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SIVENSA REPORTS FIRST FISCAL QUARTER RESULTS

CARACAS, FEBRUARY 01, 2002. Siderúrgica Venezolana Sivensa S.A. reported, in the first quarter of fiscal year 2002 ended December 31, consolidated sales of US\$ 70.9 million, 2.4% lower than sales reported in the same quarter of the preceding fiscal year. The operating loss was US\$ 0.6 million, compared with a US\$ 1.7 million loss in the October-December 2000 period. The net loss was US\$ 18.4 million, versus a US\$ 24 million loss reported in the same period of the previous fiscal year.

Even though Sidetur and Vicson's results were positive, they could not compensate the operating losses recorded by the IBH Division, affected by the low price for the briquette and problems related with the quality of the raw material.

It is worthy to mention that the General and Administrative Expenses decreased from US\$ 8.7 million in the October-December 2000 quarter to US\$ 7.6 million in the present fiscal quarter, amounts that represented, 12.05% and 10.7% of the sales respectively. These results are due to the cost reduction efforts made during fiscal year 2001.

Separately, Sivensa's financial statements show losses for US\$ 13.6 million caused by IBH's investment in Orinoco Iron. Its results reflect the impact of the current market conditions for metallic, the company's financial burden and some operating problems commented on further on.

Restructuring of Sivensa and Sidetur's debt

On January 25, 2002, the Extraordinary Shareholders' Meeting approved the restructuring of Sivensa and Sidetur's debt, which is comprised of two tranches: Tranche A, for approximately US\$ 121 million, and Tranche B, for US\$ 125 million, both with maturity dates in September 2007. The first tranche will pay the Libor rate plus 3.5% and will make its first principal payment in September 2003. The second tranche will not generate interest and will be completely paid at maturity. Similarly, the issue in favor of the creditors of Sivensa common shares, equivalent to 15% of the subscribed and paid-in capital was approved, as well as the issue of one Golden Share, in favor of the creditors. This confers special rights in the consideration and approval of certain matters.

ANALYSIS BY BUSINESS SECTORS

Steel Sector

Sidetur's sales directed to the domestic market improved with respect to the same quarter of the prior fiscal year, while export sales decreased. The net result gives a 9% reduction in this Division's total sales.

Pre-reduced Sector

The International Briquettes Holding Division, IBH, dedicated to the production and sale of hot briquetted iron, reported sales of US\$ 13.5 million in the first quarter of the fiscal year, compared to sales of US\$ 13 million in the same period of the preceding fiscal year.

Venprecar's production in the quarter was 150,798 MT, negatively affected by quality problems with the pellets used as raw material. This caused channeling in the plant's reactor. Venprecar's production in the same quarter of the previous year was 158,500 MT.

Separately, the events of September 11 worsened the crisis in the international market for metallics. As a result, prices for some types of high-quality scrap reached levels comparable to those recorded in the year 1998, as a consequence of the Asian crisis.

Orinoco Iron Plant

In the October-December 2001 period, there were failures in the header's refractory of Module 1's gas reformer, and in the production train's carbonate re-boilers. The first failure was corrected in the month of November during a 10-day shutdown to replace the refractory, and the second one is being attended to by the manufacturer, who will supply the new equipment in February.

In accordance with what was decided at the end of the past fiscal year, since the month of October, only one of the two modules of the Orinoco Iron plant is being operated. Consequently, in the reported quarter only production trains 1 and 2 operated. The production volume reached by the two trains in the period was 147,946 MT.

Wire Sector

Vicson's wire and wire products sales increased 5% with respect to the first quarter of the fiscal period 2000-2001, mainly driven by Heliacero and Simesa's activities, which contributed an additional volume to Proalco's operations in Colombia.

Siderúrgica Venezolana Sivensa S.A. engages in steelmaking and metalworking activities for the domestic and export markets. Through its divisions it manufactures semi-finished and finished steel products for the rolling and construction industry respectively, iron-ore briquettes for the steel sector and wire for industrial and agricultural use. Sivensa's partners are: Bekaert, BHP Billiton, Ferrominera Orinoco and the members of the Amazonia Consortium (Techint, Hylsamex, Tamsa, Siderar and Usiminas). Sivensa's labor force as of September 30, 2001 was 2,800 workers.

Siderúrgica Venezolana "SIVENSA", S.A. and its affiliates
US GAAP Financial Statements
Consolidated Balance Sheet
In thousands of US\$

ASSETS	December 31,	
	<u>2001</u>	<u>2000</u>
CURRENT ASSETS		
Cash and cash equivalents	17,894	18,138
Accounts receivable		
Customer and other	38,710	56,965
Minority partners and related companies	11,563	9,979
Advances to suppliers	1,913	4,085
Inventories	49,331	82,567
Prepaid expenses, deferred income tax and other current assets	<u>4,382</u>	<u>7,527</u>
TOTAL CURRENT ASSETS	123,793	179,261
Property plant and equipment, net	223,125	359,146
Investments	89,622	152,720
Accounts with related company	4,104	5,271
Deferred income tax	3,246	22,782
Spare parts and other long-term assets	19,091	29,449
TOTAL ASSETS	<u>462,981</u>	<u>748,629</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank loans	12,537	28,906
Commercial paper and current portion of long terms loans	-	47,243
Current portion of the advance received from future sales of account receivables	-	1,328
Accounts payable		
Suppliers	25,644	44,400
Related companies	31,948	39,837
Profit sharing, vacations and other personnel accruals	6,715	10,757
Taxes payable	4,084	3,028
Interest and bank fees payable	7,393	6,405
Dividends payable	174	188
Other current liabilities	1,613	27,467
TOTAL CURRENT LIABILITIES	90,108	209,559
Debt in restructuring process	246,742	-
Long term loans	-	226,067
Advance received from future sale of accounts receivable	-	46,503
Accrued employees termination benefits, net of advances	11,106	12,599
Other liabilities	5,718	4,431
TOTAL LIABILITIES	353,674	499,159
Minority interest in subsidiaries	70,603	114,218
Shareholders' equity	38,704	135,252
TOTAL LIABILITIES, MINORITY INTEREST AND SHAREHOLDERS' EQUITY	<u>462,981</u>	<u>748,629</u>

Siderúrgica Venezolana "SIVENSA" S.A. and its affiliates
US GAAP Financial Statement
Consolidated Income Statement
In thousands of US\$

	Quarters ended Dec.	
	<u>2001</u>	<u>2000</u>
Net sales	70,860	72,586
Cost of sales	<u>(63,857)</u>	<u>(65,549)</u>
Gross Profit	7,003	7,037
General and administrative expenses	<u>(7,628)</u>	<u>(8,748)</u>
Operating income (loss)	<u>(625)</u>	<u>(1,711)</u>
Equity participation in losses of affiliates	(13,646)	(12,862)
Interest and other financial expenses	(8,162)	(9,785)
Interest income	205	2,249
Foreign exchange gain (loss), net	424	397
Other income (expenses), net	<u>(280)</u>	<u>(492)</u>
	<u>(21,459)</u>	<u>(20,493)</u>
Income (loss) before taxes and minority interest	(22,084)	(22,204)
Estimated Tax	<u>(1,390)</u>	<u>(1,004)</u>
Income (loss) before minority interest	<u>(23,474)</u>	<u>(23,208)</u>
Minority interest in subsidiaries	<u>5,050</u>	<u>4,138</u>
Net loss from continuous operations	<u>(18,424)</u>	<u>(19,070)</u>
Net loss from discontinued operations	<u>-</u>	<u>(4,875)</u>
Net Income (loss)	<u>(18,424)</u>	<u>(23,945)</u>