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FOR IMMEDIATE RELEASE:

SIVENSA REPORTS SECOND FISCAL QUARTER 2003 RESULTS

CARACAS, MAY 2, 2003.... Siderúrgica Venezolana Sivensa S.A. reported, in the second quarter of fiscal 2003 ended on March 31, consolidated sales of US\$ 32.1 million, 47.0% lower than sales corresponding to the same quarter of the preceding fiscal year of US\$ 60.6 million¹. The operating loss was US\$ 2.6 million, compared with an operating loss of US\$ 2.7 million in the January-March 2002 period. The net loss was US\$ 5.7 million, versus a loss of US\$ 11.5 million reported in the same quarter of the preceding fiscal period. The drop in sales was due to the national strike which extended until the first week of February, causing the decrease in the demand for products and insufficiency of natural gas to operate the direct reduction plants. In addition to this, on February 5, the Government announced the establishment of an exchange control, with a unique exchange rate and administrative procedures that determine the foreign currency movement in the country. This measure has added complexity to the industries' relations with the foreign market and has brought about uncertainty regarding the acquisition of foreign currency for the purchase of imported inputs or inputs with imported components, as well as for inventory replacement, the external debt service, and in general, about the future results. At the end of March, the Foreign Currency Administration Commission (CADIVI) published rulings 17 and 18, which establish the requirements, controls and steps for the administration of foreign currency corresponding to exports.

Anticipating the effects of the drop in the internal market demand mentioned above, Sivensa and its subsidiary Sidetur requested the banks a waiver for not complying, as of March 31, with one of the financial covenants contemplated in the restructuring contract. As a consequence, at the close of the quarter there was no breach of contract since the Banks granted the requested waiver.

ANALYSIS BY BUSINESS SECTOR

Steel Sector

Sidetur's sales in the January-March quarter were US\$ 14.5 million, 54.0 % lower to those of the same quarter in the previous fiscal year. The drop in sales was the result of the impact of the

¹ The financial statements presented in this report were prepared under International Accounting Standards (IAS).

activity strike in the internal market -particularly in the construction sector- and of the shutdown for maintenance of the Antímano plant rolling furnace. Starting on February, the productive operations progressively restarted and the process integrated to the commercial activities was normalized during the second half of the month.

Prerduced Sector

Sales of International Briquettes Holding, IBH, were US\$ 2.1 million in the January-March 2003 period, as compared to sales of US\$ 10.4 million recorded in the same 2002 period².

Venprecar's production in the quarter was 5,243 MT, versus 142,457 MT in the same period of the preceding fiscal year. The reduced production volume in the quarter was due, during the month of January and the first two weeks of February, to the lack of gas supply caused by the reasons explained above, and since February 15 forward, to the programmed shutdown to replace some components of the gas reformer and the heat recuperator. This shutdown, executed in the estimated time and cost, will enable the plant to re-establish the 815.000 MT/year production capacity. On March 29, after completing the repair and equipment replacement works, operations began, confronting some difficulties associated with the adjustment of the equipment and the quality of the pellets, which were solved afterwards.

In the January-March 2003 period, no loss is reported in the Equity Participation in Affiliates account, because IBH decided, as of September 30, 2002, to provision the book value of its investment in the Orinoco Iron, Operaciones RDI and Brifer affiliates.

Orinoco Iron Plant

The Orinoco Iron plant produced 161,236 MT in the January-March 2003 period, as compared to 129,477 MT in the same quarter of the preceding fiscal period. Due to the restrictions in the gas supply mentioned before, and to the shutdowns for programmed maintenance, the number of effective operating days was 41 days for one train and 67 for the other.

Withdrawal of IBH's Quotation from NASDAQ SmallCap Market

As agreed in the Annual Shareholder's Meeting, the quotation of IBH shares was withdrawn from Nasdaq SmallCap Market since February 18. The company's shares continue to be quoted in the Caracas Stock Exchange.

² More information about IBH results are available in the Second Fiscal Quarter Report issued on April 30, 2003, and available on the web page <http://www.ibh.com.ve>

Wire Sector

Vicson's sales of wire and wire products in the quarter, including the Proalco subsidiary with operations in Colombia, were US\$ 14.8 million, 13.3% lower to those of the January-March 2002 period. Operations of the Proalco subsidiary and Vicson's exports, partially compensated the effect of the decrease in sales in the internal market as a consequence of the civic strike.

Siderúrgica Venezolana Sivensa S.A. engages in steel making and metalworking activities for the domestic and export markets. Through its three 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. Its 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 March 31, 2003 was 2,553 workers.



**SIDERURGICA VENEZOLANA "SIVENSA", S.A
AND ITS SUBSIDIARIES**

CONSOLIDATED BALANCE SHEET

Thousands of US dollars according to International Accounting Standards (IAS)

	<u>2003</u>	March 31, <u>2002</u>
<u>Assets</u>		
Current Assets:		
Cash and cash equivalents	27,798	28,949
Accounts receivable	-	-
Customers and others	27,838	35,965
Related Companies	2,927	11,094
Advances to suppliers	5,205	1,982
Inventories	40,570	46,615
Prepaid expenses and other assets	3,866	5,402
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Total current assets	108,204	130,007
Investments		
In shares and land	16,746	49,005
In affiliates accounted for under the equity method	-	32,850
Property, plant and equipment	343,941	365,659
Related companies	1,279	4,104
Deferred taxes	498	3,076
Spare parts and other long term assets	24,837	19,444
Total assets	<hr/> <hr/>	<hr/> <hr/>
	495,505	604,145
<u>Liabilities and shareholders' equity</u>		
Current liabilities		
Bank loans and other	26,330	20,621
Accounts payable		
Suppliers	20,381	21,955
Related companies	25,294	32,313
Profit sharing, vacations and other personnel accruals	4,743	7,124
Taxes	3,911	4,816
Other current liabilities	9,771	9,057
	<hr/>	<hr/>
Total current liabilities	90,430	95,886
Long term loans	231,941	250,859
Accrual for employee termination benefits, net	6,651	8,964
Other liabilities	4,792	5,723
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Total liabilities	333,814	361,432
Minority interest	82,719	98,786
Shareholders' equity	78,972	143,928
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Total liabilities, minority interests and shareholders' equity	495,505	604,145



SIDERURGICA VENEZOLANA "SIVENSA", S.A
AND ITS AFFILIATES

CONSOLIDATED STATEMENT OF OPERATIONS
Thousands of US dollars according to International Accounting Standards (IAS)

	Quarter ended March 31,	
	<u>2003</u>	<u>2002</u>
Net Sales		
Exports	10,525	19,241
Domestic	21,610	41,406
	<u>32,135</u>	<u>60,647</u>
Cost of sales	<u>(30,101)</u>	<u>(57,477)</u>
	2,034	3,170
Gross Profit		
General and administrative expenses	<u>(4,644)</u>	<u>(5,879)</u>
	(2,610)	(2,709)
Operating loss		
Interest and other financial expenses ⁽¹⁾	(3,749)	(6,454)
Exchange gain (loss), net	1,546	335
Financial cost	<u>(2,203)</u>	<u>(6,119)</u>
Other income (expense) net	<u>(361)</u>	<u>(185)</u>
	(5,174)	(9,013)
Loss before taxes, equity participation and minority interests		
Taxes	<u>(1,205)</u>	<u>859</u>
	(6,379)	(8,154)
Loss before equity participation and minority interests		
Equity in results of affiliates ⁽²⁾	-	(7,780)
Minority interests	<u>674</u>	<u>4,462</u>
	(5,705)	(11,472)
Net loss		

(1) The reduction in financial expenses is due to the restructuring of Sivensa and Sidetur's debt, effective since May 31, 2002

(2) For the January-March 2003 period, no loss is reported due to IBH's decision, on September 30, 2002, to provision the book value of its investments in the Orinoco Iron, Operaciones RDI and Brife affiliates.



SIDERURGICA VENEZOLANA "SIVENSA", S.A
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS
Thousands of US dollars according to International Accounting Standards (IAS)

	Semester ended March 31,	
	2003	2002
Net Sales		
Exports	29,469	43,090
Domestic	52,027	88,417
	<u>81,496</u>	<u>131,507</u>
Cost of sales	<u>(73,128)</u>	<u>(122,861)</u>
Gross Profit	8,369	8,646
General and administrative expenses	<u>(9,269)</u>	<u>(13,507)</u>
Operating loss	<u>(901)</u>	<u>(4,861)</u>
Interest and other financial expenses ⁽¹⁾	(8,934)	(14,411)
Exchange gain (loss), net	203	759
Financial cost	<u>(8,731)</u>	<u>(13,652)</u>
Other income (expense) net	<u>(592)</u>	<u>(465)</u>
Loss before taxes, equity participation and minority interests	(10,224)	(18,978)
Taxes	<u>(1,843)</u>	<u>(531)</u>
Loss before equity participation and minority interests	(12,067)	(19,509)
Equity in results of affiliates ⁽²⁾	-	(21,426)
Minority interests	<u>1,784</u>	<u>9,826</u>
Net loss	<u><u>(10,282)</u></u>	<u><u>(31,108)</u></u>

(1) The reduction in financial expenses is due to the restructuring of Sivensa and Sidetur's debt, effective since May 31, 2002.

(2) For the October 2002-March 2003 period, no loss is reported due to IBH's decision, on September 30, 2002, to provision the book value of its investments in the Orinoco Iron, Operaciones RDI and Brifer affiliates.