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SIVENSA REPORTS RESULTS FOR THIRD QUARTER OF FISCAL YEAR

CARACAS, JULY 30, 2007... Siderúrgica Venezolana "SIVENSA" S.A. reported consolidated sales in the third quarter of fiscal year 2007, closed on June 30, for US\$ 295 million, 30% above the sales recorded for the same quarter of the preceding fiscal year. The operating profit was of US\$ 50 million, compared to the operating loss of US\$ 7 million in the term April-June 2006. The net profit that may be allocated to the shareholders of Sivensa was US\$ 37 million, compared to the net loss of US\$ 6 million recorded in the same term of the preceding fiscal year.

This improvement in Sivensa's operating results is mainly due to the positive performance of its three operating subsidiaries, driven by a higher national demand in the construction, manufacture and agricultural sectors, attended by Sidetur and Vicson, and to the higher prices of hot briquetted iron in the international market, which favored the sales of subsidiary IBH.

Interest and other financial expenses added up to US\$ 14 million, compared to the US\$ 7 millions in the comparable quarter of 2006. As it has been explained in previous reports, this difference was due mainly to: i) increase in the interest rate of Sidetur's debt, which was refinanced in May 2006 at a fixed rate; ii) applying interest to the entire debt after the restructuring, compared to the previous contract, according to which a tranche of the debt was non-interest bearing; and iii) new debt of Sidetur for US\$ 19 million.

The line item *Profit on Sale of Financial Instruments* shows a benefit after operations and before taxes of US\$ 29 million, which includes a profit of US\$ 44 million pertaining to the partial sale of Ternium's shares. As announced in printed and electronic media last June 28, Sivensa sold, through the New York Stock Exchange, 2,633,337 ADRs of Ternium, out of the total of 3,380,073 ADRs that it held in such company.¹ The average price of the transactions effected was US\$ 26.65 per ADR. The funds arising from this transaction will be applied to: (i) advance investment plans in the operating subsidiaries; (ii) repay, by the end of this calendar year, the US\$ 19 million loan obtained to repurchase 15% of the shares held by the creditor banks; and (iii) contribution to the payment of a extraordinary

¹ Before the sale of shares, the stake of Sivensa in Ternium was 1.686% of its capital stock.

dividend, to be proposed by the Board of Directors at the next annual shareholders' meeting, the amount and conditions of which shall be set and announced in due time.

INTERNATIONAL MARKET

During the term April-June, international prices of long steel products marked a new record mainly due to the sustained demand in European and Far East countries. Towards the end of the quarter, the prices of steel bars and wire showed a slight correction in response to the pressure exercised by steel imports in European markets. In June 2007, the Chinese government began to apply a 10% tax over steel exports, which measure has not had a major impact on prices until this date due to the inventory levels in the international market.

Regarding the pre-reduced products' market, the average FOB realization price of IBH's briquettes in the Port of Palúa was US\$ 250.68 /MT, compared to US\$ 205.59/MT in the same term of fiscal year 2006 (April-June 2006), and US\$ 219.02/MT in the immediately preceding quarter (January-March 2007)². This increase is due to the pressure of demand in the relevant markets, and the termination of the briquette sales contract signed in April 2002, the prices of which had been substantially lower than market prices in the last years. As announced in the last quarterly report published on April 30, 2007, shortly before the termination of said contract, an agreement was signed with the same client to add a surcharge of US\$ 49 per metric ton over the volume remaining to be shipped in 2007. At the same time, a new contract was signed for the sale of 325,000 MT of briquettes per year at the market price, with expiration date December 31, 2009.

ANALYSIS PER BUSINESS SECTOR

Steel Sector

Sidetur's sales reached US\$ 121 million in the April-June 2007 quarter, 8% above those recorded for the same period in the preceding fiscal year. This increase is a result of the expansion of activities in the construction industry of Venezuela, driven by the public and private sectors.

Sidetur continues progressing in its investment program for the expansion of installed capacity, technological update, environment protection and increase in the efficiency of its steel mills, rolling and electro-welding facilities and scrap collection centers. This works program will extend until June 2008 and contemplates an approximate investment of US\$ 49 million.

² The computation of these averages does not include the byproducts.

Wire Sector

Wire and wire products sales by Vicson and its subsidiaries in the April-June 2007 quarter were for US\$ 50 million, an increase of 29% regarding the same period of the preceding fiscal year. This increase mainly reflects the improvement in domestic sales and in the sales of subsidiary Proalco, with operations in Colombia. In the national market, the agricultural and construction sectors showed a higher volume of activity, with a major demand of barbed wire, galvanized wire, nails and meshes. Vicson continues its progress in its investment plan to increase the installed capacity of certain products and to update equipment in its plants.

Prerduced Sector

Subsidiary IBH recorded sales for US\$ 133 million in the April-June 2007 term, compared to sales for US\$ 100 million in the same quarter of the preceding year. The production of both plants (Venprecar and Orinoco Iron) was of 503,145 MT, 6% lower than the production for the same quarter of the preceding year. This reduction is mainly due to the failure in pellets supplies for the Venprecar plant and the scheduled maintenance shutdown of said plant in May.³

Since the production of pellets in the Guayana region has not recovered as it was expected, Venprecar is exploring again the option of importing this raw material. Due to the high demand of pellets and the priority given to long-term contracts over sales in the spot market, there are restrictions in the availability of this raw material. Venprecar expects that current conditions for pellets supply in the international market will continue being limited during this semester.

SOCIAL RESPONSIBILITY

In the area of Social Responsibility, the Applied Knowledge Center, Fundametal, advanced its programs for environmental preservation at the Carabobo Educational Unit, located in Urbanización La Isabelica in the city of Valencia. Through this program and the enthusiastic participation of the children, their teachers and representatives, the young apprentices for Administrative Assistants and Industrial Electromechanics gave lectures on preservation, made artifacts with recycled materials, restored the Bolivar square of the Educational Center, planted trees and painted murals with educational and environmentalist messages.

³ Detailed information on the results of the subsidiary IBH are available at www.ibh.com.ve

Subsidiary Sidetur, as part of its program *Apoyo con Valor Social*, is sponsoring the Contest *Eureka Futuro Diseñador Industrial*, which seeks to promote the innovative spirit among youths by means of proposals for the recovery of public spaces that combine aesthetic, technical and usage factors. Another of Sidetur's programs, *Acero con Valor Social*, has served as a platform to advance construction and improvement proposals in the communities organized in zones adjacent to the plants of Sidetur.

In turn, subsidiary IBH donated three electric transformers to the Villa Bahía settlement located in Puerto Ordaz, to enable transporting electricity to 68 families in this community. Among other initiatives framed within its social commitment, this subsidiary continued the program of Drug Prevention and Control through lectures issued to 10,760 students of public and private schools in Ciudad Guayana. The purpose of these lectures is to make the youths aware of the risks of premature pregnancy, sexual transmission and the consequences related to alcohol and drug abuse.

Subsidiary Vicson continued supporting the programs of the "Dividendo Voluntario para la Comunidad" in the areas of health and nutrition. Additionally, this subsidiary made logistic contributions to the "Primer Encuentro de Experiencias Ambientales de Niños y Niñas", (*First Gathering for Environmental Experiences for Girls and Boys*) that took place in Universidad Pedagógica Experimental Libertador of Maracay, in the State of Aragua.

Siderúrgica Venezolana SIVENSA S.A. is a Venezuelan corporation comprising three business units: Sidetur, engaged mainly in the manufacture 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. The partners of SivenSA are: Belgium company Bekaert Corporation in the Vicson division, and Venezuelan company CVG Ferrominera Orinoco in the IBH division. SivenSA's labor force at June 30, 2007 was of 3.820 workers.



SIDERURGICA VENEZOLANA "SIVENSA", S.A
AND ITS SUBSIDIARIES
Consolidated Balance Sheet
June 30, 2007 and 2006
(Thousands of US dollars)

	June 30,	June 30,
	2007	2006
Assets		
Current assets		
Cash and cash equivalents	157.319	93.680
Trading securities	9	-
Accounts receivable:		
Commercial and other	139.291	172.592
Related Companies	86	562
Advances to suppliers	15.663	14.640
Inventory	117.769	91.758
Pre-paid expenses and other current assets	6.706	3.841
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Total Current Assets	436.843	377.073
Revalued property, plant and equipment, net	1.330.098	1.248.993
Investments available for sale	22.703	81.695
Investments held until maturity	84.355	-
Related companies	161	161
Deferred taxes	15.179	7.073
Deferred taxes and other non-current assets	9.333	15.949
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Total assets	1.898.672	1.730.944
Liabilities and shareholders's equity		
Current liabilities		
Short-term bank loans	17.151	19.961
Current portion of long-term bank loans	22.744	6.421
Accounts payable:		
Suppliers	118.769	117.646
Related Companies	45.270	64.641
Advances from suppliers	5.213	-
Profit sharing, vacations and other personnel accruals	22.140	17.180
Taxes	26.232	-
Other current liabilities	22.332	23.660
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Total Current liabilities	279.851	249.509
Long-term loans	457.018	447.015
Accounts payable related companies	-	17.365
Long-term supplier	3.077	1.354
Accrual for employee termination benefits, net of advances and loans to employees	18.351	12.693
Other long-term liabilities and accruals	53.794	54.883
Deferred taxes	194.210	177.637
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Total Liability	1.006.301	960.456
Capital stock	311.121	319.137
Surplus (deficit) amount of the par value of shares	8.221	13.221
Treasury shares	-	(8.016)
Fixed asset revaluation	166.785	100.163
Unrealized investment profit	9.961	45.999
Net effect of merger of subsidiaries	130.029	130.029
Difference between reasonable value and cost of shares of a subsidiary	119.483	119.483
Legal reserve	31.112	44.480
Déficit	(113.682)	(228.313)
Effect of translation Proalco	(1.103)	(2.341)
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Total shareholders' equity	661.927	533.842
Minority interests	230.444	236.646
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Total shareholders' equity and minority interests	892.371	770.488
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Total liabilities and shareholder's equity	1.898.672	1.730.944



SIDERURGICA VENEZOLANA "SIVENSA", S.A
AND ITS SUBSIDIARIES
Consolidated Statement of Results
Quarter ended June 30, 2007 and 2006
(Thousands of US dollars)

	2007	2006
Net Sales		
Exports	140.033	110.879
Domestic	154.879	117.348
	<u>294.912</u>	<u>228.227</u>
Cost of sale	<u>(230.016)</u>	<u>(216.395)</u>
Gross Profit	64.896	11.832
General, administrative expenses	(19.359)	(20.733)
Other operating income, net	4.149	2.386
Operating profit (loss)	<u>49.686</u>	<u>(6.515)</u>
Interests and othe financing costs	(13.544)	(6.759)
Adjustment for translation	(57)	(329)
	<u>(13.601)</u>	<u>(7.088)</u>
Profit on sales of securities	<u>29.056</u>	<u>0</u>
Profit (loss) before taxes	65.141	(13.603)
Taxes	(22.431)	(4.580)
Net profit (loss)	<u>42.710</u>	<u>(18.183)</u>
Net profit (loss) attributable to:		
Sivensa' shareholders	37.249	(6.328)
Minority shareholders	5.461	(11.855)
	<u>42.710</u>	<u>(18.183)</u>



SIDERURGICA VENEZOLANA "SIVENSA", S.A.
AND ITS SUBSIDIARIES
Consolidated Statement of Results
Nine months ended June 30, 2007 and 2006
(Thousands of US dollars)

	2007	2006
Net sales:		
Exports	346.248	331.457
Domestic	430.238	307.538
	<u>776.486</u>	<u>638.995</u>
Cost of sales	(631.617)	(558.794)
	<u>144.869</u>	<u>80.201</u>
Gross profit		
General, administrative expenses	(52.582)	(47.551)
Other operating expenses, net	16.698	3.304
	<u>108.985</u>	<u>35.954</u>
Operating profit		
Interests and other financing costs, net	(49.069)	(30.058)
Adjustment for translation	(876)	(1.163)
	<u>(49.945)</u>	<u>(31.221)</u>
Profit on sales of securities	29.056	0
	<u>88.096</u>	<u>4.733</u>
Profit before taxes		
Taxes	(33.201)	(12.978)
	<u>54.895</u>	<u>(8.245)</u>
Net profit (loss)		
Net profit (loss) attributable to:		
Sivensa's shareholders	53.966	12.837
Minority shareholders	930	(21.082)
	<u>54.896</u>	<u>(8.245)</u>