



Siderúrgica Venezolana "SIVENSA" S.A.
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SIVENSA REPORTS RESULTS FOR THE SECOND QUARTER FISCALYEAR 2013

CARACAS, APRIL 30 2013.

As we have been reporting, on October 31, 2010, the President of the Republic announced the expropriation of plants and other industrial assets owned by the subsidiary Siderúrgica del Turbio, S.A. "Sidetur" ("Sidetur"). In the Official Gazette No. 39544, dated November 3, 2010, Presidential Decree No. 7786 dated November 2, 2010 was published.

In late October 2012, as promptly informed the National Executive adopted the following measures: (i) the transfer of available funds in bolivars in Sidetur's bank accounts to the account of the State owned company "Complejo Siderúrgico Bolivariano, S.A." at Banco de Venezuela; and (ii) the occupation of the industrial assets of the said subsidiary by the aforementioned State owned company. Those measures were taken without without considering the provisions of the Law of Expropriation for Public or Social Purpose (*Ley de Expropiación por Causa de Utilidad Pública o Social*) and, in any case, without a court order or any authorization or judicial proceeding.

On November 6, 2012, in the Official Gazette of the Bolivarian Republic of Venezuela No. 40,044 Resolution No. 089 of the MPPI, dated October 25, 2012, was published, which designates the new members of the Temporary Administrative Board for the subsidiary Sidetur, in execution of the Preventive Measure of "Occupancy and Temporary Operability and Appointment of Administrative Board" issued by the INDEPABIS.

On December 6, 2012, the attorneys of the subsidiaries Sidetur and Tecoside proceeded to file

an amendment complaint before the Administrative Chamber of the Supreme Court, to the judicial recourse for the annulment against the Resolution No. 047 of the MPPI of February 2012, filed in the month of July 2012, to include Resolution No. 089 identified above.

As a result of the aforementioned events that occurred on October 26 and 29, the judicial representation of the Company, in execution of the decision adopted by the Board of Directors in a specially convened meeting, requested before the National Securities Superintendence (*Superintendencia Nacional de Valores* ("SNV")) and the Caracas Stock Exchange (*Bolsa de Valores de Caracas* ("BVC")), the trading suspension of the Sivensa shares due to the uncertainty created by such events.

On November 8, 2012, the Company was notified of the resolution of the SNV, dated November 2 of that same year, in which such governmental agency, which regulates the securities market, agency confirmed the trading suspension of the Company's shares agreed by the BVC. Subsequently, on November 19, 2012, the Company sent a communication to the SNV explaining the reasons why, according to Company's management, the trading suspension measure should be maintained for a reasonable period of time.

As timely reported, late in the first quarter of fiscal year 2013, the risk rating firms, Fitch Ratings and Standard & Poor's downgraded the corporate credit rating of Sidetur, to "CCC" compared to the pre-qualification "B-" and "CCC-" compared to the pre-qualification of "B-", respectively.

On November 8, 2012, Sidetur informed the fiduciary or representative of its bondholders about the events that occurred on October 26, 2012 (order of transfer Sidetur's funds in its bank accounts to the account of "Complejo Siderúrgico Nacional, S.A."), on October 29, 2012 occupation of Sidetur's industrial plants and collection centers by "Complejo Siderúrgico Nacional, S.A.", not in accordance with to the provisions of the Law of Expropriation for Public or Social Purpose and without any court order), and on November 2, 2012 (receipt of a communication from the insurance company notifying the termination of the "all industrial risk" policy that covered Sidetur's industrial assets, under the special termination clause set in said policy, given the two events mentioned above). Sidetur also notified the fiduciary that as a result of these events, there had been a default of two covenants set forth in the agreement governing the debt.

On January 21, 2013, Sidetur instructed the fiduciary to pay to the amount of principal and interest due on that date, charging the Reserve Account in the Deutsche Bank. As of January 30, 2013, the aforementioned bank, acting as fiduciary, notified bondholders and Sidetur (i) that there had been a default as a result of the failure to replace the funds used to pay the amounts

due in the Reserve Account and (ii) that, for that moment, it would take no further action unless certain holders, defined as "Required Note holders", would require it to take action, noting that acting following any request or instruction, such holders should furnish to the Trustee security or indemnity reasonable satisfactory to it against the cost expenses and liabilities that might be incurred by the Fiduciary.

On March 21, 2013, the attorneys of Sidetur brought before the Courts for the Contentious Administrative Jurisdiction (*Cortes de lo Contencioso Administrativo*) a lawsuit for the annulment of the *de facto* measures carried out by the State-owned company "Complejo Siderúrgico Nacional, S.A." on October 29, 2012, by occupying and taking possession of the real property and industrial assets that comprise the six (6) industrial plants and eleven (11) collection centers owned by such subsidiary.

SUBSEQUENT EVENTS

On April 17, 2013, the attorneys of Sidetur filed a formal complaint (administrative pre-trial) before the Superintendency of the Banking Institutions Sector (*Superintendencia de Instituciones del Sector Bancario* "SUDEBAN"), for damages inflicted to the subsidiary Sidetur due to the non-contractual liability of such governmental agency by notifying various financial institutions on October 26, 2012, instructing them to to immediately transfer all cash amounts deposited (and any future deposits) in the accounts of the aforementioned subsidiary to a bank account belonging to the State-owned company "Complejo Siderúrgico Nacional, S.A.".

On April 22, 2013, the Company received a communication from the SNV, dated April 17 of that same year, in which the regulatory body of the stock market, notified the Company of its decision to lift the trading suspension of its shares on the Caracas Stock Exchange.

In April 2013, Sidetur instructed the trustee to make the corresponding payment of the portion of principal and interest payable on April 20, 2013, charging the reserve account at Deutsche Bank, thereby exhausting the account Reserve.

ACCOUNTING TREATMENT OF THE SIDETUR SUBSIDIARY OPERATIONS

The consolidated financial statements of Siderúrgica Venezolana "Sivensa", SA, included in this report include the accounts of the subsidiary Sidetur and its subsidiaries on a consolidated basis.

The events occurred on October 26 and 29, specifically the occupation, possession and control by the company "Complejo Siderúrgico Nacional, S. A.", of the industrial assets with which

Sidetur conducted its operations and activities aimed to manufacture and sale steel products, has caused, that from the date of the occupation, the Sidetur subsidiary be unable to conduct such operations and activities with the occupied assets; nevertheless this does not mean that Sidetur has ceased to exist as an ongoing business. Consequently, the net results of the aforementioned steel operations, from October 1, 2012 to the date in which the assets were occupied, are presented in the consolidated statement under "Net income from discontinued operations" and the remaining operations of Sidetur and its subsidiaries are presented as part of the continuing operations. Also, for comparative purposes, the net results of steel operations of the Sidetur subsidiary for the quarter ended March 31, 2012, have been reclassified to the "Net income from discontinued operations".

The industrial assets that were seized, other seized assets and the liabilities that should be assumed by the state-owned company "Complejo Siderúrgico Nacional, S.A.", correspond to property, plant and equipment, inventory, cash in national currency, commercial accounts receivable, net of accounts payable to providers and other suppliers, advances received from customers, profit sharing bonuses, vacation bonuses, length-of-service benefits and other employee accrual payables. The balances as of the date of the occupation are presented on a consolidated balance sheet account called "Net Assets in expropriation process and other appropriated assets". Also, the remaining assets and liabilities of Sidetur, including the financial debt must be realized or settled by Sidetur, which has sent communications to creditors, governmental agencies and regulators, reporting of these events of late October 2012.

FINANCIAL STATEMENTS REPORT

The consolidated attached financial statements of Sivensa are prepared based on the accounting practices indicated by the CNV (currently SNV), which are based on IAS and IFRS, as set forth in Resolution No. 254-2008 issued on December 2008 by the Board of the National Securities Commission ("CNV"), currently SNV, and are presented in accordance with the "Standards for economic and financial information to be furnished by persons under the control of the National Superintendency of Securities" considering the provisions of Circular DSNV / CJ 3652, issued by the regulator said in August 2011.

On February 8, 2013 through the Exchange Agreement No. 14, the National Executive agreed with the Central Bank of Venezuela to a change in the national exchange rate regime from February 9, 2013 on, from the official fixed exchange rate 4.30 bolivars per U.S. dollar to 6.30 bolivars per U.S. dollar. Furthermore, the President of the Central Bank of Venezuela (BCV) announced at a press conference on February 8, 2013, the elimination of Transaction System

for Foreign Currency Denominated Securities (SITME), which became effective as from the day of announcement.

The consolidated results in bolivars of the periods ended March 31, 2013 and 2012 which are covered in this report were adjusted for inflation as of March 31, 2013¹, except for the results of the IBH subsidiary whose functional currency is the U.S. dollar and therefore these results are translated into bolivars using the exchange rate of Bs 5.30 / \$ 1, during January. And the official exchange rate of 6.30/US\$1 for February and March 2013, and the SITME exchange rate of Bs 5.30/US\$1 during the second quarter of the previous year².

The adjustment factor used is the Consumer Price National Index (INPC), for the three (3) month period ended on March 31, 2013, which was 7.9% and 16.2% during the six (6) month period, ended March 31, 2013 and 25.1% in the twelve (12) month period ended on March 31, 2013

Foreign currency balances as of March 31, 2013, mainly consisting of dollars of the United States of America are presented at the exchange rate that reflects the best estimate of cash flows to be spent or received to meet obligations or assets realization, using the legal mechanisms permitted by the State or laws of the Bolivarian Republic of Venezuela like the official exchange rate of Bs. 6.30/ US\$1 (the foreign currency balances as of March 31, 2012, were translated to bolivars using the exchange rate of the "Transaction System for Foreign Currency Denominated Securities (SITME)" of 5.30/US\$1, and the official exchange rate of Bs 4.30/US\$1)

QUARTER RESULTS ANALYSIS

Continuing operations

Sivensa's consolidated results for continuing operations mainly include the operations of the Sidetur and IBH subsidiaries, for the quarters ended March 31, 2013 and 2012³.

Here are the most significant aspects of the consolidated results statement:

¹ The fiscal year 2013 covers the period of twelve months from 1 October 2012 until 30 September 2013. The fiscal year 2012 covers the period of twelve months from 1 October 2011 until 30 September 2012. The second quarter of fiscal year 2013 begins on January 1, 2013 and ends on March 31, 2013. The second quarter of fiscal year 2012 begins on January 1, 2012 and ends on March 31, 2012. In this report for comparative purposes we refer to these terms as either period or fiscal year.

² The consolidated results translated into bolivars of the subsidiary IBH, and included in the consolidated results of Sivensa for the period of three month ended March 31, 2012, were adjusted for inflation to March 31, 2013 for comparative purposes.

³ The consolidated financial statements of Sivensa as of March 31, 2012 were adjusted for inflation as of March 31, 2013 for comparative purposes.

Operating loss: On the January-March quarter of 2013, Sivensa' s operating loss was Bs 26.31 million compared to a loss of Bs 18.47 million in the same quarter of 2012. The increased loss of Bs 7.84 million is due to the net effect of: i) the increase of general and administrative expenses of Bs 14.81 million and, ii) the positive variation in "Other income, net" of Bs 6.97 million during the reported quarter compared with the same quarter 2012.

Income (Loss) before tax: During the second quarter of fiscal 2013, the loss before tax was Bs 113.75 million compared to a gain of Bs 5.67 million in the same period the previous year. The increase of Bs 119.42 million of the loss is mainly due to a) the increase in Bs 73.56 million due to the exchange loss, net resulting from the conversion into bolivars of the assets and liabilities balances denominated in foreign currencies, mainly in U.S. dollars, to January 31, 2013, using the rate of rate in effect for the second quarter of fiscal 2013, according to the exchange Agreement No.14 dated February 8, 2013 quoted above and, b) the negative variation of Bs 39.83 million of the monetary (loss) gain due to the effect of: (i) inflation over the net monetary position of Sivensa and its subsidiaries for the quarter ended March 31, 2013, compared to the one maintained during the quarter ended March 31, 2012 and (ii) the reclassification made in the second quarter of fiscal 2012 that had the effect of having part of the monetary loss being recorded under net income (loss) from discontinued operations.

Net income (loss) from continuing operations: In the second quarter of fiscal 2013, the loss was Bs 115.77 million compared to a profit of Bs 4.63 million in the same quarter of the previous fiscal year. The negative variation of Bs. 120.40 million during the quarter, was mainly due to the income (loss) before tax discussed above.

Discontinued operations

Sivensa' s consolidated results for discontinued operations during the quarters ended Marh 31, 2013 and 2012 refer to the results of operations and activities for the manufacture and sale of steel products of the subsidiary Sidetur, until the date they were seized by the state owned company "Complejo Siderúrgico Nacional, S.A.", which are presented in the account "Net income (loss) from discontinued operations".

Net income (loss) from discontinued operation: During the second quarter of fiscal 2013, net income (loss) from discontinued operations was Bs 3.40 million compared with a net income of Bs 12.97 million in the same quarter of the previous fiscal year. The negative variation of Bs. 16.37 million is because during the quarter ended March 31, 2013 Sidetur did perform any manufacturing and marketing of steel products.

Net income (loss) for the quarter: These results in the quarter January to March 2013, was a loss of Bs 119.17 million compared to gains of Bs 17.60 million in the same quarter last year. The net loss for the quarter includes results from continuing and discontinued operations and excludes the participation of minority shareholders of IBH in the net results of this subsidiary for the quarters ended March 31, 2013 and 2012.

Net income (loss) for the quarter attributable to Sivensa's shareholders

This results in the quarter January to March 2013 was a loss of Bs 117.93 million compared to a gain of Bs 18.02 million recorded in the same quarter the previous year. This loss increase of Bs 135.95 million is due to the combined effect of: (i) the increase of the net loss of Bs 119.58 million from continuing operations attributable to shareholders of Sivensa mainly due to the increase in pretax loss discussed above, and (ii) the increase of the quarterly net loss of Bs 16.37 million from Sidetur's discontinued operations.

The quarter's net loss attributable to shareholders of Sivensa includes 31.46% stake of the minority shareholders of IBH in the net results of this subsidiary for the quarters ended March 31, 2013 and 2012. In said quarters, this participation was a profit of Bs. 1.24 million and Bs 420 thousand, respectively.

INTERNATIONAL BRIQUETTES HOLDING (IBH)

During the second quarter of fiscal year 2013, despite efforts to continue negotiations with the public sector involved in the process of nationalization of Venprecar and Orinoco Iron, it has not been possible to date, to establish a work schedule with the Government in order to negotiate a fair price for the assets subject to nationalization. The Board of Directors and management of IBH continue to evaluate various scenarios and courses of action for the above purposes.

After the nationalization of the Orinoco Iron and Venprecar affiliates, IBH continued its international marketing business of products for industrial sectors.

SOCIAL DEVELOPMENT COMMITMENT

During the period from January - March 2013, the Center for Applied Knowledge, FUNDAMETAL maintained in all its sites, educational programs aimed at improving professional training and social action to further contribute to improvements in the quality of life of communities in which it has influence. Around 4.760 hours were devoted to social action by

FUNDAMETAL learners to support various educational entities, health centers and child and elderly care homes, located in areas close to their headquarters in Valencia.



SIDERURGICA VENEZOLANA "SIVENSA", S.A. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
As of March 31, 2013 AND 2012

(In thousands of constant bolivars at March 31, 2013)

| | <u>2013</u> | <u>2012</u> |
|---|-------------|-------------|
| Assets | | |
| Non-current assets | | |
| Available- for-sale investment | | |
| Investment in companies under "nationalization" | 5.689.288 | 5.988.488 |
| Net Assets in expropriation process and other appropriated assets | 1.994.333 | - |
| Accounts receivable from companies under "nationalization", net | 444.781 | 405.597 |
| Property, plant and equipment, net | 109.787 | 1.782.360 |
| Deferred income tax | - | 120.200 |
| Other non-current assets | 68.649 | 26.120 |
| | <hr/> | <hr/> |
| Total non-current assets | 8.306.838 | 8.322.765 |
| Current assets | | |
| Prepaid expenses and other current assets | 42.878 | 16.342 |
| Inventories | 223 | 255.413 |
| Advances to suppliers | 26.173 | 104.217 |
| Account receivable | | |
| Trade and others | 306.199 | 444.181 |
| Related companies | 3.700 | 3.607 |
| Cash and cash equivalents | 164.980 | 343.821 |
| | <hr/> | <hr/> |
| Total current assets | 544.153 | 1.167.581 |
| | <hr/> | <hr/> |
| Total assets | 8.850.991 | 9.490.346 |
| Equity and Liabilities | | |
| Equity | | |
| Capital stock | | |
| Nominal | 105.049 | 105.049 |
| Inflation adjustment | 2.104.444 | 2.104.444 |
| Share premium | 212.517 | 212.517 |
| Net effect of combination (merger) of subsidiaries | 259.622 | 324.865 |
| Surplus from revaluation of fixed assets associated with investments in companies under "nationalization" | 304.320 | 961.181 |
| Difference between fair value and cost of shares of subsidiary | 723.650 | 905.503 |
| Translation adjustment | 589.205 | (21.381) |
| Unappropriated earnings | | |
| Legal reserve | 221.180 | 221.180 |
| Available | 1.439.792 | 1.414.762 |
| | <hr/> | <hr/> |
| Total equity of Sivensa shareholders | 5.959.779 | 6.228.120 |
| Non-controlling interests | 1.800.565 | 1.900.103 |
| | <hr/> | <hr/> |
| Total equity | 7.760.344 | 8.128.223 |
| Liabilities | | |
| Non-current liabilities | | |
| Bonds payable | 438.801 | 400.335 |
| Accrual for length-of-service benefits, net of advances and loans to employees | 2.070 | 36.020 |
| Other long-term liabilities and accruals | 86.163 | 95.523 |
| Deferred income tax | 171.241 | 334.601 |
| | <hr/> | <hr/> |
| Total non-current liabilities | 698.275 | 866.479 |
| Current liabilities | | |
| Short term bank loans | 38.354 | - |
| Current portion of bonds payable | 31.500 | 26.903 |
| Profit-sharing, vacation bonus and other employee accruals | 690 | 71.593 |
| Taxes | 110.899 | 36.417 |
| Other liabilities and accruals | 186.049 | 194.811 |
| Accounts payable | | |
| Suppliers | 16.571 | 158.730 |
| Related companies | 8.308 | 7.190 |
| | <hr/> | <hr/> |
| Total current liabilities | 392.371 | 495.644 |
| | <hr/> | <hr/> |
| Total liabilities | 1.090.646 | 1.362.123 |
| | <hr/> | <hr/> |
| Total equity and liabilities | 8.850.990 | 9.490.346 |



SIDERURGICA VENEZOLANA "SIVENSA", S.A. AND ITS SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
QUARTERS ENDED MARCH 31, 2013 AND 2012

(Thousands of constant bolivars at March 31, 2013)

| | 2013 | 2012 |
|---|------------------|-----------------|
| Continuing Operations | | |
| General and administrative expenses | (28.006) | (13.195) |
| Other operating income (expenses), net | 1.692 | (5.275) |
| Operating loss | <u>(26.314)</u> | <u>(18.470)</u> |
| Interest and other financing costs, net | (2.186) | (3.994) |
| Exchange loss, net | (77.089) | (3.530) |
| Monetary (loss) gain | (8.165) | 31.661 |
| | <u>(87.440)</u> | <u>24.137</u> |
| Income (loss) before tax | <u>(113.754)</u> | <u>5.667</u> |
| Income tax | | |
| Current | - | (540) |
| Deferred | (2.019) | (493) |
| | <u>(2.019)</u> | <u>(1.033)</u> |
| Net Income (loss) from continuing operations | (115.773) | 4.634 |
| Discontinued operation | | |
| Net income (loss) from discontinued operations | <u>(3.401)</u> | <u>12.967</u> |
| Net income (loss) for the quarter | <u>(119.174)</u> | <u>17.601</u> |
| Net income (loss) for the quarter attributable to: | | |
| Sivensa's shareholders | | |
| Continuing operations | (114.530) | 5.054 |
| Discontinued operations | <u>(3.401)</u> | <u>12.967</u> |
| Total sivensa shareholders | (117.931) | 18.021 |
| Non-controlling interests from continuing operations | <u>(1.243)</u> | <u>(420)</u> |
| Net income (loss) for the quarter | <u>(119.174)</u> | <u>17.601</u> |



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

CONSOLIDATED INCOME STATEMENT
SEMESTERS ENDED MARCH 31, 2013 AND 2012

(Thousands constant bolivars at March 31, 2013)

| | <u>2013</u> | <u>2012</u> |
|--|------------------|-----------------|
| Continuing operations | | |
| General and administrative expenses | (37.637) | (32.140) |
| Other operating income (expenses), net | 1.818 | (3.266) |
| Operating loss | <u>(35.819)</u> | <u>(35.406)</u> |
| Interest and other financing costs, net | (3.019) | (5.251) |
| Exchange loss, net | (76.970) | (3.484) |
| Monetary loss | <u>(31.525)</u> | <u>(18.243)</u> |
| | <u>(111.514)</u> | <u>(26.978)</u> |
| Loss before tax | <u>(147.333)</u> | <u>(62.384)</u> |
| Income tax | | |
| Current | (22) | (867) |
| Deferred | <u>(2.013)</u> | <u>(915)</u> |
| | <u>(2.035)</u> | <u>(1.782)</u> |
| Loss from continuing operations | (149.368) | (64.166) |
| Discontinued operation | | |
| Net income from discontinued operations | <u>63.645</u> | <u>86.278</u> |
| Net income (loss) for the semester | <u>(85.723)</u> | <u>22.112</u> |
| Net income (loss) for the semestre attributable to: | | |
| Sivensa's shareholders | | |
| Continuing operations | (146.714) | (62.991) |
| Discontinued operations | <u>63.645</u> | <u>86.278</u> |
| | (83.069) | 23.287 |
| Non-controlling interests from continuing operations | <u>(2.654)</u> | <u>(1.175)</u> |
| Net income (loss) for the semester | <u>(85.723)</u> | <u>22.112</u> |



SIDERURGICA VENEZOLANA "SIVENSA", S.A AND SUBSIDIARIES
CONSOLIDATED FINANCIAL INDICATORS
March 31, 2013 AND 2012

| | | 2013 | 2012 |
|-------------------------|---|---------|---------|
| Solvency | <u>Current assets</u> | 1,39 | 2,36 |
| | Current liabilities | | |
| Working capital | Current assets - Current liabilities (thousands of bolivars) | 151.782 | 671.937 |
| Short-term debt | <u>Short term financial liability</u> | 0,012 | 0,004 |
| | Total equity of Sivensa shareholders | | |
| Total debt | <u>Financial liabilities short and long term</u> | 0,09 | 0,07 |
| | Total equity of Sivensa shareholders | | |
| Return of assets | <u>Annualized net income (loss) attributable to shareholders of Sivensa</u> | -1,88% | 0,49% |
| | Total assets | | |
| Return on equity | <u>Annualized net income (loss) attributable to shareholders of Sivensa</u> | -2,79% | 0,75% |
| | Total equity of Sivensa shareholders | | |