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FOR IMMEDIATE DISTRIBUTION

SIVENSA REPORTS RESULTS FOR THE SECOND QUARTER OF THE PERIOD

CARACAS, APRIL 29, 2011

As timely reported, the most significant event to date in fiscal year 2011 was the announcement made by the President of the Republic last October 31, 2010 regarding the expropriation of the plants and other industrial assets of our subsidiary Sidetur. The Decree No. 7786 of November 2, 2010 ("Expropriation Decree") was published in the Official Gazette No. 39544 dated November 3, 2010, which among other matters: i) orders the forced acquisition of the assets (movables, real property and improvements) owned by Sidetur and its subsidiaries and affiliates, consisting of the two Sidetur steel mills (Casima and Barquisimeto plants), four lamination trains in the Lara, Antimano and Guarenas plants, an electrowelded mesh plant, and 15 ferrous scrap collection and processing centers; ii) states that the expropriated property will be transferred, free of liens or limitations, to the proprietorship of the Bolivarian Republic of Venezuela for the purpose of carrying out the "Bolivarian Steel Complex;" and (iii) indicates that the Ministry of the People's Power for the Basic Industries and Mining (MIBAM) is in charge of the implementation of the aforesaid decree.

The only relevant legal event in the reported quarter in connection with the expropriation of the plants and other industrial assets of our subsidiary Sidetur was Resolution DM N° 001/2011 of February 8, 2011, issued by the Ministry of the People's Power for the Basic Industries and Mining (MIBAM), published in the Official Gazette of the Bolivarian Republic of Venezuela No. 39613 of February 10, 2011, which sets forth the conformation of the "Supervision, Preservation and Control Commission for the Management of the Goods and Assets subject to Expropriation of company Siderúrgica del Turbio, S.A. (SIDETUR), its affiliates and subsidiaries". Likewise, within the expropriation process, certain legal inspections requested by the Office of the Attorney General of the Republic in connection with the assessment of the existing assets of each plant of subsidiary Sidetur commenced, starting with Antimano plant, and then continuing with Guarenas plant.

In this quarter, the Legal Department of Sivensa ratified its opinion regarding the Expropriation Decree which subject matter is the forced acquisition of the assets of Sidetur (industrial facilities) above identified, not the expropriation of the shares of capital stock of Sidetur, and therefore the ownership of such shares is not affected by such Decree.

According to the statement released to the media on November 1, 2010, which, among others, indicated there were no objective reasons for the expropriation of Sidetur, and therefore the company (Sidetrur) would exercise all legal remedies available to protect its rights and interest, this subsidiary filed on April 27, 2011: (i) before the Political-Administrative Chamber of the Supreme Court of Justice a judicial recourse for the annulment of Executive Decree No. 7786 of November 2, 2010 and (II) before the Contentious Administrative Courts a judicial recourse for the annulment of Administrative Decision No. 422 of November 2, 2010, issued by the Institute for the Defense of Persons in the Access to Goods and Services (INDEPABIS).

On November 3, 2010, the National Securities Superintendency (*Superintendencia Nacional de Valores*, SNV) ordered the temporary suspension of the negotiation of Sivensa shares as a result of the Expropriation Decree of the industrial facilities of subsidiary Sidetur. During the reported quarter, the senior management of Sivensa has taken actions and provided the SNV the information Sivensa has deemed appropriate to lift the suspension. On the issuance date of this Report, said suspension is still in place although it is expected that the SNV and Sivensa will be able to clarify whatever aspect or matter necessary for the shares of Sivensa to be traded again.

On April 19, 2011, rating agency Fitch Ratings lowered the credit rating of our subsidiary Sidetur from B+ to B-; likewise, Fitch Ratings adjusted the rating of the bonds issued by Sidetur subsidiary Sidetur Finance B.V., from B+/RR4 to B-/RR4. According to the rating agency, this was due to the uncertainty attached to the expropriation process of the industrial facilities of subsidiary Sidetur.

The items in foreign currency included in the attached financial statements that according to Foreign Exchange Agreement No. 14 of January 8, 2010, were expressed at an exchange rate of 2.60 Bolivars per US Dollar, were translated into Bolivars in the reported quarter using the exchange rate in effect in the second quarter of fiscal year 2011, 4.30 Bolivars per US Dollar, according to Foreign Exchange Agreement No. 14 of January 1, 2011.

In the second quarter of fiscal year 2011, ended March 31, 2011, Sivensa (the Company) reported consolidated sales for Bs. 386.8 million, Bs. 84.8 million below the sales recorded in the same quarter of the previous year. The Company recorded an income before full financing

income (expense) of Bs. 60.1 million, compared to an income before full financing income (expense) of Bs. 104.2 million in January-March 2010 period. The quarter net income was of Bs. 35.7 million, compared to the net income of Bs. 213.7 million in the same period of last year.

The financial statements and their notes attached hereto are in Bolivars adjusted for inflation as of March 31, 2011, in accordance with the Standards for Preparation of Financial Statements of Organizations under the Control of the National Securities Commission (currently the SNV, National Securities Superintendency)¹. The adjustment factor used was the percentage variation of the National Consumer Price Index (INPC), which was 6.0% in the 3-month period, ended March 31, 2011, 11.2% in the 6-month period, ended March 31, 2011, and 27.4% in the 12-month period, ended March 31, 2011.

ANALYSIS OF RESULTS OF THE QUARTER

The consolidated results of Sivensa include the accounts of Sidetur subsidiary and the operations of IBH subsidiary in the second quarter ended March 31, 2011 and 2010. The consolidated results of Sivensa in the second quarter ended March 31, 2011 and 2010 do not include the results of companies Venprecar and Orinoco Iron, under a “nationalization” process, due that the results of these companies were consolidated as of June 30, 2009.

Following are the most significant aspects of the consolidated statement of income:

Sales: Sivensa’s sales during the quarter totaling Bs. 386.8 million were generated in their entirety by the sales of its subsidiary Sidetur. The Company’s sales decrease was of Bs. 84.8 million, over the same quarter of prior year.

Gross Income: The gross income of the quarter was Bs. 77.6 million, representing a decrease of Bs. 58.2 million as compared to the January-March 2010 quarter of Bs. 135.9 million.

Income before full financing income (expenses): Income before full financing income (expense) was Bs. 60.1 million as compared to the income before full financing income (expense) of

¹ As reported on May 4, 2010, since according to the International Financial Reporting Standards (IFRS) Sidetur, the main subsidiary of Sivensa, uses the Bolivar as a funcional currency, Siderurgica Venezolana “Sivensa” decided to report and prepare its Quarterly Reports from that date on in Bolivars only, under the Standards for Preparation of Financial Statements of Organizations under the Control of the National Securities Commission (currently the SNV, National Securities Superintendency) (the “Standards for Preparation of Financial Statements”). In the past, the Quarterly Reports referred to results translated into US Dollars in accordance with the “Management Reporting Standards”, similar to IFRS, except mainly because the US dollar was assumed as the funcional currency for all Sivensa subsidiaries.

Results in Bolivars of the quarters ended March 31, 2011 and 2010 referred to in this Report were adjusted for inflation as of March 31, 2011. According to the Resolution of the National Exchange Commission (CNV) (currently SNV), Sivensa is to present its consolidated financial statements in Bolivars according to IFRS, mandatory effective the fiscal year starting October 1, 2011.

Bs. 104.2 million in the same period of the prior year. This variation of Bs. 44.1 million with respect to the January-March 2010 quarter is due to the gross income decrease of the Company in the quarter, and the Bs. 10.7 million decrease over the same quarter of the prior year of item "General and Administrative expenses" and the increase of Bs. 3.5 million of the item "Other operating income net" primarily reflecting: i) income by the payment by the insurance carrier for the replacement of equipment fully depreciated and lost in subsidiary Sidetur during the January-March 2011 quarter, ii) the income decrease from business services of subsidiary IBH, recorded in this account and iii) the income decrease due to transactions with securities performed in the prior quarter ended March 31, 2010.

Full financing income (expense): The full financing expense during the second quarter of fiscal year 2011 was Bs. 9.2 million as compared to the full financing income of Bs. 148.9 million recorded for the same period of prior year. The negative variation of Bs. 158.1 million is primarily due to the variation of Bs. 121.9 million of exchange gain (loss) due to: i) the exchange loss in the quarter due to the conversion into Bolivars of some liabilities with suppliers in foreign currency, using the exchange rate in effect in the second quarter of fiscal year 2011 according to Exchange Agreement No. 14 of January 1, 2011 indicated above, which according to Exchange Agreement No. 14 of January 8, 2010 were recorded in the prior January-March 2010 quarter at 2.60 Bolivars per US Dollar and ii) there was no net exchange gain in the reported period when compared with the same fiscal quarter in 2010, because last year's fiscal quarter included the application of Exchange Agreement No. 14 of January 8, 2010. In addition, the full financing expense of the quarter was affected by the decrease in Bs. 27.3 million of the monetary gain due to inflation in the net monetary position of the Company in the quarter.

Taxes: In the reported quarter, this expense was of Bs. 8.6 million compared to Bs. 24.6 million in the same period of the prior year. The Bs. 16.0 million decrease is due to a lower income tax provision of subsidiary Sidetur and the expense decrease recorded in the "Deferred income tax" item of Bs. 13.7 million.

Minority Interest in Subsidiaries: This account reflects the 31.46% share of IBH minority shareholders in the results of the operations of said subsidiary. In the quarter, said share in the results of the operations was a loss of Bs. 6.4 million compared to the Bs. 14.7 million loss recorded in the same period of the prior year.

Net Income: In the second quarter of fiscal year 2011, this result represented a net income of Bs. 35.7 million compared to the net income of Bs. 213.7 million of the same period in fiscal year 2010. The variation of Bs. 178.0 million is primarily due to the full financing expense increase and the Company's sales decrease compared to the same quarter of prior year as described above.

RELEVANT ASPECTS OF THE STEEL SECTOR

As we have been reporting, on March 12, 2010, one of the two labor unions that exist at the Casima billets plant located in Puerto Ordaz, which is owned by the Sidetur subsidiary, stopped all activities at the plant. On July 8, Sidetur and the labor union reached an accord in which the conditions for resuming operations were agreed upon. The plant resumed operations on November 2, 2010, normalizing its production rhythm with some difficulties due to low metallic availability. However, from March 9, 2011 to date, the production and product dispatch activities have been stalled due to labor-related problems.

OTHER LINES OF BUSINESSES

As a result of the “nationalization” of the Venprecar and Orinoco Iron subsidiaries, IBH maintained its international commercialization businesses targeted to the industrial sector, which were affected by the decrease in product and commercialization services demand.

SOCIAL RESPONSIBILITY

During the January-March 2011 period, the Company, the Applied Knowledge Center, FUNDAMETAL, and our subsidiary Sidetur, kept a series of programs aimed at promoting a better quality of life for its employees and the community. Among the main activities undertaken during the period the followings stand out:

Communities

Through the “Acero con Valor” (Steel with Added Value) program, Sidetur contributes, through the sale of materials at significantly discounted prices, with the initiatives and proposals of organized communities and with institutions of the surrounding communities, that promote a better quality of life and with a suitable local development. During the quarter, the program donated products to the victims of the November floods that belong to the Antimano community, to institutions of La Guaira and to institutions of Carabobo State. Also, the “Ciudadanos Líderes” (Leader Citizens) program continued the “Escuela de Vecinos de Venezuela-Sidetur” (Sidetur-Venezuela Neighborhood School) project: “Valores e Integración Comunitaria” (Values and Community Integration), aimed at teaching Values. During the quarter, two workshops were held with the participation of 25 community leaders from different communities of Barquisimeto.

Education and Sports

The “Apoyo con Valor social” (Support with Social Value) program promoted by Sidetur, benefited children and students of several communities in Carabobo State by sponsoring sport activities,

the donation of maintenance equipment for different schools, and through the contribution of medals and trophies for the different sport tournaments promoted in several communities. Likewise, the Company continued to award scholarships (in cash) benefiting employees of the Company and their children.

FUNDAMETAL

Continuing with the Professional Training for labor task, aimed at young and adult employees, during the quarter FUNDAMETAL gave lessons in technical and commercial skills, to 900 young men and women in its Valencia, Puerto Ordaz and Caracas offices. After the 18-24 month training, these young people are hired by different companies, being inserted in the formal labor market.

As to the training of the active employees of the companies, 2010 concluded with the training of 24,382 participants, continuing in the first quarter of 2011 with the training of 5,268 participants, through 373 training sessions nationwide. The more popular training areas were Occupational Safety and Risks; Quality; Productivity and Operations; Personal and Organizational Development; and Industrial Maintenance and Techniques.

Siderurgica Venezolana SIVENSA S.A. is a Venezuelan corporation with two business units: Sidetur, mainly engaged in the manufacture of steel products for the construction, manufacturing and infrastructure industries, and International Briquettes Holding, IBH, which following the nationalization announcement of its Venprecar and Orinoco Iron plants, is engaged in the sale of different products intended for industrial sectors, including machinery, industrial parts, raw materials, and intermediate and finished products. As of March 31, 2011, Sivenza had 1,847 employees.



SIDERURGICA VENEZOLANA "SIVENSA", S.A AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
MARCH 31, 2011 AND 2010

(Thousands of constant bolivars at march 31, 2011)

	<u>2011</u>	<u>2010*</u>
Assets		
Current assets		
Cash and cash equivalents	232.785	406.312
Accounts receivable		
Trade and other	268.504	260.730
Related companies	2.536	5.716
Advances to suppliers	77.821	148.671
Inventories	245.363	416.001
Prepaid expenses and other current assets	11.131	13.210
	838.140	1.250.640
Total current assets		
Property, plant and equipment, net	1.227.228	1.315.639
Investments		
Investments in preferred shares	-	60.333
Investments in companies under "nationalization"	3.366.587	3.431.979
Accounts receivable from companies under "nationalization"	304.710	309.298
Deferred income tax	63.906	53.019
Other non-current assets	5.907	2.151
	5.806.478	6.423.059
Total assets		
Liabilities and Equity		
Current liabilities		
Short term bank loans	-	159.534
Current portion of bonds payable	21.500	27.395
Accounts payable		
Suppliers	148.935	149.072
Related companies	3.456	7.353
Profit sharing, vacation and other employee accruals	41.240	44.154
Income tax	12.038	24.201
Other current liabilities	135.262	107.736
	362.431	519.445
Total current liabilities		
Bonds payable	340.807	454.001
Accrual for employee termination benefits, net of advances and loans to employees	10.381	32.172
Other long term liabilities and accruals	62.823	128.746
Deferred income tax	494.072	358.586
	1.270.514	1.492.950
Total liabilities		
Minority interests in subsidiaries	987.853	1.076.841
Equity		
Capital stock		
Nominal	105.049	105.890
Inflation adjustment	1.312.053	1.353.618
Treasury stock	-	(18.113)
Share premium	136.302	156.766
Net effect of combination (merger) of subsidiaries	555.421	589.260
Result from holding nonmonetary assets	(927.707)	(964.371)
Difference between the fair value and cost of shares of subsidiary	1.734.297	1.839.959
Unappropriated earnings		
Legal reserve	141.859	145.949
Available	490.837	644.310
	3.548.111	3.853.268
Total equity		
Total liabilities, minority interests and equity	5.806.478	6.423.059

* Restructured for comparative purposes



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

CONSOLIDATED INCOME STATEMENT
QUARTERS ENDED MARCH 31, 2011 AND 2010

(Thousand of constant bolivars at March 31, 2011)

	<u>2011</u>	<u>2010*</u>
Net sales	386.801	471.652
Cost of sales	(309.161)	(335.739)
Gross income	77.640	135.913
General and administrative expenses	(41.120)	(51.848)
Other operating income, net	23.618	20.161
Income before full financing income (expense)	60.139	104.226
Full financing income (expense)		
Interest and other financial expense, net	(2.527)	6.411
Exchange gain (loss), net	(26.028)	95.919
Gain (loss) from net monetary position	19.336	46.663
	(9.220)	148.993
Income before tax and minority interest in subsidiaries	50.919	253.219
Income tax		
Current	(10.344)	(12.619)
Deferred	1.695	(12.056)
	(8.650)	(24.675)
Income before minority interest in subsidiaries	42.269	228.543
Minority interest in subsidiaries	(6.485)	(14.750)
Net Income	35.784	213.794

* Restructured for comparative purposes



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

CONSOLIDATED INCOME STATEMENT
SIX-MONTH PERIOD ENDED MARCH 31, 2011 AND 2010

(Thousand of constant bolivars at March 31, 2011)

	<u>2011</u>	<u>2010*</u>
Net sales	723.598	798.377
Cost of sales	(568.143)	(613.581)
Gross income	155.455	184.796
General and administrative expenses	(92.512)	(93.098)
Other operating income, net	23.330	364
Income before full financing income (expense)	86.273	92.062
Full financing income (expense)		
Interest and other financial expense, net	(5.858)	3.702
Exchange gain (loss), net	(30.549)	95.829
Gain (loss) from net monetary position	31.880	26.318
	(4.527)	125.849
Income before tax and minority interest in subsidiaries	81.746	217.911
Income tax		
Current	(27.936)	(27.010)
Deferred	7.938	(9.939)
	(19.998)	(36.949)
Income before minority interest in subsidiaries	61.748	180.962
Minority interest in subsidiaries	(10.156)	(8.201)
Net Income	51.592	172.761

* Restructured for comparative purposes