



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

Consolidated Financial Statements March 31, 2016 and 2015

(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, 2016 AND 2015
(Thousands of bolivars)

	2016	2015
Assets		
Non-current Assets		
Available for-sale investment		
Investments in companies under "nationalization"	246.456.474	423.004.715
Net assets in process of expropriation and assets subject to appropriation	14.136.000	14.070.556
Accounts receivable from companies under "nationalization", net	24.622.931	41.443.132
Property, plant and equipment, net	350.380	372.320
Other non-current assets	360.966	648.967
	285.926.751	479.539.691
Current assets		
Prepaid expenses and other current assets	51.310	74.071
Advances to suppliers	8.489	56.335
Accounts receivables		
Other accounts receivable	3.932.367	6.747.742
Related companies	20.854	9.064
Investments in trading securities	1.948.725	3.338.993
Cash and cash equivalents	711.753	925.683
	6.673.498	11.151.888
Total assets	292.600.249	490.691.578
Equity and Liabilities		
Equity		
Capital stock		
Nominal and inflation adjustment	15.141.730	15.141.730
Share discount	1.456.387	1.456.387
Net effect of combination (merger) of subsidiaries	259.622	612.033
Surplus from revaluation associated with investments in companies under "nationalization"	304.318	717.399
Difference between fair value and cost of shares of subsidiary	723.650	1.705.933
Translation adjustment	165.313.853	282.042.879
Retained earnings		
Legal reserve	1.515.757	1.515.757
Unappropriated	(2.878.552)	(1.058.528)
	181.836.765	302.133.590
Non-controlling interests	77.577.895	133.169.960
	259.414.660	435.303.549
Liabilities		
Non-current liabilities		
Accrual for length-of-service benefits, net of advances and loans to employees	3.457	9.694
Other long-term liabilities and accruals	40.669	95.873
Deferred income tax	1.095.044	1.209.286
	1.139.170	1.314.853
Current liabilities		
Short-term bank loans	1.616.732	2.774.874
Financial obligation	20.125.083	34.540.208
Profit sharing, vacation bonus and other employee accruals	6.469	6.028
Taxes	69.033	162.738
Other liabilities and accruals	9.782.830	15.692.389
Accounts payable		
Suppliers	177.104	435.028
Related companies	269.168	461.911
	32.046.419	54.073.176
Total current liabilities	33.185.589	55.388.029
Total liabilities	33.185.589	55.388.029
Total equity and liabilities	292.600.249	490.691.578



SIDERURGICA VENEZOLANA "SIVENSA", S.A AND ITS SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
SEMESTER ENDED MARCH 31, 2016 AND 2015

(Thousands of bolivars)

	2016	2015
General and administrative expenses	(292.640)	(215.128)
Other operating income, net	129.800	125.975
Operating loss	<u>(162.840)</u>	<u>(89.153)</u>
Financial expense, net	(87.964)	(97.536)
Exchange loss, net	(12.600)	(471.313)
Gain (loss) from net monetary position	134.611	(15.283)
	<u>34.047</u>	<u>(584.133)</u>
Loss before income tax	<u>(128.793)</u>	<u>(673.285)</u>
Income tax		
Current	-	-
Deferred	183	371
	<u>183</u>	<u>371</u>
Net loss for the period	<u>(128.610)</u>	<u>(672.914)</u>
Net loss for the period attributed to		
Sivensa's shareholders	(106.620)	(656.401)
Non-controlling interest	(21.990)	(16.514)
Net loss for the period	<u>(128.610)</u>	<u>(672.914)</u>



SIDERURGICA VENEZOLANA "SIVENSA", S.A AND ITS SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
QUARTERS ENDED MARCH 31, 2016 AND 2015

(Thousands of bolivars)

	2016	2015
General and administrative expenses	(130.747)	(59.480)
Other operating income, net	64.090	102.286
Operating (loss) gain	<u>(66.657)</u>	<u>42.806</u>
Financial expense, net	(45.454)	(66.870)
Exchange loss, net	(14.816)	(472.929)
Gain from net monetary position	-	26.210
Loss before income tax	<u>(60.270)</u>	<u>(513.589)</u>
Income tax		
Current	-	-
Deferred	-	166
	<u>-</u>	<u>166</u>
Net loss for the quarter	<u>(126.927)</u>	<u>(470.617)</u>
Net loss for the quarter attributable to:		
Sivensa's shareholders	(113.144)	(470.345)
Non-controlling interest	(13.783)	(272)
Net loss for the quarter	<u>(126.927)</u>	<u>(470.617)</u>



SIDERURGICA VENEZOLANA "SIVENSA", S.A AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL INDICATORS
AS OF MARCH 31, 2016 AND 2015

		<u>2016</u>	<u>2015</u>
Solvency	<u>Current assets</u> Current liabilities	0,21	0,21
Working capital	Current assets - Current liabilities (Thousands of bolivars)	(25.372.921)	(42.921.288)
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	-0,07%	-0,27%
Return over equity	<u>Annualized net loss attributable to Sivensa shareholders</u> Total equity of Sivensa shareholders	-0,16%	-0,43%