



Siderúrgica Venezolana “Sivensa”, S.A. and its Subsidiaries

Consolidated Financial Statements March 31, 2015 and 2014

(In accordance with Notices identified as DSNV/CJ 3652 and DSNV/CJ/ 0744,
issued by the National Securities Superintendence on August 12, 2011 and July 27, 2016)

PRESENTATION OF THE FINANCIAL STATEMENTS

The following consolidated financial statements of Sivensa are prepared and presented in accordance with the accounting practices indicated by the National Superintendence of Securities (*Superintendencia Nacional de Valores* - “SUNAVAL”), which are based on International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as set forth in Resolution No. 254-2008 of the Directors of the SUNAVAL of December 2008 and in accordance with the notices issued by said body.

On August 2015, Directors of SUNAVAL, as a result of Notice DSNV/CJ/3045, agreed to postpone the presentation of financial statements adjusted for inflation as established in Resolution No. 254-2008 and mandated that financial statements be present in historical values.

On July 2016, the Directors of the SUNAVAL in accordance with Notice DSNV/CJ/0744, instructed all issuers of publicly traded securities, to file monthly and quarterly financial statements for the year 2015 duly adjusted for inflation based on the inflation index issued by the Central Bank of Venezuela (*Banco Central de Venezuela* - “BCV”). As of January 1, 2016 and until the SUNAVAL establishes a different criteria, issuers must file their financial statements based on inflation-adjusted figures taking into account the last inflation index published by the BCV. Accordingly, the following consolidated financial statements are prepared in accordance with the instructions of the SUNAVAL, indicated in the Notice mentioned at the beginning of this paragraph, as follows: since the latest inflation index published by the BCV was the index corresponding to December 2015, Sivensa recognized the effects of inflation at December 31, 2015 and considered the amounts expressed in terms of purchasing power at such date as the basis for presenting the nominal financial statements for the following periods.

CARACAS, SEPTEMBER 30, 2016



SIDERURGICA VENEZOLANA "SIVENSA", S.A AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
MARCH 31, 2015 AND 2014
(Thousands of constant bolivars)

| | 2015 | 2014 |
|---|-------------|-------------|
| Assets | | |
| Non-current Assets | | |
| Available for-sale investment | | |
| Investments in companies under "nationalization" | 179.436.971 | 82.054.897 |
| Net assets in process of expropriation and assets subject to appropriation | 5.968.676 | 5.841.070 |
| Accounts receivable from companies under "nationalization", net | 17.580.017 | 6.999.235 |
| Property, plant and equipment, net | 157.937 | 270.582 |
| Other non-current assets | 275.288 | 93.802 |
| | 203.418.889 | 95.259.585 |
| Total non-current assets | | |
| Current assets | | |
| Prepaid expenses and other current assets | 31.421 | 6.065 |
| Advances to suppliers | 23.897 | 28.180 |
| Accounts receivables | | |
| Other accounts receivable | 2.862.366 | 1.613.519 |
| Related companies | 3.845 | 5.721 |
| Investments in trading securities | 1.416.388 | - |
| Cash and cash equivalents | 392.671 | 1.204.483 |
| | 4.730.588 | 2.858.616 |
| Total current assets | | |
| | 208.149.477 | 98.118.202 |
| Total assets | | |
| Equity and Liabilities | | |
| Equity | | |
| Capital stock | | |
| Nominal and inflation adjustment | 6.422.355 | 6.422.355 |
| Share discount | 617.725 | 617.725 |
| Net effect of combination (merger) of subsidiaries | 259.622 | 473.602 |
| Surplus from revaluation associated with investments in companies under "nationalization" | 304.318 | 555.141 |
| Difference between fair value and cost of shares of subsidiary | 723.650 | 1.320.082 |
| Translation adjustment | 119.641.503 | 50.188.895 |
| Retained earnings | | |
| Legal reserve | 642.907 | 642.907 |
| Unappropriated | (448.175) | 1.915.548 |
| | 128.163.905 | 62.136.256 |
| Total equity of Sivensa shareholders | | |
| Non-controlling interests | 56.490.184 | 25.865.492 |
| | 184.654.089 | 88.001.748 |
| Total equity | | |
| Liabilities | | |
| Non-current liabilities | | |
| Accrual for length-of-service benefits, net of advances and loans to employees | 4.112 | 3.371 |
| Other long-term liabilities and accruals | 40.669 | 158.928 |
| Deferred income tax | 512.974 | 510.382 |
| | 557.755 | 672.681 |
| Total non-current liabilities | | |
| Current liabilities | | |
| Short-term bank loans | 1.177.091 | 538.272 |
| Financial obligation | 14.651.823 | 6.697.140 |
| Profit sharing, vacation bonus and other employee accruals | 2.557 | 3.597 |
| Taxes | 69.033 | 130.538 |
| Other liabilities and accruals | 6.656.651 | 1.897.562 |
| Accounts payable | | |
| Suppliers | 184.537 | 76.211 |
| Related companies | 195.941 | 100.451 |
| | 22.937.633 | 9.443.772 |
| Total current liabilities | | |
| | 23.495.388 | 10.116.453 |
| Total liabilities | | |
| | 208.149.477 | 98.118.202 |
| Total equity and liabilities | | |



SIDERURGICA VENEZOLANA "SIVENSA", S.A AND ITS SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT

SEMESTER ENDED MARCH 31, 2015 AND 2014

(Thousands of constant bolivars)

| | 2015 | 2014 |
|--|-------------------------|------------------------|
| General and administrative expenses | (91.256) | (43.850) |
| Other operating income, net | 53.438 | 33.642 |
| Operating loss | <u>(37.818)</u> | <u>(10.208)</u> |
| Financial expense, net | (41.374) | (12.264) |
| Exchange loss, net | (199.929) | (20.801) |
| Loss from net monetary position | (6.483) | (48.201) |
| | <u>(247.787)</u> | <u>(81.266)</u> |
| Loss before income tax | <u>(285.605)</u> | <u>(91.475)</u> |
| Income tax | | |
| Current | - | (40) |
| Deferred | 158 | 155 |
| | <u>158</u> | <u>115</u> |
| Net loss for the period | <u><u>(285.448)</u></u> | <u><u>(91.360)</u></u> |
| Net loss for the period attributed to | | |
| Sivensa's shareholders | (278.443) | (87.863) |
| Non-controlling interest | (7.005) | (3.497) |
| Net loss for the period | <u><u>(285.448)</u></u> | <u><u>(91.360)</u></u> |



SIDERURGICA VENEZOLANA "SIVENSA", S.A AND ITS SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT

QUARTERS ENDED MARCH 31, 2015 AND 2014

(Thousands of constant bolivars)

| | 2015 | 2014 |
|--|------------------|-----------------|
| General and administrative expenses | (32.137) | (17.215) |
| Other operating income, net | 44.440 | 28.296 |
| Operating loss | <u>12.304</u> | <u>11.081</u> |
| Financial expense, net | (29.726) | (10.424) |
| Exchange loss, net | (200.543) | (20.801) |
| Gain (loss) from net monetary position | 9.277 | (20.807) |
| | <u>(220.992)</u> | <u>(52.032)</u> |
| Net loss for the quarter | <u>(208.609)</u> | <u>(40.870)</u> |
| Net loss for the quarter attributable to: | | |
| Sivensa's shareholders | (207.773) | (40.875) |
| Non-controlling interest | (836) | 4 |
| Net loss for the quarter | <u>(208.609)</u> | <u>(40.870)</u> |



SIDERURGICA VENEZOLANA "SIVENSA", S.A AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL INDICATORS
AS OF MARCH 31, 2015 AND 2014

| | | <u>2015</u> | <u>2014</u> |
|---------------------------|---|--------------|-------------|
| Solvency | <u>Current assets</u> Current liabilities | 0,21 | 0,30 |
| Working capital | Current assets - Current liabilities (Thousands of bolivars) | (18.207.045) | (6.585.156) |
| Short term debt | <u>Short term financial liability</u> Total equity of Sivensa shareholders | 0,12 | 0,12 |
| Total debt | <u>Financial liabilities short and long term</u> Total equity of Sivensa shareholders | 0,12 | 0,12 |
| Return over assets | <u>Annualized net loss attributable to Sivensa shareholders</u> Total assets | -0,27% | -0,18% |
| Return over equity | <u>Annualized net loss attributable to Sivensa shareholders</u> Total equity of Sivensa shareholders | -0,41% | -0,28% |