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FOR IMMEDIATE DISTRIBUTION

SIVENSA REPORTS RESULTS FOR THE SECOND QUARTER OF THE FISCAL YEAR

CARACAS, MAY 4, 2010.

Siderúrgica Venezolana "SIVENSA" S.A. ("Sivensa" or the "Company") reports that as a result of the fact that Venprecar and Orinono are no longer being consolidated, which subsidiaries, under the International Financial Reporting Standards (IFRS), have the U.S. dollar as their functional currency, and due to the fact that in accordance with the IFRS, Sidetur, currently the main subsidiary of Sivensa, has the bolivar as its functional currency, the Company has decided to report and submit its Quarterly Reports, from now on, only in bolivares, based on the Guidelines for the Preparation of Financial Statements for Entities subject to the control of the National Securities Commission (CNV), as mandated by said organ (hereinafter the "Guidelines for the Preparation of Financial Statements").¹

Until this date, the Company has reported its financial statements to the National Securities Commission (CNV) in bolivares under the Guidelines for the Preparation of Financial Statements, and additionally issued complementary financial statements in U.S. dollars in accordance with the "Management Presentation Guidelines", which are similar to the International Financial Reporting Standards, except, primarily, because the U.S. dollar was assumed to be the functional currency for all Company subsidiaries. Quarterly reports referred to results that were translated to U.S. dollars, pursuant to said guidelines.

The financial statements that are enclosed and reviewed in this Report have been prepared in bolivares and adjusted for inflation to March 31, 2010, in accordance with the Guidelines for the

¹ Pursuant to a resolution of the CNV, Sivensa will have to submit its financial statements in bolivares, according to the International Financial Reporting Standards (IFRS), on a mandatory basis, as of the fiscal year commencing on October 1, 2011.

Preparation of Financial Statements.² The adjustment factor used is the inflation rate reported by Banco Central de Venezuela for the Metropolitan Area of Caracas, which was 6.45% for the three-month period that ended on March 31, 2010; 12.22% for the six-month period that ended March 31, 2010, and 28.20% for the twelve-month period that ended on March 31, 2010.

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 bolivares per US dollar to a multiple exchange rate regime with rates of 2.6 bolivares per US dollar and 4.30 bolivares per US dollar applicable to foreign currency purchase transactions according to the sectors specified in the above mentioned Exchange Agreement. The foreign currency items included in the enclosed financial statements have been translated to the exchange rate in effect for the second quarter of the 2010 fiscal year, which is 4.30 bolivares per U.S. dollar, except for certain items that in accordance with Exchange Agreement No. 14 must be translated at the rate of 2.60 bolivares per U.S. dollar.

The Company reported consolidated sales of Bs. 386.6 million for the second quarter of the 2010 fiscal year. This figure is 25% lower than the sales reported for the same quarter of the preceding fiscal year. Similarly, the Company's operating profit was Bs. 57.4 million, compared to the operating profit of Bs. 104.5 million for the January-March 2009 period. The net profit before minority interest from ongoing operations was Bs. 136.3 million, compared to the net profit of Bs. 51.5 million for the same period of the prior year.

ANALYSIS OF RESULTS FOR THIS QUARTER

Ongoing operations

Sivensa's consolidated results include Sidetur's accounts and IBH's ongoing operations for the second quarter of the 2010 fiscal year, which ended on March 31, 2010. Sivensa's consolidated results for the same quarter of the 2009 fiscal year include the results of Venprecar and Orinoco Iron, which are undergoing a nationalization process, which were reclassified for comparison purposes and are presented under the "Net loss for quarter from discontinued operations" item.

The most significant aspects of the consolidated statement results are described below:

Sales: The Bs. 121.3 million decrease in Sivensa's sales during the quarter was primarily due to: 1) the implicit inflation adjusted drop in the price of reinforcement bars (the nominal price has

² Results in bolivares for the quarters ended March 31, 2010 and 2009, to which this Report refers, were adjusted for inflation at March 31, 2010.

remained the same since January 5, 2006, as a result of price regulations jointly established by the Ministries of Light Industries and Commerce, Infrastructure, Housing and Habitat, for some steel products for the construction industry) and 2) the decline in volumes sold to the local market.

Gross profit: The gross profit for the quarter was Bs. 81.9 million, representing a drop of Bs. 3.10 million as compared to the gross profit of Bs. 112.9 million recorded for the January-March 2009 quarter.

Operating profits: The operating profit for the quarter was Bs. 57.4 million, compared to the operating profit of Bs. 104.5 million for the same period of the prior year. This Bs. 47.1 million variation with respect to the January-March 2009 quarter is due to a reduction in the gross profits obtained by the Company and the drop of nearly Bs. 12.4 million with respect to the same quarter of the prior year in the "Other operating income, net" item as a result of the drop in IBH's income from sales, which are recorded on this account. This decrease is explained by the slow recovery of international markets after their initial collapse in late 2008, which has led some major IBH customers to postpone their purchases of machinery, equipment, and certain types of supplies.

Integrated financing benefit (cost): The integrated financing benefit during the second quarter was Bs. 78.3 million, compared to the integrated financing cost of Bs. 35.6 million recorded for the same period of the preceding year, primarily as a result of the application of the rates that were established by the above mentioned new exchange agreement to the pertinent items of the Company's consolidated balance sheet.

Taxes: This expense decreased by Bs. 18 million during the quarter under analysis, going from an expense of Bs. 17.4 million for the same period of the prior year to Bs. 637,000 in income. The reduction is due to the a lower income tax provision for Sidetur as a result of the decrease in its net income and the 10.5 million increase in the "deferred income tax" item.

Minority interest in subsidiaries: This account reflects the 31.46% share of IBH minority shareholders in the results from ongoing operations of said subsidiary. During the quarter, said share in the results from ongoing operations is equivalent to a loss of Bs. 3.1 million, compared to the profit of Bs. 1.2 million said shareholders obtained during the same quarter of the preceding year.

Loss from discontinued operations: This account reflects the results of the companies undergoing the nationalization process for the January-March 2009 quarter 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 January-March 2010 quarter, no results are reported for this item, compared to a net loss from discontinued operations of Bs. 56.5 million recorded for the same period of the prior year, which originated from the drastic reduction in steel production activities worldwide that began in late 2008, causing the sale price of briquettes to be proportionally lower than the increased manufacturing and marketing costs.

Net profit (loss) for the quarter: During the second quarter of the 2010 fiscal year, this result represented a profit of Bs. 133.3 million, compared to the loss of Bs. 3.8 million for the same period of the 2009 fiscal year. The Bs. 137.1 million variation is primarily due to the effects of the “exchange profit” in 2010 and to the results for the same quarter of 2009 from the discontinued operations of the companies that are currently undergoing the nationalization process, Venprecar and Orinoco Iron.

ANALYSIS OF STEEL SECTOR

In terms of metric tons, Sidetur’s domestic sales during the quarter decreased by 23.5% as compared to the same period of the preceding year, reflecting the contraction in the demand from the local market during the quarter, which ranged approximately from 20% to 35%, depending on the type of product.

In all of its operations, Sidetur has been compliant with the Energy Savings Plan as provided in Gazette No. 39.332, dated December 21, 2009, as established by the People’s Ministry for Electric Energy.

On March 12, 2010, one of the two labor unions existing at the Casima billets plant located in Puerto Ordaz, owned by Sidetur, stopped all activities at such plant claiming certain alleged deficiencies in its industrial safety and health conditions. Sidetur considers that this strike is illegal due to the following reasons: a) In January 2010, the National Institute for the Prevention, Safety and Healthy Working Conditions (INPSASEL) carried out an inspection at the said plant and concluded, in its report, issued last February, that there were no unsafe conditions of high impact, identifying some opportunities for improvement which the management team of the plant has been adequately handling, b) Sidetur is in full compliance with the collective labor agreement currently in effect at the Casima plant, and c) notwithstanding the foregoing, since December 2009 the management team of the plant has been attending the meetings related to the conciliatory petition filed by the above referred labor union with the Office of the Labor Inspector of Puerto Ordaz last November. To date, Sidetur continues to make its best efforts in order to reach an agreement with workers for resuming the operations of the plant.

OTHER LINES OF BUSINESS

The slow recovery of international markets after the global economic crisis of 2009 has negatively impacted the volume of certain IBH lines of business during the second quarter of the 2010 fiscal year. Some major customers have postponed their purchases of machinery, equipment and certain types of supplies.

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 support the community through the commitment to social action of the participants in its various professional and technical training programs. The main activities undertaken during the period include the following:

Communities

Through the “Steel with Added Value” program, Sidetur supports the projects of organized communities and institutions in surrounding communities with materials sold at significant discounts. During the quarter, the program benefited 400 families in the community of Caricua, 70 children at a preschool located in Carapita, in the Parish of Antimano, as well as officers of the Caricua Metropolitan Police force.

Education and sports

Through the “Support with Social Value” program advanced by Sidetur, the company continues to support the Mallitos Baseball School (since 1986), benefiting 80 children from a number of communities. Similarly, during this quarter, Sidetur supported a family integration program at an educational institution of Miranda State, as well as a software license acquisition program for educational purposes, benefiting the students at the UCAB (Universidad Católica Andrés Bello) Civil Engineering School. In addition, Sidetur sponsored the third edition of the 2010 Eureka Industrial Design Award, an award that seeks to promote Industrial Design and Architecture as desirable professional endeavors in Venezuela. All of these initiatives directly benefited approximately 1,200 people during the quarter.

Fundametal

Apprentices from various educational programs promoted by the Fundametal Center for Applied Knowledge devoted more than 9,000 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 social wellbeing. The institutions that benefited from the work of Fundametal apprentices during the quarter were: Escuela Técnica Robinsoniana “Francisco de Miranda” and Escuela Básica “Julio Garmendia” in Valencia; Casa Hogar de Ancianos “Corazón de Jesús” and Casa Hogar “Bebé Crece” in Guayana, and Escuela Hospitalaria “J.M. de los Rios” and Comedor Popular “Buen Samaritano” in Caracas.

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 through its subsidiaries, including machinery, industrial parts, raw materials, and intermediate and finished products. At March 31, 2010, Sivensa employed 1,851 workers.



SIDERURGICA VENEZOLANA "SIVENSA", S.A AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
MARCH 31, 2010 AND 2009

(Thousands of Bolivars as of March 31st, 2010)

	<u>2010</u>	<u>2009</u>
Assets		
Current Assets		
Cash and cash equivalents	318.896	354.285
Accounts receivable:		
Trade and other	206.164	339.975
Related companies	1.235	596
Advances to suppliers	116.678	26.844
Inventories	327.384	382.544
Pre-paid expenses and other current assets	10.373	97.069
	980.730	1.201.313
Total current assets	980.730	1.201.313
Property, plant and equipment, net		
Property, plant and equipment, net	1.425.551	4.323.890
Available for sale investments		
Investments in preferred shares	47.350	60.703
Investments in companies under "nationalization"	2.893.171	-
Related companies	-	444
Deferred tax	41.610	37.213
Other non-current assets	1.670	39.760
	5.390.082	5.663.323
Total assets	5.390.082	5.663.323
Liabilities and shareholder's equity		
Current liabilities		
Short term bank loans	125.203	245.076
Current portion of bonds payable	21.500	13.782
Accounts payable		
Suppliers	172.653	300.974
Related companies and shareholders	4.442	66.002
Profit sharing, vacation and other personnel accruals	34.652	62.876
Income tax	18.993	29.798
Dividend payable	9.640	10.115
Other current liabilities	47.308	61.201
	434.391	789.824
Total current liabilities	434.391	789.824
Bonds payable	356.303	238.917
Accrual for termination benefits, net of advances and loans to employees	25.249	52.853
Other long term liabilities and accruals	91.581	82.401
Deferred income tax	402.079	296.930
	1.309.603	1.460.925
Total liabilities	1.309.603	1.460.925
Minority interests in subsidiaries	836.570	1.075.010
Equity		
Capital stock		
Nominal	105.890	105.890
Inflation adjustment	1.039.541	1.039.541
Treasury stock	(14.215)	(14.215)
Share premium	123.031	123.018
Net effect of combination (merger) of subsidiaries	462.455	472.929
Result from holding nonmonetary assets	(518.618)	(758.742)
Difference between fair value and cost of shares of subsidiaries	1.444.011	1.492.815
Unappropriated earnings		
Legal reserve	114.542	114.542
Available	487.272	551.610
	3.243.909	3.127.388
Total equity	3.243.909	3.127.388
Total liability, minority interests and equity	5.390.082	5.663.323

**IDERURGICA VENEZOLANA "SIVENSA", S.A AND ITS SUBSIDIARIES****CONSOLIDATED STATEMENTS OF RESULTS****QUARTER ENDED MARCH 2010 AND 2009**

(Thousands of constant bolivars at March 31, 2010)

	<u>2010</u>	<u>2009*</u>
Continuing operations		
Net sales	368.581	489.866
Cost of sales	(286.584)	(376.891)
Gross income	81.997	112.975
General, administrative expenses	(40.492)	(36.782)
Other operating income (expense) net	15.918	28.286
Income before full financing income (expense)	57.423	104.479
Full financing income(expense)		
Interests and other financial expense, net	5.045	(16.045)
Exchange gain (loss) , net	73.819	2.702
Gain (loss) from net monetary position	(607)	(22.276)
Income before tax and minority interests in subsidiaries	135.680	68.860
Incometax		
Current	(9.834)	(17.506)
Deferred	10.471	102
Income before minority interests in subsidiaries	136.317	51.456
Minority interests	(3.066)	1.210
Discontinued operations		
Net income (loss) from discontinued operations	-	(56.474)
Net income (loss)	133.251	(3.808)

*** Restructured and reclassified for comparative purposes**



IDERURGICA VENEZOLANA "SIVENSA", S.A AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF RESULTS
SEMESTERS ENDED MARCH 2010 AND 2009

(Thousands of constant bolivars at March 31, 2010)

	<u>2010</u>	<u>2009*</u>
Continuing operations		
Net sales	626.571	913.037
Cost of sales	<u>(505.975)</u>	<u>(740.046)</u>
Gross income	120.596	172.991
General, administrative expenses	(73.064)	(72.765)
Other operating income (expense) net	<u>286</u>	<u>120.326</u>
Income before full financing income (expense)	<u>47.818</u>	<u>220.552</u>
Full financing income(expense)		
Interests and other financial expense, net	2.905	(32.850)
Exchange gain (loss) , net	73.748	3.113
Gain (loss) from net monetary position	<u>(16.671)</u>	<u>(57.884)</u>
	<u>59.982</u>	<u>(87.621)</u>
Income before tax and minority interests in subsidiaries	107.800	132.931
Incometax		
Current	(21.198)	(35.915)
Deferred	12.143	500
	<u>(9.055)</u>	<u>(35.415)</u>
Income before minority interests in subsidiaries	98.745	97.516
Minority interests	2.105	12.601
Discontinued operations		
Net income (loss) from discontinued operations	<u>-</u>	<u>38.539</u>
Net income (loss)	<u>100.850</u>	<u>148.656</u>

* Reestructured and reclassified for comparative purposes