

Siderúrgica Venezolana "SIVENSA" S.A.
Contact: Antonio Osorio
Investor Relations
Phone: 58-212-707.62.80
Telefax: 58-212-707.63.52
E-mail: antonio.osorio@sivensa.com



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SIVENSA REPORTS ON RESULTS FOR FIRST QUARTER OF FISCAL YEAR 2007

CARACAS, JANUARY 30, 2007. Siderúrgica Venezolana "SIVENSA" S.A. reported consolidated sales during the first quarter of fiscal year 2007, ended last December 31, for US\$ 234 million, 15% higher than the sales recorded for the same quarter of the preceding fiscal year. The operating profit was US\$ 24 million, compared to US\$ 26 million for the term October-December 2005. The net profit for Sivensa's shareholders was of US\$ 4 million, compared to US\$ 13 million recorded in the same term of the preceding fiscal year.

The slight reduction in operating results, in spite of the increase in sales, is the result of the consolidation of the results of our three operating subsidiaries, of which Sidetur and Vicson reported major improvements in their results. In turn, subsidiary IBH had operating losses, which will be explained in the section dealing with pre-reduced products in this report.

Interest and other financing expenses amounted to US\$ 17 million, compared with US\$ 10 million for the quarter October-December 2005. This difference is due mainly to: i) the increase of the interest on Sidetur's debt, which was refinanced in May 2006 at a rate higher than the previous one; ii) the application of interest to the entire debt after the restructuring, compared with the previous contract, according to which a tranche of the debt did not accrue interest; iii) new debts of Sidetur for US\$ 19 million and US\$ 13 million, the last of which was paid on December 2006; iv) increase in the financial expenses of IBH due to the increase of the interest rate on dollar loans; v) higher debt basis of IBH due the capitalization of interest for US\$ 28.7 million, and vi) increase of commercial interest of IBH with CVG Ferrominera Orinoco. Regarding this latter issue, we must note that IBH has seen a reduction in its capacity to pay CVG Ferrominera Orinoco, because the Venezuelan tax authority owes IBH tax credits for 2005 and 2006, which at December 31, 2006, amounted to US\$ 93 million.

RESOLUTION 195

On December 5, 2006, the Venezuelan Ministry of Light Industries and Trade –MILCO-, published Resolution 195 in Official Gazette N° 38.577. This resolution sets forth a new list of priority goods that do not require a Certification of Non-Domestic Production (CNPN) from that Ministry in order to obtain dollars at the official exchange rate from the Foreign Currency Administration Commission, CADIVI. As of such date of publication, all requests for foreign currency at the official exchange rate for products not included in said list must be accompanied by the CNPN. Given that some of the inputs required for our production processes were excluded from the list, our subsidiaries have begun an administrative procedure to request the CNPN from the MILCO. Among Sivensa's subsidiaries, Venprecar has suffered the most immediate impact of this measure because pellets, the raw material for its direct reduction process, must have this certificate to be imported. Maintaining Venprecar's level of operations and production depends on the obtainment of the CNPN within reasonable time. On the other hand, subsidiary Vicson must also meet similar conditions for it imports of inputs and spare parts in order to preserve its production level.

INTERNATIONAL MARKET

As a result of the growth of the world's economy, characterized by a greater activity in the construction and infrastructure sectors, the average price of steel products in the United States, European and Asian markets was higher than the price recorded for the term October- December 2005. However, after having reached a maximum in the third quarter of 2006, in the last quarter of the year the prices showed a slight lowering trend, due to a seasonal fall of the demand in the United States and Europe.

Regarding the pre-reduced market, the average FOB price for the sale of IBH's briquettes at the Port of Palúa was US\$ 206.6/MT, compared to US\$ 186.3/MT in the same period of fiscal year 2006 (October-December 2005), and to US\$ 232.8/MT¹ in the immediately preceding quarter (July-September 2006). At the end of the quarter, there was an exhaustion of the metallic inventories at the main steel mills, which has caused an increase in the price of briquettes as of January 2007.

¹ The computation of these averages does not include byproducts.

ANALYSIS PER BUSINESS SECTOR

Steel Sector

Sidetur's sales for the term October-December 2006 were for US\$ 108 million, 22% higher than those recorded during the same term of the preceding fiscal year. This rise is due to the increase in the sales volume to the domestic market, which has continued to grow driven by the construction of public works, commercial outlets and houses.

During this quarter, subsidiary Sidetur signed a contract with the company Danielli for the manufacture and installation of a new emission control system for the steel mill located at Puerto Ordaz. It is estimated that this system will start operating during the last quarter of calendar year 2007. Also, Sidetur advanced its investment program for US \$ 20 million, addressed to increasing the capacity of its rolling mills, modernizing the electro-welding plant and updating the equipment at its scrap collection centers.

Wire Sector

Vicson and its subsidiaries recorded US\$ 43 million in sales of wire and wire products during the term October-December 2006, a 52% increase with regard to the same term of the preceding fiscal year. This growth mainly reflects the improvement in national sales, especially those to the agricultural and construction sectors. The exports and sales of subsidiary Proalco also increased with regard to the October-December 2005 quarter.

On December 8, 2006, the Venezuelan Fund for Standardization and Quality Certification ("*Fondo para la Normalización y Certificación de Calidad*") (FONDONORMA) certified that subsidiary Vicson has established and maintains an Environmental Management system according to the requirements of international standard ISO 14001:2004, for the manufacturing of wire, mesh and related steel products and cables. On the same date, the International IQ Network certified that Vicson's Management System meets the requirements of standard ISO 14001:2004.

Pre-reduced Sector

Subsidiary IBH recorded sales for US\$ 111 million during the term October-December 2006, compared to the sales of US\$ 93 million obtained in the same term of the preceding year. This increase is due to a greater sales volume and a better price vis-à-vis the comparable quarter of the preceding fiscal year².

² More detailed information about IBH's results may be found in said company's quarterly report, at www.ibh.com.ve

As mentioned above, subsidiary IBH had operating losses during the quarter October-December 2006, which are explained mainly by the increase of raw material's cost in the amount of US\$ 16,1 million³.

Venprecar's Plant:

This plant's production during the quarter under analysis was of 195,214 MT, compared to 203,278 MT in the quarter October-December 2005. Due to the dearth of pellets in the local market, Venprecar decided to import this raw material in order to cover the deficit. However, the high costs of importing pellets affect the yield of its operations.

Orinoco Iron Plant:

This plant produced 323,975 MT in the quarter October-December 2006, 11% more than the production for the same quarter of the preceding year. As was announced in the Annual Report for fiscal year 2006, during this quarter, Orinoco Iron's plant began the overhaul for adding new parts and equipment to trains 1, 2 and 3. This overhaul will enable improving the plant's availability.

TAX AUDIT

On December 2006, the company exercised the legal appeals available against the tax assessments raised on October 31 of the same year by the Venezuelan tax authority, SENIAT, regarding Sivensa's income tax returns for fiscal years 2001-2002, 2002-2003, 2003-2004 and 2004-2005. The company hopes to obtain a favorable outcome in this process.

EVENT SUBSEQUENT TO THE CLOSING OF THE QUARTER

On January 17, 2007, the Venezuelan tax authority, SENIAT, delivered to Orinoco Iron SCS official orders for Bs. 25.8 billion as tax credit for year 2006. Additionally, on January 25, Venprecar received orders for Bs. 32.4 billion, pertaining to tax credits for 2005. These resources will be available as Tax Refund Certificates (CERTs) once authorized by the Ministry of Finance, and will be used mainly to reduce the commercial debt with CVG Ferrominera Orinoco.

³ The prices of iron ore (fines, lumps and pellets) in the quarter October-December 2006 include the automatic benefit of a 20% discount on the international price, arising from the signing of the Agreement for the Assurance of Raw Materials (CAMP), which became effective on July 31, 2006.

SOCIAL RESPONSIBILITY

In the area of Social Responsibility, the Center of Applied Knowledge FUNDAMETAL, continued the project for technical training of youths and adults of Guayana, which is carried out with the support of the European Community. In that vein, there was advancement on the installation of educational equipment for the workshops of electronics, electricity, instrumentation and pneumatics, with capacity to train approximately 1,000 participants per year. Additionally, the subsidiary Sidetur made progress in the building of the infrastructure for the seat of Carapita's Children's Symphonic Orchestra. As part of its activity for the training of community leaders, which has been carried out for 13 years with the "Escuela de Vecinos de Venezuela", Sidetur's plant in Barquisimeto began the promotion of rooms for reflection on citizens' participation through community councils. The principles of respect, tolerance, responsibility and solidarity were set as the bases for participating in these community councils.

VALUE OF SIVENSA'S INTERESTS IN TERNIUM

On December 29, the last day of the New York Stock Exchange's activities for 2006, Ternium's shares were listed at US\$ 29.54 per ADR, which represented a value of US\$ 99.8 million for Sivensa's interests in this company. As of closing of yesterday, January 29, 2007, Ternium was traded at \$24.59/ADR, which represents a value of US\$ 83,1 million for Sivensa's interests.

Siderúrgica Venezolana SIVENSA S.A. is a Venezuelan corporation that is made up of three business units: Sidetur, engaged mainly in the manufacturing of steel products for the construction, manufacturing and infrastructure industries; International Briquettes Holding, IBH, whose plants Venprecar and Orinoco Iron produce reduced iron briquettes to be used as high-quality raw material in the steel industry; and Vicson, which manufactures wire and wire products for the manufacturing, construction, agriculture and infrastructure sectors. Sivensa's partners are: Belgian company Bekaert Corporation in the Vicson division, and Venezuelan company CVG Ferrominera Orinoco in the IBH division. Sivensa's labor force at December 31, 2006 was of 3,657 workers.



SIDERURGICA VENEZOLANA "SIVENSA", S.A AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2006 AND 2005

(Thousands of US dollars)

	<u>2006</u>	<u>2005 (*)</u>
Assets		
Current assets		
Cash and cash equivalents	98,016	76,914
Trading securities	1,400	-
Accounts receivable		
Commercial and other	175,979	153,683
Related Companies	158	606
Advances to suppliers	16,471	10,560
Inventories	116,510	93,789
Pre-paid expenses and other current assets	10,827	9,420
Total current assets	419,361	344,972
Property, plant and equipment, net	1,347,360	1,258,853
Investments available for sale	99,744	30,000
Accounts with related companies	161	161
Deferred taxes	15,179	21,060
Deferred charges and other non current assets	5,365	8,174
Total assets	<u>1,887,170</u>	<u>1,663,220</u>
Liabilities and shareholders' equity		
Current liabilities		
Short-term bank loans	5,993	6,962
Short-term portion of long-term loans	2,697	1,496
Accounts payable		
Suppliers	112,261	102,095
Related companies	84,735	25,094
Advances to suppliers	13,701	101
Profit sharing, vacation bonus and other personnel accruals	12,428	9,353
Taxes	1,788	-
Other current liabilities	17,303	10,488
Total current liabilities	250,906	155,589
Long-term loans	367,266	446,884
Bonds payable	97,078	-
Accounts with related companies	10,779	27,376
Long-term supplier	3,390	7,937
Accrual for employee termination benefits, net of advances and loans to employees	14,760	10,081
Other long-term liabilities and accruals	51,631	45,832
Deferred taxes	211,729	178,911
Total liabilities	1,007,539	872,610
Shareholders' equity	879,631	790,610
Total liabilities and shareholders' equity	<u>1,887,170</u>	<u>1,663,220</u>

(*) Restated for comparative purposes



SIDERURGICA VENEZOLANA "SIVENSA", S.A AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF RESULTS
QUARTERS ENDED DECEMBER 31, 2006 AND 2005

(Thousands of US dollars, except number of shares information)

	<u>2006</u>	<u>2005 (*)</u>
Net sales		
Exports	101,960	118,741
Domestic	131,749	84,874
	<u>233,709</u>	<u>203,615</u>
Cost of sales	<u>(196,426)</u>	<u>(165,408)</u>
Gross profit	37,283	38,207
General, administrative expenses	(17,743)	(14,663)
Other operating expenses, net	4,178	1,976
Operating profit	<u>23,718</u>	<u>25,520</u>
Interes and other financial expenses	(17,200)	(10,094)
Translation adjustment, net	(693)	-
	<u>(17,893)</u>	<u>(10,094)</u>
Profit before taxes	5,825	15,426
Taxes	(6,380)	(4,087)
Net profit	<u>(555)</u>	<u>11,339</u>
Profit (loss) attributable to:		
Sivensa's shareholders, net of participation in IBH subject to put option	3,672	13,154
Minority interests	(4,227)	(1,815)
	<u>(555)</u>	<u>11,339</u>
Net profit per share attributable to Sivensa's shareholders	<u>0.001</u>	<u>0.002</u>
Weighted average of outstanding shares (thousands)	<u>4,883,031</u>	<u>5,744,743</u>

(*) Restated for comparative purposes