



Siderúrgica Venezolana "Sivensa", S.A. and its Subsidiaries

Consolidated Financial Statements September 30, 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 SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
SEPTEMBER 30, 2015 AND 2014

(In thousands of constant bolivars at September 30, 2015)

	2015	2014
Assets		
Non-current Assets		
Available for-sale investment		
Investments in companies under "nationalization"	180.088.799	110.471.455
Net assets in process of expropriation and assets subject to appropriation	10.498.696	10.442.920
Accounts receivable from companies under "nationalization", net	17.311.428	9.814.478
Property, plant and equipment, net	265.942	280.130
Other non-current assets	280.468	183.047
Total non-current assets	208.445.333	131.192.030
Current assets		
Prepaid expenses and other current assets	50.802	52.057
Inventories	-	-
Advances to suppliers	14.589	17.667
Accounts receivables		
Other accounts receivable	2.866.445	2.034.095
Related companies	9.621	7.437
Investments in trading securities	1.413.664	947.391
Cash and cash equivalents	443.489	628.415
Total current assets	4.798.610	3.687.062
Total assets	213.243.943	134.879.092
Equity and Liabilities		
Equity		
Capital stock		
Nominal	105.049	105.049
Inflation adjustment	11.146.051	11.146.051
Share premium	1.082.172	1.082.172
Net effect of combination (merger) of subsidiaries	259.622	635.373
Surplus from revaluation associated with investments in companies under "nationalization"	304.315	744.757
Difference between fair value and cost of shares of subsidiary	723.647	1.770.986
Translation adjustment	119.923.552	67.509.612
Retained earnings (déficit)		
Legal reserve	1.126.287	1.126.287
Unappropriated	(1.569.064)	1.766.530
Total equity of Sivensa shareholders	133.101.631	85.886.817
Non-controlling interests	56.700.757	34.809.066
Total equity	189.802.388	120.695.883
Liabilities		
Non-current liabilities		
Accrual for length-of-service benefits, net of advances and loans to employees	4.795	5.533
Other long-term liabilities and accruals	40.669	131.765
Deferred income tax	813.812	898.798
Total non-current liabilities	859.276	1.036.096
Current liabilities		
Short-term bank loans	1.181.366	724.682
Financial obligation	14.705.056	9.016.458
Profit sharing, vacation bonus and other employee accruals	9.018	8.717
Taxes	69.033	170.577
Other liabilities and accruals	6.283.236	2.972.637
Accounts payable		
Suppliers	137.917	133.096
Related companies	196.653	120.946
Total current liabilities	22.582.279	13.147.113
Total liabilities	23.441.555	14.183.209
Total equity and liabilities	213.243.943	134.879.092



SIDERURGICA VENEZOLANA "SIVENSA", S.A AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

(In thousands of constant bolivars at September 30, 2015)

	2015	2014
General and administrative expenses	(282.900)	(230.886)
Other operating income, net	54.698	93.183
Operating loss	<u>(228.202)</u>	<u>(137.703)</u>
Financial expenses	(1.616.775)	(710.645)
Financial income	1.421.682	632.336
Exchange (loss) gain, net	(468.083)	69.657
Gain (loss) from net monetary position	243.233	(159.114)
Loss before tax	<u>(648.145)</u>	<u>(305.469)</u>
Income tax		
Deferred	84.988	(4.765)
	<u>84.988</u>	<u>(4.765)</u>
Net loss	<u>(563.157)</u>	<u>(310.234)</u>
Net loss attributable to Sivensa shareholders		
Sivensa shareholders	(536.021)	(281.831)
Non-controlling interests	(27.136)	(28.403)
Net loss	<u>(563.157)</u>	<u>(310.234)</u>



SIDERURGICA VENEZOLANA "SIVENSA", S.A AND SUBSIDIARIES
CONSOLIDATED FINANCIAL INDICATORS
AS OF SEPTEMBER 30, 2015 AND 2014

		<u>2015</u>	<u>2014</u>
Solvency	<u>Current assets</u> Current liabilities	0,21	0,28
Working capital	Current assets - Current liabilities (MBs)	(17.783.669)	-9.460.051
Short term debt	<u>Short term financial liability</u> Total equity of Sivensa shareholders	0,119	0,113
Total debt	<u>Financial liabilities short and long term</u> Total equity of Sivensa shareholders	0,12	0,11
Return over assets	<u>Annualized net loss attributable to Sivensa shareholders</u> Total assets	-0,25%	-0,21%
Return over equity	<u>Annualized net loss attributable to Sivensa shareholders</u> Total equity of Sivensa shareholders	-0,40%	-0,33%