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SIVENSA REPORTS RESULTS FOR THE FIRST QUARTER OF THE FISCAL YEAR

CARACAS, JANUARY 29, 2010. Siderúrgica Venezolana "SIVENSA" S.A. reported consolidated sales of US\$ 114 million during the first quarter of the 2010 fiscal year, which ended on December 31, 2009. This figure is 26% lower than the sales reported for the same quarter of the preceding fiscal year. The operating profit was US\$ 3 million, compared to the operating profit of US\$ 40 million for the October-December 2009 period. The net loss from Sivensa's ongoing operations was US\$ 1 million, compared to a net profit of US\$ 29 million reported for the same period of the preceding fiscal year.

The results for the quarter were impacted by a drop in local sales by Sidetur, primarily due to the major maintenance work performed on the Antímáno plant lamination train, which included technological enhancements to modernize and increase its reliability and production capacity with the installation of new equipment and a new control system. Said work was performed from October 5 to November 10, 2009, with operations resuming on November 10.

ANALYSIS OF RESULTS FOR THIS QUARTER

Ongoing operations

Sivensa's consolidated results include Sidetur's accounts and IBH's ongoing operations for the first quarter of the 2010 fiscal year, which ended on December 31, 2009. Sivensa's consolidated results for the same quarter of the 2009 fiscal year include the reclassification of the results of Venprecar and Orinoco Iron, which are undergoing a nationalization process. These results are presented under the "Net profit (loss) from discontinued operations" item.

The most significant aspects of the results are described below:

Sales: The US \$40 million drop in Sivensa's sales during the quarter was primarily due to the nearly US\$ 30.8 decline in local sales by Sidetur during the quarter.

Gross profit: The gross profit for the quarter was US\$ 24 million, US\$ 665,000 lower than the profit recorded for the October-December 2008 quarterly period. This figure was not significantly impacted by the drop in sales due to the fact that the gross margin during the quarter was 5 percentage points higher as compared to the October-December 2008 quarterly period. This increase was achieved as a result of a cost of sales decrease that was proportionally higher than the decline in sales.

Operating profits: The operating profit for the quarter was US\$ 2.6 million, compared to the operating profit of US\$ 40 million for the same period of the prior year. This US\$ 37.4 million variation with respect to the October-December 2008 quarterly period is primarily due to the fact that the result in the Other net operating income (disbursements) account was negative by US\$ 6.9 million, compared to the income of US\$ 28.6 million during the first quarter of the prior fiscal year.

Integrated financing cost: The integrated financing cost was reduced during the quarter from US\$ 6 million for the same period of the prior year to US\$ 953,000, primarily due to interest income from funds invested during the quarter.

Taxes: This item represented US\$ 3 million during the quarter under analysis, compared to US\$ 5 million for the same period of the preceding year.

Net loss attributable to Sivensa shareholders: As a result of the circumstances stated above, the net loss attributable to Sivensa shareholders was US\$ 1 million, compared to the net profit of US\$ 29 million attributable to Sivensa shareholders that was recorded during the same period of the prior fiscal year.

Net loss from discontinued operations attributable to Sivensa shareholders: This account reflects results for the companies undergoing the nationalization process for the October-December 2008 quarterly period only for comparison purposes, since in the month of July 2009 Management decided that IBH would stop consolidating the results for Venprecar and Orinoco Iron. During the October-December 2008 quarterly period, the net loss from discontinued operations attributable to Sivensa shareholders was US\$ 22 million, primarily due to the results of the IBH subsidiaries that are in the process of being nationalized.

Net result for the year: During the first quarter of the 2010 fiscal year, this result represented a loss of US\$ 1 million, compared to the profit of US\$ 7 million for the same period of the 2009 fiscal year. The US \$8 million variation was primarily due to the impact of the lower sales volume during the quarter under analysis, as stated above.

PERFORMANCE BY BUSINESS SECTOR

Steel: In terms of metric tons, Sidetur's domestic sales during the quarter dropped 32% as a result of the reasons that have been explained above in this Report.

Other lines of business: As stated in the 2009 Annual Report submitted by the Board of

Directors to the Shareholders at their Meeting held on November 24, 2009, the most relevant occurrence during the 2009 fiscal year was the announcement of the nationalization of Venprecar and Orinoco Iron, the IBH subsidiaries, together with the remainder of the private companies that are part of the briquetting sector in the country.

Following the announcement regarding the nationalization of said subsidiaries, IBH Management decided to refocus the company's strategy toward the sale of products intended for industrial sectors, an area where the company has been gathering expertise during the past few years. The introduction of new lines of products for sale and the company's ability to take advantage of business opportunities that opened up during the year were two factors that significantly impacted performance in this business in 2009 and the first quarter of the 2010 fiscal year.

The collapse of international markets has negatively impacted the volume of certain lines of business pursued by IBH during the first quarter of the 2010 fiscal year, which ended on December 31, 2009.

DIVIDEND

As approved by the Shareholders at their Regular Meeting held on November 24, 2009, starting on December 11th Sivensa paid shareholders a dividend of Bs. 3.90 per share (BS. 204,833,619.90).

SOCIAL RESPONSIBILITY

During the quarter, Sidetur continued to advance its programs aimed at promoting the wellbeing of workers, their families, and the community at large. Similarly, the Fundametal Center for Applied Knowledge continued to expand its role to train Venezuelan professionals from the vocational level to college level. The main activities undertaken during the quarter include the following:

Communities

Through the sale of materials at significant discounts, Sidetur supported the organized community proposals and institutions in its surrounding communities by means of the "Steel with Added Value" program. During the quarter, families in the community of Carapita, Antímano Parish and senior citizens benefited from this program through Asociación Civil FUNDAEFESO located in Barquisimeto.

Education and sports

Through the “Support with Social Value” program, Sidetur continued to support the Mallitos Baseball School (supported since 1986), benefiting 80 children from various communities. Additionally, through this program, during the quarter Sidetur supported a number of initiatives that translated into social benefits in the areas of education, health and sports, as well as cultural and scientific activities, among others, directly benefiting approximately 2,000 people.

Fundamental

Apprentices from various educational programs promoted by the Fundamental Center for Applied Knowledge devoted more than 7,000 hours to social work benefiting children and senior citizens who receive care at several institutions in Caracas, Valencia and Guayana, demonstrating the Foundation’s commitment to promoting human wellbeing.

SUBSEQUENT EVENT

On January 8, 2010, through Exchange Rate Agreement No. 14, the National Executive Government reached an agreement with Banco Central de Venezuela regarding a change in the national exchange rate regime, going from an official fixed exchange rate of 2.15 bolívares per US dollar to a multiple exchange rate regime with rates of 2.6 bolívares per US dollar and 4.30 bolívares per US dollar applicable to foreign currency purchase transactions according to the sectors specified in the above mentioned Exchange Agreement.

The enclosed Financial Statements referred to in this Report have been translated to the exchange rate in effect for the first quarter of the fiscal year, which is 2.15 bolívares per US dollar. As of the second quarter (January – March 2010) of the current fiscal year, results will be reported at the exchange rates in effect during each quarter.

Siderúrgica Venezolana SIVENSA S.A. is a Venezuelan corporation comprising two business units: Sidetur, engaged mainly in the manufacture of steel products for the construction, manufacturing and infrastructure industries, and International Briquettes Holding, IBH, which following the announcement of the nationalization of its Venprecar and Orinoco Iron plants by the state, is currently engaged in the sale of various products intended for industrial sectors, including machinery, industrial parts, raw materials, and intermediate and finished products. At December 31, 2009, Sivensa employed 1.836 workers.



SIDERURGICA VENEZOLANA "SIVENSA", S.A AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2009 AND 2008

(Thousands of US Dollars)

	<u>2009</u>	<u>2008 *</u>
Assets		
Current Assets		
Cash and cash equivalents	80.561	152.336
Accounts receivable:		
Trade and other	57.497	114.951
Related companies	519	219
Advances to suppliers	35.802	32.398
Inventories	118.934	143.474
Pre-paid expenses and other current assets	1.400	7.904
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Total current assets	294.713	451.282
Revalued property, plant and equipment, net	440.975	1.418.166
Investments available for sale		
Investments in preferred shares	22.024	22.024
Investments in the companies undergoing the nationalization process	964.908	-
Related companies	-	161
Deferred tax	20.134	16.560
Other non-current assets	923	13.194
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Total assets	1.743.677	1.921.387
 Liabilities and shareholder's equity		
Current liabilities		
Short term bank loan	66.922	96.201
Current portion of long term loan	5.000	5.000
Accounts payable		
Suppliers	49.820	131.858
Related companies and shareholders	2.263	25.041
Profit sharing, vacation and other personnel accruals	11.743	17.197
Taxes	4.630	6.941
Dividend payable	6.170	1.412
Other current liabilities	17.657	83.881
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Total current liabilities	164.205	367.531
Long term debt	83.149	87.857
Accrual for termination benefits, net of advances	13.316	19.796
Other liabilities	49.096	29.896
Deferred tax	72.686	85.044
	<hr/>	<hr/>
Total liabilities	382.452	590.124
Capital stock	314.948	314.948
Treasury stock	(4.510)	(4.510)
Excess amount of par value of shares	8.217	8.222
Net effect of combination (merger) of subsidiaries	119.450	119.450
Revaluation of fixed assets	376.031	245.968
Difference between fair value and cost of shares of subsidiaries	336.580	336.580
Unappropriated earnings		
Legal reserve	31.495	31.495
Deficit	(110.239)	(80.711)
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Total equity of majority shareholders	1.071.972	971.441
Minority interests	289.253	359.822
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Total equity	1.361.225	1.331.263
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Total liabilities and equity	1.743.677	1.921.387

* Restructured for comparative purposes



SIDERURGICA VENEZOLANA "SIVENSA", S.A AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF RESULTS
QUARTER ENDED DECEMBER 2009 AND 2008

(Thousands of US Dollars)

	<u>2009</u>	<u>2008 *</u>
Continuing operations		
Net sales		
Exports	10.467	2.344
Domestic	103.456	151.482
	<u>113.923</u>	<u>153.826</u>
Cost of sales	<u>(90.312)</u>	<u>(129.550)</u>
Gross income	23.611	24.276
General, administrative expenses	(13.991)	(12.559)
Other operating income (expenses) net	<u>(6.970)</u>	<u>28.579</u>
Operating income	<u>2.650</u>	<u>40.296</u>
Interests and other financial expenses	(953)	(5.706)
Adjustment for translation, net	<u>(27)</u>	<u>(72)</u>
	<u>(980)</u>	<u>(5.778)</u>
Income before tax	1.670	34.518
Tax	<u>(2.826)</u>	<u>(5.441)</u>
Net income (loss) from ongoing operations	(1.156)	29.077
Discontinued operations		
Net Income (Loss) for discontinued operation	<u>-</u>	<u>(21.667)</u>
Net income (loss)	<u>(1.156)</u>	<u>7.410</u>
Net income (loss) Attributable to:		
Sivensa shareholders		0
Continuing operations	-1.085	28.669
Discontinued operations	0	-14.245
	<u>-1.085</u>	<u>14.424</u>
Minority interests		
Continuing operations	-71	408
Discontinued operations	0	-7.422
	<u>-71</u>	<u>-7.014</u>
	<u>-1.156</u>	<u>7.410</u>

* Restructured and reclassified for comparative purposes