

Siderúrgica Venezolana "SIVENSA" S.A.
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FOR IMMEDIATE RELEASE:

SIVENSA REPORTS THIRD FISCAL QUARTER 2003 RESULTS

CARACAS, JULY 30, 2003.... Siderúrgica Venezolana Sivensa S.A. reported, in the third quarter of fiscal 2003 ended on June 30, consolidated sales of US\$ 77.1 million, 11.6% higher than sales of US\$ 69.1 million corresponding to the same quarter of the preceding fiscal year¹. The cost of sales went from US\$ 62.0 million in the April-June 2002 quarter to US\$ 58.5 million in the same quarter of the current fiscal period. Similarly, the General and Administrative Expenses were reduced 10%, from US\$ 5.6 million in the April-June 2002 quarter to US\$ 5.1 million in the comparable period of the actual fiscal year. The operating profit was US\$ 13.5 million, as compared to an operating profit of US\$ 1.4 million in the April-June 2002 quarter. The net profit was US\$ 6.2 million versus a US\$ 5.2 million net profit reported in the same quarter of the previous fiscal year.

ANALYSIS BY BUSINESS SECTOR

Steel Sector

As a consequence of less activity in the national market, Siderur's domestic sales in the reported quarter were lower to those reported in the April-June 2002 quarter. Instead, exports were increased enough to compensate and outnumber the local market effect. The net result of these variations was total sales of US\$ 39.8 million, which is 22% higher than sales recorded by Siderur in the same 2002 quarter.

Prerduced Sector

Sales of the IBH subsidiary during the April-June 2003 period were US\$ 20.5 million, as compared to sales of US\$ 15.5 million recorded in identical period of the year 2002². Production of the quarter shows the plant's satisfactory operating conditions as a result of

¹ According to the standard adopted by the company since the beginning of the current fiscal year, to distribute the supplementary financial information to the Audited Financial Statement in bolívares, the financial statements presented in this report were prepared under International Accounting Standards (IAS).

² For further information about the IBH third quarter results, please visit the web site www.ibh.com.ve.

changing some components of the gas reformer and heat recuperators during the March shutdown, as informed in the quarterly report corresponding to the January-March period.

Orinoco Iron Plant

The Orinoco Iron plant produced 194,759 MT in the April-June 2003 period, as compared to 149,115 MT in the same fiscal period of the preceding year.

According to the plans, the company is carrying out actions to restart production of trains 3 and 4 of the Orinoco Iron plant in the coming October-December period, subject to the availability of foreign exchange for equipment and spares. Operations in these trains were suspended in October 2001, after its initial test, due to market and financial reasons.

Commission to Restructure Orinoco Iron's debt

The first week of June, IBH, Orinoco Iron's creditor banks and the Corporación Venezolana de Guayana (CVG), set up a team to study alternatives and to define the terms of the restructure of the bank loans to guarantee Orinoco Iron operating capacity in the long run. Given the initial phase of the process, no results can be yet anticipated.

Wire Sector

Vicson's sales of wire and wire products in the quarter, including the Proalco subsidiary with operations in Colombia, were US\$ 19.0 million, 5% lower to those of the April-June 2002 period, which were US\$ 20.0 million. The decrease in sales in the national market was partially offset with the increase in sales of the Proalco subsidiary, (with operations in Colombia) and in the export market.

Restructuring of Sidor's Debt

On June 20, 2003, the Consorcio Siderurgia Amazonia Ltd. (Amazonia) of which Sivensa forms part, and Siderúrgica del Orinoco C.A. (Sidor), reached an agreement with their financial creditors and the government of the Bolivarian Republic of Venezuela on the restructuring of the financial debts of Sidor and Amazonia. The agreement contemplates the following: the financial debt is reduced from US\$1,883 million to US\$791 million; the Amazonia shareholders - with the exception of Sivensa - made a contribution of US\$ 133.5 million; the Venezuelan State increased its interest in Sidor from 30% to 40.3%; and the guarantees given by the Amazonia shareholders for the Sidor debt were totally cancelled and replaced by other guarantees on Sidor's fixed assets, jointly with the Amazonia and Sidor shares held by Amazonia. These guarantees were granted in favor of the financial

creditors and the Bolivarian Republic of Venezuela. As a consequence of this restructuring, Sivensa now holds a 3.4% participation in Amazonia, which in turn has a majority interest of 59.7% in Sidor. Following this restructuring, Sivensa now holds 3.4% of Amazonia, which in turn has a majority interest of 59.7% in Sidor.

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. Sivensa's labor force as of June 30, 2003 was 2,561 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>	<u>June 30,</u> <u>2002</u>
Assets		
Current Assets:		
Cash and cash equivalents	43,019	20,911
Accounts receivable:		
Customers and others	42,687	34,479
Related Companies	4,907	8,887
Advances to suppliers	5,198	2,728
Inventories	40,376	42,129
Prepaid expenses and other assets	3,647	4,811
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Total current assets	139,834	113,945
Investments		
In shares and land	16,746	49,058
In affiliates accounted for under the equity method	-	37,498
Property, plant and equipment	337,981	355,078
Related companies	1,281	4,104
Deferred taxes	487	2,538
Spare parts and other long term assets	24,346	22,833
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Total assets	520,675	585,054
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<u>Liabilities and shareholders' equity</u>		
Current liabilities		
Bank loans and other	34,681	11,869
Accounts payable:		
Suppliers	26,332	16,269
Related companies	33,560	23,287
Profit sharing, vacations and other personnel accruals	5,695	5,448
Taxes	5,943	4,366
Other current liabilities	10,793	10,260
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Total current liabilities	117,004	71,499
Long term loans	225,315	254,519
Accrual for employee termination benefits, net	7,060	6,485
Other liabilities	5,410	6,016
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Total liabilities	354,789	338,519
Minority interest	85,202	99,605
Shareholders' equity	80,684	146,931
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Total liabilities, minority interests and shareholders' equity	520,675	585,055
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SIDERURGICA VENEZOLANA "SIVENSA", S.A AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF RESULTS
(Thousand of US dollars)
According to International Accounting Standards (I.A.S.)

	<u>Quarter ended June 30,</u>	
	<u>2003</u>	<u>2002</u>
Net Sales		
Exports	38,109	25,644
Domestic	38,958	43,410
	<u>77,067</u>	<u>69,054</u>
Cost of sales	<u>(58,466)</u>	<u>(62,056)</u>
Gross profit (loss)	18,601	6,998
General and administrative expenses	<u>(5,057)</u>	<u>(5,644)</u>
Operating income (loss)	13,544	1,354
Interest and other financial expenses ⁽¹⁾	(3,767)	(8,957)
Exchange gain (loss), net	<u>(1,140)</u>	<u>12,814</u>
Financial cost	(4,907)	3,857
Other income (expense) net	<u>1,216</u>	<u>(428)</u>
Profit (loss) before taxes, equity participation and minority interests	9,853	4,783
Taxes	<u>(1,057)</u>	<u>(1,097)</u>
Profit (loss) before equity participation and minority interests	8,796	3,686
Equity in results of affiliates ⁽²⁾	-	4,634
Minority interests	<u>(2,598)</u>	<u>(3,120)</u>
Net profit (loss)	<u>6,198</u>	<u>5,200</u>

(1) The reduction in financial expenses is due to the restructuring of Sivensa and Siderur's debt, effective since May 30, 2002

(2) For the April-June 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.



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

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

	<u>Nine months ended June 30,</u>	
	<u>2003</u>	<u>2002</u>
Net Sales		
Exports	67,578	68,734
Domestic	90,985	131,827
	<u>158,563</u>	<u>200,561</u>
Cost of sales	<u>(131,594)</u>	<u>(184,917)</u>
Gross profit (loss)	26,969	15,644
General and administrative expenses	<u>(14,326)</u>	<u>(19,151)</u>
Operating income (loss)	<u>12,643</u>	<u>(3,507)</u>
Interest and other financial expenses ⁽¹⁾	(12,701)	(23,368)
Exchange gain (loss), net	(937)	13,573
Financial cost	<u>(13,638)</u>	<u>(9,795)</u>
Other income (expense) net	<u>624</u>	<u>(893)</u>
Profit (loss) before taxes, equity participation and minority interests	(371)	(14,195)
Taxes	<u>(2,900)</u>	<u>(1,628)</u>
Profit (loss) before equity participation and minority interests	(3,271)	(15,823)
Equity in results of affiliates ⁽²⁾	-	(16,792)
Minority interests	<u>(814)</u>	<u>6,707</u>
Net profit (loss)	<u>(4,084)</u>	<u>(25,908)</u>

(1) The reduction in financial expenses is due to the restructuring of SivenSA and Siderur's debt, effective since May 30, 2002

(2) For the October 2002-June 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.