



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

### **Consolidated Financial Statements December 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 SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET**  
**DECEMBER 31, 2015 AND 2014**

(In thousands of constant bolivars at December 31, 2015)

	2015	2014
<b>Assets</b>		
<b>Non-current Assets</b>		
Available for-sale investment		
Investments in companies under "nationalization"	179.436.971	127.559.128
Net assets in process of expropriation and assets subject to appropriation	14.136.000	14.071.155
Accounts receivable from companies under "nationalization", net	17.580.017	11.573.556
Property, plant and equipment, net	354.137	373.224
Other non-current assets	279.355	180.538
Total non-current assets	211.786.480	153.757.601
<b>Current assets</b>		
Prepaid expenses and other current assets	59.691	82.629
Inventories	-	-
Advances to suppliers	23.897	24.363
Accounts receivables		
Other accounts receivable	2.862.028	2.331.711
Related companies	3.845	11.294
Investments in trading securities	1.416.388	1.094.696
Cash and cash equivalents	392.671	590.902
Total current assets	4.758.520	4.135.595
Total assets	216.545.000	157.893.196
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Capital stock		
Nominal	105.049	105.049
Inflation adjustment	15.036.681	15.036.681
Share premium	1.456.387	1.456.387
Net effect of combination (merger) of subsidiaries	259.622	733.614
Surplus from revaluation associated with investments in companies under "nationalization"	304.315	859.911
Difference between fair value and cost of shares of subsidiary	723.647	2.044.815
Translation adjustment	119.341.305	77.877.897
Retained earnings		
Legal reserve	1.515.757	1.515.757
Unappropriated	(2.765.403)	1.304.803
Total equity of Sivensa shareholders	135.977.360	100.934.914
Non-controlling interests	56.490.183	40.185.577
Total equity	192.467.543	141.120.491
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Accrual for length-of-service benefits, net of advances and loans to employees	4.112	7.748
Other long-term liabilities and accruals	40.669	152.139
Deferred income tax	1.095.044	1.209.337
Total non-current liabilities	1.139.825	1.369.224
<b>Current liabilities</b>		
Short-term bank loans	1.177.091	836.936
Financial obligation	14.651.823	10.411.116
Profit sharing, vacation bonus and other employee accruals	2.557	3.702
Taxes	69.033	196.951
Other liabilities and accruals	6.656.651	3.724.668
Accounts payable		
Suppliers	184.537	84.946
Related companies	195.940	145.162
Total current liabilities	22.937.632	15.403.481
Total liabilities	24.077.457	16.772.705
Total equity and liabilities	216.545.000	157.893.196



**SIDERURGICA VENEZOLANA "SIVENSA", S.A AND SUBSIDIARIES**  
**CONSOLIDATED INCOME STATEMENT**

**QUARTERS ENDED DECEMBER 31, 2015 AND 2014**

(In thousands of constant bolivars at December 31, 2015)

	2015	2014
General and administrative expenses	(161.893)	(139.375)
Other operating income, net	65.433	21.213
Operating loss	<u>(96.460)</u>	<u>(118.162)</u>
Financial expenses, net	(42.510)	(27.460)
Exchange gain, net	2.216	1.447
Loss from net monetary position	134.611	(37.155)
	<u>94.317</u>	<u>(63.168)</u>
Loss before tax	<u>(2.143)</u>	<u>(181.330)</u>
Income tax		
Deferred	183	184
	<u>183</u>	<u>184</u>
Net loss of the quarter	<u>(1.960)</u>	<u>(181.146)</u>
<b>Net loss attributable to Sivensa shareholders</b>		
Sivensa shareholders	6.247	(166.603)
Non-controlling interest	(8.207)	(14.543)
Net loss for the quarter	<u>(1.960)</u>	<u>(181.146)</u>



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

		2015	2014
<b>Solvency</b>	<u>Current assets</u> Current liabilities	0,21	0,27
<b>Working capital</b>	Current assets - Current liabilities (MBs)	(18.179.112)	(11.267.886)
<b>Short term debt</b>	<u>Short term financial liability</u> Total equity of Sivensa shareholders	0,116	0,111
<b>Total debt</b>	<u>Financial liabilities short and long term</u> Total equity of Sivensa shareholders	0,12	0,11
<b>Return over assets</b>	<u>Annualized net loss attributable to Sivensa shareholders</u> Total assets	0,01%	-0,42%
<b>Return over equity</b>	<u>Annualized net loss attributable to Sivensa shareholders</u> Total equity of Sivensa shareholders	0,02%	-0,66%