

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

**FINANCIAL STATEMENTS
AT MARCH 31, 2005**

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

FINANCIAL STATEMENTS AT MARCH 31, 2005

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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 summary information corresponding to the three-month period begun on January 1, 2005 and ended March 31, 2005.

1. ACTIVITIES OF THE COMPANY

The consolidated result for the period was a net income of \$ 417.0 million, significantly higher than the gain obtained in the same period of the previous year amounting to \$ 205.7 million. This improvement was mainly due to a higher operating result amounting to \$ 503.9 million, a gain generated by financial, holding and other ordinary results for \$ 73.4 million, an income tax provision for \$ 212.2 million and a gain generated by investments in related companies Ylopa and Amazonia, for their participation in Sidor, amounting to \$ 51.9 million.

During the period the Argentine economy continued to show signs of growth, with a rise in the industrial activity totaling 6.1%, measured according to the Monthly Industrial Estimator (EMI). Although no significant changes were recorded in international demand and prices, the trend shows some signs of weakening.

Operating cash flow (EBITDA) reached \$ 563.9 million (48% of net sales) compared to \$ 328.7 million in the same period of the previous year (42% of net sales).

Total shipments amounted to 597 thousand tons (including slabs for 28 thousand tons) and the production of hot rolled products reached 628 thousand tons, compared to 559 thousand tons and 569 thousand tons, respectively, in same period of the previous year. The improvement in shipments was mainly due to higher production levels.

Sales on the domestic market totaled 380 thousand tons, an amount similar to the 379 thousand tons for the same period of the previous year.

The auto industry continued showing a significant increase in production in the first quarter of 2005 as a result of the domestic market growth and an increase in exports. New projects announced by companies in this sector lead to the approval of investments in the electro galvanizing line so as to increase production capacity and meet the expected future demand.

Shipments for the period in thousand of tons.

	Domestic Market	Exports	Total
Hot rolled steel	165.5	38.8	204.3
Cold rolled steel	96.4	82.9	179.3
Coated and others	118.1	67.1	185.2
Subtotal	380.0	188.7	568.8
Slabs	-	28.4	28.4
Total	380.0	217.1	597.2

Sales on foreign markets totaled 217 thousand tons (includes 28 thousand tons of slabs), recorded a 20% increase compared to 180 thousand tons in the same period of the previous year. Shipments of finished products by market were distributed as follows: Europe 50%, Latin America 22%, North America 22%, Asia 4% and Africa 2%.

Net sales for the period totaled \$ 1,183.7 million, compared to \$ 787.4 million for the same period of the previous year. This significant improvement was generated by a recovery in the prices of rolled steel and higher export levels.

Cost of sales during the period amounted to \$ 621.7 million and to \$ 462.5 million in the same period of the previous year. This increase in costs was mainly due to an increase in prices of raw material such as iron ore, coal, coke and freights; and increases were also recorded in local costs, in supplies, energy, services and labor.

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Selling and administrative expenses totaled \$ 58.1 million (5% of net sales), compared to \$ 47.6 million (6% of net sales) in the same period of the previous year. Higher selling expenses were mainly related to the increase in exports.

The ordinary operating income for the period was \$ 503.9 million (43% on net sales) compared to an income of \$ 277.3 million in the same period of the previous year (35% on net sales), the higher income reflects the abovementioned effects.

Financial and holding results were a gain amounting to \$ 89.1 million, comprising a gain of \$ 4.6 million generated by net financial results, net foreign exchange losses of \$ 7.3 million corresponding to the effect of the Argentine peso revaluation, and holding gain on inventories and spare parts for \$ 91.9 million, mainly reflecting an increase in international prices of raw material and some services. These results compare to a gain of \$ 61.6 million recorded in the same period of the previous year, generated by a net financial loss amounting to \$ 13.1 million, net exchange gains for \$ 4.8 million and holding gain on inventories and fixed assets spares for \$ 69.9 million. The difference with respect to the previous period was mainly generated by net holding gains and exchange differences amounting to \$ 9.9 million and income from lower financial indebtedness for \$ 13.5 million.

A loss of \$ 15.7 million was recorded under Other ordinary income and expenses, compared to \$ 8.3 million in the same period of the previous year. The variation was mainly due to higher charges for the provision for contingencies.

Income tax for the period totals \$ 212.2 million, of which \$ 218.9 million corresponds to an income tax provision and \$ 6.8 million to a deferred tax provision. Of the charge for the same period in the previous year amounting to \$ 124.6 million, \$ 110.6 million correspond to the income tax provision and \$ 14.0 million to the provision for deferred tax. The greater charge for the current period was due to the higher income recorded.

The result from the investment in Ylopa and Amazonia generated by their participation in Sidor was a gain of \$ 51.9 million, compared to a loss of \$ 0.3 million for the same period of the previous year. This significant improvement was mainly due to a higher operating result in Sidor. Furthermore, as a result of the devaluation of the bolivar in Venezuela the Company recorded a negative conversion difference amounting to \$ 131.6 million. At March 31, 2005, Siderar's share in the investments in related companies Amazonia and Ylopa was \$ 436.9.

Cash provided by operations during the period was \$ 570.2 million. The most significant uses were a \$ 454.9 million increase in liquidity, a \$ 78.9 million investment in fixed and intangible assets and a \$ 19.2 million increase in inventories.

The most significant investments in fixed assets were the expansion of the coke plant with the start-up of battery No. 2 and the relining of steel plant converter No. 1. Furthermore, investments in information system projects were made amounting to \$ 6.8 million.

The main variations in balance sheet items during the period were due to the increase in liquidity, the adjustment of the value of inventories as a result of the increase in the price of raw material and the settlement of liabilities corresponding to the income tax.

The Shareholders' Ordinary and Extraordinary meeting held on April 18, 2005 decided the distribution of cash dividends for \$ 299.9 million, which will be placed at the disposal of the shareholders as from May 6, 2005.

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2. **CONSOLIDATED EQUITY STRUCTURE** (compared to the three-month periods ended March 31, 2001, 2002, 2003 and 2004 - Amounts stated in thousands of pesos)

	03.31.2005	03.31.2004	03.31.2003	03.31.2002	03.31.2001
Current assets	2,439,325	1,467,776	943,846	1,201,614	1,078,268
Non-current assets	1,828,220	1,519,357	1,841,669	3,040,109	1,825,288
Total	<u>4,267,545</u>	<u>2,987,133</u>	<u>2,785,515</u>	<u>4,241,723</u>	<u>2,903,557</u>
Current liabilities	892,620	546,885	403,621	2,347,081	948,542
Non-current liabilities	251,805	668,616	1,150,272	742,872	617,678
Sub-total	1,144,425	1,215,501	1,553,893	3,089,953	1,566,220
Temporary conversion differences	(122,278)	22,821	26,253	88,459	-
Minority interest in subsidiaries	50	22	22	107	160
Shareholders' equity	<u>3,245,348</u>	<u>1,748,790</u>	<u>1,205,348</u>	<u>1,063,205</u>	<u>1,337,177</u>
Total	<u>4,267,545</u>	<u>2,987,133</u>	<u>2,785,515</u>	<u>4,241,723</u>	<u>2,903,557</u>

3. **CONSOLIDATED INCOME** (compared to the three-month periods ended March 2001, 2002, 2003, and 2004 - Amounts stated in thousands of pesos)

	01.01.2005	01.01.2004	01.01.2003	01.01.2002	01.01.2001
	to	to	to	to	to
	03.31.2005	03.31.2004	03.31.2003	03.31.2002	03.31.2001
Result from ordinary operations	503,914	277,258	236,455	(37,118)	22,579
Financial and holding results	89,124	61,588	(113,932)	(42,641)	(22,501)
Other ordinary income and expenses	(15,741)	(8,314)	(16,397)	(14,821)	(11,577)
Minority interest in subsidiaries	(3)	1	9	14	(14)
Result before taxes	<u>577,293</u>	<u>330,533</u>	<u>106,135</u>	<u>(94,565)</u>	<u>(11,513)</u>
Income tax	<u>(212,159)</u>	<u>(124,591)</u>	<u>(44,377)</u>	<u>59,429</u>	<u>6,582</u>
Ordinary result	365,134	205,942	61,758	(35,136)	(4,931)
Result from investments in related companies	51,911	(264)	(35,160)	(39,754)	(9,068)
Net result for the period	<u>417,045</u>	<u>205,678</u>	<u>26,597</u>	<u>(74,890)</u>	<u>(13,999)</u>

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4. CONSOLIDATED DATA (compared to the three-month periods ended March 31, 2001, 2002, 2003, and 2004 - in thousands of tons)

	01.01.2005 to 03.31.2005	01.01.2004 to 03.31.2004	01.01.2003 to 03.31.2003	01.01.2002 to 03.31.2002	01.01.2001 to 03.31.2001
Shipments (1)	597	559	518	506	560
Domestic market	380	379	254	151	270
Export of steel sheets	189	180	223	247	264
Exports of slabs	28	-	41	108	26
Production					
Hot rolled steel	628	569	620	408	536
Cold rolled steel	387	370	364	259	351
Coated	179	187	180	123	161

(1) Includes 3.5, 2.5, 2.7, 1.2 and 15.7 thousand tons of pig iron in ingots for the three-month periods ended March 31, 2005, 2004, 2003, 2002 and 2001, respectively.

5. CONSOLIDATED RATIOS (compared to the three-month periods ended March 31, 2001, 2002, 2003 and 2004)

	03.31.2005	03.31.2004	03.31.2003	03.31.2002	03.31.2001
Liquidity	2.73	2.68	2.34	0.51	1.14
Solvency	2.84	1.44	0.78	0.34	0.85
Immobilization of capital	0.43	0.51	0.66	0.72	0.63

6. OUTLOOK

The beginning fiscal year faces important challenges. The recent exit from the default raises the possibility of economic consolidation in Argentina, which must be accompanied by an industrial investment and development process in which Siderar not only participates but played and will play a leading role through its SME support program and its continued support to investments in the sector and to customers growth.

Natural gas supply is one of the Company's concerns, since the Argentine recovery has led to a significant increase in natural gas consumption, which has not been accompanied by an increase in supply. Northern and Southern gas pipeline works under way should help to ease this situation.

With respect to the international markets, the increase in production capacity, mainly in China, has generated recent signs of price weakening in the USA and Europe, leading to production cuts announcements by the leading steel producers, especially in Europe. The increase in raw material prices for the iron ore and coal international markets for the year 2005 is another factor that impels to take actions to maintain the steel price levels.

In this scenario it is necessary, on one hand, to permanently monitor the balance between supply and demand for steel products in the various regions and its ability to absorb production increases without significantly affecting international price levels; on the other hand, it is necessary to generate further efficiencies in Siderar to partly offset the higher costs of raw materials that the Company will bear this year.

Buenos Aires, May 5, 2005

Leonardo Stazi
Chief Financial Officer

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Legal address: Leandro N. Alem 1067, Buenos Aires

COMPLEMENTARY ACCOUNTING INFORMATION

CONSOLIDATED FINANCIAL STATEMENTS

AT MARCH 31, 2005 (1)

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Consolidated financial statements at March 31, 2005

Consolidated balance sheet

Consolidated statement of income

Consolidated statement of Cash flows

Notes to the consolidated financial statements

(1) As mentioned in Note 1, the consolidated financial statements should be read together with complementary information to the individual financial statements of Siderar S.A.I.C.

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Fiscal year No. 45 commenced on January 1, 2005

FINANCIAL STATEMENTS at March 31, 2005

Legal address: Leandro N. Alem 1067, Buenos Aires

Main activity: Promotion, construction and operation of steel mills, production and marketing of steel, iron and steel products

From the by-laws and articles of incorporation:

Date of registration in the National Commercial Court of Record of First Instance: March 7, 1962

Registration number with the Superintendency of Corporations: 14,510

Duration of the Company: Up to April 2, 2090

Name of parent company: III Industrial Investments Inc.

Participation of parent company in equity: 50.75%

Percentage votes held by parent company: 50.75%

Capital: Par value shares of 1 peso and one vote each

Class	No. of votes per share	Authorized for Public Offer	Subscribed and paid-in
Common "A" shares outstanding	1	347,468,771	347,468,771

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Registration number with the Superintendency of Corporations: 14,510

CONSOLIDATED BALANCE SHEET at March 31, 2005 and December 31, 2004.

	03.31.05	12.31.04		03.31.05	12.31.04
	\$	\$		\$	\$
ASSETS			LIABILITIES		
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and banks (Note 4 a))	40,104,275	25,288,634	Accounts payable (Note 4 m))	251,975,313	241,266,516
Other investments (Note 4 b))	1,121,559,033	681,499,782	Short-term debt (Note 4 n))	8,588,981	14,760,091
Trade receivables (Note 4 c))	426,480,040	427,969,392	Social security and taxes (Note 4 o))	543,281,314	556,802,797
Other receivables (Note 4 d))	62,566,908	55,912,024	Other liabilities (Note 4 p))	78,730,669	52,930,095
Inventories (Note 4 e))	788,614,973	677,803,528	Provisions for contingencies	10,043,470	2,860,578
Total Current Assets	2,439,325,229	1,868,473,360	Total Current Liabilities	892,619,747	868,620,077
NON-CURRENT ASSETS			NON-CURRENT LIABILITIES		
Trade receivables (Note 4 f))	-	-	Long-term debt (Note 4 q))	4,226,856	5,138,771
Other receivables (Note 4 g))	35,917,498	34,138,406	Social security and taxes (Note 4 r))	202,963,139	13,729,466
Investments (Note 4 h))	437,240,403	396,420,816	Other liabilities (Note 4 s))	8,962,827	8,949,866
Other investments (Note 4 i))	38,408,777	82,939,141	Provisions for contingencies	35,652,271	35,525,740
Intangible assets (Note 4 j))	33,478,232	30,513,191			
Fixed assets (Note 4 k))	1,280,708,001	1,280,450,974	Total Non-Current Liabilities	251,805,093	63,343,843
Other assets (Note 4 l))	2,467,269	2,593,586	Total Liabilities	1,144,424,840	931,963,920
Total Non-Current Assets	1,828,220,180	1,827,056,114			
			Temporary conversion differences	(122,277,661)	(64,778,319)
			Minority interest in subsidiaries	49,800	40,506
			SHAREHOLDERS' EQUITY	3,245,348,430	2,828,303,367
Total Assets	4,267,545,409	3,695,529,474	Total Liabilities and Shareholders' Equity	4,267,545,409	3,695,529,474

The accompanying notes 1 to 4 are an integral part of these consolidated financial statements.

The report on limited review is issued as a separate document.

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Registration number with the Superintendency of Corporations: 14,510

CONSOLIDATED STATEMENT OF INCOME for the periods ended March 31, 2005 and 2004

	Period ended on	
	03.31.05	03.31.04
	\$	\$
Net income from sales	1,183,716,408	787,359,044
Cost of sales	(621,695,766)	(462,483,732)
Gross profit	562,020,642	324,875,312
Selling expenses	(19,978,262)	(14,405,355)
Administrative expenses	(38,128,880)	(33,211,531)
Result from ordinary operations	503,913,500	277,258,426
Financial and holding results		
Generated by assets		
Interest and other financial income	5,920,962	2,425,657
Exchange differences	(12,441,461)	(15,879,121)
Holding result	91,921,222	69,936,694
Generated by liabilities		
Interest and other financial expenses	(1,369,476)	(15,542,567)
Exchange differences	5,093,149	20,647,749
Other ordinary income and expenses	(15,741,092)	(8,314,453)
Minority interest in subsidiaries	(3,336)	186
Income before taxes	577,293,468	330,532,571
Income tax provision	(212,158,982)	(124,591,300)
Ordinary income	365,134,486	205,941,271
Result from investments in related companies	51,910,577	(263,593)
Net income for the period	417,045,063	205,677,678
Net income per share (1)	1.20	0.59

(1) The Company calculates net income (loss) per share on the basis of 347,468,771 ordinary shares of \$ 1 par value and one vote each.

The accompanying notes 1 to 4 are an integral part of these consolidated financial statements.

The report on limited review is issued as a separate document.

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Registration number with the Superintendency of Corporations: 14,510

CONSOLIDATED STATEMENT OF CASH FLOWS for the periods ended March 31, 2005 and 2004

	Period ended on	
	03.31.05	03.31.04
	\$	\$
CHANGES IN CASH		
Cash at the beginning of the period (1)	706,788,416	332,298,962
Increase in cash	454,874,892	107,702,380
Cash at the end of the period (1)	1,161,663,308	440,001,342
CASH GENERATED BY (APPLIED TO) OPERATIONS		
Income for the period	417,045,063	205,677,678
Add: Items not representing cash disbursements		
Allowance for inventory obsolescence	1,192,627	1,697,658
Depreciation of fixed assets	71,831,175	56,946,827
Amortization of intangible assets	3,863,932	2,788,446
Board of Directors' and Surveillance Committee's fees provision	816,750	679,250
Provision for contingencies	8,665,823	2,670,292
Income tax provision	212,158,982	124,591,300
Result from investments in related companies	-	263,593
Minority interest in subsidiaries	3,336	-
Less: Items not providing cash		
Result from investments in related companies	(51,910,577)	-
Allowance for doubtful accounts	(662,727)	(2,575,422)
Holding results on inventories	(92,841,400)	(76,370,816)
Minority interest in subsidiaries	-	(186)
Cash provided by (applied to) operations	570,162,984	316,368,620
Net decrease (increase) in assets		
Trade receivables	2,152,079	3,381,832
Other receivables	(11,833,798)	6,739,060
Long-term advances for gas purchases	3,399,822	2,059,489
Inventories	(19,162,672)	6,786,277
Net (decrease) increase in liabilities		
Trade payables	10,708,797	(1,474,462)
Social security charges and taxes, other liabilities and provision for contingencies	(12,806,407)	613,154
Minority interest in subsidiaries	5,958	(204)
Other operating changes	(27,536,221)	18,105,146
Cash provided by (applied to) operations - Carried forward	542,626,763	334,473,766

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Registration number with the Superintendency of Corporations: 14,510

CONSOLIDATED STATEMENT OF CASH FLOWS for the period ended March 31, 2005 and 2004
(Contd.)

	Period ended on	
	03.31.05	03.31.04
	\$	\$
Brought forward	542,626,763	334,473,766
CASH GENERATED BY (APPLIED TO) INVESTMENT ACTIVITIES		
Net (increase) decrease in other non-current investment	(1,877,988)	699,487
Net decrease in funds conveyed to the trust	-	5,367,999
Net increase in fixed assets and in intangible assets	(78,917,175)	(42,420,773)
Net decrease in other assets	126,317	110,158
Cash (applied to) generated by investment activities	(80,668,846)	(36,243,129)
CASH GENERATED BY (APPLIED TO) FINANCING ACTIVITIES		
Net decrease in short and long-term debt	(7,083,025)	(190,528,257)
Cash (applied to) generated by financing activities	(7,083,025)	(190,528,257)
Increase in cash	454,874,892	107,702,380

Note: variations include exchange differences.

(1) Cash and banks plus other investments over three months.

The accompanying notes 1 to 4 are an integral part of these financial statements.

The report on limited review is issued as a separate document.

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Registration number with the Superintendency of Corporations: 14,510

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS at March 31, 2005

NOTE 1 - BASES FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS - ACCOUNTING STANDARDS

The consolidated financial statements have been prepared in accordance with the valuation basis and criteria explained in Notes 1 and 2 to the financial statements of the parent company and must be read jointly with the complementary information to the financial statements.

NOTE 2 - CONSOLIDATION BASES

The consolidated companies and the respective percentage of voting stock at March 31, 2005 were as follows:

<u>Company</u>	<u>Participation</u>
Comesi San Luis S.A.I.C.	99.0000%
Prosid Investments S.C.A.	99.9932%
Inversora Basilea S.A.	99.9999%

The consolidated financial statements have been prepared on the basis of the financial statements of the subsidiaries included in the Exhibit C to the individual financial statements.

Where appropriate, the necessary adjustments have been made to unify the valuation and disclosure criteria of the consolidated companies. Balances between consolidated companies, transactions and their results and intercompany balances have been eliminated, if significant.

NOTE 3 - COMPLEMENTARY INFORMATION NOT DIFFERING SIGNIFICANTLY FROM THAT PRESENTED BY THE PARENT COMPANY

Notes 1 to 2, 4 to 12 and Exhibits A to I to the financial statements of the parent company are in this situation.

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Registration number with the Superintendency of Corporations: 14,510

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS at March 31, 2005 (Contd.)

NOTE 4 - COMPOSITION OF CONSOLIDATED BALANCE SHEET ITEMS

	03.31.05	12.31.04
	\$	\$
CURRENT ASSETS		
a) Cash and banks		
Cash	141,731	138,725
Checks to be deposited	14,137,645	13,771,887
Banks	25,824,899	11,378,022
	<u>40,104,275</u>	<u>25,288,634</u>
b) Other investments		
Sight deposits	428,373	1,842,454
Time deposits	165,387,113	10,346,852
Foreign public and private sector bonds	953,729,950	407,824,593
Government Securities	2,013,597	634,869
Funds conveyed to the trust - Other related parties	-	260,851,014
	<u>1,121,559,033</u>	<u>681,499,782</u>
c) Trade receivables		
Ordinary and documented debtors from the domestic market	112,030,405	100,338,185
Other related parties	181,339,777	182,480,045
Export reimbursements	26,685,162	20,772,957
Ordinary and documented debtors from foreign markets	138,362,163	156,413,456
Allowance for doubtful accounts	(31,937,467)	(32,035,251)
	<u>426,480,040</u>	<u>427,969,392</u>
d) Other receivables		
Parent company	7,012,893	7,012,893
Related companies Sect. 33 - Law No. 19,550 and amendments	9,490,511	6,768,733
Other related parties	20,076,389	18,133,111
Advances and loans to personnel	4,313,249	5,410,976
Receivables from sale of real property	563,038	558,800
Tax credits	10,911,095	5,946,172
Advances to suppliers	1,307,065	2,206,740
Expenses paid in advance	1,477,563	2,044,866
Sundry receivables	7,415,105	7,829,733
	<u>62,566,908</u>	<u>55,912,024</u>
e) Inventories		
Finished products	187,312,507	143,015,849
Products in process	227,392,470	209,325,742
Raw material	333,395,935	284,498,923
Materials	40,409,173	40,126,146
Advances to suppliers	1,357,607	2,222,794
Allowance for obsolescence	(1,252,719)	(1,385,926)
	<u>788,614,973</u>	<u>677,803,528</u>

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Registration number with the Superintendency of Corporations: 14,510

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS at March 31, 2005 (Contd.)

NOTE 4 - COMPOSITION OF CONSOLIDATED BALANCE SHEET ITEMS (Contd.)

	03.31.05	12.31.04
	\$	\$
NON-CURRENT ASSETS		
f) Trade receivables		
Ordinary and documented debtors from the domestic market	9,485,709	10,141,065
Allowance for doubtful accounts	(9,485,709)	(10,141,065)
	-	-
g) Other receivables		
Other related parties	20,636,138	23,779,322
Advances and loans to personnel	4,431,432	4,516,065
Receivables from sale of real property	5,542,438	5,544,509
Expenses paid in advance	358,972	-
Income tax	4,650,608	-
Sundry receivables	297,910	298,510
	35,917,498	34,138,406
h) Investments		
Shares in Consorcio Siderurgia Amazonia Ltd.	354,073,580	325,881,983
Shares in Ylopa – Servicios de Consultoría Ltda.	82,780,594	70,152,698
Shares in Compañía Afianzadora de Empresas Siderúrgicas S.G.R.	364,255	364,161
Shares in Fondo de Garantías Buenos Aires S.A.P.E.M.	21,974	21,974
Shares in Information Systems Technologies N.V.	-	-
	437,240,403	396,420,816
i) Other investments		
Loans convertible into shares	-	43,859,338
Saving funds	32,608,777	33,279,803
Guarantee fund Compañía Afianzadora de Empresas Siderúrgicas S.G.R.	11,762,200	11,762,200
Allowance for risk fund uncollectibility	(5,962,200)	(5,962,200)
	38,408,777	82,939,141
j) Intangible assets (residual value)		
Information system projects	33,478,232	30,513,191
	33,478,232	30,513,191
The amortization of the period amounted to \$ 3,863,932		
k) Fixed assets (residual value)		
Land	50,260,728	50,260,728
Industrial buildings and facilities	769,019,152	797,008,514
Machinery and equipment	189,470,498	199,964,066
Vehicles and means of transport	5,182,014	4,667,970
Furniture, general machinery and office supplies	9,102,418	10,349,056
Steel spares and supplies	80,803,457	86,089,654
Fixed assets in transit	1,081,193	752,207
Work in progress	139,771,830	101,260,565
Advances to suppliers	26,497,711	16,476,214
Advances to suppliers - Other related parties	9,519,000	13,622,000
	1,280,708,001	1,280,450,974
The depreciation of the period amounted to \$ 71,831,175		
l) Other assets		
Real property	2,467,269	2,593,586
	2,467,269	2,593,586

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Registration number with the Superintendency of Corporations: 14,510

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS at March 31, 2005 (Contd.)

NOTE 4 - COMPOSITION OF CONSOLIDATED BALANCE SHEET ITEMS (Contd.)

	03.31.05	12.31.04
	\$	\$
CURRENT LIABILITIES		
m) Accounts payable		
Ordinary suppliers	166,670,355	143,642,653
Other related parties	16,794,919	14,350,058
Notes payable	61,064,296	74,001,390
Unearned interest	(7,057)	(17,147)
Advances from customers	7,452,800	9,289,562
	<u>251,975,313</u>	<u>241,266,516</u>
n) Short-term debt		
Financial	111,002	2,900,198
Import/export financing	9,009,150	12,550,182
Unearned interest	(531,171)	(690,289)
	<u>8,588,981</u>	<u>14,760,091</u>
o) Social security and taxes		
Net provision for income tax	440,655,851	469,651,710
Wages and social security	83,087,156	68,738,878
Others sundry	19,538,307	18,412,209
	<u>543,281,314</u>	<u>556,802,797</u>
p) Other liabilities		
Related companies Sect. 33 - Law No. 19,550 and amendments	67,222,244	42,549,067
Other related parties	334,641	396,872
Liabilities due to dismissal and restructuring	6,763,863	6,444,042
Others sundry	4,409,921	3,540,114
	<u>78,730,669</u>	<u>52,930,095</u>
NON-CURRENT LIABILITIES		
q) Long-term debt		
Import/export financing	4,457,824	5,492,534
Unearned interest	(230,968)	(353,763)
	<u>4,226,856</u>	<u>5,138,771</u>
r) Social security and taxes		
Provision for income tax	192,262,246	2,121,094
Sundry	10,700,893	11,608,372
	<u>202,963,139</u>	<u>13,729,466</u>
s) Other liabilities		
Liabilities due to dismissal and restructuring	8,962,827	8,949,866
	<u>8,962,827</u>	<u>8,949,866</u>

The report on limited review is issued as a separate document.

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Fiscal year No 45 commenced on January 1, 2005

FINANCIAL STATEMENTS at March 31, 2005

Legal address: Leandro N. Alem 1067, Buenos Aires

Main activity: Promotion, construction and operation of steel mills, production and marketing of steel, iron and steel products

From the by-laws and articles of incorporation:

Date of registration in the National Commercial Court of Record of First Instance: March 7, 1962

Registration number with the Superintendency of Corporations: 14,510

Duration of the Company: Up to April 2, 2090

Name of parent company: III Industrial Investments Inc.

Participation of parent company in equity: 50.75%

Percentage votes held by parent company: 50.75%

Capital: Par value shares of 1 peso and one vote each

Class	No. of votes per share	Authorized for Public Offer	Subscribed and paid-in
Common "A" shares outstanding	1	347,468,771	347,468,771

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

FINANCIAL STATEMENTS AT MARCH 31, 2005

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Financial statements at March 31, 2005

Balance sheet

Statement of income

Statement of changes in shareholders' equity

Statement of cash flows

Notes and exhibits to the financial statements

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Registration number with the Superintendency of Corporations: 14,510

BALANCE SHEET at March 31, 2005 and December 31, 2004.

	<u>03.31.05</u>	<u>12.31.04</u>		<u>03.31.05</u>	<u>12.31.04</u>
	\$	\$		\$	\$
ASSETS			LIABILITIES		
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and banks (Note 3 a))	39,292,740	25,031,153	Accounts payable (Note 3 h))	251,958,281	241,264,081
Other investments (Note 3 b) - Exhibit D)	837,523,025	366,709,558	Short-term debt (Note 3 i))	8,588,981	14,760,091
Trade receivables (Note 3 c))	426,480,040	427,969,392	Social security and taxes (Note 3 j))	543,217,473	556,796,559
Other receivables (Note 3 d))	59,160,693	55,234,260	Other liabilities (Note 3 k))	11,497,905	10,371,015
Inventories (Exhibit F)	788,614,973	677,803,528	Provisions for contingencies (Exhibit E)	9,989,740	2,806,848
Total Current Assets	<u>2,151,071,471</u>	<u>1,552,747,891</u>	Total Current Liabilities	<u>825,252,380</u>	<u>825,998,594</u>
NON-CURRENT ASSETS			NON-CURRENT LIABILITIES		
Trade receivables (Note 3 e))	-	-	Long-term debt (Note 3 l))	4,226,856	5,138,771
Other receivables (Note 3 f))	35,917,498	34,138,406	Social security and taxes (Note 3 m))	202,730,387	13,729,466
Investments (Exhibit C)	658,333,190	464,506,919	Other liabilities (Note 3 n))	8,962,827	8,949,866
Other investments (Exhibit D)	38,408,777	288,401,046	Provisions for contingencies (Exhibit E)	35,652,271	35,525,740
Intangible assets (Exhibit B)	33,478,232	30,513,191	Total Non-Current Liabilities	<u>251,572,341</u>	<u>63,343,843</u>
Fixed assets (Exhibit A)	1,280,708,001	1,280,450,974	Total Liabilities	<u>1,076,824,721</u>	<u>889,342,437</u>
Other assets (Note 3 g))	1,987,269	2,113,586	Temporary conversion differences (Note 2.4.f))	(122,268,713)	(64,773,791)
Total Non-Current Assets	<u>2,048,832,967</u>	<u>2,100,124,122</u>	SHAREHOLDERS' EQUITY (as per		
			respecting statement)	3,245,348,430	2,828,303,367
Total Assets	<u><u>4,199,904,438</u></u>	<u><u>3,652,872,013</u></u>	Total Liabilities and Shareholders' Equity	<u><u>4,199,904,438</u></u>	<u><u>3,652,872,013</u></u>

The accompanying notes 1 to 12 and exhibits A to I are an integral part of these financial statements.

The report on limited review is issued as a separate document.

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Registration number with the Superintendency of Corporations: 14,510

STATEMENT OF INCOME for the periods ended March 31, 2005 and March 31, 2004.

	Period ended on	
	03.31.05	03.31.04
	\$	\$
Net income from sales	1,183,716,408	787,359,044
Cost of sales (Exhibit F)	(621,695,766)	(462,483,732)
Gross profit	562,020,642	324,875,312
Selling expenses (Exhibit H)	(19,978,262)	(14,405,355)
Administrative expenses (Exhibit H)	(38,109,768)	(33,188,509)
Result from ordinary operations	503,932,612	277,281,448
Financial and holding results		
Generated by assets (Exhibit H)		
Interest and other financial income	4,251,635	2,387,932
Exchange differences	(12,441,461)	(15,872,205)
Holding result	91,921,222	69,936,694
Generated by liabilities (Exhibit H)		
Interest and other financial expenses	(1,364,639)	(15,536,249)
Exchange differences	5,093,149	20,647,749
Other ordinary income and expenses (Exhibit H)	(15,742,462)	(8,328,394)
Income before taxes	575,650,056	330,516,975
Income tax provision	(211,921,480)	(124,586,300)
Ordinary income	363,728,576	205,930,675
Result from investments in subsidiaries and related companies (Note 7.f)	53,316,487	(252,997)
Net income for the period	417,045,063	205,677,678
Net income per share (1)	1.20	0.59

(1) The Company calculates net income (loss) per share on the basis of 347,468,771 ordinary shares of \$ 1 par value and one vote each.

The accompanying notes 1 to 12 and exhibits A to I are an integral part of these financial statements.

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SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Registration number with the Superintendency of Corporations: 14,510

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY for the periods ended March 31, 2005 and 2004

Item	CAPITAL STOCK			Non-capitalized contributions	RETAINED EARNINGS			Unappropriated retained earnings	03.31.05	03.31.04
	Shares outstanding	Capital adjustment	Total	Premium on issue of shares	Legal reserve	Reserve for future dividends	Free reserve		Total shareholders' equity	Total shareholders' equity
	\$	\$	\$	\$	\$	\$	\$		\$	\$
Balances at the beginning of period	347,468,771	476,145,190	823,613,961	46,572,587	70,399,038	499,654,191	43,947,494	1,344,116,096	2,828,303,367	1,543,112,025
Result for the period as per statement of income	-	-	-	-	-	-	-	417,045,063	417,045,063	205,677,678
Balances at March 31, 2005	347,468,771	476,145,190	823,613,961	46,572,587	70,399,038	499,654,191	43,947,494	1,761,161,159	3,245,348,430	
Balances at March 31, 2004	347,468,771	476,145,190	823,613,961	46,572,587	49,288,103	161,523,372	43,947,494	623,844,186		1,748,789,703

The accompanying notes 1 to 12 and exhibits A to I are an integral part of these financial statements.

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SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Registration number with the Superintendency of Corporations: 14,510

STATEMENT OF CASH FLOWS for the periods ended March 31, 2005 and 2004

	Period ended on	
	03.31.05	03.31.04
	\$	\$
CHANGES IN CASH		
Cash at the beginning of the period (1)	391,740,711	317,851,787
Increase in cash	485,075,054	98,240,722
Cash at the end of the period (1)	876,815,765	416,092,509
CASH GENERATED BY (APPLIED TO) OPERATIONS		
Income for the period	417,045,063	205,677,678
Add: Items not representing cash disbursements		
Allowance for inventory obsolescence	1,192,627	1,697,658
Depreciation of fixed assets	71,831,175	56,945,548
Amortization of intangible assets	3,863,932	2,788,446
Board of Directors' and Surveillance Committee's fees provision	815,000	679,250
Provision for contingencies	8,665,823	2,670,292
Income tax provision	211,921,480	124,586,300
Holding results subsidiaries and related companies	-	252,997
Less: Items not providing cash		
Holding result in subsidiaries and related companies	(53,316,487)	-
Allowance for doubtful accounts	(662,727)	(2,553,535)
Holding results on inventories	(92,841,400)	(76,370,816)
Cash provided by (applied to) operations	568,514,486	316,373,818
Net decrease (increase) in assets		
Trade receivables	2,152,079	3,359,945
Other receivables	(9,105,347)	6,746,880
Long-term advances for gas purchases	3,399,822	2,059,489
Inventories	(19,162,672)	6,786,277
Net (decrease) increase in liabilities		
Trade payables	10,694,200	(1,466,762)
Social security charges and taxes, other liabilities and provision for contingencies	(37,531,194)	620,408
Other operating changes	(49,553,112)	18,106,237
Cash provided by (applied to) operations - Carried forward	518,961,374	334,480,055

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Registration number with the Superintendency of Corporations: 14,510

STATEMENT OF CASH FLOWS for the periods ended March 31, 2005 and 2004 (Contd.)

	Period ended on	
	03.31.05	03.31.04
	\$	\$
Brought forward	518,961,374	334,480,055
CASH GENERATED BY (APPLIED TO) INVESTMENT ACTIVITIES		
Net increase in investments	(198,004,706)	-
Net decrease in other non-current investment	671,026	699,241
Net decrease in funds conveyed to the trust	249,321,243	5,367,999
Net increase in fixed assets and intangible assets	(78,917,175)	(42,420,773)
Net decrease in other assets	126,317	110,158
Cash (applied to) generated by investment activities	(26,803,295)	(36,243,375)
CASH GENERATED BY (APPLIED TO) FINANCING ACTIVITIES		
Net decrease in short and long-term debt	(7,083,025)	(199,995,958)
Cash (applied to) generated by financing activities	(7,083,025)	(199,995,958)
Increase in cash	485,075,054	98,240,722

Note: variations include exchange differences.

(1) Cash and banks plus other investments over three months.

The accompanying notes 1 to 12 and exhibits A to I are an integral part of these financial statements.

The report on limited review is issued as a separate document.

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Registration number with the Superintendency of Corporations: 14,510

NOTES TO THE FINANCIAL STATEMENTS at March 31, 2005

NOTE 1 - BASES FOR THE PREPARATION OF FINANCIAL STATEMENTS

The financial statements were prepared in accordance with General Resolution No. 368/01 and amendments of the National Securities Commission.

NOTE 2 - ACCOUNTING STANDARDS

The most significant accounting standards are as follows:

2.1. Comparative information

The financial statements are presented in pesos, in two columns, containing the following comparative information, as established by General Resolution No. 434/03 of the National Securities Commission:

- Balance sheet and complementary information: compared with those for the year ended December 31, 2004.
- Statement of income, statement of changes in shareholders' equity, statement of cash flows and the respective complementary information: compared with the same period of the previous year.

2.2. Recognition of the effects of inflation

The financial statements are presented adjusted for inflation until February 28, 2003, considering that the accounting measurements restated by the changes in the purchasing power of the currency until August 31, 1995, as well as those arising between that date and December 31, 2001 were stated in currency of the latter date. General Resolution No. 441/03 of the National Securities Commission established the suspension of the restatement of financial statements as from March 1, 2003, while Resolution MD 41/2003 issued by the Professional Council in Economic Sciences for the Autonomous city of Buenos Aires established that the restatement of financial statements should cease as from October 1, 2003; if the inflation adjustment had been continued up to September 30, 2003, its effect on the Company's Shareholders' Equity would not be material.

2.3. Treatment of exchange differences

In accordance with Resolution MD No. 3/2002 of the Professional Council in Economic Sciences of the Autonomous City of Buenos Aires and Resolution No. 398/02 of the National Securities Commission, at March 31, 2005, exchange differences (net of depreciation) capitalized in fixed assets amounted to \$ 80,119,352.

These exchange differences could be absorbed in full or in part by future inflation adjustments, if any, by exchange rate appreciation and/or the depreciation of such assets.

2.4. Valuation criteria

These financial statements were prepared by applying valuation criteria established by General Resolution No. 368/01 and amendments of the National Securities Commission, the main criteria being as follows:

- a) Assets and liabilities with adjustment and/or interest clause were valued at the discounted value of the net cash flows to be collected or disbursed, taking into account the agreed-upon conditions. Assets and liabilities in foreign currency were converted into pesos at the buying or selling exchange rate at the end of the period. At period-end the selling exchange rate was 2.917 pesos per dollar and the average exchange rate was 2.930 pesos per dollar.

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Registration number with the Superintendency of Corporations: 14,510

NOTES TO THE FINANCIAL STATEMENTS at March 31, 2005 (Contd.)

NOTE 2 - ACCOUNTING STANDARDS (Contd.)

2.4. Valuation criteria (Contd.)

- b) Assets and liabilities without restatement and/or interest clause, except for deferred tax assets and liabilities, were valued at the present value of the net cash flows to be collected or disbursed, using the Company's average financing rate for discounts, whenever that value is material. Foreign currency assets and liabilities were converted into pesos at the buying or selling exchange rate ruling at the end of the period.
- c) Inventories (finished products and production in process) were valued at replacement cost at the end of the period; the general criterion is total absorption cost, which includes appropriation of indirect manufacturing expenses, certain general expenses and depreciation of fixed assets for calculation of the value of assets. Raw material and materials have been valued at their replacement cost at the end of the period.
- d) Real property included in Other non-current assets was valued at restated cost, verifying that they do not exceed their recoverable value.
- e) Spares and steel-working tools included under fixed assets have been valued at replacement cost or at economic value to the business at the end of the period.
Fixed assets at the Ensenada Plant, which had been technically appraised (based on the valuation carried out at June 30, 1990), were restated for inflation as mentioned in Note 2.2 to the financial statements. The remaining fixed assets have been valued at their restated cost. Depreciation of fixed assets has been calculated according to the straight-line method by applying annual rates sufficient to extinguish their values by the end of their estimated useful lives.
- f) The investments in other companies were valued by the equity method of accounting based on the financial statements mentioned in Exhibit C to the financial statements, except for the investment in FO.GA.BA. S.A.P.E.M., which was valued at adjusted acquisition cost. In addition, where applicable, the accounting standards used by the subsidiaries and related companies have been unified with the accounting criteria used by Siderar S.A.I.C..
Prosid Investments S.C.A., Inversiones Basilea S.A. and Information Systems and Technologies N.V. were classified as non-integrated entities mainly because their operations are not an extension of Siderar S.A.I.C.'s operations. To determine the proportional equity value of these non-integrated companies that issue their financial statements in foreign currency, the criteria established by section 1.3. of Technical Pronouncement No. 18 of the Argentine Federation of Professional Councils in Economic Sciences has been applied, translating them into pesos at the rates of exchange in force at the closing date of the financial statements. The Company did not opt to apply the alternative method described in section 1.2. Exchange differences corresponding to the result generated by the devaluation/revaluation of the peso on investments in foreign companies were appropriated to an additional heading between Liabilities and Shareholders' equity called Temporary conversion differences.

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Registration number with the Superintendency of Corporations: 14,510

NOTES TO THE FINANCIAL STATEMENTS at March 31, 2005 (Contd.)

NOTE 2 - ACCOUNTING STANDARDS (Contd.)

2.4. Valuation criteria (Contd.)

f) (Contd.) The evolution of Temporary conversion differences was as follows:

	Period ended on	
	03.31.05	03.31.04
	\$	\$
Initial balance	(64,773,791)	26,912,512
Exchange differences for the period	(57,496,063)	(4,091,877)
Decreases	1,141	
Final balance	(122,268,713)	22,820,635

Exchange differences for the period include temporary translation differences generated by the direct investment in Siderúrgica del Orinoco S.A., which is not integrated with its parent company and prepares financial statements in Bolívares not restated through application of the monetary stability indicators established by current professional accounting standards.

g) Other investments

Compañía Afianzadora de Empresas Siderúrgicas S.G.R. risk fund, corresponds to the portion attributable to the company considering the percentage over the contributions paid by the protecting partners of Sociedad de Garantía Recíproca and the net value of the fund at March 31, 2005 (see Note 7 d) to the financial statements).

h) Intangible Assets

Information systems projects represent disbursements for systems development, acquisition and implementation. These were valued at their cost value and are amortized over three years as from the date they are put in production.

i) In addition to the mentioned in Note 2.3, the Company has capitalized the financial costs from the projects for the acquisition of its fixed assets.

The results generated by all items derived from the Company financial structure have been considered to determine the financial charge to be capitalized.

The above mentioned capitalization is made until the works-related assets giving rise to it become operative, and is amortized applying the same criteria used for the assets constructed.

j) The Company segregates implicit financial components contained in profit and loss accounts to the extent they are considered to be material.

k) The Company has set up the allowances and provisions considered necessary so that the value assigned to assets does not exceed their recoverable value and that the value assigned to liabilities is not lower than the value which may be claimable by third parties.

The provisions disclosed in current and non-current liabilities for a total of \$ 45,642,011 were set up to meet threatened civil, labor, commercial and tax lawsuits and other contingent risks.

l) As from August 1, 1995, the Company implemented a retirement benefit plan in favor of certain officials. Since that date the resulting liabilities are being accrued during the remaining years of service of the beneficiaries involved. At the end of the current period these liabilities are shown under "Social security and taxes" as a non-current liability, no debt being claimable as at that date.

In addition, the Company holds a savings fund in dollars invested abroad, which could be used to partially or totally cover these benefits.

Withdrawal of investments before certain dates for uses other than the benefit plan is subject to penalties on amounts invested.

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Registration number with the Superintendency of Corporations: 14,510

NOTES TO THE FINANCIAL STATEMENTS at March 31, 2005 (Contd.)

NOTE 2 - ACCOUNTING STANDARDS (Contd.)

2.4. Valuation criteria (Contd.)

- m) Interest accrued on receivables, payables and other financial operations is in line with current market rates.
- n) The Company enters into hedges on financial derivatives from time to time to limit the fluctuations in the rate of exchange of currencies other than the US dollar.
Financial derivatives were valued at period-end market value. Results generated by contracts not qualifying as hedge instruments based on the criteria established by section 2.3. of Technical Pronouncement No. 18 of the Argentine Federation of Professional Councils in Economic Sciences have been expensed.
The contracts in effect at the end of the period to cover euro, pesos and pounds sterling exchange fluctuations in relation to the U.S. dollar corresponding to sale operations amounting to US\$ 76,379,430 and purchase operations for US\$ 70,000,000.
- o) Income tax:
The Company recognizes income tax by the deferred method as required by Technical Pronouncement No. 17 of the Argentine Federation of Professional Councils in Economic Sciences.
The breakdown of income tax recorded in the Statement of Income is as follows:

	Period ended on	
	03.31.05	03.31.04
	\$	\$
Estimated tax payable	(218,693,182)	(110,552,525)
Deferred tax	6,771,702	(14,033,775)
Total	<u>(211,921,480)</u>	<u>(124,586,300)</u>

Note: amounts between brackets represent a loss

The Company, where applicable, calculates income tax by applying a 35% rate on taxable profits. When an interpretation is required of prevailing regulations, the Company prepares its financial statements with a criterion of prudence, recording the liabilities it considers to be necessary.

Law No. 25,063 published in the Official Gazette on December 30, 1998, established the creation of minimum notional income tax applicable to commercial periods ended as from December 31, 1998. This tax is assessable on potential income provided by certain productive assets at the rate of 1% and complements income tax; therefore the Company's tax obligation will agree with the higher of the two taxes. Current regulations permit computation of that tax as payment on account of income tax in excess of tax on minimum notional income. At the end of the previous year and the current period, income tax is higher than minimum notional income tax.

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

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NOTES TO THE FINANCIAL STATEMENTS at March 31, 2005 (Contd.)

NOTE 2 - ACCOUNTING STANDARDS (Contd.)

2.4. Valuation criteria (Contd.)

o) Income tax (Contd.)

The Company used the liability method to calculate the deferred tax provision at the end of the period, which establishes the determination of net deferred assets and liabilities, based on timing differences and the recognition of deferred assets corresponding to unused tax losses deductible from future taxable income, charged under income tax in the statement of income.

As a result of the application of this method, at the end of the period the Company recognized a net deferred tax asset amounting to \$ 4,650,608, mainly made up of:

- Deferred tax assets amounting to \$ 68,045,410: mainly corresponding to the recognition of tax loss carryforwards for \$ 28,549,309 and provisions and allowances for \$ 39,496,101.
- Deferred tax liabilities amounting to \$ 63,394,802: basically made up of timing differences in Other investments amounting to \$ 3,243,181 and in Fixed assets for \$ 57,017,522. The lower fixed assets taxable basis would only reduce the tax deduction of depreciation in future years over the useful life of those assets.

The net deferred tax asset is valued at nominal value. In accordance with Professional Accounting Standards, it should have been valued at the present value of deferred assets and liabilities, which would have resulted in a net deferred asset of \$ 4.4 million.

The reconciliation between income tax expensed and the amount that would result from applying the corresponding tax rate to the accounting result before taxes is as follows:

	Period ended on	
	03.31.05	03.31.04
	\$	\$
Earning (loss) before tax	575,650,056	330,516,975
Income tax (35%)	(201,477,520)	(115,680,941)
<u>Permanent differences</u>		
Adjustment for inflation	(8,030,883)	(8,193,631)
Exchange differences and interests	(2,097,952)	(584,568)
Others	(315,125)	(127,160)
	<u>(211,921,480)</u>	<u>(124,586,300)</u>

Note: amounts between brackets represent a loss.

- p) The Company's Board of Directors considers that aggregate valuation of assets captions is less than their recoverable value.

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Registration number with the Superintendency of Corporations: 14,510

NOTES TO THE FINANCIAL STATEMENTS at March 31, 2005 (Contd.)

NOTE 3 - COMPOSITION OF BALANCE SHEET ITEMS

	03.31.05	12.31.04
	\$	\$
CURRENT ASSETS		
a) Cash and banks		
Cash	141,731	138,725
Checks to be deposited	14,137,645	13,771,887
Banks	25,013,364	11,120,541
	<u>39,292,740</u>	<u>25,031,153</u>
b) Other investments		
Sight deposits (Exhibit D)	196,610	1,842,454
Term Deposits (Exhibit D)	165,387,113	10,095,910
Foreign private sector bonds (Exhibit D)	669,925,705	342,606,554
Government securities (Exhibit D)	2,013,597	634,869
Funds conveyed to the trust - Other related parties (Exhibit D)	-	11,529,771
	<u>837,523,025</u>	<u>366,709,558</u>
c) Trade receivables		
Ordinary and documented debtors from the domestic market	111,990,708	100,298,100
Other related parties	181,339,777	182,480,045
Export reimbursements	26,685,162	20,772,957
Ordinary and documented debtors from foreign markets	138,362,163	156,413,456
Allowance for doubtful accounts (Exhibit E)	(31,897,770)	(31,995,166)
	<u>426,480,040</u>	<u>427,969,392</u>
d) Other receivables		
Parent company	7,012,893	7,012,893
Related companies Sect. 33 - Law No. 19,550 and amendments	6,766,583	6,768,733
Other related parties	20,044,888	18,114,379
Advances and loans to personnel	4,313,249	5,410,976
Receivables from sale of real property	563,038	558,800
Tax credits	10,339,666	5,377,549
Advances to suppliers	1,307,065	2,206,740
Expenses paid in advance	1,477,563	2,044,866
Sundry receivables	7,335,748	7,739,324
	<u>59,160,693</u>	<u>55,234,260</u>
NON-CURRENT ASSETS		
e) Trade receivables		
Ordinary and documented debtors from the domestic market	9,485,709	10,141,065
Allowance for doubtful accounts (Exhibit E)	(9,485,709)	(10,141,065)
	<u>-</u>	<u>-</u>
f) Other receivables		
Other related parties	20,636,138	23,779,322
Advances and loans to personnel	4,431,432	4,516,065
Receivables from sale of real property	5,542,438	5,544,509
Expenses paid in advance	358,972	-
Income tax	4,650,608	-
Sundry receivables	297,910	298,510
	<u>35,917,498</u>	<u>34,138,406</u>
g) Other assets		
Real property	1,987,269	2,113,586
	<u>1,987,269</u>	<u>2,113,586</u>

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NOTES TO THE FINANCIAL STATEMENTS at March 31, 2005 (Contd.)

NOTE 3 - COMPOSITION OF BALANCE SHEET ITEMS (Contd.)

	03.31.05	12.31.04
	\$	\$
CURRENT LIABILITIES		
h) Accounts payable		
Ordinary suppliers	166,668,232	143,642,044
Other related parties	16,782,694	14,348,232
Notes payable	61,061,612	74,001,390
Unearned interest	(7,057)	(17,147)
Advances from customers	7,452,800	9,289,562
	<u>251,958,281</u>	<u>241,264,081</u>
i) Short-term debt		
Financial	111,002	2,900,198
Import/export financing	9,009,150	12,550,182
Unearned interest	(531,171)	(690,289)
	<u>8,588,981</u>	<u>14,760,091</u>
j) Social security and taxes		
Net provision for income tax	440,596,781	469,645,472
Wages and social security	83,087,156	68,738,878
Others sundry	19,533,536	18,412,209
	<u>543,217,473</u>	<u>556,796,559</u>
k) Other liabilities		
Other related parties	332,921	393,909
Liabilities due to dismissal and restructuring	6,763,863	6,444,042
Others sundry	4,401,121	3,533,064
	<u>11,497,905</u>	<u>10,371,015</u>
NON-CURRENT LIABILITIES		
l) Long-term debt		
Import/export financing	4,457,824	5,492,534
Unearned interest	(230,968)	(353,763)
	<u>4,226,856</u>	<u>5,138,771</u>
m) Social security and taxes		
Provision for income tax	192,029,494	2,121,094
Sundry	10,700,893	11,608,372
	<u>202,730,387</u>	<u>13,729,466</u>
n) Other liabilities		
Liabilities due to dismissal and restructuring	8,962,827	8,949,866
	<u>8,962,827</u>	<u>8,949,866</u>

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NOTES TO THE FINANCIAL STATEMENTS at March 31, 2005 (Contd.)

NOTE 4 - DEPOSIT OF FUNDS, RECEIVABLES AND PAYABLES: DUE DATES AND RATES

Captions	Up to 3 months	Between 3 and 6 months	Between 6 and 9 months	Between 9 and 12 months	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Over 4 years	Total at 03.31.05	Total at 12.31.04
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Overdue										
Trade receivables - fixed rate	6,958,497	17,356	12,610,912	104,399	89,289	671,887	5,601,896	6,781,927	32,836,163	28,651,275
Total at March 31, 2005	6,958,497	17,356	12,610,912	104,399	89,289	671,887	5,601,896	6,781,927	32,836,163	
Total at December 31, 2004	2,361,657	12,617,644	-	453,913	493,481	401,972	6,131,390	6,191,218		28,651,275
Not yet due										
Deposits of funds - fixed rate	837,523,025	-	-	-	-	-	-	-	837,523,025	355,179,787
Deposits of funds - floating rate	-	-	-	-	5,800,000	-	-	32,608,777	38,408,777	50,609,574
Trade receivables - fixed rate	396,587,928	1,762,351	151,016	355,190	9,204,448	267,072	12,776	1,413	408,342,194	420,681,391
Trade receivables - without rate	26,685,162	-	-	-	-	-	-	-	26,685,162	20,772,957
Other receivables - fixed rate	8,578,056	1,103,381	939,803	902,563	2,502,907	1,546,288	1,103,554	5,224,108	21,900,660	16,577,625
Other receivables - floating rate	3,967,738	2,594,668	2,569,710	2,565,750	10,262,997	10,262,997	-	-	32,223,860	35,435,025
Other receivables - without rate	30,143,277	1,905,968	1,777,181	2,112,598	5,009,580	-	-	5,067	40,953,671	37,360,016
Total at March 31, 2005	1,303,485,186	7,366,368	5,437,710	5,936,101	32,779,932	12,076,357	1,116,330	37,839,365	1,406,037,349	
Total at December 31, 2004	824,619,224	15,396,111	5,286,369	7,955,397	19,477,399	21,620,860	3,725,995	38,535,020		936,616,375
Debts not yet due										
Accounts payable - fixed rate	92,424,466	60,747	-	-	-	-	-	-	92,485,213	91,868,901
Accounts payable - without rate	157,046,395	2,426,673	-	-	-	-	-	-	159,473,068	149,395,180
Short and long-term debt - fixed rate	2,815,790	2,617,615	2,027,291	645,364	3,299,982	738,084	-	-	12,144,126	18,539,955
Short and long-term debt - floating rate	147,912	240,614	-	94,395	188,790	-	-	-	671,711	1,358,907
Social security and taxes - without rate	516,996,855	9,558,406	10,746,419	5,915,793	192,029,494	-	-	10,700,893	745,947,860	570,526,025
Other debt - without rate	6,419,040	1,697,020	1,335,098	2,046,747	3,989,737	2,380,114	1,411,166	1,181,810	20,460,732	19,320,881
Total at March 31, 2005	775,850,458	16,601,075	14,108,808	8,702,299	199,508,003	3,118,198	1,411,166	11,882,703	1,031,182,710	
Total at December 31, 2004	297,951,946	503,180,884	4,574,810	17,484,106	10,007,706	3,530,305	1,407,387	12,872,705		851,009,849

Notes:

- The allowances for doubtful accounts and existing guarantees are sufficient to cover overdue trade receivables.
- Interest rates are not lower than market rates.
- There are no receivables or debts without stated due date.

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NOTES TO THE FINANCIAL STATEMENTS at March 31, 2005 (Contd.)

NOTE 5 - CHANGES IN ACCOUNTING PROCEDURES

The Company has observed the same criteria adopted in the previous year as regards valuation, amortization and other items.

NOTE 6- ENCUMBERED AND RESTRICTED ASSETS AND SURETIES GRANTED

At the end of the period the Company does not hold encumbered or restricted assets and has not granted guarantees in favor of third parties.

NOTE 7 - INVESTMENTS IN OTHER COMPANIES

a) Comesi San Luis S.A.I.C.

The Company holds a 99% equity interest in Comesi San Luis S.A.I.C.. The corporate purpose of Comesi San Luis S.A.I.C. is the production of cold and/or hot-rolled plates, whether coated or not, shaped and/or skelped.

As of March 31, 2005, Comesi San Luis S.A.I.C. shareholders' equity amounted to \$ 1,262,289 and the net loss for the period ended March 31, 2005, to \$ 21,171.

Comesi San Luis S.A.I.C. discontinued production and assigned its industrial plant on a loan and restitution basis.

b) Prosid Investments S.C.A.

In January 1998, Consorcio Siderurgia Amazonia Ltd. (Amazonia) acquired 70% of Siderúrgica del Orinoco C.A. (Sidor), a company privatized by the Government of Venezuela which retained the remaining 30%. Siderar initially held 17.5% of the capital stock of Amazonia, which through its subsidiary Prosid Investments S.C.A. (Prosid) increased it to 19.8% in March 2000 as a result of additional investments. As part of the restructuring of Sidor and Amazonia in 2003, Prosid capitalized in Amazonia the subordinated convertible loan for US\$ 30.8 million plus accrued interest, made as a result of the restructuring carried out in 2000, thus increasing its participation in Amazonia to 21.1% of the capital stock.

Within the framework of the restructuring of the debt of Sidor and Amazonia in 2003, Prosid acquired 11.1% of the capital stock and subordinated convertible debt of Ylopa Servicios de Consultoria Ltda. (Ylopa), and made a contribution in cash (mainly in the form of convertible subordinated debt) amounting to US\$ 15.0 million. Upon conclusion of the restructuring agreements on June 20, 2003, Ylopa holds new debt instruments in Amazonia, convertible at the option of Ylopa, at 67.4 % of the capital stock of Amazonia. In addition, the participation of the Government of Venezuela in Sidor increased to 40.3%, while Amazonia's participation in Sidor decreased to 59.7%. Furthermore, the shares of Amazonia in Sidor were conveyed to a trust in Banesco Banco Universal, acting as trustee.

The restructuring agreements, however, contemplate certain remaining obligations or restrictions, including:

- pledge on the shares of Sidor and Amazonia in the hands of the financial creditors of Sidor, for a term of two years as from the date of restructuring, as long as no event of default takes place and the terms of Sidor's refinanced loan agreements are fulfilled;
- pledge of any future debt of Amazonia, which will be in effect until the pledges on shares of Amazonia and Sidor have been released;
- agreement not to create or set up any lien other than those permitted on the shares or debt of Amazonia or its shareholders; and
- restrictions to the possibility of reorganization, declaration in bankruptcy or liquidation of Amazonia or Sidor.

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NOTES TO THE FINANCIAL STATEMENTS at March 31, 2005 (Contd.)

NOTE 7 - INVESTMENTS IN OTHER COMPANIES (Contd.)

b) Prosid Investments S.C.A. (Contd.)

During December 2004, a series of modifications was approved to the terms established in the Restructuring Agreement of Sidor. These modifications mainly included a reduction in the payment terms of the installments and their consequent increase.

In February 2005, the shareholders of Ylopa decided the capitalization of the convertible loan, and therefore the indirect participation of Siderar in Amazonia decreased to 14.4%.

In February 2005, the capital reduction approved by the Shareholders' Meeting of Prosid was registered at the Public Registry of Commerce. The capital reduction was computed based on the redemption of shares amounting to US\$ 17.7 million. As a result of the above redemption, the equity investment in Prosid decreased from 99.9950% to 99.9932%.

At March 31, 2005, the participation in the capital stock of Prosid amounts to 99.9932%, having a total value of \$ 411.5 million, and the result of this investment for the period ended on March 31, 2005 was net income amounting to \$ 52.2 million. At the closing of the period, Prosid gave accounting recognition to a negative conversion difference of \$ 131.6 million originating from the variation in the rate of exchange of the bolivar with respect to the peso in the indirect investments of this company in Sidor.

c) Inversiones Basilea S.A.

The trust agreement matured on January 1, 2005. As a result, the trustee returned the funds held in trust and presented the final settlement. Two assets were returned: a) shares in the company Inversiones Basilea S.A., holder of financial assets, with an equity value of US\$ 84.8 million and the transfer of US\$ 3.9 million deposited in foreign banks. At March 31, 2005, the participation percentage in Inversiones Basilea was 99.9999% for a total value of \$ 245.2 million; and the result of this investment for the period ended on March 31, 2005 is net income for \$ 1.1 million.

d) Compañía Afianzadora de Empresas Siderúrgicas S.G.R.

The Company has a 38.8893% interest in the capital stock of Compañía Afianzadora de Empresas Siderúrgicas S.G.R. in its capacity as protecting partner. The main purpose of this company is to grant guarantees to participating partners to facilitate or enable their access to the bank credit line for the purchase of national steel raw material and to provide technical, economic and financial advice to them. To do so, the Company has made a net contribution of \$ 11,762,200 to the risk fund, of which \$ 5,962,200 have been provided for at the end of the period (See exhibit D to the financial statements).

e) Information Systems and Technologies N.V.

On March 19, 2001 the Company acquired 25% of the shares of Information Systems and Technologies N.V. (IST) for US\$ 13,032.

On July 29, 2003, the Company made a cash contribution of 5,000 Euros on account of future capital increases.

f) Result from investments in subsidiaries and related companies:

	<u>03.31.05</u>	<u>03.31.04</u>
	<u>\$</u>	<u>\$</u>
Subsidiaries		
Comesi San Luis S.A.I.C.	(20,959)	(17,289)
Prosid Investments S.C.A.	52,201,216	(227,632)
Inversiones Basilea S.A.	1,136,136	-
Sub-total result of subsidiaries	<u>53,316,393</u>	<u>(244,921)</u>
Related companies		
Compañía Afianzadora de Empresas Siderúrgicas S.G.R.	94	(8,076)
Sub-total result of related companies	<u>94</u>	<u>(8,076)</u>
Total result of investments	<u><u>53,316,487</u></u>	<u><u>(252,997)</u></u>

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NOTES TO THE FINANCIAL STATEMENTS at March 31, 2005 (Contd.)

NOTE 8 - RESTRICTIONS ON THE DISTRIBUTION OF PROFITS

In accordance with the Corporations Law, the Company's by-laws and General Resolution No. 368/01 of the National Securities Commission, 5% of the net profits for the year must be appropriated to the Legal Reserve after absorbing any accumulated losses, until the reserve reaches 20% of adjusted capital.

NOTE 9 – A.F.I.P. - DGI INCOME TAX CLAIM FOR FISCAL 1995, 1996, 1997, 1998 AND 1999

The Administración Federal de Ingresos Públicos (A.F.I.P. - tax authorities) have challenged the charge to income of certain disbursements that the Company has treated as expenses necessary to maintain industrial installations, which as such should be deducted in the year in which they take place. The A.F.I.P. sustain that these are investments or improvements that must be capitalized and, therefore, they made a jeopardy assessment of income tax due on a nominal tax basis plus fines and interest in fiscal 1995 to 1999 amounting to approximately \$ 60.4 million.

The Company appealed these assessments before the National Tax Court, since its legal and tax advisors considered that, based on existing evidence and the work performed by the tax authorities, the Company would obtain a favorable ruling.

On April 13, 2005 the Company was notified of a ruling issued by the National Tax Court revoking the assessments made by the AFIP (tax authorities) for fiscal 1995 and 1996 at their highest value, for approximately \$ 39.5 million, only confirming part of the adjustment made by the tax authorities, instructing recalculation of tax in accordance with the ruling. It should be noted that although in the opinion of our legal and tax advisors the grounds based on which the Court confirmed part of the tax adjustment are largely questionable, as they regard matters of law or fact, the powers of the Appellate Court to reopen a case are restricted. Based on the above and adopting a conservative criterion, the Company set up a provision amounting to \$ 13.4 million at the end of the period.

NOTE 10 - INFORMATION BY SEGMENT

The Company determines the business segments based on the added value of the products manufactured and sold by it, and therefore it has established three main segments: uncoated steel sheet products, coated products and other products.

The uncoated steel sheet products segment include cold and hot rolled sheet; coated steel sheet products segment concentrate mainly galvanized, electrogalvanized, pre-painted, zincaluminum and tinplate, while the Other segment mainly includes slabs, pig-iron and overrolling.

The only assets directly assignable to the business segments are finished products and production in progress.

The secondary segments by geographic location provide information on products or services sold in a specific economic area. Revenue is determined according customer's location.

Information by business segment (amounts stated in thousands of pesos)

	Period ended on March 31, 2005			
	Uncoated steel sheet products	Coated steel sheet products	Others	Total
Results				
Net income from sales	703,189	415,790	64,737	1,183,716
Cost of sales	(354,793)	(228,952)	(37,951)	(621,696)
Gross profit	348,396	186,838	26,786	562,020
Selling and administrative expenses	(35,701)	(16,078)	(6,309)	(58,088)
Result from ordinary operations	312,695	170,760	20,477	503,932
Assets				
Finished products and products in process	225,980	102,646	36,659	365,285

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NOTES TO THE FINANCIAL STATEMENTS at March 31, 2005 (Contd.)

NOTE 10 - INFORMATION BY SEGMENT (Contd.)

Information by geographical segment (amounts stated in thousands of pesos)

	Period ended on March 31, 2005			
	America	Europe and Africa	Asia	Total
Results				
Net income from sales	946,697	220,975	16,044	1,183,716

NOTE 11 - STATUS OF CAPITAL

The status of capital at March 31, 2005 is \$ 347,468,771, which has been subscribed, paid-in and registered at the Public Registry of Commerce.

The last capital increase amounting to \$ 35,666,000 was approved by the Shareholders' Ordinary and Extraordinary Meeting held on December 29, 1994 and registered at the Public Registry of Commerce on November 7, 1995.

The Ordinary and Extraordinary Meeting of Shareholders and the Meeting of Class B Shareholders simultaneously held on April 30, 2002, resolved the conversion of 27,577,146 ordinary class B shares into ordinary class A shares, which have been authorized to list for trading on stock exchanges.

At the Ordinary and Extraordinary General Meeting held on April 29, 2003, the Company decided not to adhere to the optional regime for the public offering of shares for mandatory acquisition. As a result, Siderar S.A.I.C. is a "Company not participating under the optional Statutory Regime for the Public Offering of shares for mandatory acquisition (sects 23 and 24 of Decree 677/2001)".

The Shareholders' equity at the end of the period amounted to \$ 3,245,348,430 and the capital stock outstanding at that date to \$ 347,468,771. Accordingly, the proportional equity value for each share of \$ 1 par value amounts to \$ 9.34 (nine pesos and thirty four cents).

NOTE 12 - EVENTS SUBSEQUENT TO PERIOD-END

After March 31, 2005, no events, situations or circumstances other than those publicly known having a material effect on the Company's equity, economic or financial position have taken place.

The report on limited review is issued as a separate document.

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Financial statements at March 31, 2005

FIXED ASSETS

Main account										03.31.05	12.31.04
	Values at the beginning of the period	Increases	Decreases	Reclassifications	Values at the end of the period	Depreciation				Residual value	Residual value
						Accumulated at the beginning of the period	Deletions for the period	For the period (1)	Accumulated at the end of the period		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	50,260,728	-	-	-	50,260,728	-	-	-	-	50,260,728	50,260,728
Industrial buildings and facilities	2,206,679,918	-	-	27,642,654	2,234,322,572	1,409,671,404	-	55,632,016	1,465,303,420	769,019,152	797,008,514
Machinery and equipment	1,010,071,232	-	-	3,858,905	1,013,930,137	810,107,166	-	14,352,473	824,459,639	189,470,498	199,964,066
Vehicles and means of transport	24,133,307	1,010,710	383,667	-	24,760,350	19,465,337	306,430	419,429	19,578,336	5,182,014	4,667,970
Furniture, general machinery and office supplies	53,278,043	-	-	180,619	53,458,662	42,928,987	-	1,427,257	44,356,244	9,102,418	10,349,056
Steel spares and supplies	86,089,654	-	5,286,197	-	80,803,457	-	-	-	-	80,803,457	86,089,654
Fixed assets in transit	752,207	328,986	-	-	1,081,193	-	-	-	-	1,081,193	752,207
Work in progress	101,260,565	70,193,443	-	(31,682,178)	139,771,830	-	-	-	-	139,771,830	101,260,565
Advances to suppliers	16,476,214	10,021,497	-	-	26,497,711	-	-	-	-	26,497,711	16,476,214
Advances to suppliers - Other related parties	13,622,000	-	4,103,000	-	9,519,000	-	-	-	-	9,519,000	13,622,000
Total at 03.31.05	3,562,623,868	81,554,636	9,772,864	-	3,634,405,640	2,282,172,894	306,430	71,831,175	2,353,697,639	1,280,708,001	1,280,450,974

(1) See Exhibit H to the financial statements.

Note: The Company has considered as original value of technically appraised assets at June 30, 1990 the technical value restated as indicated in Note 2.4 e) to the financial statements. The depreciation rates of the different assets are not included as these vary according to the different remaining useful lives assigned.

The report on limited review is issued as a separate document.

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Financial statements at March 31, 2005

INTANGIBLE ASSETS

Main account									03.31.05	12.31.04
	Values at the beginning of the period	Increases	Decreases	Values at the end of the period	Amortization				Residual value	Residual value
					Accumulated at the beginning of the period	Deletion for the period	For the period (1)	Accumulated at the end of the period		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Information systems projects	62,425,757	6,828,973	-	69,254,730	31,912,566	-	3,863,932	35,776,498	33,478,232	30,513,191
Total at 03.31.05	62,425,757	6,828,973	-	69,254,730	31,912,566	-	3,863,932	35,776,498	33,478,232	30,513,191

(1) See Exhibit H to the financial statements.

The report on limited review is issued as a separate document.

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

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Financial statements at March 31, 2005

INVESTMENTS

Securities issued in series and investments in other companies

Denomination and type of shares	Issuer	Class	Par value	Amount	Percentage of participation in capital stock	03.31.05			12.31.04
						Restated cost value	Proportional equity value	Amount recorded	Amount recorded
						\$	\$	\$	\$
NON-CURRENT INVESTMENTS									
Corporations Sect. 33 - Law No. 19,550 and amendments									
<u>Subsidiaries</u>									
Shares	Comesi San Luis S.A.I.C.	Ordinary, one vote each	0.0001	1,089,000	99.0000	9,982,508	1,249,666	1,249,666	1,270,625
Shares	Prosid Investments S.C.A.	Ordinary, one vote each	1,000 (1)	1,161,288	99.9932	317,692,781	411,499,501	411,499,501	462,850,159
Shares	Inversiones Basilea S.A.	Ordinary, one vote each	1 (2)	84,741,116	99.9999	249,321,242	245,197,794	245,197,794	-
<u>Related companies</u>									
Shares	Compañía Afianzadora de Empresas Siderúrgicas S.G.R.	Ordinary, one vote each	1	340,670	38.8893	748,573	364,255	364,255	364,161
Shares	Information Systems and Technologies N.V.	Ordinary, one vote each	50 (3)	230	25.0000	45,536	-	-	-
Others									
Shares	FO.GA.BA. S.A.P.E.M.	Ordinary, one vote each	1	10,000	0.3100	21,974	-	21,974	21,974
						577,812,614	658,311,216	658,333,190	464,506,919

- (1) Amount stated in Uruguayan pesos.
- (2) Amount shared in United States dollars.
- (3) Amount stated in Euros.

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Financial statements at March 31, 2005

INVESTMENTS (Contd.)

Securities issued in series and investments in other companies

Denomination and type of shares	Issuer	Principal activity	Information about the issuer					
			Latest financial statements					
			Date	Period	Capital stock	Results	Shareholders' equity	Date of approval by Board of Directors
				\$	\$	\$		
NON-CURRENT INVESTMENTS (Contd.) Corporations Sect. 33 - Law No. 19,550 and amendments								
<u>Subsidiaries</u> Shares	Comesi San Luis S.A.I.C.	Production of cold or hot rolled, pre-painted, formed and skelped steel sheets	03.31.05	3 months	110	(21,171)	1,262,289	05.04.05
Shares	Prosid Investments S.C.A.	Stock participation in companies and all types of financial transactions	03.31.05	3 months	233,564,720	52,204,766	543,119,861	05.03.05
Shares	Inversiones Basilea S.A.	The purchase and sale of any type of movable and real property, the equity investment in corporations and any other type of investment.	03.31.05	3 months	243,800,194	1,136,137	245,198,039	05.03.05
<u>Related companies</u> Shares	Compañía Afianzadora de Empresas Siderúrgicas S.G.R.	Granting of guarantees to participating partners to facilitate or permit access to credits for the purchase of national steel raw material through the signing of contracts regulated by Law No. 24,467	03.31.05	9 months	876,000	1,474	8,629,086	05.04.05
Shares	Information Systems and Technologies N.V.	Investments.	12.31.04	12 months	129,260	(83,764)	(32,893)	02.25.05
Others								
Shares	FO.GA.BA. S.A.P.E.M.	Granting of guarantees to PYMES operating in the province of Buenos Aires	06.30.03	6 months	3,412,800	14,525,380	46,320,461	10.30.03

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OTHER INVESTMENTS

Main account				03.31.05	12.31.04
	Balance at the beginning of the period	Increases	Decreases	Balance at the end of the period	Balance at the end of the period
	\$	\$	\$	\$	\$
OTHER CURRENT INVESTMENTS					
Sight deposits	1,842,454	-	1,645,844	196,610	1,842,454
Term deposits	10,095,910	155,291,203	-	165,387,113	10,095,910
Foreign private sector bonds	342,606,554	327,319,151	-	669,925,705	342,606,554
Argentine Government Securities	634,869	1,378,728	-	2,013,597	634,869
Funds conveyed to the trust - Other related parties (Note 7.c))	11,529,771	-	11,529,771	-	11,529,771
Total at the end of the period	366,709,558	483,989,082	13,175,615	837,523,025	366,709,558
OTHER NON-CURRENT INVESTMENTS					
Funds conveyed to the trust – Other related parties (Note 7.c))	249,321,243	-	249,321,243	-	249,321,243
Saving funds (Note 2.4.1))	33,279,803	-	671,026	32,608,777	33,279,803
Risk fund Compañía Afianzadora de Empresas Siderúrgicas S.G.R.					
Net contributions	11,762,200	-	-	11,762,200	11,762,200
Allowance for doubtful accounts (Exhibit E) (1)	(5,962,200)	-	-	(5,962,200)	(5,962,200)
Total at the end of the period	288,401,046	-	249,992,269	38,408,777	288,401,046

(1) Customers of Compañía Afianzadora de Empresas Siderúrgicas S.G.R. in collection process.

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ALLOWANCES AND PROVISIONS

Items	Balances at 12.31.04	Increases and recoveries	Decreases	Balances at 03.31.05
	\$	\$	\$	\$
Deducted from current assets				
- For doubtful accounts	31,995,166	(7,371) (1)	90,025	31,897,770
- For inventory obsolescence (2)	1,385,926	1,192,627	1,325,834	1,252,719
Total	33,381,092	1,185,256	1,415,859	33,150,489
Deducted from non-current assets				
- For doubtful accounts	10,141,065	(655,356) (1)	-	9,485,709
- For risk fund uncollectibility	5,962,200	-	-	5,962,200
Total	16,103,265	(655,356)	-	15,447,909
Included in current liabilities				
- For contingencies	2,806,848	8,539,292 (1)	1,356,400	9,989,740
Total	2,806,848	8,539,292	1,356,400	9,989,740
Included in non-current liabilities				
- For contingencies	35,525,740	126,531 (1)	-	35,652,271
Total	35,525,740	126,531	-	35,652,271

(1) See Exhibit H to the financial statements.

(2) See Exhibit F to the financial statements.

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Exhibit F**SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL**

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COST OF SALES

	Period ended on			
	03.31.05		03.31.04	
	\$	\$	\$	\$
1) Inventory at the beginning of the period				
Finished products	143,015,849		104,065,598	
Production in process	209,325,742		109,828,717	
Raw material	284,498,923		150,860,821	
Materials	40,126,146		33,818,000	
Advances to suppliers	2,222,794		1,062,183	
Allowance for obsolescence (Exhibit E)	(1,385,926)	677,803,528	(1,969,634)	397,665,685
2) Purchases of the period		409,938,182		268,537,295
3) Manufacturing expenses (Exhibit H)		229,727,629		185,462,502
Subtotal		1,317,469,339		851,665,482
4) Holding results (Exhibit H)		92,841,400		76,370,816
Subtotal		1,410,310,739		928,036,298
5) Inventory at the end of the period				
Finished products	187,312,507		103,383,057	
Products in process	227,392,470		136,535,034	
Raw material	333,395,935		199,282,550	
Materials	40,409,173		27,384,704	
Advances to suppliers	1,357,607		822,463	
Allowance for obsolescence (Exhibit E)	(1,252,719)	788,614,973	(1,855,242)	465,552,566
COST OF SALES		<u>621,695,766</u>		<u>462,483,732</u>

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FOREIGN CURRENCY ASSETS AND LIABILITIES

Items	03.31.05				12.31.04		
	Foreign currency (1)	Amount in foreign currency	Exchange rate used	Amount in local currency	Foreign currency (1)	Amount in foreign currency	Amount in local Currency
			\$	\$			\$
ASSETS							
CURRENT ASSETS							
Cash and banks							
Cash	US\$	23,114	2.877000	66,500	US\$	17,497	51,425
Banks	US\$	1,302,869	2.877000	3,748,354	US\$	1,996,120	5,866,598
	EURO	1,167,656	3.731800	4,357,457	EURO	213,842	856,310
Other investments							
Sight deposits - Other related parties							
Sight deposits	US\$	68,339	2.877000	196,610	US\$	626,898	1,842,454
Foreign private sector bonds	US\$	232,855,650	2.877000	669,925,705	US\$	116,572,492	342,606,554
Funds conveyed to the trust-Other related parties					US\$	3,923,025	11,529,771
Trade receivables							
Ordinary and documented debtors from the domestic market	US\$	29,179,602	2.877000	83,949,715	US\$	24,395,193	71,697,473
Other related parties	US\$	63,030,857	2.877000	181,339,777	US\$	62,086,758	182,472,982
Export reimbursements	US\$	9,275,343	2.877000	26,685,162	US\$	7,068,036	20,772,957
Ordinary and documented debtors from foreign markets	US\$	48,092,514	2.877000	138,362,163	US\$	53,219,958	156,413,456
Allowance for doubtful accounts	US\$	(1,299,968)	2.877000	(3,740,008)	US\$	(1,299,448)	(3,819,078)
Other receivables							
Related companies Sect. 33 - Law No. 19,550 and amendments	US\$	1,874,700	2.877000	5,393,513	US\$	1,900,076	5,584,323
Other related parties	US\$	3,684,060	2.877000	10,599,041	US\$	3,624,984	10,653,827
Sundry receivables	US\$	2,335,966	2.877000	6,720,575	US\$	1,782,298	5,238,174
Total current assets - Carried forward				1,127,604,564			811,767,226

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FOREIGN CURRENCY ASSETS AND LIABILITIES (Contd.)

Items	03.31.05				12.31.04		
	Foreign currency (1)	Amount in foreign currency	Exchange rate used	Amount in local currency	Foreign currency (1)	Amount in foreign Currency	Amount in local Currency
ASSETS			\$	\$			\$
Brought forward				1,127,604,564			811,767,226
NON-CURRENT ASSETS							
Other receivables							
Other related parties	US\$	7,134,513	2.877000	20,525,994	US\$	8,053,480	23,669,178
Other investments							
Funds conveyed to the trust – Other related parties	US\$	11,334,299	2.877000	32,608,777	US\$	84,831,998	249,321,243
Saving funds	US\$				US\$	11,323,512	33,279,803
Fixed assets							
Advances to suppliers	US\$	326,999	2.877000	940,777	US\$	80,306	236,018
	EURO	5,786,668	3.731800	21,594,687	EURO	3,163,885	12,669,460
	Skr	416,601	0.406874	169,504	Skr	416,574	184,501
Total non-current assets				75,839,739			319,360,203
Total assets				1,203,444,303			1,131,127,429

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FOREIGN CURRENCY ASSETS AND LIABILITIES (Contd.)

Items	03.31.05				12.31.04		
	Foreign currency (1)	Amount in foreign currency	Exchange rate used	Amount in local currency	Foreign currency (1)	Amount in foreign currency	Amount in local Currency
			\$	\$			\$
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable							
Ordinary suppliers	US\$	19,284,709	2.917000	56,253,496	US\$	16,688,315	49,714,490
Other related parties	US\$	3,812,040	2.917000	11,119,720	US\$	1,963,152	5,848,229
Notes payable	US\$	18,615,677	2.917000	54,301,930	US\$	21,343,914	63,583,519
	EURO	1,770,967	3.783900	6,701,161	EURO	2,542,100	10,318,891
	£	1,378	5.512000	7,594	£	1,377	7,922
	SFR	17,393	2.443046	42,491			
	¥	309,737	0.027236	8,436	¥	2,944,992	85,820
					Skr	11,590	5,238
Unearned interest	US\$	(2,419)	2.917000	(7,057)	US\$	(5,756)	(17,147)
Advances from customers	US\$	2,554,954	2.917000	7,452,800	US\$	3,118,349	9,289,562
Short-term debt							
Other related parties	US\$	579	2.917000	1,689	US\$	496	1,479
Import/export financing	US\$	2,112,625	2.917000	6,162,526	US\$	2,696,728	8,033,553
	EURO	752,299	3.783900	2,846,624	EURO	1,112,689	4,516,629
Negotiable Corporate Bonds							
Funds appropriated to the settlement of restructured debt							
Unearned interest	US\$	(125,181)	2.917000	(365,153)	US\$	(153,186)	(456,341)
	EURO	(43,875)	3.783900	(166,018)	EURO	(57,634)	(233,948)
Total current liabilities - Carried forward				144,360,239			150,697,896

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FOREIGN CURRENCY ASSETS AND LIABILITIES (Contd.)

Items	03.31.05				12.31.04		
	Foreign currency (1)	Amount in foreign currency	Exchange rate used	Amount in local currency	Foreign currency (1)	Amount in foreign Currency	Amount in local Currency
LIABILITIES			\$	\$			\$
Brought forward				144,360,239			150,697,896
NON-CURRENT LIABILITIES							
Long-term debt							
Import/export financing	US\$	1,074,289	2.917000	3,133,701	US\$	1,350,122	4,022,012
Negotiable Corporate Bonds	EURO	349,936	3.783900	1,324,123	EURO	362,269	1,470,522
Unearned interest	US\$	(68,515)	2.917000	(199,858)	US\$	(90,745)	(270,328)
	EURO	(8,222)	3.783900	(31,110)	EURO	(20,555)	(83,435)
Total non-current liabilities				4,226,856			5,138,771
Total liabilities				148,587,095			155,836,667

(1) US\$: United States Dollars; £: Pounds Sterling; ¥: Yens; SFR: Swiss Francs, Skr: Swedish Kronor.

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INFORMATION REQUIRED BY SECTION 64, SUB-SECTION I B) OF CORPORATIONS LAW NO. 19,550 AND AMENDMENTS THERETO

Items	Manufacturing expenses	Selling expenses	Administrative expenses	Financial and holding results		Other income and expenses	Total for the period ended	
				Generated by assets	Generated by liabilities		03.31.05	03.31.04
				\$	\$		\$	\$
Surveillance Committee's and Directors' fees			815,000				815,000	679,250
Salaries, wages and social security	66,186,690	3,903,719	9,782,834				79,873,243	71,450,398
Office expenses	817,418	128,792	1,135,875				2,082,085	1,760,314
Maintenance expenses and security services for buildings, installation and equipment	45,462,110	547	1,916,234				47,378,891	42,252,291
Fees for technical assistance, external advice and commissions	283,679	11,979,438	478,319				12,741,436	8,902,046
Taxes, tariffs and contributions			11,718,944				11,718,944	10,510,754
Third party services	41,177,529	204,507	3,914,832				45,296,868	28,423,094
Operating IT services	916		2,869,270				2,870,186	2,867,091
Canteen and refreshment	1,348,417	30,852	47,947				1,427,216	1,024,218
Rents	97,145		209,905				307,050	279,337
Personnel transportation	1,146,603		71,159				1,217,762	1,149,642
Publicity and advertising	7,045	282,667	115,990				405,702	174,679
Charge for provision for contingencies						8,665,823	8,665,823	2,670,292
Charge for allowance for doubtful accounts						(662,727)	(662,727)	(2,553,535)
Freight and transportation	15,141,376	3,015,952	35,633				18,192,961	15,250,879
Amortization of intangible assets						3,863,932	3,863,932	2,788,446
Depreciation of fixed assets	71,831,175						71,831,175	56,945,548
Recovery from sale of scrap	(21,100,174)						(21,100,174)	(16,795,019)
Severance pay and restructuring costs						4,422,863	4,422,863	5,472,627
Interests and other financing expenses				(4,251,635)	1,364,639		(2,886,996)	13,148,317
Exchange differences generated by:								
Trade receivables				(2,974,144)			(2,974,144)	(3,515,492)
Other investments				13,006,106			13,006,106	17,525,513
Accounts payable					(2,654,630)		(2,654,630)	(2,153,466)
Short and long- term debt					(622,534)		(622,534)	(18,173,309)
Others				2,409,499	(1,815,985)		593,514	1,541,210
Holding results on inventories				(92,841,400)			(92,841,400)	(76,370,816)
Holding results on fixed assets				920,178			920,178	6,434,122
Other ordinary income and expenses	7,327,700	431,788	4,997,826			(547,429)	12,209,885	8,132,408
Total at March 31, 2005	229,727,629	19,978,262	38,109,768	(83,731,396)	(3,728,510)	15,742,462	216,098,215	-
Total at March 31, 2004	185,462,502	14,405,355	33,188,509	(56,452,421)	(5,111,500)	8,328,394	-	179,820,839

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OPERATIONS WITH SUBSIDIARIES AND RELATED COMPANIES AND OTHER RELATED PARTIES

	Operations (1)					Total for the period ended	
	Sales and sundry services	Purchases and services received	Commissions, other purchases and services received	Remuneration protector partner Compañía Afianzadora de Empresas Siderúrgicas S.G.R.	Interests	03.31.05	03.31.04
	\$	\$	\$	\$	\$	\$	
Related companies							
Compañía Afianzadora de Empresas Siderúrgicas S.G.R.	-	-	-	188,660	-	188,660	86,517
Siderúrgica del Orinoco S.A.	807,794	-	-	-	-	807,794	311,708
Consortio Siderurgia Amazonia Ltd.	-	-	-	-	-	-	-
Subtotal	807,794	-	-	188,660	-	996,454	398,225
Other related parties	209,496,298	(36,830,372)	(26,806,732)	-	-	145,859,194	47,431,820
Total at March 31, 2005	210,304,092	(36,830,372)	(26,806,732)	188,660	-	146,855,648	-
Total at March 31, 2004	88,358,131	(20,370,487)	(21,091,601)	86,517	847,485	-	47,830,045

(1) Amounts in brackets represent losses or disbursements.

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