

Siderúrgica Venezolana "SIVENSA" S.A.  
Contact: Janeth Villegas  
Investors Relations  
Phone: 58-212-707.62.80  
Fax: 58-212-707.63.52  
E-mail: janeth.villegas@sivensa.com



FOR IMMEDIATE DISTRIBUTION

**SIVENSA THIRD QUATER RESULTS REPORT FOR FISCAL YEAR 2011**

CARACAS, July 29, 2011

As timely reported, the most significant event to date in fiscal year 2011 was the announcement made by the President of the Republic last October 31, 2010 regarding the expropriation of the plants and other industrial assets of our subsidiary Sidetur. The Decree No. 7786 of November 2, 2010 was published in the Official Gazette No. 39544 dated November 3, 2010, which among other matters: i) orders the forced acquisition of the assets (movables, real property and improvements) owned by Sidetur and its subsidiaries and affiliates, consisting of the two Sidetur steel mills (Casima and Barquisimeto plants), four lamination trains in the Lara, Antimano and Guarenas plants, an electrowelded mesh plant, and 15 ferrous scrap collection and processing centers; ii) states that the expropriated property will be transferred, free of liens or limitations, to the proprietorship of the Bolivarian Republic of Venezuela for the purpose of carrying out the "Bolivarian Steel Complex;" and (iii) indicates that the Ministry of the People's Power for the Basic Industries and Mining (MIBAM) is in charge of the implementation of the aforesaid decree.

According to the statement released to the media on November 1, 2010, which, among others, indicated there were no objective reasons for the expropriation of Sidetur, and therefore the company (Sidetrur) would exercise all legal remedies available to protect its rights and interest, this subsidiary filed on April 27, 2011: (i) before the Political-Administrative Chamber of the Supreme Court of Justice a judicial recourse for the annulment of Executive Decree No. 7786 of November 2, 2010 and (II) before the Contentious Administrative Courts a judicial recourse for the annulment of Administrative Decision No. 422 of November 2, 2010, issued by the Institute for the Defense of Persons in the Access to Goods and Services (INDEPABIS).

Throughout the quarter, judicial inspections of buildings and property of Sidetur and its affiliates, promoted by the Attorney General's Office of the Republic since February 2011, aimed to determine the assets present in each of the manufacturing facilities of the subsidiary

Sidetur, located at Antímáno, Guarenas and Valencia, went on. For these inspections the company has been fully cooperative and provided all requested information.

On November 3, 2010, the National Securities Superintendency (*Superintendencia Nacional de Valores*, SNV) ordered the temporary suspension of the negotiation of Sivensa shares as a result of the Expropriation Decree of the industrial facilities of subsidiary Sidetur. During the reported quarter, the management of Sivensa has taken actions and provided the SNV the information Sivensa has deemed appropriate to lift the suspension. . On May 17, 2011 by Office DSNV/2062/2011, the SNV ordered the lifting of the above mentioned suspension.

As we have been reporting , on March 9, 2011 the Casima billets plant located in Puerto Ordaz, which is owned by the Sidetur subsidiary, stopped operations due to labor-related problems.. Operations at the plant resumed on July 19, 2011 and are gradually recovering production volumes.

Financial statements presented and discussed in this report have been prepared in bolivars adjusted for inflation as of June 30, 2011, in accordance with the Standards for the Preparation of Financial Statements of the entities under the control of the SNV<sup>1</sup>. The adjustment factor used is the percentage change in National Consumer Price Index (INPC), which was 6.6% in the period of three (3) months ended June 30, 2011, 18.6% in the period of nine (9) months ended June 30, 2011 and 23.6% in period of the twelve (12) months ended June 30, 2011.

On the third Quarter ended on June 30<sup>th</sup> 2011, Sivensa reported consolidated sales of Bs. 357.2 millions, Bs. 101.2 millions less in registered sales than those reported during the same quarter on the previous year. Sivensa registered a Bs. 3.6 million loss before full financing income (expense) , compared to a gain of Bs. 0.38 million during the April-June 2010 period. The net loss for the quarter was Bs. 9.6 million, Bs. 98.3 million less than the Bs. 107.9 million loss during the same period on the previous year.

## QUARTER RESULTS ANALYSIS

Sivensa's consolidated results, include operations from Sidetur and International Briquettes

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<sup>1</sup> As reported on May 4th 2010, since according to the International Financial Reporting Standards (IFRS) Sidetur, the main subsidiary of Sivensa, uses the Bolivar as a functional currency, Siderúrgica Venezolana "Sivensa" decided to prepare and report its Quarterly Reports from that date on only in Bolivars, based on the Standards for Preparation of Financial Statements of Organizations under the Control of the National Securities Commission (currently the SNV, National Securities Superintendence). In the past, Quarterly reports referred to results translated into US Dollars in accordance with the "Management reporting Standards", similar to the NIIF, except mainly because the US Dollar was assumed as the functional currency for all Sivensa's subsidiaries.

Results in Bolivars of the Quarters ended on June 30 , 2011 and 2010 referred to in this report were adjusted for inflation as of June 30, 2011. According to the Resolution of the National Exchange Commission (CÁNV) (currently SNV), Sivensa is to present consolidated financial statements in Bolivars according to IRFS, mandatory effective fiscal year starting October 1st, 2011.

Holding (IBH) Subsidiaries, for the quarters ended on June 30<sup>th</sup> of 2011 and 2010, but do not include results from Venprecar and Orinoco Iron which are under the nationalization process, and whose results were consolidated until June 30<sup>th</sup> 2009.

Following are the most significant aspects of the consolidated statement of income:

Sales: Sivenza's total sales for the quarter of Bs. 357.2 million, were generated in their entirety by the sales of its subsidiary Sidetur . The total sales achieved during the quarter represents a decrease of Bs. 101.2 million, compared to the same quarter on the previous year.

Gross Income: Gross income for the period was Bs. 42.2 million, representing a decrease of Bs. 5.0 million as compared to the Bs. 47.2 million generated during the April-June 2010 quarter on the previous year.

Income or Loss before full financing income (expense): The loss before full financing income (expense) during the quarter was Bs. 3.6 million compared to a Bs. 0.38 million gain during the same period on the previous year. The Bs 3.9 million negative variation over the quarter April-June 2010 is mainly due to: (i) the reduction of gross income as a result of the fall in sales during the reported quarter, (ii) the decrease in "other operating income (expense), net" mainly due to the profit recorded during the third quarter of fiscal 2010 from transactions with securities, which were not performed in the quarter ended June 30, 2011, and a reduction in income from commercial services from the IBH subsidiary, which are normally recorded in this account. The effects mentioned in (i) and (ii), were partially offset by a Bs 10.1 million reduction of General and administrative expenses, compared to the same quarter during the previous year.

Full financing income (expense): The full financing income for the third quarter of 2011 fiscal year, was Bs. 29.7 million compared to Bs. 116,9 million full financial expense on the same period of the previous fiscal year. The Bs. 146.6 million positive variation is primarily due to: (i) the favorable variation of Bs 96.6 million for the "Exchange gain (loss), net" account , primarily the result of not having a currency exchange loss during the reported quarter, compared to the incurred exchange loss during the same quarter on the 2010 fiscal year; this is explained by the adjustments registered on that quarter, due to the conversion to Bolivars of some items denominated in dollars and treasury transactions; and (ii) a Bs. 40.2 million positive variation on the gain (loss) from net monetary position item , due to the inflationary effect on Sivenza's net monetary position during the quarters ended on June 30<sup>th</sup> 2011 and 2010.

Taxes: In the reported quarter, this expense was of Bs. 40.6 million compared to a Bs. 15.0 million expense reported during the same period on the previous year. The Bs. 25.6 million increase, is due to a Bs. 36.1 million negative variation registered on the "deferred income taxes" line, mainly as a result of the inclusion of the deferred income taxes expense generated by the companies under the nationalization process, this was partially compensated by a Bs.

10.5 million decrease on Sidetur's income tax provision line, due to a reduction of its net income.

Minority Interest in Subsidiaries: This account reflects the 31.46% share of IBH minority shareholders in the operational results of said subsidiary. During the quarter, that participation in operational results was of Bs. 4.9 million gain compared to a Bs. 23.6 million gain during the same quarter of the previous year.

Quarter net loss: During the third quarter of 2011 fiscal year, Sivensa had a net loss of Bs. 9.6 million, compared to a loss of Bs. 107.9 million during the same period on fiscal year 2010. The Bs. 98.3 million loss reduction is mainly due to the full financial income obtained during the third quarter of 2011 fiscal year, compared to the full financial expense obtained during the same quarter of the previous year, as explained above.

#### INTERNATIONAL BRIQUETTES HOLDING (IBH)

1) PUBLIC OFFERING OF IBH SHARES WITHDRAWAL

The IBH's Extraordinary Shareholders Assembly, held on July 6, 2011, approved the withdrawal from public offer as well as the termination of the registration in the National Registry of Securities carried by the National Superintendence of Securities of the Bolivarian Republic of Venezuela, of all common shares comprising the social capital of IBH that are listed on such register, including cancellation of the inscription on the Caracas stock Exchange. The report presented by IBH's Board of Directors on this point, is available to shareholders on the site [www.ibh.com.ve](http://www.ibh.com.ve).

2) NACIONALIZATION OF VENPRECAR AND ORINOCO IRON SUBSIDIARIES

At the past IBH's Extraordinary Shareholders Assembly, held on July 6, 2011, it was reported in detail to the shareholders of the Company all steps taken by IBH 's management regarding the process of nationalization of Orinoco Iron and Venprecar, since the May 21<sup>st</sup>, 2009 announcement made by the President of the Bolivarian Republic of Venezuela.

As timely reported, on February 5, 2010 the Venezuelan Government took over control of Venprecar and Orinoco Iron, throughout and act of judicial inspection executed by the First Court of Caroni municipality for the Second Circuit Judicial District of Bolivar State, at which were present representatives of the Venezuelan State MIBAM, representatives of the Commissions of Transition of Venprecar and Orinoco Iron and representatives of trade unions.

The recent actions of management have focused on trying to establish with the MIBAM a work schedule in order to agree on fair compensation, in an expeditious and mutually satisfactory manner. The detailed explanation of all procedures developed by IBH's management in the process of nationalization of Orinoco Iron and Venprecar is available on the site [www.ibh.com.ve](http://www.ibh.com.ve) where you can access all information provided at the Extraordinary Assembly regarding this matter.

Throughout 2010 and up to date, the Board of Directors and IBH's management continue to make every effort to reach an agreement for fair compensation for the nationalization of Orinoco Iron and Venprecar.

### 3) OTHER BUSINESS

After the nationalization of the Orinoco Iron and Venprecar affiliates, IBH continued its international marketing business of products for industrial sectors, which have been affected by a reduction in the volume of goods and services sold. During the period covered by this report, IBH closed operations of one of its subsidiaries engaged in the marketing of industrial products and reduced operations at another subsidiary marketer.

### SOCIAL RESPONSABILITY

During the April- June 2011 quarter, Sivensa, through its subsidiary Sidetur and the Centre for Applied Knowledge, FUNDAMENTAL, held a series of programs aimed at promoting a better quality of life for its employees and the community. The main activities during the period include:

#### SIDETUR

##### Communities

Throughout the program "Acero con Valor Agregado"(Steel Value Added) through the sale of materials at significant discounts, Sidetur supports the initiatives and proposals from organized communities and institutions in the surrounding communities that promote a better quality of life and local development Thanks to this program, workers and institutions of La Guaira and the state of Carabobo, received donations of products. Also during the quarter, we initiated the development of the Trinity Educational Complex in Valencia, Carabobo state, jointly sponsored by other companies, this project will double the existing home tuition.

Likewise, the "leading citizens program" finished the project Neighborhood School of Venezuela-Sidetur which involved leaders of 8 communities in Barquisimeto. During the quarter, there was a meeting of community leaders from the parish of Antímáno.

#### Education and sports

The "Acero con Valor Social" (Steel with Social Value) program promoted by Sidetur, through the sponsorship of sports activities, benefited children and students of several communities within the Carabobo State. Through this program Sidetur made an important economic investment to make possible the participation of youngsters from Fundacodise in the XVII Special Olympics FIDES, that promote sport as a discipline and sound use of leisure time for our disabled workers, while giving them the opportunity to participate and compete internationally.

#### FUNDAMETAL

Continuing the Professional Training effort, during the quarter, FUNDAMENTAL taught 521 courses in the area of professional development, carried out with close to 6,700 participants and more than 50,000 hours of training.

With regard to the apprenticeship training program offered by Fundametal, up to date close to one thousand (1,000) youngsters between the ages of 16 and 18 years old attended the National Aprentice Program. During the April-June 2011 quarter, 142 from Valencia, 100 from Caracas and 82 from Puerto Ordaz entered the program, as well, 55 from Caracas and 88 from Puerto Ordaz graduated from it. Additionally this youngsters participated on 3,960 hours of community service providing support to many educational centers located near the regional Fundametal facilities.

Likewise, in the area of accelerated training programs offered by FUNDAMENTAL is worth mentioning that they are running several comprehensive work training programs which involve about 100 young people over 18 who will get the certified in different technical areas.

*Siderúrgica Venezolana SIVENSA S.A. is a Venezuelan corporation comprising two business units: Sidetur, mainly engaged in the manufacture of steel products for the construction, manufacturing and infrastructure industries, and International Briquettes Holding, IBH, which*

*following the nationalization announcement of its Venprecar and Orinoco Iron plants, is engaged in the commercialization and trade of different products intended for industrial sectors, among which is noteworthy mentioning, machinery, industrial parts, raw materials, intermediate and finish products. As of March June 30<sup>th</sup> 2011, Sivensa had 1.836 employees.*



**SIDERURGICA VENEZOLANA "SIVENSA" AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET**  
**JUNE 30, 2011 AND 2010**

(Thousands of constant bolivars at June 30th 2011)

	<u>2011</u>	<u>2010*</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	343.654	386.794
Accounts receivable		
Trade and other	228.188	280.329
Related companies	2.534	6.630
Advances to suppliers	85.908	109.582
Inventories	215.989	268.693
Prepaid expenses and other current assets	7.985	28.981
Total current assets	884.258	1.081.009
Property, plant and equipment net	1.277.984	1.385.591
Investments		
Investments in preferred shares	-	58.515
Investments in companies under "nationalization"	3.589.358	3.603.280
Accounts receivable from companies under "nationalization"	315.766	309.792
Deferred income tax	63.906	51.422
Other non-current assets	7.263	3.894
Total assets	6.138.535	6.493.503
<b>Liabilities and Equity</b>		
Current liabilities		
Short term bank loans	-	74.941
Current portion of bonds payable	21.500	26.570
Accounts payable		
Suppliers	150.281	105.603
Related companies	3.346	7.132
Profit sharing, vacation and other employee accruals	57.049	55.740
Income tax	15.328	38.627
Other liabilities and accruals	134.568	123.297
Total current liabilities	382.072	431.910
Bonds payable	335.589	440.515
Accrual for employee termination benefits, net of advances and loans to employees	18.515	30.674
Other long term liabilities and accruals	59.383	122.205
Deferred income tax	646.050	368.403
Total Liabilities	1.441.609	1.393.707
Minority interest in subsidiaries	1.013.747	1.121.630
Equity		
Capital stock		
Nominal	105.049	105.890
Inflation adjustment	1.405.820	1.446.241
Treasury stock	-	(19.262)
Share premium	145.321	166.716
Net effect combination (merger) of subsidiaries	581.016	626.656
Result from holding nonmonetary assets	(992.436)	(1.022.657)
Difference between the fair value and cost of shares of subsidiary	1.814.531	1.956.726
Unappropriated earnings		
Legal reserve	151.245	155.212
Available	472.633	562.644
Total Equity	3.683.179	3.978.166
Total liabilities, minority interests and equity	6.138.535	6.493.503

\*Restructured for comparative purposes



SIDERURGICA VENEZOLANA "SIVENSA" AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT  
QUARTERS ENDED JUNE 30, 2011 AND 2010  
(Thousands of constant bolivars at June 30th 2011)

	<u>2011</u>	<u>2010*</u>
Net sales	357.229	458.409
Cost of sales	<u>(314.986)</u>	<u>(411.132)</u>
Gross income	42.243	47.277
General and administrative expenses	(44.680)	(54.835)
Other operating income (expense), net	<u>(1.166)</u>	<u>7.936</u>
Income (loss) before full financing income (expense)	<u>(3.603)</u>	<u>378</u>
<b>Full financing income (expense)</b>		
Interest and other financial expense, net	(1.815)	(11.476)
Exchange gain (loss), net	8.129	(88.490)
Gain (loss) from net monetary position	<u>23.350</u>	<u>(16.899)</u>
	<u>29.664</u>	<u>(116.865)</u>
Income (loss) before tax and minority interest subsidiaries	<u>26.061</u>	<u>(116.487)</u>
<b>Income tax</b>		
Current	(7.274)	(17.802)
Deferred	<u>(33.356)</u>	<u>2.758</u>
	<u>(40.630)</u>	<u>(15.044)</u>
Loss before minority interest in subsidiaries	(14.569)	(131.531)
Minority interests in subsidiaries	<u>4.954</u>	<u>23.573</u>
<b>Net loss</b>	<u><b>(9.615)</b></u>	<u><b>(107.958)</b></u>

\*Restructured for comparative purposes



SIDERURGICA VENEZOLANA "SIVENSA" AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT  
NINE MONTH PERIOD ENDED JUNE 30, 2011 AND 2010  
(Thousands of constant bolivars at June 30th 2011)

	<u>2011</u>	<u>2010*</u>
Net sales	1.128.729	1.309.639
Cost of sales	<u>(920.740)</u>	<u>(1.065.332)</u>
Gross income	207.989	244.307
General and administrative expenses	(143.316)	(154.096)
Other operating income, net	<u>23.708</u>	<u>8.324</u>
Income before full financing income	<u>88.381</u>	<u>98.535</u>
<b>Full financing income</b>		
Interest and other financial expense, net	(8.061)	(7.529)
Exchange gain (loss), net	(24.442)	13.683
Gain from net monetary position	<u>57.340</u>	<u>11.161</u>
	<u>24.837</u>	<u>17.315</u>
Income before tax and minority interest subsidiaries	<u>113.218</u>	<u>115.850</u>
<b>Income tax</b>		
Current	(37.059)	(46.600)
Deferred	<u>(24.893)</u>	<u>(7.839)</u>
	<u>(61.952)</u>	<u>(54.439)</u>
Income before minority interest in subsidiaries	51.266	61.411
Minority interest in subsidiaries	<u>(5.874)</u>	<u>14.829</u>
<b>Net income</b>	<u><b>45.392</b></u>	<u><b>76.240</b></u>

\*Restructured for comparative purposes