-	-	-	-
- Assets for the production of oil and gas in													
Lago Pellegrini													
Loma de Kauffman													
Oil and gas wells (1)	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress(1)	-	-	-	-	-	-	-	-	-	-	-	-	-
Cerro Chato													
-Other studies													
Loma de Kauffman													
Seismic	-	-	-	-	-	-	-	-	-	-	-	-	-
Geocaracterization and other studies	-	-	-	-	-	-	-	-	-	-	-	-	-
Geomagnetography	-	-	-	-	-	-	-	-	-	-	-	-	-
Operation activities of oil and gas													
- Areas acquired and other studies													
Agua del Cajón – Operation rights	258,514,498	-	-	-	-	258,514,498	79,834,123	11,473,436	-	-	91,307,559	167,206,939	178,680,375
Río Negro Norte (2)	-	210,531,961	-	-	-	210,531,961	-	4,136,586	-	-	4,136,586	206,395,375	-
La Yesera (2)	-	63,099,613	-	-	-	63,099,613	-	1,427,927	-	-	1,427,927	61,671,686	-
- Other studies													
Agua del Cajón - Exploration	8,106,139	-	-	-	-	8,106,139	6,319,480	114,725	-	-	6,434,205	1,671,934	1,786,659
Agua del Cajón - Seismic	12,172,940	-	-	-	-	12,172,940	8,520,376	234,539	-	-	8,754,915	3,418,025	3,652,564
Assets for the production of oil Agua de Cajón													
Oil and gas Wells	2,659,299,784	67,804,440	616,655,807	-	-	3,343,760,031	1,196,094,006	225,636,041	-	-	1,421,730,047	1,922,029,984	1,463,205,778
Work in progress	181,248,120	857,891,045	(639,237,849)	-	-	399,901,316	-	-	-	-	-	399,901,316	181,248,120
Production assets	187,356,589	-	22,582,042	-	-	209,938,631	127,758,727	9,731,306	-	-	137,490,033	72,448,598	59,597,862
Vehicles	7,526,043	2,576,223	-	(426,384)	-	9,675,882	3,616,052	1,127,252	(313,507)	-	4,429,797	5,246,085	3,909,991
Gas pipeline	33,864,764	-	-	-	-	33,864,764	29,161,570	522,703	-	-	29,684,273	4,180,491	4,703,194
- Assets for the production of oil and gas in Loma Negra and La Yesera (2)													
Oil and gas wells	-	117,793,415	-	-	-	117,793,415	-	10,094,695	-	-	10,094,695	107,698,720	-
Production assets	-	26,863,340	-	-	-	26,863,340	-	2,233,289	-	-	2,233,289	24,630,051	-
Transport	3,348,088,877	1,346,560,037	-	(426,384)	-	4,694,222,530	1,451,304,334	266,732,499	(313,507)	-	1,717,723,326	2,976,499,204	1,896,784,543

EXHIBIT A

At April 30, 2018 and 2017

This exhibit is part of these consolidated financial statements

Property, plant and equipment (Cont'd)

Items	ORIGINAL VALUE						AMORTIZATION					Net book value at 04.30.18	Net book value at 04.30.17
	At the beginning of year	Additions	Completed works in progress	Retirements / Provisions	Revaluation	At year-end	Accumulated at the beginning of year	For the year	Retirements	Revaluation	Accumulated at year -end		
Transport	3,348,088,877	1,346,560,037	-	(426,384)	-	4,694,222,530	1,451,304,334	266,732,499	(313,507)	-	1,717,723,326	2,976,499,204	1,896,784,543
Other intangible assets													
Central administration and plant administration													
Neuquén land and buildings	270,174,896	-	-	-	114,678,852	384,853,748	7,381,072	290,102	-	4,996,127	12,667,301	372,186,447	262,793,824
Furniture and supplies	1,776,563	-	-	-	-	1,776,563	1,776,563	-	-	-	1,776,563	0	-
Administration assets	16,908,570	10,631,108		-	-	27,539,678	11,920,502	3,312,185	-	-	15,232,687	12,306,991	4,988,068
Power stationAgua del Cajón													
CT ADC (3)	11,542,749,046	-	76,316,130	-	3,922,849,953	15,541,915,129	7,175,523,792	396,135,354	-	2,550,467,546	10,122,126,692	5,419,788,437	4,367,225,254
Work in progress	18,761,745	111,097,832	(76,316,130)	-	-	53,543,447	-	-	-	-	-	53,543,447	18,761,745
Assets under Surplus due to Restrictions to the Transportation Capacity Account													
Fourth line	15,523,142	-	-	-	-	15,523,142	15,523,142	-	-	-	15,523,142	-	-
Capacitor bank	6,558,338	-	-	-	-	6,558,338	6,558,338	-	-	-	6,558,338	-	-
GLP Plant – Agua del Cajón													
Installation	54,881	-	-	-	-	54,881	54,881	-	-	-	54,881	-	-
Computer equipment	11,252	-	-	-	-	11,252	11,252	-	-	-	11,252	-	-
Furniture and fixtures	4,579	-	-	-	-	4,579	4,579	-	-	-	4,579	-	-
GLP plant(3)	673,608,150	-	-	-	28,321,898	701,930,048	512,071,978	14,664,989	-	-	526,736,967	175,193,081	161,536,172
Wind farm Diadema (DEEF)													
DEEF (3)	182,388,241	976,853	-	(3,297,927)	123,266,829	303,333,996	45,337,651	10,949,519	-	38,887,908	95,175,078	208,158,918	137,050,590
Wind farm Diadema (DEEF II)													
DEEF II	-	121,033,825	-	-	-	121,033,825	-	-	-	-	-	121,033,825	-
Hydrogen and oxygen plant													
Hydrogen and oxygen plant	34,991,027	1,482,415	-	-	-	36,473,442	10,176,916	1,454,599	-	-	11,631,515	24,841,927	24,814,111
Provision of hydrogen and oxygen plant	(24,814,111)	-	-	(27,816)	-	(24,841,927)	-	-	-	-	-	(24,841,927)	(24,814,111)
Total at April 30, 2018	16,086,785,196	1,591,782,070	-	(3,752,127)	4,189,117,532	21,863,932,671	9,237,645,000	693,539,247	(313,507)	2,594,351,581	12,525,222,321	9,338,710,350	-
Total at April 30, 2017	6,923,571,184	987,436,933	-	(2,221,630)	8,177,998,709	16,086,785,196	2,370,021,358	483,395,832	(167,483)	6,384,395,293	9,237,645,000	-	6,849,140,196

(1) The balances of the Kauffman Loma area are provisioned as of April 30, 2018 and as of April 30, 2017 for $ 76,710,629 (see Note 33)
(2) See Note 37
(3) See Note 6

Capex S.A.

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

EXHIBIT C

At April 30, 2018 and 2017

This exhibit is part of these consolidated financial statements

INVESTMENTS

Securities issued in Series and Investments in other Companies

Issuer and characteristics of the securities	Class	Nominal Value	Quantitu	Equity value at 04.30.2018	Book value at 04.30.2018	Book value at 04.30.2017	Información about the Issuer – Last financial statement: Principal activity	Closing date	Capital stock	Legal reserve	Free reserve	Unappropriated results	Shareholders' equity	% participation in capital stock
		$		$	$	$			$	$	$	$	$	
Current assets														
In foreign currency (Anexo G)														
Financial Investments at fair value														
BONAR 2020			6,104,592	-	137,353,320	108,722,784	-	-	-	-		-	-	-
LETES 2018			24,578,732	-	495,100,453	374,175,890	-	-	-	-		-	-	-
Total financial investments at fair value				-	632,453,773	482,898,674	-	-	-	-		-	-	-

EXHIBIT D
At April 30, 2018 and 2017
This exhibit is part of these consolidated financial statements

OTHER INVESTMENTS

This exhibit is part of these consolidated financial statements

Principal account and characteristics	Book Value at 04.30.2018	Book Value at 04.30.2017
	$	$
Other current investments		
Cash and cash equivalents		
In local currency		
Financial instruments at fair value		
Mutual funds	1,772,841,985	324,024,850
In foreign currency (Exhibit G)		
Financial investments at amortized cost		
Paid account	347,277,352	-
Time deposits	217,314,587	623,595,492
Secure bonds	-	8,295,307
Financial instruments at fair value		
Mutual funds	1,637,147,479	-
Total other investments	3,974,581,403	955,915,649

Capex S.A.

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

EXHIBIT E

For the years beginning on May 1, 2017 and 2016 and ending on April 30, 2018 and 2017
This exhibit is part of these consolidated financial statements

PROVISIONS

Items	Balance at the beginning of year	(Recoveries) / Increases	Balance at the end of the year
	$	$	$
DEDUCTED FROM ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
In local currency			
Impairment of property, plant and equipment	24,814,111	[1] 27,816	24,841,927
Trade accounts receivable			
In local currency			
Provision for doubtful accounts	2,627,115	-	2,627,115
Total deducted from assets	27,441,226	27,816	27,469,042
INCLUDED IN LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions			
In local currency			
For lawsuits and fines	2,730,347	[2] (250,000)	2,480,347
Total included in liabilities	2,730,347	(250,000)	2,480,347
Total provisions	30,171,573	(222,184)	29,949,389

[1] Charged to Other financial income.
[2] As of April 30, 2018 court judgement payments were made for an amount of $ 300,000. The remaining $ 50,000 were charged to other operating income net (see Note 26).

EXHIBIT F
For the years beginning on May 1, 2017 and 2016 and ending on April 30, 2018 and 2017
This exhibit is part of these consolidated financial statements

COST OF SALES

	04.30.2018	04.30.2017
	$	
Inventories and spare parts and materials at the beginning of year [1]	125,545,681	114,329,878
Plus:		
- Addition to warehouses	302,779,921	279,819,151
- Production cost according (Exhibit H)	1,368,408,648	954,460,743
Less:		
- Consumption	(232,182,616)	(270,162,601)
Inventories and spare parts and materials at year end[1]	(179,411,758)	(125,545,681)
Cost of sales	1,385,139,876	952,901,490

[1] Includes inventories and spare parts and materials net of advances to suppliers.

Capex S.A.

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

EXHIBIT G
At April 30, 2018 and 2017
This exhibit is part of these consolidated financial statements

FOREIGN CURRENCY ASSETS AND LIABILITIES

Items	04.30.2018				04.30.2017			
	Class	Amount	Exchange rate	Amount in $	Class	Amount	Exchange rate	Amount in $
ASSETS								
NON-CURRENT ASSETS								
Spare parts and materials		-	-			-	-	-
Sundry advances	US$	768,272	20.440	15,703,477	US$	601,235	15.30	9,198,894
Other accounts receivable								
Assignment of rights CAMMESA	US$	624,634	20.440	12,767,520	US$	1,265,560	15.30	19,363,070
Total Non-Current Assets				28,470,997				28,561,964
CURRENT ASSETS								
Spare parts and materials								
Sundry advances	US$	192,068	20.440	3,925,869	US$	150,309	15.30	2,299,724
Other accounts receivable								
Sundry advances	US$	369,334	20.440	7,549,179	US$	367,986	15.30	5,630,174
Intercompany receivables	US$	6,717	20.440	137,294	US$	500	15.30	7,650
Assignment of rights CAMMESA	US$	815,549	20.440	16,669,825	US$	854,454	15.30	13,073,143
Trade accounts receivable								
Intercompany receivables	US$	136,424	20.440	2,788,514	US$	28,657	15.30	438,455
For sale of energy		32,495,184	20.440	664,201,568	US$	-	-	-
For sale of oil and others	US$	5,206,184	20.440	106,415,410	US$	2,814,467	15.30	43,061,351
Financial investments								
Financial instruments at fair value	US$	30,941,965	20.440	632,453,773	US$	31,562,005	15.30	482,898,674
Cash and cash equivalents								
Cash	US$	220,613	20.440	4,509,325	US$	5,204	15.30	79,619
Cash	€	3,986	24.720	98,535	€	3,001	16.6617	49,999
Banks	US$	756,494	20.440	15,462,729	US$	12,985	15.30	198,673
Financial instruments at fair value	US$	79,787,931	20.440	1,637,147,479	US$	-	-	-
Financial investment at amortized cost	US$	27,621,915	20.440	564,591,939	US$	41,300,052	15.30	631,890,799
Total Current Assets				3,655,951,439				1,179,628,261
Total assets				3,684,422,436				1,208,190,225
LIABILITIES								
NON-CURRENT LIABILITIES								
Trade accounts payable								
Sundry accruals	US$	230,461	20.540	4,733,678	US$	324,516	15.40	4,997,551
Financial liabilities								
Bank	US$	2,400,000	20.540	49,296,000	US$	5,600,000	15.40	86,240,000
Corporate bonds	US$	300,000,000	20.540	6,162,000,000	US$	-	-	-
Total Non-Current Liabilities				6,216,029,678				91,237,551
CURRENT LIABILITIES								
Trade accounts payable								
Suppliers	US$	15,795,153	20.540	324,432,433	US$	10,883,388	15.40	167,604,170
Suppliers	€	1,317	24.892	32,791	€	37,034	16.809	622,511
Intercompany suppliers	US$	84,405	20.540	1,733,679	US$	40	15.40	616
Sundry accruals	US$	4,933,163	20.540	101,327,175	US$	1,158,007	15.40	17,833,312
Financial liabilities								
Bank	US$	809,333	20.540	16,623,707	US$	1,428,714	15.40	22,002,190
Corporate bonds	US$	9,510,417	20.540	195,343,958	US$	202,849,462	15.40	3,123,881,722
Total Current Liabilities				639,493,743				3,331,944,521
Total Liabilities				6,855,523,421				3,423,182,072

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

EXHIBIT H

For the years commenced on May 1, 2017 and 2016 and ended on April 30, 2018 and 2017
This exhibit is part of these financial statements

INFORMATION REQUIRED BY SECT, 64, SUB-SECT, B) OF LAW No, 19550

Items	04.30.2018				04.30.2017			
	Production cost	Selling expenses	Administrative expenses	Total	Production cost	Selling expenses	Administrative expenses	Total
	$	$	$	$	$	$	$	$
Fees and other compensation	26,499,790	-	17,485,084	43,984,874	12,849,737	-	11,199,274	24,049,011
Salaries and social security contributions	328,466,034	-	130,769,966	459,236,000	251,573,857	-	88,549,992	340,123,849
Materials, spare parts and others	62,772,052	-	24,229	62,796,281	39,125,922	-	26,828	39,152,750
Operation, maintenance and repairs	159,050,920	-	25,044,924	184,095,844	102,397,644	-	15,925,254	118,322,898
Fuel, lubricants and fluids	21,893,597	-	-	21,893,597	7,017,125	-	-	7,017,125
Transportation, freight and studies	15,285,458	-	1,815,100	17,100,558	12,464,614	-	1,747,561	14,212,175
Amortization of Property, plant and equipment	689,936,960	-	3,602,287	693,539,247	481,857,983	-	1,537,849	483,395,832
Office, travel and representation expenses	4,861,483	-	4,737,633	9,599,116	4,207,258	-	2,255,510	6,462,768
Taxes, rates, contributions, insurance and rental	41,850,798	-	33,675,597	75,526,395	34,274,941	-	26,400,907	60,675,848
Acquisition of electricity from CAMMESA	50,942	-	-	50,942	118,422	-	-	118,422
Transport of gas expenses	17,740,614	-	-	17,740,614	8,573,240	-	-	8,573,240
Royalties	-	401,039,200	-	401,039,200	-	327,592,656	-	327,592,656
Cost of transport and energy deliveries	-	67,376,555	-	67,376,555	-	24,464,772	-	24,464,772
Turnover tax	-	137,399,142	-	137,399,142	-	95,875,479	-	95,875,479
Commissions and other	-	3,408,617	-	3,408,617	-	3,785,825	-	3,785,825
Bank charges	-	-	50,968,362	50,968,362	-	-	34,993,429	34,993,429
Total	1,368,408,648	609,223,514	268,123,182	2,245,755,344	954,460,743	451,718,732	182,636,604	1,588,816,079

M.

Capex S.A.

SUMMARY OF ACTIVITY

REFERRED TO THE CONSOLIDATED FINANCIAL STATEMENTS OF

CAPEX S.A. AS OF APRIL 30, 2018

a) Comments on the comprehensive results and consolidated financial position at April 30, 2018 (Not covered by the independent auditors report on the consolidated financial statements).

Consolidated Statement of Comprehensive Results

Thousand $

	04/30/2018	04/30/2017	Variation	
Sales	4,181,833	2,895,651	1,286,182	44.4%
Cost of Sales	(1,385,140)	(952,901)	(432,239)	45.4%
Gross Profit	**2,796,693**	**1,942,750**	**853,943**	**44.0%**
Selling Expenses	(609,224)	(451,719)	(157,505)	34.9%
Administrative Expenses	(268,123)	(182,637)	(85,486)	46.8%
Other operating income / (expenses), net	618	946	(328)	-34.7%
Operating result	**1,919,964**	**1,309,340**	**610,624**	**46.6%**
Financial Income	1,236,598	241,034	995,564	413.0%
Financial Costs	(2,170,943)	(679,454)	(1,491,489)	219.5%
Other Financial Income	(28)	(2,054)	2,026	-98.6%
Result before income tax	**985,591**	**868,866**	**116,725**	**13.4%**
Income tax	(288,255)	(302,065)	13,810	-4.6%
Net result of the year	**697,336**	**566,801**	**130,535**	**23.0%**
Other Comprehensive Income	1,575,080	1,165,842	409,238	35.1%
Comprehensive Result for the Year	**2,272,416**	**1,732,643**	**539,773**	**31.2%**

The performance of the results as of April 30, 2018 with respect to April 30, 2017 was as follows:

- Gross profit amounted to $ 2,796,693 thousand, in the year ended April 30, 2018, representing 66.9% of net sales, compared to $1,942,750 thousand or 67.1% of net sales at April 30, 2017. Gross profit increased by 44.0%.
- The operating result, in the year ended April 30, 2018 amounted to $ 1,919,964 thousand (profit), compared to $ 1,309,340 thousand (profit) for the prior year, representing an increase of 46.6%.
- The net result amounted to $ 697,336 thousand (profit), in the year ended April 30, 2018, compared to $ 566,801 thousand (profit) for the previous year, representing an increase of 23.0%.
- Other comprehensive income amounted to $ 1,575,080 thousand (profit), as a result of the revaluation for certain assets of Property, plant and equipment as of April 30, 2018 and 2017.
- The comprehensive result for the year was of $ 2,272,416 thousand (profit) in the year ended April 30, 2018, compared to $ 1,732,643 thousand (profit) for the previous year, representing an increase of 31.2%.

Capex S.A.

Sales

Thousand $

Product	04/30/2018	04/30/2017	Variation	
Energy				
Energy CT ADC [1]	3,023,870	2,213,023	810,847	36.6%
Energy DEEF	68,232	41,457	26,775	64.6%
Façon Service of electric energy	6,080	4,189	1,891	45.1%
Gas	113,650	11,525	102,125	886.1%
Oil	679,253	447,470	231,783	51.8%
Propane	166,439	103,285	63,154	61.1%
Butane	105,237	72,819	32,418	44.5%
Oxygen	2,455	1,883	572	30.4%
Services	16,617	-	16,617	100.0%
Total	4,181,833	2,895,651	1,286,182	44.4%

(1) It includes income generated by the gas produced in the ADC, Loma Negra and La Yesera areas, these last two as from December 2017, consumed in the CT ADC. and paid by CAMMESA under the concept Own Fuel Recognition.

Sales for the year ended on April 30, 2018 increased by 44.4% compared with the previous year. The evolution of each product was as follows:

a) Energy:

The income generated by CT ADC operations measured in pesos increased by $ 810,847 thousand. representing a rise of 36.6% from $ 2,213,023 thousand as of April 30, 2017 to 3,023,870 thousand as of April 30, 2018. This variation was due to an increase in the price given by:

(i) An increment of 93.4% in the average sales price on GW sold. from an average 170.3 $/MWh in the year ended April 30, 2017 to an average 329.5 $/MWh in the year ended April 30, 2018 as a result of the increases in the rate schedule implemented by Resolution SEN 19 E/2017 (effective since February 2017).
(ii) An increase of 8.5 % in the remuneration recognized by CAMMESA to generators for the gas produced by ADC, Loma Negra and La Yesera areas, and consumed in the CT ADC, and generated by the rise in the peso/US dollar exchange rate, currency in which said gas is remunerated, compensated by the lower consumption of own gas in the CT ADC. Resolution 41/16 issued by the Ministry of Energy and Mining (in force as from April 2016) established the reference value of gas per million BTU for thermal plants from Neuquén basin of US$ 5.53. Income for that remuneration is included within the Oil and Gas segment (Note 5 to the Consolidated financial statements).

The ADC CT generation remained in line with the previous year.

Sales of energy from the DEEF measured in pesos increased by $ 26,775 thousand, representing a rise of 64.6%, from 41,457 thousand for the year ended at April 30, 2017 to $ 68,232 thousand for the year ended at April 30, 2018. In the year ended April 30, 2018. sales in GWh were 29.1 at an average price of $/MWh 2,344.7 and in the year ended April 30, 2017 it was of 23 GWh at an average price of $/MWh 1,802.5; the price increase is due to the increment in the US dollar exchange rate, currency in which the price is fixed with CAMMESA. The increase in GW sold was due to the wind factor increase by 37% (in the previous year there was an unavailability of a wind turbine for 93 days due to technical problems, which was economically compensated by the supplier of the wind turbines).

b) Façon Service of electric energy

Façon services for the generation of electricity with natural gas and hydrogen measured in pesos increased by $ 1,891 thousand, representing a rise of 45.1% from $ 4,189 thousand for the year ended at April 30, 2017 to $ 6,080 thousand for the year ended at April 30, 2018. This variation was mainly due to a 26% increase in the peso rate as a result of the higher price of the US dollar, currency in which the price of this service is fixed, and an increase in MWh sold during the year.

M.

c) Gas

Gas production decreased slightly, by 1.7%, from 566,840 thousand m3 as of April 30, 2017 to 557,353 thousand m3 as of April 30, 2018. Taking into account the natural decline of the field, Capex has been supporting the level of gas production through the investments made, encouraged mainly by the increase in the price of gas, stimulus programs and the development of reserves with better productivity. As of November 2017, Capex incorporated gas production from its participation in the Consortia with concessions in the Loma Negra and La Yesera areas in the Province of Río Negro with an average of 91.2 thousand m3 per day.

Under the "Gas Plus" program, Capex, in the year ended April 30, 2018, sold $ 113,650 thousand corresponding to the delivery of 32,814 thousand m3 at an average price of US$ / m3 0.20496 (or US$ 5.6 million btu), while in the previous year gas sales amounted to $ 11,525 thousand corresponding to 4,186 thousand m3 at an average price of US$ / m3 0.18658 (or US$ 5.1 million). btu). The increase in the m3 sold is due to better commercial conditions and the contribution of the sales of the Consortia of the Loma Negra and La Yesera areas for $ 5,370 thousand corresponding to the delivery of 2,518 thousand m3 for the month of November 2017.

The remaining gas was used for the generation of electric energy in the CT ADC and in the operation of the LPG plant.

d) Oil:

Sales of oil increased by $ 231,783 thousand. representing an increment of 51.8%. This rise was due to an increment of 29.2% in the m3 sold, from 75,872 m3 as of April 30, 2017 to 98.003 m3 as of April 30, 2018, and an average increase of 17.5% in the price in pesos, effect of the price increase agreed between the parties and the exchange rate of the US dollar that was applied on the sale prices. Considering the international price of crude oil and the need for a local price that allows developing the production activity, and the impact of the exchange rate in the final price of oil, at the pump, producers and refiners have been negotiating a price convergence of the internal product with the international value thereof.

Oil production increased by 29.3%. from 47,393 m3 as of April 30, 2017 to 61,294 m3 as of April 30. 2018, due to the results obtained from the stimulation of some wells and to the incorporation of oil production from its participation in the consortia with concessions in the Loma Negra and La Yesera areas in the Province of Río Negro, of an average of 42.4 m3 per day as of November 2017.

e) Propane. butane and gasoline:

- Sales of propane increased by $ 63,154 thousand or 61.1% from $ 103,285 thousand as of April 30, 2017 to 166,439 thousand as of April 30, 2018, including the income from the "Propano Sur Program".

  The rise in sales is the result of an increase in the average sales price of 58.9%. from $ 4,896.9 average $/tn as of April 30, 2017 to $7,779 average $/tn as of April 30, 2018, due mainly to the rise in international prices and the exchange rate of the US dollar. Volume sold rose by 1.4 %.

- Sales of butane increased by $ 32,418 thousand or 44.5% from $ 72,819 thousand at April 30, 2017 to $ 105,237 thousand at April 30, 2018. This was result of a rise in the average sale price of 43.8%. from $/ton 5,178.8 on average as of April 30, 2017 to $/ton 7,445.1 on average as of April 30, 2018, mainly due to the increase in international prices and the US dollar exchange rate. The volume sold had an increase of 0.5%.

- No sales of gasoline were recorded at April 30, 2018 and 2017 because the production of 28,102 m3 and 27,830 m3. respectively, were blended and sold with oil for market reasons.

f) Oxygen:

Hychico sold 127,113 m^3 and 112,379 m^3 of oxygen for a total of $ 2,455 thousand and $ 1,883 thousand in the years ended on April 30, 2018 and 2017, respectively. This increase in sales was the result of a rise in the sale price due to the increase in the price of the US dollar and an increase in the volume sold of 13.1%.

g) Services:

It corresponds to the participation of 37.5% over the income for the services provided by the Loma Negra Consortium for the treatment of crude oil and the gas readiness as of November 2017.

Cost of sales

Thousand $

	04/30/2018	04/30/2017	Variation	
Fees and other compensations	(26,500)	(12,850)	(13,650)	106.2%
Salaries and social security contributions	(328,466)	(251,574)	(76,892)	30.6%
Materials, spare parts and others	(62,772)	(39,126)	(23,646)	60.4%
Operation, maintenance and repairs and materials, spare parts and others	(159,051)	(102,398)	(56,653)	55.3%
Fuel, lubricants and fluids	(21,894)	(7,017)	(14,877)	212.0%
Transportation, freight and studies	(15,285)	(12,465)	(2,820)	22.6%
Amortization of property, plant and equipment	(689,937)	(481,858)	(208,079)	43.2%
Office, travel and representation expenses	(4,861)	(4,207)	(654)	15.5%
Taxes, rates. contributions. insurance and rental	(41,851)	(34,275)	(7,576)	22.1%
Acquisition of electricity from CAMMESA	(51)	(118)	67	-56.8%
Gas transportation costs	(17,741)	(8,573)	(9,168)	106.9%
Adjustment on the cost of sales	(16,731)	1,560	(18,291)	-1172.5%
Cost of Sales	**(1,385,140)**	**(952,901)**	**(432,239)**	**45.4%**

The cost of sales as of April 30, 2018 amounted to $ 1,385,140 thousand (33.1 % of sales), while as of April 30, 2017 it amounted to $ 952,901 thousand (32.9% of net sales).

The 45.4% increase in the cost of sales was mainly explained by:

- the higher depreciation charge for the assets related to the exploitation of oil and gas, the CT ADC, DEEF and the LPG Plant for $ 208,079 thousand, as a result of the larger investment made and the upgrade of the technical revaluation of certain assets carried out at April 30, 2018. and the investment in the extension of the Agua del Cajón area concession.
- an increment of $ 76,892 thousand in labor costs. as a result of the salary increases granted;
- a rise in the costs of materials, spare parts and others for $ 23,646 thousand, as a consequence of the increase in the activity of the field for the maintenance of the production;
- an increase of $ 56,653 thousand in operation. maintenance and repairs costs. as a result of the rate increments for these services throughout the period;
- an increase in fees and other compensation of $ 13,650 thousand, mainly as a result of the contracting of geological studies,
- an increase in the costs of fuels, lubricants and fluids of $ 14,877 thousand, as a consequence of the rise in the activity of the deposit and the increase in prices, and
- an increase in gas transportation expenses of $ 9,168 thousand, as a consequence of the increment in the gas tariff.

Selling expenses

Thousand $

	04/30/2018	04/30/2017	Variation	
Royalties	(401,038)	(327,592)	(73,446)	22.4%
Cost of transport and energy deliveries	(67,377)	(24,465)	(42,912)	175.4%
Turnover tax	(137,399)	(95,875)	(41,524)	43.3%
Commissions and other	(3,410)	(3,787)	377	-10.0%
Selling expenses	**(609,224)**	**(451,719)**	**(157,505)**	**34.9%**

Selling expenses amounted to $ 609,224 thousand. representing 14.6% of sales. The 34.9% increase was mainly due to a rise of:

M.

a) the costs of transportation and dispatch of energy as a result of the increase in tariffs,

b) the royalties associated with the gas, generated by: i) the increase in the average price of the gas used for the liquidation of royalties (price for sale to third parties and income from recognition of own fuels by CAMMESA) and ii) the rise in the quotation of the US dollar
c) the royalties associated with the greater oil produced by the incorporation of the participations in the Loma Negra and La Yesera Consortia, and an average increase of 17.5% in the price.
d) the turnover tax as a consequence of the higher billing.

Administrative expenses

Thousand $

	04/30/2018	04/30/2017	Variation	
Fees and other compensations	(17,485)	(11,199)	(6,286)	56.1%
Salaries and social security contributions	(130,770)	(88,550)	(42,220)	47.7%
Operation, maintenance and repairs	(25,069)	(15,952)	(9,117)	57.2%
Transportation, freight and studies	(1,815)	(1,748)	(67)	3.8%
Amortization of property, plant and equipment	(3,602)	(1,538)	(2,064)	134.2%
Office, travel and representation expenses	(4,738)	(2,256)	(2,482)	110.0%
Taxes, rates, contributions. insurance and rental	(33,676)	(26,401)	(7,275)	27.6%
Bank charges	(50,968)	(34,993)	(15,975)	45.7%
Administrative expenses	**(268,123)**	**(182,637)**	**(85,486)**	**46.8%**

Administrative expenses amounted to $ 268.123 thousand. or 6.4% of sales. With respect to the previous year, there was an increase of $ 85,486 thousands, or 46.8%. This increment is mainly due to: i) an increment in salaries and social security contributions. as a result of the salary increases granted; ii) an increment in rental expenses and iii) a rise in bank charges as a consequence of the higher tax on bank debits and credits given the higher expenditures in the purchases of the business line and the acquisitions of the consortia and the higher income received by the Group.

Other operating income / (expenses), net

Thousand $

	04/30/2018	04/30/2017	Variation	
Sale of vehicles	300	528	(228)	-43.2%
Provision for lawsuits and fines	(50)	(481)	431	89.6%
Provision for turnover and obsolescence of spare parts and materials	-	1,049	(1,049)	-100.0%
Cost of services of consortia indirect administrative charges	2,652	-	2,652	100.0%
Sundry	(2,284)	(150)	(2,134)	1422.7%
Other operating income / (expenses). net	**618**	**946**	**(328)**	**-34.7%**

Other operating income / (expenses), net as of April 30, 2018 and 2017 represented a gain of $ 618 thousand and $ 946 thousand, respectively.

Financial results

Thousand $

	04/30/2018	04/30/2017	Variation	
Financial income	1,236,598	241,034	995,564	413.0%
Financial costs	(2,170,943)	(679,454)	(1,491,489)	219.5%
Other financial results	(28)	(2,054)	2,026	-98.6%
Financial results	**(934,373)**	**(440,474)**	**(493,899)**	**112.1%**

a) Financial income

Thousand $

	04/30/2018	04/30/2017	Variation	
Exchange difference	866,293	43,334	822,959	1899.1%
Interest and others	368,155	187,774	180,381	96.1%
Interest accrued on receivables	2,150	9,926	(7,776)	-78.3%
Financial Income	**1,236,598**	**241,034**	**995,564**	**413.0%**

The financial income reflected in the year ended as of April 30, 2018 amounted of $ 1,236,598 thousand while at April 30, 2017 it was of $ 241,034 thousand, representing an increase of 413.0%. The main reason for this variation by $ 995,564 thousand was due to:

- The variation in exchange difference as a result of the increase in the US Dollar exchange rate with respect to the peso, calculated over the investments in such foreign currency. As of May 2017, the basis of investments in foreign currency increased as a result of the Group's high liquidity. The variation in the price of the US dollar between April 2017 and April 2018 was of 33.5%. while between April 2016 and April 2017 it was of 8.1%.

- The variation of interest and other accrued results mainly corresponds to the interest accrued on the credits with CAMMESA and to the income generated by investments in mutual funds and the holding of securities.

- The variation in interest accrued on receivables mainly corresponds to the present value of Hychico's long term receivables.

b) Financial costs

Thousand $

	04/30/2018	04/30/2017	Variation	
Exchange difference	(1,710,265)	(253,958)	(1,456,307)	573.4%
Interest and other	(455,750)	(421,433)	(34,317)	8.1%
Interest accrued from receivables and payables	(4,928)	(4,063)	(865)	21.3%
Financial Costs	**(2,170,943)**	**(679,454)**	**(1,491,489)**	**219.5%**

Financial costs in the year ended as of April 30, 2018 showed a negative balance of $ 2,170,943 thousand. while at April 30, 2017 they were negative by $ 679,454 thousand, representing an increase in costs of 219.5 %. The main cause of the variation of $ 1,491,489 thousands is:

- The greatest losses due to exchange differences as a consequence of the increase in the financial debt in foreign currency and the increment in the price of the US dollar; the variation in the US dollar quotation between April 2017 and April 2018 was of 33.5% and 8.1% between April 2016 and April 2017. The Group holds 99.0% of its financial liabilities in US dollars. so the variation in thes exchange rate of that currency has had a significant impact on the economic results and on equity.

  The loans (see Note 20 of the consolidated financial statements) referred to above are as follows:
  - Corporate Bonds Class II for US$ 300 million due May 2024, at a fixed rate of 6.875%, payable semiannually.
  - Secured loan for US$ 14,000,000 destined for construction of Hychico Diadema Eolic Energy Farm, accruing interest at variable rates equivalent to LIBO plus a nominal annual rate of 4.5% (as of April 2018) payable semiannually. As of April 30, 2018, the capital owed amounts to US $ 3,200,000.

- The variation in interest and other mainly corresponds to interest accrued by Corporate Bonds and to the advance funding for the maintenance of the ADC power plant, the capital of which increased by 64,6% compared to the period ended April 30, 2017. As of April 30, 2018, 65.5% of the principal owed was canceled through the compensation with the credits with CAMMESA for the "Remuneration for Non-Recurring Maintenance" and "Additional Trust Compensation". With respect to the Corporate Bonds, in May 2017 the Class II disbursement was received with an increase in the capital of the debt for US $ 100 million and a decrease in the rate; the increase in the price of the US dollar generated a higher accrual of interest in pesos.

- The accrual of interest from receivables and payables corresponds to the present value of the accrual for well capping.

Income Tax

Thousand $

	04/30/2018	04/30/2017	Variation	
Income Tax	**(288,255)**	**(302,065)**	**13,810**	**-4.6%**

Income tax as of April 30, 2018 showed a negative balance of $ 288,255 thousand, as a result of the recognition of the tax effect on the income for the year. It is worth mentioning that as of April 30, 2018, the Group recognized $ 59,583 thousand (profit) for the change in the tax rate foreseen in the tax reform enacted on December 29, 2017.

M.

Capex S.A.

Other comprehensive income

Thousand $

	04/30/2018	04/30/2017	Variation	
Other comprehensive income	**1,575,080**	**1,165,842**	**409,238**	**35.1%**

Other comprehensive income as of April 30, 2018 amounted to $ 1,575,080 thousand, because the Company has applied the revaluation model for certain assets within Property, plant and equipment and adjusted the fair values of those assets as of July 31, 2017, January 31 and April 30, 2018. It should be mentioned that as of April 30, 2018, the Group recognized $ 538,482 (profit) in this item due to the change in the tax rate on income, foreseen by the tax reform enacted on December 29, 2017, corresponding to the deferred liability recognized by the application of the revaluation model.

The portion of total other comprehensive income for $1,575,080 thousand attributable to the Company is $1,563,180 thousand and is accumulated in the Reserve for revaluation of assets, in the Statement of Changes in Shareholders' Equity. The closing balance as of April 30, 2018 for that reserve is $ 4,151,170 thousand which, as set forth in the Restated Text of the CNV, may not be distributed, capitalized or allocated to absorb accumulated losses, but must be computed as part of accumulated gains/losses for the purposes of comparison to determine the Company's situation under sections 31. 32 and 206 of Commercial Companies Law No 19550.

Consolidated Financial Statements

Thousand $

	04/30/2018	04/30/2017	Variation	
Property. plant and equipment	9,338,710	6,849,140	2,489,570	36.3%
Investment in subsidiaries	-	75	(75)	-100.0%
Financial instruments at fair value	632,454	482,899	149,555	31.0%
Spare parts and materials	194,711	132,211	62,500	47.3%
Net deferred tax assets	11,377	22,088	(10,711)	-48.5%
Other receivables	129,243	118,192	11,051	9.4%
Trade receivables	825,832	653,803	172,029	26.3%
Inventories	4,330	4,834	(504)	-10.4%
Cash and cash equivalents	4,009,886	967,539	3,042,347	314.4%
Total Assets	**15,146,543**	**9,230,781**	**5,915,762**	**64.1%**
Total shareholders' equity attributable to shareholders	5,775,765	3,516,883	2,258,882	64.2%
Non-controlling interest	39,165	24,560	14,605	59.5%
Total shareholders' equity	**5,814,930**	**3,541,443**	**2,273,487**	**64.1%**
Trade accounts payable	827,276	388,016	439,260	113.2%
Financial liabilities	6,485,304	3,413,423	3,071,881	90.0%
Net deferred tax liabilities	1,623,441	1,625,919	(2,478)	-0.2%
Taxes payable	231,812	141,250	90,562	64.1%
Provisions and other charges	2,480	2,730	(250)	-9.2%
Salaries and social security contributions	97,265	71,320	25,945	36.4%
Other liabilities	64,035	46,680	17,355	37.2%
Total Liabilities	**9,331,613**	**5,689,338**	**3,642,275**	**64.0%**
Total Shareholders' equity and liabilities	**15,146,543**	**9,230,781**	**5,915,762**	**64.1%**

Total assets as of April 30, 2018 increased in $ 5,915,762 thousand, which represents a variation of 64.1% compared to April 30, 2017.

The main reasons for this variation are listed below:

(i) Property. plant and equipment: an increase by $ 2,489,570 thousand. due to the effect of the technical revaluations of certain assets recorded at April 30, 2018, the investments made, the acquisition of assets in the new areas and the advances for the construction of the PED II, all net of the amortization of the year.

(ii) Financial instruments at fair value: an increase by $ 149,555 thousand, due to higher cash surpluses due to the increase in gas and energy remuneration.

(iii) Spare parts and materials: a increase by $ 62,500 thousand due to the net movement of the income and consumption of the stocks for the major maintenance of the CT ADC and the incorporation of the stocks of the consortia.

(iv) Net deferred tax assets: a decrease by $ 10,711 resulting from a utilization of tax losses of Hychico S.A.

M.

(v) Other receivables: an increment by $ 11,051 thousand mainly due to the increase in insurance, Hychico's VAT credit position, the increase in the balance of advances to suppliers and the credit for the propane gas supply agreement for networks, all offset by the decrease in credit for tax on assets and collections of FONINVEMEM credits (belonging to Hychico).

(vi) Trade receivables: increase by $ 172,029 thousand due to: (i) the rise under Resolution SEN 19-E/17. in force since February 2017. in the remuneration system for generation of energy. and (ii) for the receivables denominated in US dollars. the rise in the exchange rate. Said increases were offset by the use of the "Additional Remuneration Trust" credit applied to the cancellation of the financial liability granted by CAMMESA for the maintenance of the CT ADC.

(vii) Cash and cash equivalents: an increase by $ 3,042,347 thousand mainly due to the higher revenues given the rise in sales as a result of the increase granted by Res SEN 19-E / 17, to the issuance of Corporate Bond Class 2 for an amount of US $ 300 million, net of the cancellation of the Corporate Bond of US $ 200 million and the increase in financial investments in foreign currency given the variation in the price of the US dollar, offset by the payment for the acquisition of the shares in the areas of the Province of Río Negro, investments made and advances for the construction of the PED II.

Total liabilities as of April 30, 2018 increased in $ 3,642,275 which represents a variation of 64.0% in comparison with April 30, 2017.

The main reasons for this variation are listed below:

(i) Trade accounts payable: an increase of $ 439,260 thousand, mainly due to the higher imports of materials, the effect of the quotation of the US dollar on suppliers in foreign currency, the higher commercial liabilities resulting from the incorporation of the shares in the Consortia of Loma Negra and La Yesera and the balance pending cancellation for the acquisition of said participations.

(ii) Financial debts: an increase of $ 3,071,881, mainly generated by: (i) the increment in financial liabilities resulting from the issuance of Corporate Bond Class II for an amount of US $ 300 million and (ii)) the increase in the price of the US dollar, which resulted in an increment in accrued interest and the higher valuation of liabilities in foreign currency. All this was offset by the prepayment of Corporate Bond Class I for US$ 200 million, dated May 15 and June 12, 2017, the lowest interest rate agreed upon in the issuance of Corporate Bond Class II by US$ 300 million and the partial cancellation of the financing granted by CAMMESA for the maintenance of the CT ADC.

(iii) Deferred tax liability: a decrease of $ 2,478 thousand, mainly as a result of the effect of the gradual reduction of the income tax rate, introduced by the Tax Reform promulgated on December 29, 2017, offset by the tax effect of the update of the technical revaluation registered as of April 30, 2018.

(iv) Tax charges: an increase by $ 90,562 thousand, mainly as a result of the rise in the tax on the profits to be paid.

(v) Salaries and social security contributions: an increment of $ 25,945 thousands, as a result of the granting of salary increases.

(vi) Other debts: an increase of $ 17,355 thousand, mainly as a consequence of higher accrued royalties, due to the increase in the price of the US dollar and the higher oil production in the areas of Agua del Cajón, Loma Negra and La Yesera

Oil and gas reserves (information not covered by the independent auditors report on the consolidated financial statements)

- Agua del Cajón

Below is the estimate of hydrocarbon reserves and resources in the Agua del Cajón area made by the Company at December 31, 2017, and audited by the independent auditor, Lic. Ana Nardone, in compliance with the requirements of ES Resolution 324/06. The expiration horizon is January 2052, with the following values:

M.

Products		Proven			Probable	Possible	Resources
		Developed	Non-developed	Total			
Gas	MMm^3 (1)	4,255	1,744	5,999	1,053	969	15,315
Oil	Mbbl	2,151	1,252	3,403	1,138	591	2,088
	Mm^3	342	199	541	181	94	332

(1) Expressed in 9300 kcal/m^3

- Loma Negra

The estimate of hydrocarbon reserves and resources in the Loma Negra area at December 31, 2017 was audited by the independent auditor, Lic. Ana Nardone, in compliance with the requirements of ES Resolution 324/06. The expiration horizon is December 2024, with the following values:

Products		Proven			Probable	Possible	Resources
		Developed	Non-developed	Total			
Gas	MMm^3 (1)	488	1,014	1,502	362	318	-
Petróleo	Mbbl	648	1,220	1,868	289	679	-
	Mm^3	103	194	297	46	108	-

The Company owns 37.50% of said reserves.

- La Yesera

The estimate of hydrocarbon reserves and resources in the La Yesera area at December 31, 2017 was audited by the independent auditor, Lic. Ana Nardone, in compliance with the requirements of ES Resolution 324/06. The expiration horizon is June 2027, with the following values:

Products		Proven			Probable	Possible	Resources
		Developed	Non-developed	Total			
Gas	MMm^3 (1)	114	40	154	-	236	-
Petróleo	Mbbl	1,138	503	1,641	-	3,006	-
	Mm^3	181	80	261	-	478	-

The Company owns 18.75% of said reserves.

b) Asset structure

	04/30/2018	04/30/2017	04/30/2016	04/30/2015	04/30/2014
			$ (a)		
Current Assets	5,622,529,897	2,220,810,825	1,666,571,576	816,697,176	337,115,675
Non-Current Assets	9,524,013,161	7,009,969,924	4,952,076,207	3,215,729,951	2,136,012,528
Total Assets	15,146,543,058	9,230,780,749	6,618,647,783	4,032,427,127	2,473,128,203
Current Liabilities	1,355,002,097	3,930,921,921	724,524,807	539,289,516	440,370,531
Non-Current Liabilities	7,976,611,895	1,758,416,465	4,096,824,202	2,485,908,862	1,769,434,970
Total Liabilities	9,331,613,992	5,689,338,386	4,821,349,009	3,025,198,378	2,209,805,501
Shareholders' equity attributable to shareholders	5,775,764,486	3,516,882,094	1,786,808,085	998,166,007	258,268,784
Non-Controlling interest	39,164,580	24,560,269	10,490,689	9,062,742	5,053,918
Total Shareholders' Equity	5,814,929,066	3,541,442,363	1,797,298,774	1,007,228,749	263,322,702
Total Shareholders' Equity and Liabilities	15,146,543,058	9,230,780,749	6,618,647,783	4,032,427,127	2,473,128,203

(a) Information consolidated with SEB and Hychico. according to financial information as of April 30, 2018, 2017, 2016, 2015 and 2014, and E G WIND at April 30, 2018.

c) Results Structure

	04/30/2018	04/30/2017	04/30/2016	04/30/2015	04/30/2014
			$ (a)		
Operating result	1,919,964,491	1,309,340,441	763,496,958	351,751,345	304,163,570
Financial income	1,236,598,118	241,034,248	400,256,348	127,500,389	151,905,289
Financial costs	(2,170,943,445)	(679,454,239)	(1,561,354,345)	(474,939,782)	(827,207,316)
Other financial income	(27,816)	(2,054,147)	456,913	69,516	1,492,925
Result before Income Tax	985,591,348	868,866,303	(397,144,126)	4,381,468	(369,645,532)
Tax on assets	-	-	-	(431,582)	3,801,279
Income tax	(288,255,049)	(302,064,934)	137,218,320	(3,561,977)	140,426,465
Net result for the year	697,336,299	566,801,369	(259,925,806)	387,909	(225,417,788)
Other comprehensive income	1,575,080,198	1,165,842,220	1,049,995,831	743,518,138	-
Comprehensive result for the year	2,272,416,497	1,732,643,589	790,070,025	743,906,047	(225,417,788)

(a) Information consolidated with SEB and Hychico. according to financial information as of April 30, 2018. 2017. 2016. 2015 and 2014, and E G WIND as of April 30, 2018.

d) Cash flow Structure

	04/30/2018	04/30/2017	04/30/2016	04/30/2015	04/30/2014
			$ (a)		
Net cash flows provided by operating activities	2,767,313,565	2,030,175,562	824,398,528	639,643,281	385,781,974
Net cash flows used in investment activities	(1,451,255,781)	(891,058,996)	(637,042,352)	(207,689,724)	(182,910,977)
Net cash flows provided by / (used in) financing activities	1,131,184,798	(454,521,140)	(184,972,959)	(147,587,212)	(208,610,019)
Net increase / (decrease) in cash, cash equivalents and overdrafts	2,447,242,582	684,595,426	2,383,217	284,366,345	(5,739,022)

(a) Information consolidated with SEB and Hychico, according to financial information as of April 30, 2018. 2017. 2016. 2015 and 2014, and E G WIND at April 30, 2018.

e) Statistical Data (information not covered by the independent auditors report on the consolidated financial statements)

OIL					
	04/30/2018	04/30/2017	04/30/2016	04/30/2015	04/30/2014
	Consolidated Information				
Production in bbl	385,528	298,093	262,554	224,064	256,290
Sales domestic market bbl	616,420	477,218	467,932	426,406	445,887
Production in m^3	61,294	47,393	41,743	35,623	40,747
Sales in the domestic market m^3 (1) (4)	98,003	75,872	74,395	67,793	70,891

GAS (thousands of m^3)					
	04/30/2018	04/30/2017	04/30/2016	04/30/2015	04/30/2014
	Consolidated information				
Production	557,353	566,840	558,002	553,307	547,820
Redirected by CAMMESA – ES Resolution 95/13 /Purchase	574,893	527,689	455,302	419,390	293,754
Sales in the domestic market	32,814	4,186	61,632	28,837	29,598

ENERGY AGUA DEL CAJON (thousands of MWh)					
	04/30/2018	04/30/2017	04/30/2016	04/30/2015	04/30/2014
	Consolidated information				
Production	4,326	4,344	3,672	3,636	3,066
Purchase	-	-	-	-	31
Sales	4,192	4,164	3,381	3,403	2,839

RENEWABLE ENERGY (thousands of MWh)					
	04/30/2018	04/30/2017	04/30/2016	04/30/2015	04/30/2014
	Consolidated information				
Production	29.1	23.0	25.6	28.1	28.8
Sales	29.1	23.0	25.6	28.1	28.8

ENERGY DIADEMA PLANT (thousands of MWh)					
	04/30/2018	04/30/2017	04/30/2016	04/30/2015	04/30/2014
	Consolidated information				
Production	9.6	9.9	9.3	8.0	7.5
Sales	8.4	7.3	8.3	6.7	5.2

PROPANE (tn)					
	04/30/2018	04/30/2017	04/30/2016	04/30/2015	04/30/2014
	Consolidated information				
Production	21,460	21,174	18,873	22,015	21,718
Sales domestic market	21,396	21,092	16,533	22,046	21,694
Sales in the foreign market	-	-	2,378	-	-

BUTANE (tn)					
	04/30/2018	04/30/2017	04/30/2016	04/30/2015	04/30/2014
	Consolidated information				
Production	14,190	14,042	13,882	15,114	16,285
Sales domestic market	14,135	14,061	13,757	15,173	16,253

GASOLINE (m^3)					
	04/30/2018	04/30/2017	04/30/2016	04/30/2015	04/30/2014
	Consolidated information				
Production (2)	28,102	27,830	28,022	27,644	26,729

M.

OXYGEN (Nm³)	04/30/2018	04/30/2017	04/30/2016	04/30/2015	04/30/2014
	Consolidated information				
Production	49,894	41,418	46,079	37,747	65,917
Sales domestic market [3]	127,113	112,379	114,037	127,433	128,650

[1] Includes 28,092 m3, 27,855 m3, 28,010 m3, 27,615 m3 and 26,749 m3 of gasoline at April 30, 2018, 2017, 2016, 2015 and 2014, respectively, sold as oil.
[2] The gasoline at April 30, 2018, 2017, 2016, 2015 and 2014, was sold as oil.
[3] The sales of oxygen at April 30, 2018, 2017, 2016, 2015 and 2014 include take or pay clause.
[4] As of April 30, 2018 corresponds 88,238 thousand m3 of the Agua del Cajón area and 9,765 thousand m3 of the Loma Negra and La Yesera areas.

f) Ratios

	04/30/2018	04/30/2017	04/30/2016 (a)	04/30/2015	04/30/2014
Liquidity (1)	4.15	0.56	2.30	1.51	0.77
Solvency (2)	0.62	0.62	0.37	0.33	0.12
Capital Immobilization (3)	0.63	0.76	0.75	0.80	0.86
Return on Equity (4)	0.49	0.65	0.56	1.17	(0.60)

a) Information consolidated with SEB and Hychico as per financial information at April 30, 2018, 2017, 2016, 2015 and 2014 and E G WIND at April 30, 2018.

(1) $\frac{\text{Current Assets}}{\text{Current Liabilities}}$

(2) $\frac{\text{Shareholders' Equity}}{\text{Total Liabilities}}$

(3) $\frac{\text{Non-Current Assets}}{\text{Total Assets}}$

(4) $\frac{\text{Net Profit}}{\text{Average Shareholders' Equity}}$

g) Perspectives (information not covered by the independent auditors report on the consolidated financial statements)

Hydrocarbons

During the next fiscal year, the Company will continue:

- in the Agua del Cajón area with a development plan called "conventional" that includes the drilling of two wells. Additionally wells tight gas sand will be drilled, there will be 2 deepenings and a program of repair/optimization of 10 wells. Furthermore, an exploratory well will be drilled to continue investigating shale gas productivity in the Los Molles formation and 2 wells to extend the tight gas sand area in exploitation. The evaluation of the oil potential in the Shale Vaca Muerta formation will be continued.

Capex will continue focusing its resources on the development of new conventional and unconventional reserves. The replacement of reserves in the short term will be based on the exploration and development of conventional reserves and tight gas sand projects. With regard to the development of shale resources (schist of slate rock), the Company will continue working on its technical-economic viability before embarking on any development project.

- in the Loma Negra area, drill 2 development wells and 2 advanced wells to develop gas reserves, as well as investments in catchment and treatment facilities to commercialize said gas; the development of this gas, if the Stimulus Plan mentioned in point 1.1.1 is approved, could be applied to said plan. Also, it is intended to repair 6 injection wells and producers.

- In the **La Yesera area**, install a battery in order to continue the development program of this area. Capex will focus on the development of oil reserves in deep targets. In the first instance, the intention is to carry out "side track" to any of the existing inactive wells.

Further, the Company is evaluating other hydrocarbon assets to apply the expertise gained over the years and seize growth opportunities for its operations.

Energy

As part of its strategy of diversification and growth, Capex is evaluating potential thermal energy generation projects in different regions of the country.

Renewable Energy

Hychico will continue operating its two plants and will continue assessing the storage of hydrogen in oil depleted reservoirs, as well as the feasibility to progress with the methanation project. In this sense, a work program has already been defined with its corresponding budget and schedule, which will be extended until the middle of 2018.
Hychico's long-term objectives are to supply future regional and international markets for "green hydrogen" produced from renewable energy and / or "green methane", using hydrogen as a raw material and a sustainable source of carbon dioxide, as well as the development of new wind farms to supply national electricity demand as renewable energy generating plants free of greenhouse gas emissions.

Participation in future Rounds for the RenovAR Program and Forward Market (MATER)

It is the Government's intention, through the Ministry of Energy and Mining, to perform several calls for the RenovAr Program with the aim of obtaining offers of renewable energy sources necessary to fulfill the goals of Law No. 27191. An electricity Forward Market has been set as from renewable sources (MATER) which will allow the purchase/sale between private parties. Today, the main disadvantage of this market is determined by the hiring term, which tends to be below 15 years. The selling of renewable energy between private parties will mature in the following years and, according to the Renewable Energies Report of CAMMESA of June 2018, 2089 are the Large Users Enabled that should consume an 8% of renewable energy as from 2018.

It is the intention of the Company and its subsidiary Hychico to be active participants in the market of renewable energies, for which purpose, several assessment and feasibility studies are being performed to participate with potential generation projects in the following tenders under the framework of the RenovAR Program. With this goal, a portfolio of wind farm and solar projects have been developed in different areas of the country for the coming RenovAR rounds and Forward Market.

Financial

The Group bases its financial strategy on two pillars: (i) maintaining its financial liabilities in medium and long-term structures in order to maintain a maturity profile according to the cash generation of its businesses and, (ii) prioritizing the position of liquidity in order to be able to complete its growth and investment plan.

In line with this strategy, Capex has all of its financial liabilities structured with the issuance of Corporate Bond Class II for US$ 300 million completed in May 2017 and falling due in May 2024, at a nominal annual rate of 6.875%. The funds received for this issuance were applied to the refinancing of Corporate Bond Class I for US$ 200 million, which fell due in March 2018 at a nominal annual rate of 10%, and to the increase of Capex liquidity to comply with its investment plan and the acquisition of new businesses. This additional liquidity was used, in part, to acquire the hydrocarbon areas Loma Negra and La Yesera and to defray investments associated with the development of Diadema II Wind Farm, awarded under the RenovAR Program, Round 2.0. It is the Company's intention to make the payment for the acquisition of the hydrocarbon area Pampa del Castillo - La Guitarra with the proceeds from the issuance of the Corporate Bond Class II referred to above, after compliance with the conditions precedent set forth in the purchase and sale agreement.

Finally, in line with this strategy, the Group has at the date of these financial statements a liquidity position of US$138 million and $1.8 billion, which it has invested in quick assets. At the date of issue of these financial statements, the Group holds approximately 90% of its placements in US dollars.

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

CONSOLIDATED REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders, President and Directors of
Capex S.A.
Legal address: Córdoba Av. 948/950 5th C Floor
Autonomous City of Buenos Aires
Tax Code: 30-62982706-0

Financial statements report

We have audited the accompanying consolidated financial statements of Capex S.A. and its subsidiaries (the "Company") including the consolidated statement of financial position as of April 30, 2018, the consolidated statements of comprehensive income, of changes in consolidated shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information contained in the notes 1 to 33 and 35 to 39, and exhibits A and D to H.

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 of Directors responsibility

The Board of Directors of the Company is responsible for the preparation and reasonable presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), which were 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). Also the Board is responsible of internal control that it deems necessary to enable the preparation of these consolidated financial statements free of significant inaccuracies due to errors or irregularities.

Auditor´s Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and other information disclosed in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the consolidated 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 consolidated 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, the reasonableness of significant estimates made by the Company's management, and the presentation of the consolidated 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 consolidated financial statements mentioned in the first paragraph of this report present fairly, in all material respects, the consolidated statement of financial position of the Company as of April 30, 2018, the consolidated statement of comprehensive income and consolidated cash flows for the year ended in this date, in accordance with the International Financial Reporting Standards.

Report about compliance with current regulations

In accordance with current regulations, we report that, in connection with the Company:

a) the consolidated financial statements of the Company are transcribed into the "Inventory and Balance Sheet" book and as regards those matters that are within our competence, they are in compliance with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission;

b) the individual financial statements of the Company arise from accounting records carried in all formal respects in accordance with legal requirements, which maintain the security and integrity conditions based on which they were authorized by the National Securities Commission;

c) we have read the summary of activity, on which, as regards those matters that are within our competence, we have no observations to make;

d) as of April 30, 2018 the debt accrued by Capex S.A. in favor of the Argentine Integrated Social Security System according to the Company's accounting records amounted to $ 4,606,564.68, none of which was claimable at that date;

pwc

e) in accordance with article 21°, paragraph b), Chapter III, Section VI, Title II of the regulation of the National Securities Commission, we report that the total fees on account of audit and related services invoiced to the Company for the year ended April 30, 2018 represent:

   e.1) 83 % of the total fees for services invoiced to the Company for all items in that year;
   e.2) 49 % of the total fees for audit and related services invoiced to the Company, its parent companies, subsidiaries and related parties in that year;
   e.3) 42 % of the total fees for services invoiced to the Company, its parent companies, subsidiaries and related parties for all items in that year;

f) we have applied money laundering abatement and anti-terrorist financing procedures to the Company foreseen in the professional standards issued by the Professional Council in Economic Sciences of the Autonomous City of Buenos Aires.

Autonomous City of Buenos Aires, July 6, 2018.

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Dr. Nicolás A. Carusoni
Public Accountant

REPORT OF THE SYNDICS' COMMITTEE ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Capex S.A.
Legal Address: Avenida Córdoba 948/950 5th Floor Ap. C
CUIT: 30-62982706-0

In our capacity as members of the Syndics' Committee of Capex S.A. we have examined the consolidated financial statements detailed as follows:

Documents examined

a) Consolidated Statement of Financial Position at April 30, 2018.

b) Consolidated Statement of Comprehensive Income for the year ended April 30, 2018.

c) Consolidated Statement of Changes in Shareholders' Equity for the year ended April 30, 2018.

d) Consolidated Statement of Cash Flow for the year ended April 30, 2018.

e) Notes 1 to 33 and 35 to 39 and Exhibits A and C to H.

f) Annual Report for the year ended April 30, 2018.

The balances and other information corresponding to the fiscal year ended April 30, 2017 are an integral part of the financial statements mentioned above; therefore, they must be considered in connection with those financial statements.

Board responsibility as to the financial statements

The Board of Directors of the Company is responsible for: a) the preparation and presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and included by the National Securities Commission (CNV) in its regulations, as approved by the International Accounting Standards Board (IASB), and b) the internal control the Board may consider necessary to make possible the preparation of the consolidated financial statements free from material misstatements due to errors or irregularities. Our responsibility is to express an opinion on the consolidated financial statements, based on the audit that we have performed with the scope detailed in the paragraph below.

Syndic's responsibility

Our examination was conducted in accordance with standards applicable to syndics as set forth in Technical Pronouncement 15/98 of the Argentine Federation of Professional Councils in Economic Sciences. Those standards require that the examination of the financial statements be performed in accordance with International Standards on Auditing (ISAs), which were adopted as review standards in Argentina through Technical Pronouncement No. 32 of the Argentine Federation of Professional Councils in Economic Sciences and its respective Circulars of Adoption, and include verifying the consistency of the documents examined with the information on corporate decisions disclosed in minutes and the conformity of those decisions to the law and by-laws insofar as concerns formal and documentary aspects.

For the purposes of our professional work on the documents mentioned in items a) to f), we have reviewed the work done by the external auditors of Capex S.A., Price Waterhouse & Co. S.R.L., who issued their unqualified audit report on this date. The review included the verification of the work planning, the nature, scope and timing of the procedures applied and the results of the examination performed by those professionals.

An audit involves performing procedures to obtain audit evidence about the amounts and other information disclosed in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the consolidated financial statements due to fraud or error. In making those risk assessments, the auditor must consider internal control relevant to the Company' preparation and reasonable presentation of the consolidated 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 Company' s Management, as well as evaluating the overall presentation of the consolidated financial statements.

It is not the responsibility of the syndic to perform any control over the management, so the examination did not cover the business decisions and criteria adopted by the various areas of the Company, as such matters are the exclusive responsibility of the Board and Shareholders.

Furthermore, we have verified that the Annual Report from the Board of Directors for the year ended April 30, 2018 contains the information required by section 66 of the Commercial Companies Law and, as regards those matters that are within our competence, the amounts disclosed therein agree with the Company' s accounting records and other relevant documentation.

Opinion

Based on the work done, with the scope mentioned in the paragraphs above, we report that:

a) In our opinion, the consolidated financial statements examined present fairly, in all material respects, the consolidated financial position of Capex and its subsidiaries as of April 30, 2018, the consolidated comprehensive income and consolidated cash flow for the year ended on this date, in conformity with International Financing Reporting Standards.

b) As regards those matters that are within our competence, we have no observations to make in connection with the Annual Report from the Board of Directors, any statement about future events being the exclusive responsibility of the Board of Directors.

c) As established by article 4 of Chapter XXI of the National Securities Commission and the Resolution No. 368 of that Commission, we declare that:

   i) The accounting and auditing policies of the Company relate to standards in the field, and they disclose a reasonable quality, and that the external auditor is compliant with his work with a satisfactory degree of objectivity and independence, as per the report issued in this regard by the Audit Committee.

   ii) The financial statements were prepared taking into account the professional accounting standards approved by the Professional Council in Economic Sciences of the Autonomous City of Buenos Aires and the provisions of the National Securities Commission.

Report on other legal and regulatory requirements

a) The consolidated financial statements of Capex S.A. arise from accounting records carried in all formal aspects in accordance with legal requirements.

b) We have read the summary of activities and have no observations to make, regarding those matters that are within our field of competence.

c) The provisions of section 294 of the General Companies Law and article 76 of Resolution 7/2015 of the Superintendency of Commercial Companies have been duly fulfilled.

d) We have verified that the external auditors indicate in clause f) of the section "Report about compliance with current regulations" of their audit report that they have complied with the professional standard as regards money laundering abatement and anti-terrorist financing issued by the Professional Council in Economic Sciences of the Autonomous City of Buenos Aires.

City of Buenos Aires, July 6, 2018

For the Syndics' Committee

Norberto Luis Feoli
Full Syndic
Public Accountant (UBA)

C.P.C.E.C.A.B.A. T° 50 F° 212