

FOR IMMEDIATE RELEASE

Buenos Aires, Argentina
September 3, 2001

SIDERAR ANNOUNCES RESULTS FOR FISCAL YEAR ENDED JUNE 30, 2001

Siderar S.A.I.C. (BCBA: ERAR), announced today its results for Fiscal Year ended June 30, 2001.

Highlights

- **Reduction of Gross margin from 21.7% for FY00 to 18.8% for FY01, due to higher exports and lower international steel prices.**
- **3.1% increase in total shipments. Record export shipments of 1,127.6 thousand tons.**
- **Impact of doubtful account provisions of Ps. 17.7 million and extraordinary restructuring costs of Ps. 7.0 in FY01.**
- **29.3% reduction in Equity Loss yoy, given the lower losses recorded by Sidor.**
- **Net Financial Debt reduction of Ps. 42.1 million as Liquidity Reserve increased by Ps 84.4.**

Siderar recorded a consolidated Net Loss of Ps. 32.3 million for the Fiscal Year ended June 30, 2001 (FY01) compared to Net Income of Ps. 1.4 million posted for Fiscal Year 2000 (FY00).

Earnings per share (EPS) and per ADS were Ps. (0.0930) and Ps. (0.7443) respectively based on a total of 347,468,771 shares outstanding at June 30, 2001. Each ADS represents 8 (eight) class "A" shares.

Higher shipments to the export market and the drop in international steel prices impacted negatively on Siderar's Gross Margin, which decreased from 21.7% during FY00 to 18.8% for the FY01.

Overall sales volume increased 3.1% yoy and reached an amount of 2,151.2 thousand tons sold. Export shipments totaled 1,127.6 thousand tons, a record amount that represented a 18.3% increase over last FY figures. This improvement was partially offset by a reduction in export average prices. Domestic market shipments decreased 9.7% compared to those of FY00, due to a lower level of activity in steel consuming sectors. Average cost per ton decreased 3.3% (12 Ps./ton) in comparison with the previous FY.

Selling expenses increased Ps. 13.4 million mainly due to an increase in doubtful account provisions in order to reflect the credit risk situation of some clients.

Given the reduction in gross margin and the increase in selling expenses, EBITDA margin decreased from 19.2% for FY00 to 15.2% FY01. EBITDA for FY01 was Ps. 139.9 million.

The lower losses recorded by Sidor impacted positively on the equity loss recorded during FY01, which was Ps. 19.4 million, an amount 29.3% lower than that recorded for FY00.

During FY01, the Company carried out a restructuring plan which implied extraordinary expenses of Ps. 7.0 million. The structure costs reduction obtained by this plan should be reflected in next Fiscal Year.

Net Financial debt was reduced 8.3%, (from Ps.506.8 million for FY00 to Ps.464.7 million for FY01) as the Company increased its Cash and Other Current Investments by Ps. 84.4 million.

Please find attached Financial Tables as of June 30, 2001.

SIDERAR S.A.I.C.

	Three months ended June 30,		Fiscal Year ended June 30,	
	2001	2000	2001	2000
(in million pesos, except ratios)				
Income Statement Data				
Net sales	231.3	236.4	920.7	958.4
Cost of sales	(195.8)	(184.1)	(747.7)	(750.1)
Gross profit	35.4	52.3	173.0	208.3
Selling and administrative expenses	(27.2)	(25.1)	(115.9)	(103.6)
Financial income (expense)	(14.7)	(16.1)	(49.4)	(49.3)
Other ordinary income (expense)	1.3	(3.5)	(13.6)	(17.7)
Income (loss) before taxes	(5.2)	7.7	(5.9)	37.6
Tax provision charge	0.0	(0.3)	0.0	(8.7)
Ordinary Income (Loss)	(5.2)	7.4	(5.9)	28.9
Equity Income (Loss)	(7.3)	(2.6)	(19.4)	(27.5)
Extraordinary Results	(7.0)	0.0	(7.0)	0.0
Net income (loss)	(19.6)	4.8	(32.3)	1.4
Earnings per share (1)	(0.0563)	0.0138	(0.0930)	0.0040
Earnings per ADS (1)	(0.4503)	0.1103	(0.7443)	0.0318
Other financial information				
EBITDA	29.6	47.7	139.9	183.7
Operating income	8.2	27.2	57.1	104.7
Operating income per ton	14.1	56.6	26.6	50.2
Depreciation and amortization	21.9	21.1	84.9	81.2
Capital expenditures for property, plant and equipment	13.3	14.3	48.7	47.5
Operating Data				
Production of pig iron (000 tons)	537.0	523.1	2,170.6	2,106.5
Production of hot rolled coils (000 tons)	528.8	526.1	2,134.2	2,119.7
Domestic Sales (000 tons)	254.6	271.4	1,023.6	1,133.4
Export sales (000 tons)	328.8	209.3	1,127.6	953.0
Total sales (000 tons)	583.3	480.7	2,151.2	2,086.4
Employees	5,347	5,487	5,347	5,487
Financial Ratios				
Return on average equity	-3.3%	0.8%	-5.3%	0.2%
Gross margin	15.3%	22.1%	18.8%	21.7%
Operating margin	3.5%	11.5%	6.2%	10.9%
Total liabilities / Total assets	55.5%	52.3%	55.5%	52.3%
Current assets/current liabilities	111.5%	118.4%	111.5%	118.4%
Non-current assets/total assets	62.1%	65.6%	62.1%	65.6%
EBITDA/net sales	12.8%	20.2%	15.2%	19.2%
(1) Assume shares at the end of the period				
	June 30, 2001	June 30, 2000	June 30, 2001	June 30, 2000
Balance sheet data:				
Current trade receivables	191.7	180.1	191.7	180.1
Inventories	185.3	231.1	185.3	231.1
Total current assets	499.3	456.1	499.3	456.1
Net fixed assets	667.2	704.8	667.2	704.8
Total non-current assets	<u>816.5</u>	<u>868.4</u>	<u>816.5</u>	<u>868.4</u>
Total assets	1,315.7	1,324.5	1,315.7	1,324.5
Short term debt	301.6	235.8	301.6	235.8
Total current liabilities	447.9	385.3	447.9	385.3
Long term debt	256.7	280.3	256.7	280.3
Total non-current liabilities	<u>282.9</u>	<u>307.6</u>	<u>282.9</u>	<u>307.6</u>
Total liabilities	730.7	692.9	730.7	692.9
Shareholders' equity	585.0	631.5	585.0	631.5

SIDERAR S.A.I.C.
Consolidated
Income Statement Data

	Three months ended		Fiscal Year ended	
	June 30, 2001	June 30, 2000	June 30, 2001	June 30, 2000
	(in million pesos, except ratios)			
Net sales	231.8	236.4	923.4	960.2
Cost of sales	(196.1)	(184.2)	(748.3)	(750.8)
Gross profit	35.7	52.1	175.1	209.5
Selling and administrative expenses	(27.3)	(25.2)	(116.3)	(103.9)
Financial income (expense)	(14.0)	(14.9)	(47.3)	(47.8)
Other ordinary income (expense)	1.3	(3.5)	(13.6)	(17.8)
Income (loss) before taxes	(4.4)	8.6	(2.1)	40.0
Tax provision charge	(0.0)	(0.3)	(0.1)	(8.7)
Ordinary income (loss)	(4.4)	8.3	(2.2)	31.3
Equity Income (Loss)	(8.2)	(3.5)	(23.1)	(29.9)
Extraordinary Results	(7.0)	0.0	(7.0)	0.0
Net income (loss)	(19.6)	4.8	(32.3)	1.4
Earnings per share (1)	(0.0563)	0.0138	(0.0930)	0.0040
Earnings per ADS (1)	(0.4503)	0.1103	(0.7443)	0.0318

Other financial information

EBITDA	29.8	47.5	141.6	184.6
Operating income	8.3	27.0	58.8	105.5
Operating income per ton	14.3	56.2	27.3	50.6
Depreciation and amortization	21.9	21.1	84.9	81.3

Operating Data

Domestic Sales (000 tons)	254.8	271.2	1,024.6	1,134.1
Export sales (000 tons)	328.8	209.3	1,127.6	953.0
Total sales (000 tons)	583.6	480.5	2,152.2	2,087.1
Employees	5,374	5,507	5,374	5,507

Financial Ratios

Return on average equity	-3.3%	0.8%	-5.3%	0.2%
Gross margin	15.4%	22.1%	19.0%	21.8%
Operating margin	3.6%	11.4%	6.4%	11.0%
Total liabilities / Total assets	55.5%	52.3%	55.5%	52.3%
Current assets/current liabilities	112.6%	119.3%	112.6%	119.3%
Non-current assets/total assets	61.7%	65.3%	61.7%	65.3%
EBITDA/net sales	12.8%	20.1%	15.3%	19.2%

(1) Assume shares at the end of the period

Balance sheet data:

	June 30, 2001	June 30, 2000	June 30, 2001	June 30, 2000
Current trade receivables	192.8	181.3	192.8	181.3
Inventories	185.8	231.9	185.8	231.9
Total current assets	504.6	459.5	504.6	459.5
Net fixed assets	668.4	706.0	668.4	706.0
Total non-current assets	<u>811.3</u>	<u>865.0</u>	<u>811.3</u>	<u>865.0</u>
Total assets	1,315.9	1,324.5	1,315.9	1,324.5
Short term debt	301.6	235.8	301.6	235.8
Total current liabilities	448.0	385.3	448.0	385.3
Long term debt	256.7	280.3	256.7	280.3
Total non-current liabilities	<u>282.9</u>	<u>307.6</u>	<u>282.9</u>	<u>307.6</u>
Total liabilities	730.9	692.9	730.9	692.9
Shareholders' equity	585.1	631.6	585.1	631.6

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

SUMMARY INFORMATION

In accordance with the regulations of Resolution No. 368/01 of the National Securities Commission the Board of Directors has approved the following information corresponding to the year begun on July 1, 2000 and ended on June 30, 2001.

1. ACTIVITIES OF THE COMPANY

During the year the Company recorded a loss of 32.3 million pesos, compared to a profit of 1.4 million pesos obtained in the previous year. Ordinary consolidated results recorded a loss of 2.2 million pesos, compared to a profit of 31.3 million pesos recorded in the previous year.

The persistence of the domestic recession, added to the international crisis in the steel industry, has been the main reason for this drop in results. In this context the Company adjusted its personnel structure and implemented a restructuring of its management, significantly reducing costs. This restructuring had a negative impact on results for the year, as the charge for severance pay was considerably higher than in the previous year. Also as a result of the economic situation that has affected the financial standing of some customers, the Company has considered it prudent to increase its bad debt allowance, and this has also impacted negatively on the results for the year.

In spite of the negative result, the Company recorded funds generation of 97.1 million pesos and increased its liquid funds by 87.2 million pesos, which amounted to 96.9 million pesos at the end of the year.

In spite of the negative situation on international markets, exports experienced an increase of 18.3% to a total of 1,127.6 thousand tons, a new record. Shipments to the domestic market for their part totaled 1,024.6 thousand tons and were 9.7% lower as a result of falling levels of economic activity in the main steel-consuming sectors. Total shipments amounted to 2,152.2 thousand tons, representing an increase of 3.1% compared to the previous year, which has enabled a high level of utilization of the production lines.

The increase of 13.5 million pesos in selling expenses has mainly been due to the mentioned increase in bad debt allowances.

The net financial result for the year was a loss of 47.3 million pesos, similar to that recorded in the previous year.

Because of the results obtained for the year no income tax provision has been recorded.

Results from related companies improved by 6.7 million pesos compared to the previous year as a result of lower losses from Sidor.

As mentioned previously, the Company has carried out a restructuring of its management, leading to a charge to income of 7.0 million pesos, disclosed as extraordinary results. The effects of this reduction in costs of the structure will be reflected in the coming year.

Funds generated by operations amounted to 97.1 million pesos, 30.6 million pesos less than those generated in the previous year, which, added to the reduction in working capital of 7.0 million pesos, not only enabled the Company to face its investment commitments and make a dividend payment but also to reduce its net borrowing (Bank and financial debt less Cash and Current investments) by 44.9 million pesos. The reduction in working capital has been due mainly to lower inventories, offset by an increase in credits. Financial activities generated 28.1 million pesos, mainly because of an increase of 42.3 million pesos in bank and financial debt and profit distribution for 14.2 million pesos.

Total availability of funds amounted to 132.3 million pesos compared to the 46.5 million pesos available in the previous year. The Company applied 45.1 million pesos to investments, mainly fixed assets, and assigned the remainder, 87.2 million pesos, to increase liquidity. The sum of these effects made it possible for the Company to reduce net borrowing.

Compared to the end of the previous year the main variations in the consolidated balance sheet have been the increase of 92.0 million in other current investments that reflected the Company's decision to set up a liquidity reserve, a reduction of 46.2 million pesos in inventory as part of a policy adopted in this regard, an increase of 42.3 million pesos in bank and financial debt and an increase in credits of 12.9 million pesos. The fixed asset caption fell by 37.6 million pesos, mainly as a result of an increase of 45.2 million corresponding to purchases for the year offset by depreciation for 82.8 million pesos. The reduction of 23.0 million pesos in non-current investments reflected the result obtained from related companies (Sidor).

Towards the end of the year the Buenos Aires Stock Exchange authorized an increase in listed capital through the conversion of 9 million ordinary class "B" shares into an equal quantity of ordinary class "A" shares.

Although exports of hot rolled sheet steel by the Company to the United States account for barely 1.5% of total U.S. imports and 0.3% of the apparent consumption, subsequent to the year-end in a case brought against Argentina and steel companies in 10 other countries alleging dumping and subsidization, the U.S. authorities determined the existence of damage to the U.S. steel industry, as a result of which anti-dumping and countervailing tariffs are to be applied, which in practice would block exports of this product to the United States. As a result, the necessary steps have been taken to redirect exports to other markets to reduce the negative impact of such measures.

2. CONSOLIDATED EQUITY STRUCTURE (compared to the years ended June 30, 1997, 1998, 1999 and 2000 - Amounts stated in thousands of pesos)

	6.30.01	6.30.00	6.30.99	6.30.98	6.30.97
Current assets	504,648	459,502	499,896	515,777	459,028
Non-current assets	811,296	865,020	894,319	945,688	795,080
Total	1,315,944	1,324,522	1,394,215	1,461,465	1,254,108
Current liabilities	447,997	385,301	401,469	434,035	419,666
Non-current liabilities	282,879	307,644	348,354	348,094	237,144
Sub-total	730,876	692,945	749,823	782,129	656,810
Minority interest in subsidiaries	73	54	51	95	-
Shareholders' equity	584,995	631,523	644,341	679,241	597,298
Total	1,315,944	1,324,522	1,394,215	1,461,465	1,254,108

3. CONSOLIDATED INCOME STRUCTURE (compared to the years ended June 30, 1997, 1998, 1999 and 2000 - Amounts stated in thousands of pesos)

	7.1.00 to 6.30.01	7.1.99 to 6.30.00	7.1.98 to 6.30.99	7.1.97 to 6.30.98	7.1.96 to 6.30.97
Result from ordinary operations	58,775	105,531	129,755	218,160	176,948
Financial result	(47,342)	(47,764)	(53,503)	(35,781)	(29,859)
Other ordinary income and expenses	(13,561)	(17,761)	(8,207)	(15,909)	(4,911)
Minority interest in subsidiaries	(13)	(2)	(15)	(25)	-
Result before tax	(2,141)	40,004	68,030	166,445	142,178
Taxes	(52)	(8,749)	(19,073)	(55,082)	(44,777)
Ordinary result	(2,193)	31,255	48,957	111,363	97,401
Result from investments in related companies	(23,125)	(29,874)	(50,548)	(1,797)	(1)
Extraordinary results	(7,011)	-	-	-	(6,506)
Net result for the year	(32,329)	1,381	(1,591)	109,566	90,894

4. CONSOLIDATED STATISTICAL DATA (compared to the years ended June 30, 1997, 1998, 1999 and 2000 - Amounts stated in thousands of tons)

	7.1.00 to 6.30.01	7.1.99 to 6.30.00	7.1.98 to 6.30.99	7.1.97 to 6.30.98	7.1.96 to 6.30.97
Shipments (1)	2,152	2,087	2,126	2,219	1,984
Domestic market	1,024	1,134	1,297	1,682	1,441
Exports	1,128	953	829	537	543
Production					
Hot rolled steel	2,134	2,120	1,920	2,083	1,909
Cold rolled steel	1,384	1,374	1,380	1,306	1,213
Coated	646	630	550	521	343

(1) Includes 197.8, 225.0, 110.3, 44.7 and 33.5 thousand tons of pig iron bars for the years ended June 30, 1997, 1998, 1999, 2000 and 2001, respectively.

5. CONSOLIDATED RATIOS (compared to the years ended June 30, 1997, 1998, 1999 and 2000)

	6.30.01	6.30.00	6.30.99	6.30.98	6.30.97
Liquidity	1,13	1,19	1,25	1,19	1,09
Indebtedness	1,25	1,10	1,16	1,15	1,10
Pre-tax profitability	(0,3 %)	6,3 %	10,5 %	29,2 %	28,1 %

6. OUTLOOK

The Company considers that improved levels in its activity and thus in its results will mainly be linked to improvements in the Argentine economy.

On foreign markets, the already complicated situation has been aggravated by concerns regarding the evolution of the U.S. economy and the impact on international markets of restrictive measures taken by that country. In this context, it is possible that the level of exports recorded in the year ended June 30 may not be sustainable.

Buenos Aires, September 3, 2001

THE BOARD OF DIRECTORS