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SIVENSA REPORTS RESULTS FOR THE THIRD QUARTER OF THE FISCAL YEAR

CARACAS, JULY 30, 2009. On May 21st of the current year, during an act that was broadcast on national television and widely publicized in other national media, the President of the Bolivarian Republic of Venezuela announced the “nationalization” of the Venprecar and Orinoco Iron subsidiaries, together with the remainder of the private companies that are form the domestic briquetting sector. As part of this process, on May 25th Venprecar and Orinoco Iron were notified by the Secretary of Basic Industries and Mining regarding the organization and creation, for each of the companies, of the so-called “Transitional Commissions.” Subsequently, Decree 6796 appeared in the July 14th issue of the Official Gazette mandating, among other things: a) the acquisition of Venprecar and Orinoco Iron assets, and b) the organization of: 1) the “Transitional Commissions” that will immediately take control of operations in order to guarantee the transfer and continuity of activities, and 2) a “Technical Commission” composed of company and government representatives, in order to agree upon an appraisal, for which a period of 60 days has been established. This 60-day period may be extended by the parties by 60 additional days. On the date of publication of this report, the “Technical Commission” has not yet been appointed.

RESULTS FOR THE APRIL-JUNE 2009 QUARTERLY PERIOD

Siderúrgica Venezolana “SIVENSA” S.A. reported consolidated sales of US \$189 million during the third quarter of the 2009 fiscal year, which ended on June 30, 2009. This figure is 46% lower than the sales reported for the same quarter of the preceding fiscal year.

In late 2008, the prices of steel and reduced iron briquettes dropped sharply as a result of the collapse in demand that occurred upon the beginning of the global economic crisis. According to data published by Worldsteel Association, worldwide production of raw steel during the April-June 2009 quarterly period was 284 million metric tons, 20% decrease as compared to the same quarter of 2008.

In response to this market situation, in October 2008 our subsidiaries Venprecar and Orinoco Iron implemented a program to rationalize purchases, expenses and production levels in order to adjust operations to the lower demand. Despite the difficult operating conditions imposed by the market, the work force was maintained and contractual obligations toward workers were entirely fulfilled. The current status of operations and availability of human resources at the plants allow for a rapid increase in production at any time, as required by market conditions.

In terms of the local activity, a slight deceleration has been noted in the demand of some product lines for the construction market.

ANALYSIS OF RESULTS FOR THIS QUARTER

The most significant aspects of the results are described below:

Sales: The 46% decrease in Sivensa sales results from the lower sales volume and prices of reduced iron briquettes produced by IBH, Orinoco Iron and Venprecar subsidiaries. Sales of products for the Venezuelan construction market by Sidetur remained at a similar level as compared to the April-June 2008 quarterly period.

Cost of Sales: The cost of sales went from US\$ 264 million to US\$ 181 million. This reduction is due to the lower sales volume of briquettes, as well as to the fact that, unlike the situation during the same quarter of 2008, briquettes were produced under manufacturing agreements during this quarter of fiscal year 2009.

Operating Income: The operating income was US\$ 46 million, compared to US\$ 64 million for the same quarter of the prior year. This variation is primarily explained by the difference in the *Other Income, Disbursements (net)* item, which reflects a number of treasury operations.

Total Financing Cost: The total financing cost decreased by 47% to US \$14 million as compared to the same period of the prior year. This variation is mainly due to special costs incurred during the comparable quarter of 2008 as part of the process to restructure IBH's debt. Of the total financing costs during the April-June 2009 quarterly period, approximately US\$ 6.7 million are due to the valuation of the loan granted by Rutedis Finance to Venprecar in June 2008, which had a balance of US \$46 million at June 30, 2009.

Net Income: As a result of the above mentioned factors, the *Net income attributable to Sivensa shareholders* was US\$ 37 million.

PERFORMANCE BY BUSINESS SECTOR

Steel

Sidetur's sales for the quarter under analysis were US\$ 170 million, a figure that is similar to the sales for the comparable period of fiscal year 2008. As stated above, during the April-June 2009 quarterly period, and particularly during the month of June, a deceleration in shipments for the domestic construction market was noted, particularly for beams and angles. Reinforcing bar shipments remained at the same level as compared to the same quarter of the prior year.

Pre-reduced Iron

IBH recorded sales of US\$ 40 million during the April-June 2009 period, a figure that is 73% lower than the sales reported for the same quarter of the prior year. This reduction is explained by the lower price of briquettes and reduction of shipments, as well as by the fact that 56% of the 285,504 MT yielded by the plants were produced under manufacturing agreements with CVG Ferrominera Orinoco. IBH exports totaling 59,459 MT decreased by 85% as compared to the April-June 2008 quarterly period.

ACCOUNTING TREATMENT OF VENPRECAR AND ORINOCO IRON AT THE END OF FISCAL YEAR 2009

As a result of the "nationalization" process described above in this report, effective next quarter, Sivenza will cease to consolidate assets, liabilities, results and cash flow for Venprecar and Orinoco Iron, and will acknowledge the investment in said companies in its consolidated financial statements as a financial asset available for sale, until assets are disposed of. Net results after taxes for Venprecar and Orinoco Iron for the period from October 1st, 2008 to the date on which said companies are no longer consolidated, will be reclassified and presented as a single amount under the *Net result of discontinued operations* account. Similarly, the results of said companies for the prior year will be reclassified in the same account for comparison purposes.

SOCIAL RESPONSIBILITY

During the April-June 2009 quarterly period, the FUNDAMETAL Center for Applied Knowledge and our Sidetur and IBH subsidiaries continued to drive their programs to promote the wellbeing of the community. Activities undertaken include the following:

- Within the framework of the *Steel with Added Value* Program, Sidetur continued to advance its initiative to support with free or significantly discounted construction materials the projects at organized communities in the parishes of Carapita, Antímano and Caricuao, as well as local projects for the Caracas Police and DISIP. In addition, the subsidiary continued to support Asociación Civil Escuela de Béisbol Menor Mallitos (the small league baseball training camp formerly known as Siduritos), located in Valencia, which offers a space to practice this sport in the toddler, preparatory, pre-school and juvenile categories.

- In order to further enhance company workers' sensitivity to social integration issues, a Fair for the Disabled was held, giving children, youths and adults afflicted with Down syndrome or motor, visual and hearing disabilities an opportunity to exhibit room jewelry pieces, wood works, confections and other crafts at the Orinoco Iron plant dining, as well as to participate in music and choreographed dancing presentations. This activity was conducted with the participation of Taller de Inserción Laboral Caroní, Fundación Bethesda and the Luisa Cáceres de Arismendi School.

- The planning and coordination efforts of instructors at the Fundametal Center for Applied Knowledge allowed apprentices from different training programs to devote 6.160 hours to social work benefiting children and senior citizens under the care of various institutions. In Caracas, youths undertook activities at Fundación Buen Samaritano, Fundación Hogar María Páez and Asilo La Providencia, while in Valencia, Instituto de Educación Especial Libertador (a special education institute for children with Down syndrome) and Grupo Escolar Simón Rodríguez received voluntary contributions from youths, who donated materials obtained through fund raising campaigns, improvement works at facilities, and entertainment activities developed by the students themselves.

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, whose Venprecar and Orinoco Iron plants produce reduced iron briquettes to be used as a high-quality raw material in the steel industry. At June 30, 2009, Sivensa employed 2,772 workers.

**SIDERURGICA VENEZOLANA "SIVENSA", S.A AND ITS SUBSIDIARIES****CONSOLIDATED BALANCE SHEET****JUNE 30, 2009 AND 2008**

(Thousands of US Dollars)

	<u>2009</u>	<u>2008 *</u>
Assets		
Current Assets		
Cash and cash equivalents	126,244	136,679
Restricted cash	-	63,937
Investments	40,465	-
Accounts receivable:		
Trade and other	128,177	158,552
Related companies	285	96
Advances to suppliers	7,305	7,650
Inventories	111,444	121,141
Pre-paid expenses and other current assets	14,633	4,542
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Total current assets	428,553	492,597
Revalued property, plant and equipment, net	1,402,359	1,429,744
Investments	22,024	11,907
Related companies	161	161
Deferred tax	16,560	16,576
Other non-current assets	39,200	31,642
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Total assets	1,908,857	1,982,627
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Liabilities and shareholders' equity		
Current liabilities		
Short term bank loans	67,984	27,082
Current portion of long term loan	5,000	5,000
Accounts payable		
Suppliers	103,363	111,246
Related companies and shareholders	14,346	69,335
Suppliers	11,134	9,252
Profit sharing, vacation and other personnel accruals	29,309	25,938
Taxes	11,156	13,171
Dividend payable	4,423	62,673
Other current liabilities	79,949	19,818
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Total current liabilities	326,664	343,515
Long term loan	85,503	90,212
Accrual for termination benefits, net of advances	17,136	16,799
Other liabilities	59,933	19,970
Deferred tax	70,693	221,081
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Total liabilities	559,929	691,577
Capital stock	314,948	312,050
Treasury stock	(4,510)	-
Excess amount of par value of shares	8,217	8,222
Net effect of combination (merger) of subsidiaries	119,450	119,484
Revaluation of fixed assets	247,293	223,341
Difference between fair value and cost of shares of subsidiaries	336,580	332,516
Unappropriated earnings		
Legal reserve	31,495	31,112
Deficit	(39,282)	(74,824)
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Total equity of majority shareholders	1,014,191	951,901
Minority interests	334,737	339,149
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Total equity	1,348,928	1,291,050
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Total liabilities an equity	1,908,857	1,982,627
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* Restated for comparative purposes



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

(Thousands of US dollars, except information referred to the number of shares)

	<u>2009</u>	<u>2008</u>
Net sales		
Exports	20,959	178,233
Domestic	168,432	170,950
	<u>189,391</u>	<u>349,183</u>
Cost of sales	<u>(181,425)</u>	<u>(263,505)</u>
Gross income	7,966	85,678
General, administrative expenses	(21,470)	(19,205)
Other operating income (expenses) net	<u>59,820</u>	<u>(2,785)</u>
Operating income	<u>46,316</u>	<u>63,688</u>
Interest and other financial expenses	(13,189)	(27,244)
Adjustment for translation, net	<u>(925)</u>	<u>532</u>
	<u>(14,114)</u>	<u>(26,712)</u>
Income before tax	32,202	36,976
Tax	<u>(6,091)</u>	<u>(6,880)</u>
Net income	<u>26,111</u>	<u>30,096</u>
Net income attributable to:		
Sivensa shareholders	36,625	26,950
Minority interests	<u>(10,514)</u>	<u>3,146</u>
	<u>26,111</u>	<u>30,096</u>
Net income attributable to Sivensa shareholders (in US\$)	<u>0.70</u>	<u>0.54</u>
Weighted average of outstanding shares (in thousands)	<u>52,521</u>	<u>49,830</u>



SIDERURGICA VENEZOLANA "SIVENSA", S.A AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF RESULTS
NINE MONTHS ENDED JUNE 30, 2009 AND 2008

(Thousands of US dollars, except information referred to the number of shares)

	<u>2009</u>	<u>2008</u>
Net sales		
Exports	136,586	355,212
Domestic	489,191	417,157
	<u>625,777</u>	<u>772,369</u>
Cost of sales	<u>(551,454)</u>	<u>(634,868)</u>
Gross income	74,323	137,501
General, administrative expenses	(66,418)	(54,503)
Other operating income (expenses) net	88,913	60,137
Operating income	<u>96,818</u>	<u>143,135</u>
Interest and other financial expenses	(64,003)	(56,267)
Adjustment for translation, net	(540)	(77)
	<u>(64,543)</u>	<u>(56,344)</u>
Income before tax	32,275	86,791
Tax	(16,905)	(20,481)
Net income	<u>15,370</u>	<u>66,310</u>
Net income attributable to:		
Sivensa shareholders	48,880	58,374
Minority interests	(33,510)	7,936
	<u>15,370</u>	<u>66,310</u>
Net income attributable to Sivensa shareholders (in US\$)	<u>0.93</u>	<u>1.18</u>
Weighted average of outstanding shares (in thousands)	<u>52,521</u>	<u>49,644</u>