

**SIDERAR SOCIEDAD ANONIMA
INDUSTRIAL Y COMERCIAL**

**FINANCIAL STATEMENTS
AT DECEMBER 31, 2000**

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

FINANCIAL STATEMENTS AT DECEMBER 31, 2000

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SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

SUMMARY INFORMATION

In accordance with the regulations of Resolution No. 290/97 of the National Securities Commission the Board of Directors has approved the following information corresponding to the six-month period begun on July 1, 2000 and ended on December 31, 2000.

1. ACTIVITIES OF THE COMPANY

The accumulated result for the first half of the fiscal year has been a loss of \$ 6.3 million, similar to that recorded in the same period of the previous year.

Total shipments during the six months totaled 1,008.4 thousand tons, 11% under the total recorded in the same half of the previous year.

Shipments to the domestic market in the six months were 499.8 thousand tons. This amount is 14% lower than that recorded in the same period of the previous year and reflects the persistence in the recession in the Argentine economy.

The Company has continued to carry out exports, shipping 508.6 thousand tons abroad, 7% below the total in the same period of the previous year. Lower export volumes were concentrated on the first quarter of the year, as during the second quarter levels were similar to those of the previous year.

An increase in average prices enabled the Company to offset the drop in volume, holding gross margin at a level similar to that in the same six months of the previous year. The higher average price is explained by an improvement in the mix and the fact that although international prices have shown a downward trend during the six months, their average has still been slightly above the total recorded in the same half of the 99/00 year.

Results on ordinary operations, which exclude the results of investment in related companies, have been a profit of \$ 4.5 million, \$ 8.6 million below that for the same six months of the previous year. The principal causes of this result have been the increase in selling costs derived mainly from the financial situation of certain customers, for which prudent criteria have required an increase in the provision for bad debts.

The loss of \$ 10.8 million on investments in related companies, compared to the loss of \$ 19.3 million recorded in the same period of the previous year, basically reflects the lower loss on Sidor/Amazonia. Comparing the October-December 2000 quarter with the previous quarter, it shows a decrease on the result because of a change in International Accounting Standards (IAS), relating to the calculation of accrued interests and lower operative results as a consequence of a fall in the prices of international market.

In the industrial area, the lines continued to operate satisfactorily, with a notable production record in October being recorded by the electrolytic tinning line.

During the last quarter the Company has learnt that the U.S. Department of Commerce has begun investigation of imports of hot rolled sheet from Argentina.

At its meeting on December 13, 2000 the Board of Directors appointed Mr. Bruno Marchettini as Executive Vicepresident of Siderar Sociedad Anónima Industrial y Comercial.

2. CONSOLIDATED EQUITY STRUCTURE (compared to the periods ended December 31, 1996, 1997, 1998 and 1999 - Amounts stated in thousands of pesos)

	12.31.00	12.31.99	12.31.98	12.31.97	12.31.96 (1)
Current assets	502,464	493,802	522,025	524,327	425,054
Non-current assets	841,349	871,759	917,531	789,719	703,492
Total	1,343,813	1,365,561	1,439,556	1,314,046	1,128,546
Current liabilities	416,444	362,016	421,313	446,741	341,197
Non-current liabilities	312,322	377,463	357,183	233,678	226,722
Sub-total	728,766	739,479	778,496	680,419	567,919
Minority interest in subsidiaries	66	55	104	84	-
Shareholders' equity	614,981	626,027	660,956	633,543	560,627
Total	1,343,813	1,365,561	1,439,556	1,314,046	1,128,546

(1) In this period the Company did not hold investments in subsidiaries requiring consolidation.

3. CONSOLIDATED INCOME STRUCTURE (compared to the periods ended December 31, 1996, 1997, 1998 and 1999 - Amounts stated in thousands of pesos)

	7.1.00 to 12.31.00	7.1.99 to 12.31.99	7.1.98 to 12.31.98	7.1.97 to 12.31.97	7.1.96 to 12.31.96 (1)
Result from ordinary operations	40,219	47,128	90,721	119,683	93,672
Financial result	(23,091)	(18,603)	(22,745)	(14,480)	(15,295)
Other ordinary income and expenses	(9,616)	(9,691)	(4,565)	(8,039)	(1,214)
Minority interest in subsidiaries	(6)	(3)	(9)	(14)	-
Result before tax - Carried forward	7,506	18,831	63,402	97,150	77,163

	7.1.00 to 12.31.00	7.1.99 to 12.31.99	7.1.98 to 12.31.98	7.1.97 to 12.31.97	7.1.96 to 12.31.96 (1)
Brought forward	7,506	18,831	63,402	97,150	77,163
Taxes	(3,040)	(5,805)	(23,059)	(33,132)	(21,877)
Ordinary result	4,466	13,026	40,343	64,018	55,286
Result from investments in related companies	(10,809)	(19,340)	(25,318)	-	-
Other income and expenses	-	-	-	-	(7,326)
Net result for the period	(6,343)	(6,314)	15,025	64,018	47,960

(1) In this period the Company did not hold investments in subsidiaries requiring consolidation.

4. CONSOLIDATED STATISTICAL DATA (compared to the periods ended December 31, 1996, 1997, 1998 and 1999 - Amounts stated in thousands of tons)

	7.1.00 to 12.31.00	7.1.99 to 12.31.99	7.1.98 to 12.31.98	7.1.97 to 12.31.97	7.1.96 to 12.31.96 (1)
Shipments (2)	1,008	1,128	1,020	1,121	1,002
Domestic market	500	582	712	861	712
Exports	508	546	308	260	290
Production					
Hot rolled steel	1,069	1,102	964	1,094	1,029
Cold rolled steel	681	716	704	706	645
Coated	321	323	274	266	160

(1) In this period the Company did not hold investments in subsidiaries requiring consolidation.

(2) Includes 97.6, 80.7, 65.5, 36.5 and 14.9 thousand tons of pig iron bars for the periods ended December 31, 1996, 1997, 1998, 1999 and 2000, respectively.

5. CONSOLIDATED RATIOS (compared to the periods ended December 31, 1996, 1997, 1998 and 1999)

	12.31.00	12.31.99	12.31.98	12.31.97	12.31.96 (1)
Liquidity	1.21	1.36	1.24	1.17	1.25
Indebtedness	1.19	1.18	1.18	1.07	1.01

(1) In this period the Company did not hold investments in subsidiaries requiring consolidation.

6. OUTLOOK

It is hoped that the financial support obtained by Argentina will provide a sound foundation for a new stage of growth by the Argentine economy. This growth will no doubt be conditioned by the behavior of the U.S. economy.

Given the seasonal features of the coming quarter, the Company does not think it very likely that there will be any immediate improvement in its level of shipments to the domestic market, with recovery only being expected as from March.

The Company considers that it will be able to maintain an important level of exports with an adequate level of profitability, in spite of the delay in the recovery of the international prices of steel.

Buenos Aires, February 6, 2001

THE BOARD OF DIRECTORS

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

FINANCIAL STATEMENTS for the six-month period ended December 31, 2000

Fiscal year No. 40 beginning on July 1, 2000

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

From the amendments:

Dates of registration in the National Commercial Court of Record of First Instance:

November 10, 1966;

October 10, 1967;

June 11, 1969;

June 9, 1971;

June 24, 1976;

July 1, 1977;

October 5, 1977;

June 26, 1980;

October 13, 1980;

March 29, 1982;

April 27, 1983;

April 11, 1984;

April 2, 1985;

May 7, 1986;

June 30, 1987;

August 10, 1992;

September 16, 1992;

July 28, 1993;

May 6, 1994;

January 5, 1995;

November 7, 1995;

May 28, 1996;

March 11, 1997; and

September 30, 1999

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL**FINANCIAL STATEMENTS** for the six-month period ended December 31, 2000

Registration number with the Superintendency of Corporations: 14510

Duration of the Company: Up to April 2, 2090

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

Class	No. of votes per share	Subscribed and paid-in
		\$
Common "A" shares outstanding	1	310,891,625
Common "B" shares outstanding	1	36,577,146
Total		<u>347,468,771</u>

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Registration number with the Superintendency of Corporations: 14510

BALANCE SHEET at December 31, 2000, compared to the same period of the previous year

	<u>12.31.00</u>	<u>12.31.99</u>		<u>12.31.00</u>	<u>12.31.99</u>
	\$	\$		\$	\$
ASSETS			LIABILITIES		
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and banks (Note 3 a))	3,646,407	9,216,607	Accounts payable (Note 3 h))	101,958,161	98,641,145
Other investments (Exhibit D)	21,993,537	37,355,152	Short-term debt (Note 3 i))	275,015,475	226,651,741
Trade receivables (Note 3 b))	200,232,347	180,024,402	Social security and taxes (Note 3 j))	30,697,320	30,323,422
Other receivables (Note 3 c))	35,997,777	37,728,299	Other liabilities	3,374,762	3,226,650
Inventories (Exhibit F)	234,050,907	224,125,095	Provisions for contingencies (Exhibit E)	5,032,658	3,090,698
Other assets (Note 3 d))	2,080,997	1,590,653			
Total current assets	<u>498,001,972</u>	<u>490,040,208</u>	Total current liabilities	<u>416,078,376</u>	<u>361,933,656</u>
NON-CURRENT ASSETS			NON-CURRENT LIABILITIES		
Trade receivables (Note 3 e))	1,366,842	6,040,228	Accounts payable (Note 3 k))	7,944,255	12,167,909
Other receivables (Note 3 f))	17,914,350	34,126,544	Long-term debt (Note 3 l))	285,326,647	346,746,455
Investments (Exhibit C)	99,513,006	59,272,366	Social security and taxes (Note 3 m))	3,687,508	4,506,133
Other investments (Exhibit D)	31,134,296	39,730,750	Other liabilities	231,252	491,349
Intangible assets (Exhibit B)	2,676,248	4,878,358	Provisions for contingencies (Exhibit E)	15,131,912	13,550,905
Fixed assets (Exhibit A)	691,024,458	727,968,820			
Other assets (Note 3 g))	1,749,564	3,366,576	Total non-current liabilities	<u>312,321,574</u>	<u>377,462,751</u>
Total non-current assets	<u>845,378,764</u>	<u>875,383,642</u>	Total liabilities	<u>728,399,950</u>	<u>739,396,407</u>
			SHAREHOLDERS' EQUITY (as per respective statement)	<u>614,980,786</u>	<u>626,027,443</u>
Total assets	<u>1,343,380,736</u>	<u>1,365,423,850</u>	Total liabilities and shareholders' equity	<u>1,343,380,736</u>	<u>1,365,423,850</u>

The accompanying notes 1 to 13 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: 14510

STATEMENT OF INCOME for the six-month period ended December 31, 2000, compared to the same period of the previous year

	12.31.00	12.31.99
	\$	\$
Net income from sales	463,763,387	493,788,634
Cost of sales (Exhibit F)	(362,408,074)	(394,256,354)
Gross profit	101,355,313	99,532,280
Selling expenses (Exhibit H)	(23,423,470)	(16,556,924)
Administrative expenses (Exhibit H)	(38,290,563)	(36,937,432)
Financial and holding results		
Generated by assets (Exhibit H)	3,519,232	6,555,119
Generated by liabilities (Exhibit H)	(29,187,146)	(25,213,183)
Other ordinary income and expenses (Exhibit H)	(9,632,625)	(9,690,942)
Income before taxes	4,340,741	17,688,918
Income tax provision charge	(3,009,865)	(5,809,602)
Ordinary income	1,330,876	11,879,316
Result from investments in subsidiaries and related companies (Note 7 e)	(7,674,213)	(18,193,628)
Net loss for the period	(6,343,337)	(6,314,312)

The accompanying notes 1 to 13 and exhibits A to I are an integral part of these financial statements.

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SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY for the six-month period ended December 31, 2000, compared to the same period of the previous year

Item	Capital stock			Non-capitalized contributions	Retained earnings			Unappropriated retained earnings	12.31.00	12.31.99
	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 the period	347,468,771	27,348,487	374,817,258	21,194,650	19,607,273	196,722,574	20,000,000	3,181,119	635,522,874	646,540,506
Approved by the Shareholders' Ordinary Meeting on September 30, 1999										
- Distribution of profits										
Hnos. Agustín y Enrique Rocca Foundation	-	-	-	-	-	-	-	-	-	(300,000)
Cash dividends	-	-	-	-	-	-	-	-	-	(13,898,751)
Approved by the Shareholders' Ordinary Meeting on October 6, 2000										
- Release of the reserve for future dividends	-	-	-	-	-	(11,176,688)	-	11,176,688	-	-
- Distribution of profits										
Legal reserve	-	-	-	-	159,056	-	-	(159,056)	-	-
Hnos. Agustín y Enrique Rocca Foundation	-	-	-	-	-	-	-	(300,000)	(300,000)	-
Cash dividends	-	-	-	-	-	-	-	(13,898,751)	(13,898,751)	-
Result for the period as per statement of income	-	-	-	-	-	-	-	(6,343,337)	(6,343,337)	(6,314,312)
Balances at December 31, 2000	347,468,771	27,348,487	374,817,258	21,194,650	19,766,329	185,545,886	20,000,000	(6,343,337)	614,980,786	
Balances at December 31, 1999	347,468,771	27,348,487	374,817,258	21,194,650	19,607,273	196,722,574	20,000,000	(6,314,312)		626,027,443

The accompanying notes 1 to 13 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: 14510

STATEMENT OF SOURCES AND USES OF FUNDS for the six-month period ended December 31, 2000, compared to the same period of the previous year

	12.31.00	12.31.99
	\$	\$
CHANGES IN FUNDS		
Funds at the beginning of the period (1)	9,281,212	20,899,186
Increase in funds	16,358,732	25,672,573
Funds at the end of the period (1)	<u>25,639,944</u>	<u>46,571,759</u>
CAUSES OF CHANGES IN FUNDS		
Ordinary income	1,330,876	11,879,316
Add: Items not representing funds disbursements		
Depreciation of fixed assets	40,844,201	38,534,824
Depreciation of other current assets	29,404	26,236
Amortization of intangible assets	1,070,500	1,253,833
Allowance for doubtful accounts	10,714,000	2,049,858
Income tax provision charge	3,009,865	5,809,602
Board of Directors' and Surveillance Committee's fees provision	562,000	616,000
Provision for contingencies	4,566,823	114,200
Funds generated by ordinary operations	<u>62,127,669</u>	<u>60,283,869</u>
Holding result in subsidiaries and related companies	(7,674,213)	(18,193,628)
Add: Items not representing funds disbursements		
Holding result in subsidiaries and related companies	7,674,213	18,193,628
Funds generated (applied to) remaining operations	<u>-</u>	<u>-</u>
Funds generated by operations	62,127,669	60,283,869
Other causes of sources of funds		
Net decrease in inventories	1,021,949	33,371,607
Net decrease in investments	6,570	-
Net increase in short and long-term debt	44,302,087	2,291,461
Total sources of funds - Carried forward	<u>107,458,275</u>	<u>95,946,937</u>

(1) Cash and banks plus other current investments

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Registration number with the Superintendency of Corporations: 14510

STATEMENT OF SOURCES AND USES OF FUNDS for the six-month period ended December 31, 2000, compared to the same period of the previous year

	12.31.00	12.31.99
	\$	\$
CAUSES OF CHANGES IN FUNDS (Contd.)		
Brought forward	107,458,275	95,946,937
Other causes of uses of funds		
Net increase in trade receivables	(24,602,646)	(10,930,919)
Net increase in other receivables	(4,098,393)	(9,767,855)
Net (increase) decrease in other assets	(115,550)	579,339
Net increase in other non-current investments	(4,000,964)	(1,666,562)
Net increase in fixed assets	(27,111,288)	(16,305,855)
Net decrease in trade payables	(8,726,510)	(6,009,423)
Net decrease in social security and taxes	(6,333,694)	(12,596,901)
Net (decrease) increase in other liabilities	(1,490,345)	870,856
Decrease in provision for contingencies	(421,402)	(248,293)
Distribution of profits voted by Shareholders' Meeting on September 30, 1999	-	(14,198,751)
Distribution of profits voted by Shareholders' Meeting on October 6, 2000	(14,198,751)	-
Total uses of funds	(91,099,543)	(70,274,364)
Increase in funds	16,358,732	25,672,573

The accompanying notes 1 to 13 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: 14510

NOTES TO THE FINANCIAL STATEMENTS at December 31, 2000

NOTE 1 - BASES FOR THE PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with General Resolution No. 290/97 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 in comparative form with those of the same period of the previous year.

2.2. Recognition of the effects of inflation

The financial statements have been prepared in constant currency, reflecting the overall effects of inflation through August 31, 1995. In accordance with General Resolution No. 290/97 of the National Securities Commission, restatement of the financial statements has been discontinued as from September 1, 1995.

2.3. Valuation criteria

These financial statements have been prepared applying the valuation criteria established by General Resolution No. 290/97 of the National Securities Commission, as explained below:

- a) Assets and liabilities in local currency without adjustment clauses are stated at their nominal value plus the accrued financial results up to the end of the period.
- b) Assets and liabilities in foreign currency have been valued at the corresponding exchange rates in effect at the end of the period plus the accrued financial results up to that date.

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

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NOTES TO THE FINANCIAL STATEMENTS at December 31, 2000 (Contd.)**NOTE 2 - ACCOUNTING STANDARDS (Contd.)**

2.3. Valuation criteria (Contd.)

- c) Export reimbursements have been valued at the rates of exchange for the U.S. dollar in force at the end of the period applied on par values in foreign currency and included in the Trade receivables - export reimbursements.
- d) Advances to suppliers are stated at their current value.
- e) Inventories have been valued at their replacement cost at the end of the period, applying the direct industrial cost method and including the indirect manufacturing expenses, except fixed assets depreciation and general expenses.

Materials have been valued at their replacement cost at the end of the period.

Adjustments that may be necessary in the event that net realization values were to be lower than replacement values have been charged to results on the holding of non-monetary assets.

- f) Property included under Other current assets has been valued at acquisition cost. Depreciation has been calculated by the straight-line method, using annual rates sufficient to extinguish their values by the end of their estimated useful lives. Book value does not exceed recoverable value.

Other non-current assets are valued at construction cost and include real property mostly for sale to personnel.

- g) Spares and steel-working tools included under Fixed assets have been valued at restated cost or recoverable value, whichever is lower; the required adjustments have been charged to results on the holding of non-monetary assets. The recoverable value has been calculated on the basis of the values of last purchases or quotations from suppliers on dates close to 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.

The aggregate net value of fixed assets does not exceed recoverable value.

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Registration number with the Superintendency of Corporations: 14510

NOTES TO THE FINANCIAL STATEMENTS at December 31, 2000 (Contd.)**NOTE 2 - ACCOUNTING STANDARDS (Contd.)**

2.3. Valuation criteria (Contd.)

- h) The participation in other companies has been valued at proportional equity value 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 is valued at acquisition cost. In addition, the accounting standards adopted by subsidiaries and related companies have been unified with the accounting criteria followed by Siderar S.A.I.C. For purposes of translation into pesos of the financial statements of Prosid Investments S.C.A., the criteria established by Technical Pronouncement No. 13 of the Argentine Federation of Professional Councils in Economic Sciences were used.
- i) Compañía Afianzadora de Empresas Siderúrgicas S.G.R. risk fund, recorded by Siderar S.A.I.C. under Other investments, corresponds to the portion attributable to that company considering the percentage contributions paid by the protecting partners of Sociedad de Garantía Recíproca and the value of the fund at December 31, 2000 (see Note 7 c)) to the financial statements).
- j) The goodwill (Comesi S.A.I.C.) corresponds to the difference between the value paid for the shares of Comesi S.A.I.C. and the proportional equity value at the date of purchase once the accounting values of the assets of the issuer have been adjusted by their respective current values. Goodwill is amortized by the straight-line method, over a maximum term of five years as from April 1997.
- k) The Company has capitalized the financial costs from the projects for the modernization of its fixed assets.

To calculate the capitalizable financial charge the Company's financing cost has been estimated by computing the results generated by all items making up its financing structure.

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

Financial costs capitalized in the period amounted to \$ 250,737.

- l) The implicit financial components included in the assets, liabilities and income balances have been segregated, if significant.

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

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NOTES TO THE FINANCIAL STATEMENTS at December 31, 2000 (Contd.)**NOTE 2 - ACCOUNTING STANDARDS (Contd.)**

2.3. Valuation criteria (Contd.)

- m) 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 \$ 20,164,570 were set up to meet potential contingencies.

- n) 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 period in progress 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 has taken out endowment policies which could be used to provide partial or total cover for these benefits.

- o) Non-current credits and liabilities accrue interest at normal market rates.
- p) From time to time the Company enters into transactions involving financial derivatives for hedging purposes, to smooth out fluctuations in exchange rates for currencies other than the U.S. dollar, interest rates on its bank and financial debt and the prices of certain raw materials used in its manufacturing process. The results from these operations are recognized and disclosed during the life of the corresponding contracts.
- q) The Company calculates income tax by applying a 35% rate on taxable profits, the corresponding charge being disclosed in the statement of income under charge for income tax provision.

The tax on minimum notional income is applicable to the potential income from certain productive assets at the rate of 1% and supplements income tax, so that the Company's tax liability will be equivalent to the higher of those taxes. However, if the tax on minimum notional income exceeds income tax in a given fiscal year, that surplus can be computed as payment on account of income tax in excess of the tax on minimum notional income arising in any of the following ten fiscal years.

At the end of the period, the income tax determined is lower than the proportional part of the minimum notional income tax, as a result of which a liability was set up, charged against Other non-current receivables.

- r) 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: 14510

NOTES TO THE FINANCIAL STATEMENTS at December 31, 2000 (Contd.)**NOTE 3 - COMPOSITION OF BALANCE SHEET ITEMS**

	12.31.00	12.31.99
	\$	\$
CURRENT ASSETS		
a) Cash and banks		
Cash	181,877	202,630
Checks to be deposited	2,750,413	3,397,009
Banks	714,117	5,616,968
	<u>3,646,407</u>	<u>9,216,607</u>
b) Trade receivables		
Accounts receivable	114,035,121	99,045,757
Related companies Sect. 33 - Law No. 19550 and amendments	1,667,833	701,637
Export reimbursements	5,635,877	4,591,889
Notes receivable	98,107,695	84,790,116
Allowance for doubtful accounts (Exhibit E)	(17,559,096)	(7,601,730)
Unearned interest	(1,655,083)	(1,503,267)
	<u>200,232,347</u>	<u>180,024,402</u>
c) Other receivables		
Related companies Sect. 33 - Law No. 19550 and amendments	2,460,455	8,073,588
Advances and loans to personnel	4,165,471	4,241,854
Receivables from sale of real property	450,563	455,711
Tax credits	18,618,946	14,453,383
Advances to suppliers	1,272,463	1,464,092
Expenses paid in advance	1,801,653	2,036,477
Sundry receivables	7,228,226	7,003,194
	<u>35,997,777</u>	<u>37,728,299</u>
d) Other assets (residual value)		
Real property	2,080,997	1,590,653
	<u>2,080,997</u>	<u>1,590,653</u>

The depreciation of the period amounted to \$ 29,404 (Exhibit H).

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NOTES TO THE FINANCIAL STATEMENTS at December 31, 2000 (Contd.)**NOTE 3 - COMPOSITION OF BALANCE SHEET ITEMS (Contd.)**

	12.31.00	12.31.99
	\$	\$
NON-CURRENT ASSETS		
e) Trade receivables		
Notes receivable	1,490,842	7,382,228
Allowance for doubtful accounts (Exhibit E)	(124,000)	(1,342,000)
	<u>1,366,842</u>	<u>6,040,228</u>
f) Other receivables		
Related companies Sect. 33 - Law No. 19550 and amendments	362,281	793,279
Advances and loans to personnel	1,873,061	1,798,599
Receivables from sale of real property	6,602,988	6,440,701
Tax credits	7,304,874	-
Expenses paid in advance	1,463,145	2,515,718
Financial credits - Related companies Sect. 33 - Law No. 19550 and amendments	-	22,420,590
Sundry receivables	308,001	157,657
	<u>17,914,350</u>	<u>34,126,544</u>
g) Other assets		
Real property	1,749,564	3,366,576
	<u>1,749,564</u>	<u>3,366,576</u>
CURRENT LIABILITIES		
h) Accounts payable		
Ordinary suppliers	48,927,676	53,127,189
Related companies Sect. 33 - Law No. 19550 and amendments	1,668,681	1,343,345
Notes payable	51,681,377	43,916,494
Unearned interest	(1,737,000)	(2,014,593)
Advances from customers	1,417,427	2,268,710
	<u>101,958,161</u>	<u>98,641,145</u>

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NOTES TO THE FINANCIAL STATEMENTS at December 31, 2000 (Contd.)**NOTE 3 - COMPOSITION OF BALANCE SHEET ITEMS (Contd.)**

	12.31.00	12.31.99
	\$	\$
CURRENT LIABILITIES (Contd.)		
i) Short-term debt		
Financial	3,920,674	-
Import/export financing	292,417,141	245,673,244
Unearned interest	(21,322,340)	(19,021,503)
	<u>275,015,475</u>	<u>226,651,741</u>
j) Social security and taxes		
Provision for income tax/minimum notional income	6,388,000	5,306,000
Income tax withholding and others	(6,388,000)	(5,306,000)
Provision for turnover tax	99,624	116,887
Wages and social security	28,296,819	26,446,498
Others sundry	2,300,877	3,760,037
	<u>30,697,320</u>	<u>30,323,422</u>
NON-CURRENT LIABILITIES		
k) Accounts payable		
Notes payable	8,737,438	13,635,235
Unearned interest	(793,183)	(1,467,326)
	<u>7,944,255</u>	<u>12,167,909</u>
l) Long-term debt		
Import/export financing	199,886,970	278,135,404
Negotiable Corporate Bonds	110,000,000	110,000,000
Unearned interest	(24,560,323)	(41,388,949)
	<u>285,326,647</u>	<u>346,746,455</u>
m) Social security and taxes		
Sundry	3,687,508	4,506,133
	<u>3,687,508</u>	<u>4,506,133</u>

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NOTES TO THE FINANCIAL STATEMENTS at December 31, 2000 (Contd.)
NOTE 4 - 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 12.31.00	Total at 12.31.99
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Overdue										
Trade receivables - fixed rate	23,734,664	537,110	653,384	247,725	2,963,869	1,726,516	1,040,985	1,168,146	32,072,399	10,111,190
Total at 12.31.00	23,734,664	537,110	653,384	247,725	2,963,869	1,726,516	1,040,985	1,168,146	32,072,399	
Total at 12.31.99	2,615,185	1,377,073	808,505	775,156	1,580,893	1,153,064	361,287	1,440,027		10,111,190
Not yet due										
Deposits of funds - fixed rate	21,993,537	-	-	-	-	-	-	-	21,993,537	37,355,152
Deposits of funds - floating rate	-	-	-	-	-	-	-	6,885,694	6,885,694	5,801,521
Trade receivables - fixed rate	162,192,279	15,334,612	518,237	2,038,039	324,015	31,451	306,440	828,936	181,574,009	180,305,281
Trade receivables - without rate	5,635,877	-	-	-	-	-	-	-	5,635,877	4,591,889
Other receivables - fixed rate	2,596,137	694,608	616,575	566,214	1,644,083	1,096,314	611,120	5,269,900	13,094,951	19,094,660
Other receivables - floating rate	15,750	15,750	15,750	1,841,483	425,281	63,000	31,500	-	2,408,514	26,029,779
Other receivables - without rate	21,354,993	5,435,161	456,496	2,388,860	7,788,359	792,068	15,218	177,507	38,408,662	26,730,404
Total at 12.31.00	213,788,573	21,480,131	1,607,058	6,834,596	10,181,738	1,982,833	964,278	13,162,037	270,001,244	
Total at 12.31.99	213,902,444	16,583,312	4,597,382	17,515,255	4,589,384	3,287,138	2,273,592	37,160,179		299,908,686
Accounts payable - fixed rate	44,569,718	9,260,761	8,888,554	7,931,680	1,415,680	1,363,330	529,685	473,423	74,432,831	70,826,080
Accounts payable - floating rate	-	920,844	-	832,427	1,664,855	1,664,855	832,427	-	5,915,408	7,595,383
Accounts payable - without rate	28,987,285	566,892	-	-	-	-	-	-	29,554,177	32,387,591
Short and long-term debt - fixed rate	51,606,071	93,448,194	32,865,209	33,327,101	18,629,356	18,067,619	4,352,711	2,854,610	255,150,871	332,927,763
Short and long-term debt - floating rate	3,990,036	26,932,738	926,634	31,919,492	129,558,696	104,627,149	6,862,199	374,307	305,191,251	240,470,433
Social security and taxes - without rate	21,536,568	56,690	82,862	9,021,200	-	-	-	3,687,508	34,384,828	34,829,555
Other debt - without rate	1,966,249	149,693	680,528	578,292	103,440	79,727	38,285	9,800	3,606,014	3,717,999
Total at 12.31.00	152,655,927	131,335,812	43,443,787	83,610,192	151,372,027	125,802,680	12,615,307	7,399,648	708,235,380	
Total at 12.31.99	219,298,692	64,141,879	32,278,867	43,123,520	136,031,356	139,766,468	75,520,103	12,593,919		722,754,804

- 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 December 31, 2000 (Contd.)

NOTE 5 - CHANGES IN ACCOUNTING PROCEDURES

The Company has followed the same criteria adopted in the previous year as regards valuations, depreciations and other items.

NOTE 6 - ENCUMBERED AND RESTRICTED ASSETS AND SURETIES GRANTED

Pledges have been set up on Company assets in guarantee of debts incurred as a result of the purchase of pledged assets amounting to US\$ 1,288,620.

In accordance with the contracts signed as a result of the incorporation of Consorcio Siderurgia Amazonia Ltd., guarantees were granted as mentioned in Note 7 b) to the financial statements.

At period-end, the Company had become the guarantor of obligations for US\$ 2,843,216.

NOTE 7 - INVESTMENTS IN OTHER COMPANIES**a) Comesi San Luis S.A.I.C.**

On April 14, 1997, the Company acquired all of the shares held by the minority shareholders of Comesi San Luis S.A.I.C., 98% of which was held by Comesi S.A.I.C. at that date. The purpose of Comesi San Luis S.A.I.C. is the production of cold or hot strip mill sheets either pre-painted or not, formed and/or skelped. The price paid for the 22,000 shares of par value \$ 0.0001 each representing 2% of the capital stock of Comesi San Luis S.A.I.C. amounted to US\$ 130,720.

As a result of the merger with Comesi S.A.I.C., the Company acquired 100% of the shares of Comesi San Luis S.A.I.C. and consequently on June 29, 1999 Siderar S.A.I.C. sold the 1% equity participation for a total value of \$ 42,900.

b) Prosid Investments S.C.A. - Consorcio Siderurgia Amazonia Ltd.

On November 13, 1997 Consorcio Siderurgia Amazonia Ltd. (Amazonia) was set up to participate in the bid for 70% of Siderúrgica del Orinoco C.A. (Sidor) which was being privatized by the Government of Venezuela.

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NOTES TO THE FINANCIAL STATEMENTS at December 31, 2000 (Contd.)**NOTE 7 - INVESTMENTS IN OTHER COMPANIES (Contd.)**

b) Prosid Investments S.C.A. - Consorcio Siderurgia Amazonia Ltd. (Contd.)

On December 18, 1997 Amazonia was declared the winner with a bid for US\$ 1,202,020,202, paid on January 27, 1998 with funds contributed by each consortium member in proportion to their participation (US\$ 702,020,202) and bank financing obtained by the Consortium (US\$ 500,000,000). For this reason Siderar S.A.I.C. made a capital contribution of US\$ 122,853,535 for 17.5% of the capital of this company. The shares of Amazonia and those acquired from Sidor are pledged in guarantee of the mentioned loan and its subsequent refinancing. According to the terms of the share purchase agreement an audit of the financial statements of Sidor was performed at January 27, 1998, as a result of which on August 10, 1998 Corporación Venezolana de Guayana (C.V.G.), refunded to Amazonia the sum of US\$ 150,000,000, the maximum amount payable under the contract as an adjustment to the bid value.

The share purchase agreement also established a series of conditions and obligations to be fulfilled over a five-year term. In guarantee of compliance with these conditions, a surety has been granted in favor of Fondo de Inversiones de Venezuela (F.I.V.) and C.V.G. for a total aggregate amount of US\$ 150,000,000.

In relation to the commitments regarding minimum production volumes, minimum required levels of investment and the maintaining of a certain shareholding by the original bidders, a surety of US\$ 150,000,000 has been established through financial institutions. The amount of this surety is reduced to US\$ 125,000,000 and US\$ 75,000,000 for the fourth and fifth years respectively as from the date of the purchase, as long as the creditor were not to have demanded enforcement of the guarantee in the immediately preceding year. The maximum amount guaranteed by Siderar at the date of these financial statements is US\$ 26,250,000.

As from the date of payment, Siderar has acted as guarantor of financial liabilities entered into by Sidor for US\$ 651,798,689, with due dates through to 2007. On the basis of its participation in the company, the maximum amount guaranteed by Siderar in relation to these liabilities is US\$ 124,300,000.

On June 30, 1998, Prosid Investments Inc. (Prosid) was incorporated in the British Virgin Islands with a capital of US\$ 50,000. On November 11, 1998 the procedures were completed

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NOTES TO THE FINANCIAL STATEMENTS at December 31, 2000 (Contd.)**NOTE 7 - INVESTMENTS IN OTHER COMPANIES (Contd.)**

b) Prosid Investments S.C.A. - Consorcio Siderurgia Amazonia Ltd. (Contd.)

for the transfer of the shares of Amazonia to Prosid for a value of US\$ 122,626,393, equivalent to the equity value of the shares contributed, the capital of the latter company being increased to US\$ 120,000,000, the balance of US\$ 2,626,393 corresponding to the capital surplus account. As a result, the participation of the Company in Amazonia is indirect through its subsidiary Prosid.

In view of the negative economic context, Sidor and Amazonia recorded adverse economic results that led to arrears in compliance with their financial obligations.

On February 24, 2000 negotiations were completed for the restructuring of the liabilities of Sidor and Amazonia. The most relevant aspects of the agreements have been the contribution of resources by the shareholders of Sidor for US\$ 300,000,000 and the obtaining of two years grace for the start of repayment of the restructured liabilities. In the context of these agreements, Sidor agreed to assign in trust part of its fixed assets, assigning its creditors as beneficiaries up to a total amount of US\$ 827,000,000.

The partners in Amazonia, with the exception of Sivensa, assumed a repurchase commitment under certain conditions, to take place in 2007, for a maximum of US\$ 25,000,000 of Amazonia's debt above the excess of US\$ 100,000,000 in debt that the latter were to maintain at that date with the financial entities participating in the restructuring. The participation of Siderar in the repurchase commitment amounts to US\$ 6,000,000.

Under the terms of the mentioned agreements Siderar made contributions to Prosid for US\$ 57,212,262 by means of the transfer of credits it held due from Sidor and Amazonia, increasing the capital of Prosid by US\$ 32,000,000 and charging the difference with the mentioned contribution to the capital surplus account. In March 2000, Prosid made contributions in Amazonia for US\$ 56,156,707, US\$ 25,392,703 as a capital contribution and US\$ 30,764,004 as loans convertible into shares.

As a result of these changes, the shareholding of Prosid in Amazonia at the date of these financial statements is 29,831,335 shares, representing 19.76% of the capital stock. If the contributions made to Amazonia in the form of convertible loans were fully capitalized in two years by the contributing partners, Prosid's participation would increase to 21.14%.

On October 25, 2000, Siderar S.A.I.C. sold 0.0066% of its interest in Prosid for US\$ 6,500 to Techint Compañía Técnica Internacional S.A.C.I. of Uruguay. Furthermore, the Shareholders'

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NOTES TO THE FINANCIAL STATEMENTS at December 31, 2000 (Contd.)**NOTE 7 - INVESTMENTS IN OTHER COMPANIES (Contd.)**

b) Prosid Investments S.C.A. - Consorcio Siderurgia Amazonia Ltd. (Contd.)

Meeting of Prosid held on November 28, 2000 decided to transfer the domicile and headquarters to the city of Montevideo, Uruguay, transforming it at the same time into a limited partnership stock company, under the name of Prosid Investments S.C.A.

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

The Company has a 39.0539% 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 \$ 28,370,602 to the risk fund (see Exhibit D to the financial statements). The purpose of the risk fund is to realize guarantees to be granted to participating partners.

d) Ecocemento S.A.

On September 16, 1996 the Company and Compañía Argentina de Cemento Portland S.A. formed Ecocemento S.A., the purpose of which is the production and sale of blast furnace slag Portland cement, lime and related products. The shareholding is 15%, represented by 1,800 Class "B" shares of one vote and one peso par value each. Until the end of the period the Company had made contributions for \$ 2,848,547. On March 1999, Ecocemento S.A. inaugurated its industrial plant.

e) Result from investments in subsidiaries and related companies:

	<u>12.31.00</u>	<u>12.31.99</u>
	\$	\$
Subsidiaries		
e.1.) Participation in the results of subsidiaries		
Comesi San Luis S.A.I.C.	674,280	333,282
Prosid Investments S.C.A. (See Note to Exhibit C)	(8,199,922)	(19,209,024)
e.2.) Inventory valuation adjustment		
Comesi San Luis S.A.I.C.	(36,538)	813,335
	<u>(7,562,180)</u>	<u>(18,062,407)</u>
Related companies		
Compañía Afianzadora de Empresas Siderúrgicas S.G.R.	613	41,976
Ecocemento S.A.	(112,646)	(173,197)
	<u>(112,033)</u>	<u>(131,221)</u>
	<u>(7,674,213)</u>	<u>(18,193,628)</u>

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NOTES TO THE FINANCIAL STATEMENTS at December 31, 2000 (Contd.)**NOTE 8 - RESTRICTIONS ON THE DISTRIBUTION OF PROFITS**

In compliance with the Corporations Law, the By-laws and Resolution No. 290/97 of the National Securities Commission, 5% of the profit for the year should be transferred to the Legal Reserve after absorbing the negative results unappropriated at the beginning of the year, until such Reserve reaches 20% of the restated capital.

NOTE 9 - GLOBAL PROGRAM FOR NEGOTIABLE CORPORATE BONDS

On exercising the mandate and authorization granted by the Shareholders' Ordinary and Extraordinary Meeting held on September 29, 1994, the Board of Directors approved the Offering Circular of the global program for the issue of Negotiable Corporate Bonds for US\$ 250,000,000, which has been authorized by the National Securities Commission.

On July 31, 1998 a new tranche was issued for a total of US\$ 110,000,000 with six-monthly maturities in January and July 2002 and 2003, at an interest rate of Libo plus a spread of 0.9%, 1.15%, 1.4%, 1.65% and 1.9% for years one to five, respectively. Interest will be payable quarterly.

Funds from this issue were used as follows:

	<u>US\$</u>
Settlement of bank and financial debt	109,130,000
Corporate Bonds issuing expenses	870,000
Total issued	<u><u>110,000,000</u></u>

The unused balance of the global program totals US\$ 80,000,000.

NOTE 10 - COMMITTED INVESTMENTS

The Company has entered into agreements for future purchases of fixed assets for an amount of US\$ 19,531,087.

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NOTES TO THE FINANCIAL STATEMENTS at December 31, 2000 (Contd.)**NOTE 11 - AFIP - DGI INCOME TAX CLAIM FOR FISCAL 1995**

The Dirección General Impositiva (D.G.I. - 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 DGI considers that these amounts represent investments or improvements that should be capitalized, as a result of which it made an income tax assessment for fiscal 1995 of \$ 7,995,540, plus interest and fines.

The Company will appeal this ruling to the National Tax Court, as its tax and legal advisors consider that the evidence that exists and the work carried out by the tax authorities should lead the Company to obtain a ruling favorable to its interests, for which reason it has not recorded any liability for this item.

NOTE 12 - STATUS OF CAPITAL

The status of capital at December 31, 2000 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 shareholders' equity at the end of the period amounted to \$ 614,980,786 and the capital stock outstanding at that date to \$ 347,468,771. Accordingly, the proportional equity value for each share of 1 peso par value amounts to \$ 1.77 (one peso and seventy seven cents).

NOTE 13 - EVENTS SUBSEQUENT TO PERIOD-END

After December 31, 2000, no events, situations or circumstances which are not publicly known have occurred, which affect or could significantly affect the Company's equity and financial position.

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

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FIXED ASSETS

Main account	12.31.00										12.31.99
	Values at the beginning of the period	Increases	Decreases	Reclassification	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	22,961,059	37,272	57,293	-	22,941,038	-	-	-	-	22,941,038	22,961,059
Industrial buildings and facilities	759,904,579	-	-	18,704,576	778,609,155	326,546,844	-	29,539,549	356,086,393	422,522,762	432,534,029
Machinery and equipment	378,926,299	-	-	7,155,283	386,081,582	266,491,626	-	10,260,757	276,752,383	109,329,199	119,904,050
Vehicles and means of transport	14,248,685	125,169	288,405	-	14,085,449	9,957,549	172,487	560,406	10,345,468	3,739,981	4,481,790
Furniture, general machinery and office supplies	16,921,776	-	-	-	16,921,776	13,964,178	-	483,489	14,447,667	2,474,109	3,714,724
Steel spares and supplies	63,047,602	1,860,041	-	-	64,907,643	-	-	-	-	64,907,643	75,399,774
Fixed assets in transit	776,529	917,828	-	-	1,694,357	-	-	-	-	1,694,357	2,749,894
Work in progress	60,730,342	24,690,722	-	(25,859,859)	59,561,205	-	-	-	-	59,561,205	63,991,243
Advances to suppliers	4,200,697	-	346,533	-	3,854,164	-	-	-	-	3,854,164	2,232,257
Total at December 31, 2000	1,321,717,568	27,631,032	692,231	-	1,348,656,369	616,960,197	172,487	40,844,201	657,631,911	691,024,458	
Total at December 31, 1999	1,288,745,508	18,290,932	2,166,999	-	1,304,869,441	538,547,719	181,922	38,534,824	576,900,621		727,968,820

(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 2.2 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.

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INTANGIBLE ASSETS

Main account	12.31.00								12.31.99	
	Balance at the beginning of the period	Increases	Decreases	Balance at the end of the period	A m o r t i z a t i o n			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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Reorganization plant and project analysis related costs	44,691,428	-	-	44,691,428	44,691,428	-	-	44,691,428	-	61,111
Goodwill (Comesi S.A.I.C.)	21,843,233	-	-	21,843,233	18,096,485	-	1,070,500	19,166,985	2,676,248	4,817,247
Total at December 31, 2000	66,534,661	-	-	66,534,661	62,787,913	-	1,070,500	63,858,413	2,676,248	
Total at December 31, 1999	66,534,661	-	-	66,534,661	60,402,470	-	1,253,833	61,656,303		4,878,358

(1) See Exhibit H to the financial statements.

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Financial statements at December 31, 2000, compared to the same period of the previous year

INVESTMENTS

Securities issued in series and investments in other companies

Denomination and type of shares	Issuer	Class	Par value	Amount	Percentage participation in capital stock	Restated cost value	Proportional equity value	Amount recorded at 12.31.00	Amount recorded at 12.31.99
						\$	\$	\$	\$
NON-CURRENT INVESTMENTS Corporations Sect. 33 - Law No. 19550 and amendments									
Subsidiaries									
Shares	Comesi San Luis S.A.I.C.	Ordinary, one vote each	0.0001	1,089,000	99.0000	4,542,925	5,982,412	5,982,412	5,417,050
Shares	Prosid Investments S.C.A.	Ordinary, one vote each	1,000.0000 (*)	999,934	99.9934	179,826,786	91,334,127	91,334,127	51,338,723
Related companies									
Shares	Compañía Afianzadora de Empresas Siderúrgicas S.G.R.	Ordinary, one vote each	1.0000	355,000	39.0539	355,000	359,422	359,422	355,965
Shares	Ecocemento S.A.	Ordinary, one vote each	1.0000	1,800	15.0000	2,848,547	2,540,545	2,540,545	2,675,229
Shares	FO.GA.BA. S.A.P.E.M.	Ordinary, one vote each	1.0000	10,000	0.0031	10,000	-	10,000	10,000
Others									
Comesi San Luis S.A.I.C. inventory valuation adjustment						-	(713,500)	(713,500)	(524,601)
						187,583,258	99,503,006	99,513,006	59,272,366

(*) Amount stated in Uruguayan pesos.

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Registration number with the Superintendency of Corporations: 14510

Financial statements at December 31, 2000, compared to the same period of the previous year

INVESTMENTS

Securities issued in series and investments in other companies

Denomination and type of shares	Issuer	Principal activity	Information about the issuer					Date of approval by Board of Directors
			Latest financial statements					
			Date	Period	Capital stock	Results	Shareholders' equity	
NON-CURRENT INVESTMENTS (Contd.) Corporations Sect. 33 - Law No. 19550 and amendments (Contd.)					\$	\$	\$	
Subsidiaries Shares	Comesi San Luis S.A.I.C.	Production of cold or hot rolled, pre-painted, formed and skelped steel sheets	12.31.00	12 months	110	571,072	6,042,840	2. 5.01
Shares	Prosid Investments S.C.A. (1)	Stock participation in Consorcio Siderurgia Amazonia Ltd. and all types of financial transactions.	12.31.00	6 months	81,665,986	(8,200,464)	91,340,155	2. 2.01
Related companies 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. 24467	9.30.00	3 months	909,000	3,381	27,504,513	12. 6.00
Shares	Ecocemento S.A.	Production and sale of Portland cement with blast furnace slag, lime and by-products	9.30.00	3 months	12,000	(234,220)	16,936,964	11.8.00
Shares	FO.GA.BA. S.A.P.E.M.	Granting of guarantees to PYMES operating in the province of Buenos Aires	12.31.99	12 months	3,238,400	2,586,094	52,205,946	3.16.00

- (1) The criterion of the Company has been to calculate the value of its investment in Amazonia on the basis of the financial statements of the latter with a lag of three months. Nevertheless, for a better reflection of the economic reality of these financial statements, the equity and results of the Company have been adjusted for the estimated effect of the results of Amazonia for the period October 1 to December 31, 2000.

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

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Financial statements at December 31, 2000, compared to the same period of the previous year

OTHER INVESTMENTS

Main account	12.31.00			12.31.99	
	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	229,507	1,807,013	-	2,036,520	3,204,702
Time deposits	-	19,957,017	-	19,957,017	34,150,450
Total at the end of the period	229,507	21,764,030	-	21,993,537	37,355,152
OTHER NON-CURRENT INVESTMENTS					
Financial investments in insurance companies	5,859,062	1,026,632	-	6,885,694	5,801,521
Risk fund Compañía Afianzadora de Empresas Siderúrgicas S.G.R.					
Net contributions	25,396,270	2,974,332	-	28,370,602	36,000,000
Allowance for doubtful accounts (Exhibit E) (1)	(2,379,000)	(1,743,000)	-	(4,122,000)	(2,169,000)
Real property	-	-	-	-	98,229
Total at the end of the period	28,876,332	2,257,964	-	31,134,296	39,730,750

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

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

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

Registration number with the Superintendency of Corporations: 14510

Financial statements at December 31, 2000, compared to the same period of the previous year

ALLOWANCES AND PROVISIONS

Items	Balance at the beginning of the period	Increases and recoveries (1)	Uses	Balance at the end of the period
	\$	\$	\$	\$
Deducted from current assets				
- For doubtful accounts	6,853,096	10,706,000	-	17,559,096
Total at 12.31.00	6,853,096	10,706,000	-	17,559,096
Total at 12.31.99	8,567,166	(990,578)	(25,142)	7,601,730
Deducted from non-current assets				
- For doubtful accounts	1,859,000	(1,735,000)	-	124,000
- For risk fund uncollectibility	2,379,000	1,743,000	-	4,122,000
Total at 12.31.00	4,238,000	8,000	-	4,246,000
Total at 12.31.99	470,564	3,040,436	-	3,511,000
Included in current liabilities				
- For contingencies	3,153,834	2,300,226	421,402	5,032,658
Total at 12.31.00	3,153,834	2,300,226	421,402	5,032,658
Total at 12.31.99	3,135,616	203,375	248,293	3,090,698
Included in non-current liabilities				
- For contingencies	12,865,315	2,266,597	-	15,131,912
Total at 12.31.00	12,865,315	2,266,597	-	15,131,912
Total at 12.31.99	13,640,080	(89,175)	-	13,550,905

(1) See Exhibit H to the financial statements.

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

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

Registration number with the Superintendency of Corporations: 14510

Financial statements at December 31, 2000, compared to the same period of the previous year

COST OF SALES

	12.31.00		12.31.99	
	\$	\$	\$	\$
1) Inventory at the beginning of the period				
Finished products	71,991,895		97,421,969	
Production in process	52,330,557		61,517,796	
Raw material	49,490,562		35,012,397	
Materials	59,931,616		61,600,587	
Advances to suppliers	1,328,226	235,072,856	1,943,953	257,496,702
2) Purchases of the period		177,665,190		172,953,106
3) Manufacturing expenses (Exhibit H)		189,195,280		190,246,516
Subtotal		601,933,326		620,696,324
4) Holding results (Exhibit H)		(5,474,345)		(2,314,875)
Subtotal		596,458,981		618,381,449
5) Inventory at the end of the period				
Finished products	63,129,179		72,796,639	
Products in process	63,550,583		46,185,025	
Raw material	49,600,560		43,908,520	
Materials	56,642,191		59,822,584	
Advances to suppliers	1,128,394	234,050,907	1,412,327	224,125,095
Cost of sales		362,408,074		394,256,354

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SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

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Financial statements at December 31, 2000, compared to the same period of the previous year

FOREIGN CURRENCY ASSETS AND LIABILITIES

Items	12.31.00				12.31.99		
	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\$	23,899	1.000000	23,899	US\$	18,324	18,324
Checks to be deposited			1.000000		US\$	713,598	713,598
Banks	US\$	5,944	1.000000	5,944	US\$	697	697
Other investments							
Sight deposits	US\$	2,036,520	1.000000	2,036,520	US\$	3,204,702	3,204,702
Time deposits	US\$	19,957,017	-	19,957,017	US\$	34,150,450	34,150,450
Trade receivables							
Accounts receivable	US\$	114,035,121	1.000000	114,035,121	US\$	99,045,757	99,045,757
Related companies Sect. 33 - Law No. 19550 and amendments	US\$	1,667,833	1.000000	1,667,833	US\$	701,637	701,637
Export reimbursements	US\$	5,635,877	1.000000	5,635,877	US\$	4,591,889	4,591,889
Notes receivable	US\$	63,899,423	1.000000	63,899,423	US\$	48,663,971	48,663,971
Receivables with exchange insurance in US\$	EURO	3,140,100	0.869316	2,729,739	-	-	-
Allowance for doubtful accounts (Exhibit E)	US\$	(17,559,096)	1.000000	(17,559,096)	US\$	(7,601,730)	(7,601,730)
Unearned interest	US\$	(1,655,083)	1.000000	(1,655,083)	US\$	(1,503,267)	(1,503,267)
Other receivables							
Related companies Sect. 33 - Law No. 19550 and amendments	US\$	2,460,455	1.000000	2,460,455	US\$	8,073,588	8,073,588
Receivables from sale of real property	US\$	215,527	1.000000	215,527	US\$	258,168	258,168
Advances to suppliers	-	-	-	-	US\$	493,533	493,533
Expenses paid in advance	US\$	1,801,653	1.000000	1,801,653	US\$	2,036,477	2,036,477
Sundry receivables	US\$	4,357,752	1.000000	4,357,752	US\$	5,047,486	5,047,486
Total current assets - Carried forward				199,612,581			197,895,280

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Financial statements at December 31, 2000, compared to the same period of the previous year

FOREIGN CURRENCY ASSETS AND LIABILITIES

Items	12.31.00				12.31.99		
	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				199,612,581			197,895,280
NON-CURRENT ASSETS							
Trade receivables							
Notes receivable	US\$	1,490,842	1.000000	1,490,842	US\$	7,382,228	7,382,228
Allowance for doubtful accounts (Exhibit E)	US\$	(124,000)	1.000000	(124,000)	US\$	(1,342,000)	(1,342,000)
Other receivables							
Related companies Sect. 33 - Law No. 19550 and amendments	US\$	362,281	1.000000	362,281	-	793,279	793,279
Receivables from sale of real property	US\$	471,788	1.000000	471,788	US\$	761,786	761,786
Financial credits	-	-	-	-	US\$	22,420,590	22,420,590
Expenses paid in advance	US\$	1,463,145	1.000000	1,463,145	US\$	2,515,718	2,515,718
Sundry receivables	US\$	302,868	1.000000	302,868	US\$	146,024	146,024
Other investments							
Investments in insurance companies	US\$	6,885,694	1.000000	6,885,694	US\$	5,801,521	5,801,521
Risk fund Compañía Afianzadora de Empresas Siderúrgicas S.G.R.							
Net contributions	US\$	28,370,602	1.000000	28,370,602	US\$	36,000,000	36,000,000
Allowance for doubtful accounts (Exhibit E)	US\$	(4,122,000)	1.000000	(4,122,000)	US\$	(2,169,000)	(2,169,000)
Fixed assets							
Advances to suppliers	US\$	919,132	1.000000	919,132	US\$	368,150	368,150
	DM	161,499	0.472789	76,355	DM	188,298	96,399
	Lit	240,299,790	0.000477	114,623	Lit	1,134,206,963	586,385
	FF	1,068,120	0.140826	150,419	FF	884,236	134,853
	EURO	1,697,493	0.923700	1,567,974	EURO	63,687	63,763
	£	4,802	1.487900	7,145	£	5,893	9,496
Total non-current assets				37,936,868			73,569,192
Total assets				237,549,449			271,464,472

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FOREIGN CURRENCY ASSETS AND LIABILITIES

Items	12.31.00				12.31.99		
	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\$	7,303,147	1.000000	7,303,147	US\$	3,177,111	3,177,111
Related companies Sect. 33 - Law No. 19550 and amendments	US\$	1,668,681	1.000000	1,668,681	US\$	1,343,345	1,343,345
Notes payable	US\$	49,950,518	1.000000	49,950,518	US\$	42,324,725	42,324,725
	Lit	389,866,388	0.000479	186,746	Lit	411,021,195	213,320
	DM	2,731,200	0.474252	1,295,277	DM	1,873,407	962,034
	£	10,595	1.491400	15,802	£	13,183	21,290
	FB	1,266,913	0.023030	29,177	FB	10,768,629	268,505
	EURO	133,345	0.926899	123,584	EURO	67,171	67,352
	Sfr	42,472	0.608973	25,864	Sfr	2,702	1,690
	FF	8,429	0.141899	1,196	FF	13,763	2,114
	Pt	9,546,645	0.005574	53,213	-	-	-
	-	-	-	-	S	160,997	11,780
	-	-	-	-	Skr	370,499	43,684
Unearned interest	US\$	(1,737,000)	1.000000	(1,737,000)	US\$	(2,014,593)	(2,014,593)
Advances from customers	US\$	1,417,427	1.000000	1,417,427	US\$	2,268,710	2,268,710
Short-term debt							
Import/export financing	US\$	97,350,721	1.000000	97,350,721	US\$	135,925,408	135,925,408
	¥	80,595,533	0.008730	703,599	¥	36,621,025	358,117
	DM	63,346	0.474252	30,042	DM	56,364	28,944
	EURO	826,795	0.926800	766,274	-	-	-
Debt with exchange insurance in US\$	¥	20,343,300,578	0.009515	193,566,505	¥	9,599,649,324	87,270,412
	-	-	-	-	DM	340,655	242,978
	-	-	-	-	EURO	20,117,742	21,847,385
Unearned interest	US\$	(19,971,726)	1.000000	(19,971,726)	US\$	(17,234,821)	(17,234,821)
	¥	(28,702,749)	0.008730	(250,575)	¥	(36,072,809)	(352,756)
	EURO	(73,074)	0.926800	(67,725)	-	-	-
Unearned interest with exchange insurance in US\$	¥	(108,493,326)	0.009515	(1,032,314)	¥	(146,633,996)	(1,306,069)
	-	-	-	-	EURO	(117,735)	(127,857)
Total current liabilities - Carried forward				331,428,433			275,342,808

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FOREIGN CURRENCY ASSETS AND LIABILITIES

Items	12.31.00				12.31.99		
	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				331,428,433			275,342,808
NON-CURRENT LIABILITIES							
Accounts payable							
Notes payable	US\$	8,737,438	1.000000	8,737,438	US\$	13,635,235	13,635,235
Unearned interest	US\$	(793,183)	1.000000	(793,183)	US\$	(1,467,326)	(1,467,326)
Long-term debt							
Import/export financing	US\$	159,297,541	1.000000	159,297,541	US\$	217,723,164	217,723,164
	¥	225,575,029	0.008730	1,969,270	¥	31,796,196	310,935
	EURO	3,050,727	0.926800	2,827,414	-	-	-
	-	-	-	-	DM	197,275	101,305
Debt with exchange insurance in US\$	¥	3,723,368,875	0.009613	35,792,745	¥	7,162,468,664	60,000,000
Negotiable Corporate Bonds	US\$	110,000,000	1.000000	110,000,000	US\$	110,000,000	110,000,000
Unearned interest	US\$	(21,836,459)	1.000000	(21,836,459)	US\$	(41,078,014)	(41,078,014)
	¥	(225,575,029)	0.008730	(1,969,270)	¥	(31,796,196)	(310,935)
	EURO	(246,143)	0.926800	(228,125)	-	-	-
Unearned interest with exchange insurance in US\$	¥	(54,766,358)	0.009613	(526,469)	-	-	-
Total non-current liabilities				293,270,902			358,914,364
Total liabilities				624,699,335			634,257,172

(1) US\$: United States Dollars; S: Austrian Schillings; Lit: Italian Lire; £: Pounds Sterling; DM: Deutsche Marks; FF: French Francs; ¥: Yens; FB: Belgian Francs; Pt: Pesetas; Skr: Swedish Kronor; Sfr: Swiss Francs.

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Exhibit H

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

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INFORMATION REQUIRED BY SECTION 64, SUB-SECTION I b) OF CORPORATIONS LAW No. 19550 AND AMENDMENTS THERETO for the six-month period ended December 31, 2000, compared to the same period of the previous year

Items	Manufacturing expenses	Selling expenses	Administrative expenses	Financial and holding results			Total for the period-ended	
				Generated by assets	Generated by liabilities	Other income and expenses	12.31.00	12.31.99
	\$	\$	\$	\$	\$	\$	\$	\$
Surveillance Committee's and Directors' fees	-	-	562,000	-	-	-	562,000	616,000
Salaries, wages and social security	62,602,892	5,166,320	19,348,926	-	-	-	87,118,138	86,147,267
Office expenses	767,493	298,503	1,180,168	-	-	-	2,246,164	2,181,717
Maintenance expenses and security services for buildings, installation and equipment	40,043,213	12,059	1,533,362	-	-	-	41,588,634	38,773,052
Fees for technical assistance and external advice	943,482	220,413	878,840	-	-	-	2,042,735	1,551,892
Taxes, tariffs and contributions	8,059	13,452	3,190,168	-	-	-	3,211,679	3,220,104
Third party services	30,144,677	183,450	4,463,853	-	-	-	34,791,980	34,715,820
Operating IT services	-	-	3,202,720	-	-	-	3,202,720	3,804,612
Canteen and refreshment	1,336,922	36,479	61,769	-	-	-	1,435,170	1,585,887
Rents	95,791	872	100,403	-	-	-	197,066	226,162
Personnel transportation	1,350,624	-	89,379	-	-	-	1,440,003	1,543,178
Publicity and advertising	81,356	477,871	258,692	-	-	-	817,919	768,121
Sundry expenses and commissions	-	2,660,276	-	-	-	-	2,660,276	1,410,058
Charge for provision for contingencies	-	-	-	-	-	4,566,823	4,566,823	114,200
Charge for allowance for doubtful accounts	-	10,714,000	-	-	-	-	10,714,000	2,049,858
Freight and transportation	10,532,333	2,579,345	9,625	-	-	-	13,121,303	16,207,130
Major work not capitalizable	7,402,082	-	-	-	-	-	7,402,082	8,235,940
Depreciation of other assets	-	-	-	-	-	29,404	29,404	26,236
Amortization of intangible assets	-	-	-	-	-	1,070,500	1,070,500	1,253,833
Depreciation of fixed assets	40,844,201	-	-	-	-	-	40,844,201	38,534,824
Recovery from sale of scrap	(10,572,085)	-	-	-	-	-	(10,572,085)	(11,184,668)
External warehouse expenses	64,975	-	-	-	-	-	64,975	779,865
Other ordinary income and expenses	3,549,265	1,060,430	3,410,658	-	-	3,965,898	11,986,251	20,870,726
Interests and other financing expenses	-	-	-	(9,058,348)	29,232,040	-	20,173,692	16,326,465
Exchange differences	-	-	-	64,771	(44,894)	-	19,877	16,724
Holding results on other non-monetary assets	-	-	-	5,474,345	-	-	5,474,345	2,314,875
Total at December 31, 2000	189,195,280	23,423,470	38,290,563	(3,519,232)	29,187,146	9,632,625	286,209,852	
Total at December 31, 1999	190,246,516	16,556,924	36,937,432	(6,555,119)	25,213,183	9,690,942		272,089,878

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OPERATIONS WITH SUBSIDIARIES AND RELATED COMPANIES

	Sales and sundry services	Purchases and services received	Remuneration protector partner Compañía Afianzadora de Empresas Siderúrgicas S.G.R.	Interests	Total at 12.31.00	Total at 12.31.99
	\$	\$	\$	\$	\$	\$
Subsidiaries						
Comesi San Luis S.A.I.C.	7,081,590	(247,098)	-	-	6,834,492	4,072,596
Subtotal	7,081,590	(247,098)	-	-	6,834,492	4,072,596
Related companies						
Siderca S.A.I.C.	953,614	(1,614,240)	-	-	(660,626)	7,057,490
Compañía Afianzadora de Empresas Siderúrgicas S.G.R.	-	-	921,775	-	921,775	1,121,308
Ecocemento S.A.	651,578	-	-	-	651,578	454,204
Inversora Siderúrgica Argentina S.A.	-	-	-	-	-	38,075
Consorcio Siderurgia Amazonia Ltd.	669,100	-	-	-	669,100	881,150
Subtotal	2,274,292	(1,614,240)	921,775	-	1,581,827	9,552,227
Total at December 31, 2000	9,355,882	(1,861,338)	921,775	-	8,416,319	-
Total at December 31, 1999	13,966,097	(1,416,257)	1,036,908	38,075	-	13,624,823

Amounts in brackets represent losses or disbursements.

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

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Legal address: Leandro N. Alem 1067, Buenos Aires

COMPLEMENTARY ACCOUNTING INFORMATION

CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2000

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Consolidated statement of sources and uses of funds
Notes to the consolidated financial statements

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Registration number with the Superintendency of Corporations: 14510

CONSOLIDATED BALANCE SHEET at December 31, 2000, compared to the same period of the previous year

	12.31.00	12.31.99		12.31.00	12.31.99
	\$	\$		\$	\$
ASSETS			LIABILITIES		
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and banks (Note 5 a))	3,700,645	9,435,271	Accounts payable (Note 5 n))	101,903,932	98,688,873
Other investments (Note 5 b))	22,008,259	37,566,334	Short-term debt (Note 5 o))	275,327,040	226,651,741
Trade receivables (Note 5 c))	202,673,942	181,864,561	Social security and taxes (Note 5 p))	30,777,142	30,346,313
Other receivables (Note 5 d))	36,815,325	38,487,251	Other liabilities	3,374,812	3,231,522
Inventories (Note 5 e))	235,184,935	224,858,324	Provisions for contingencies	5,061,658	3,098,425
Other assets (Note 5 f))	2,080,997	1,590,653			
Total current assets	502,464,103	493,802,394	Total current liabilities	416,444,584	362,016,874
NON-CURRENT ASSETS			NON-CURRENT LIABILITIES		
Trade receivables (Note 5 g))	1,366,842	6,040,228	Accounts payable (Note 5 q))	7,944,255	12,167,909
Other receivables (Note 5 h))	17,914,350	34,126,544	Long-term debt (Note 5 r))	285,326,647	346,746,455
Investments (Note 5 i))	59,485,217	54,379,917	Social security and taxes (Note 5 s))	3,687,508	4,506,133
Other investments (Note 5 j))	65,899,201	39,730,750	Other liabilities	231,252	491,349
Intangible assets (Note 5 k))	2,676,248	4,878,358	Provisions for contingencies	15,131,912	13,550,905
Fixed assets (Note 5 l))	692,257,875	729,237,019			
Other assets (Note 5 m))	1,749,564	3,366,576	Total non-current liabilities	312,321,574	377,462,751
Total non-current assets	841,349,297	871,759,392	Total liabilities	728,766,158	739,479,625
			MINORITY INTEREST IN SUBSIDIARIES	66,456	54,718
			SHAREHOLDERS' EQUITY	614,980,786	626,027,443
Total assets	1,343,813,400	1,365,561,786	Total liabilities and Shareholders' equity	1,343,813,400	1,365,561,786

The accompanying notes 1 to 5 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: 14510

CONSOLIDATED STATEMENT OF INCOME for the six-month period ended December 31, 2000, compared to the same period of the previous year

	12.31.00	12.31.99
	\$	\$
Net income from sales	464,420,263	495,545,765
Cost of sales	(362,272,973)	(394,754,810)
Gross profit	102,147,290	100,790,955
Selling expenses	(23,543,409)	(16,645,769)
Administrative expenses	(38,385,150)	(37,017,453)
Financial and holding results		
Generated by assets	6,127,464	6,665,410
Generated by liabilities	(29,218,042)	(25,267,893)
Other ordinary income and expenses	(9,615,795)	(9,691,190)
Minority interest in subsidiaries	(6,269)	(3,367)
Income before taxes	7,506,089	18,830,693
Income tax provision charge/Minimum notional income	(3,040,514)	(5,804,760)
Ordinary income	4,465,575	13,025,933
Result from investments in related companies	(10,808,912)	(19,340,245)
Net loss for the period	(6,343,337)	(6,314,312)

The accompanying notes 1 to 5 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: 14510

CONSOLIDATED STATEMENT OF SOURCES AND USES OF FUNDS for the six-month period ended December 31, 2000, compared to the same period of the previous year

	12.31.00	12.31.99
	\$	\$
CHANGES IN FUNDS		
Funds at the beginning of the period (1)	9,644,129	21,121,695
Increase in funds	16,064,775	25,879,910
Funds at the end of the period (1)	<u>25,708,904</u>	<u>47,001,605</u>
CAUSES OF CHANGES IN FUNDS		
Ordinary income	4,465,575	13,025,933
Add: Items not representing funds disbursements		
Depreciation of fixed assets	40,861,441	38,543,611
Depreciation of other current assets	29,404	26,236
Amortization of intangible assets	1,070,500	1,253,833
Allowance for doubtful accounts	10,714,000	2,049,858
Income tax provision charge/minimum notional income	3,040,514	5,804,760
Board of Directors' and Surveillance Committee's fees provision	562,000	616,000
Provision for contingencies	4,580,823	-
Minority interest in subsidiaries	6,269	3,367
Less: Items not representing funds in flow		
Provision for contingencies	-	(277,800)
Funds generated by ordinary operations	<u>65,330,526</u>	<u>61,045,798</u>
Results of investments in related companies	(10,808,912)	(19,340,245)
Add: Items not representing funds disbursements		
Results of investments in related companies	<u>10,808,912</u>	<u>19,340,245</u>
Funds generated by (applied to) remaining operations	-	-
Funds generated by operations	<u>65,330,526</u>	<u>61,045,798</u>
Other causes of sources of funds		
Net decrease in inventories	736,637	33,859,995
Net increase in short and long-term debt	44,613,652	1,130,001
Increase in minority interest in subsidiaries	6,570	-
Total sources of funds - Carried forward	<u>110,687,385</u>	<u>96,035,794</u>

(1) Cash and banks plus other current investments

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

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CONSOLIDATED STATEMENT OF SOURCES AND USES OF FUNDS for the six-month period ended December 31, 2000, compared to the same period of the previous year

	12.31.00	12.31.99
	\$	\$
CAUSES OF CHANGES IN FUNDS (Contd.)		
Brought forward	110,687,385	96,035,794
Other causes of uses of funds		
Net increase in trade receivables	(25,825,595)	(11,598,065)
Net increase in other receivables	(3,897,617)	(9,358,635)
Net (increase) decrease in other assets	(115,550)	579,339
Net increase in other non-current investments	(6,497,379)	(1,666,562)
Net increase in fixed assets	(27,111,160)	(16,297,149)
Net decrease in account payable	(8,734,577)	(5,977,751)
Net decrease in social security and taxes	(6,328,551)	(12,620,836)
Net (decrease) increase in other liabilities	(1,492,028)	870,547
(Decrease) Increase in provision for contingencies	(421,402)	111,979
Distribution of profits voted by Shareholders' Meeting on September 30, 1999	-	(14,198,751)
Distribution of profits voted by Shareholders' Meeting on October 6, 2000	(14,198,751)	-
Total uses of funds	(94,622,610)	(70,155,884)
Increase in funds	16,064,775	25,879,910

The accompanying notes 1 to 5 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: 14510

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS at December 31, 2000

NOTE 1 - BASIS 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 BASIS

The consolidated companies and the respective percentage of voting stock at December 31, 2000 were as follows:

Company	Participation
Comesi San Luis S.A.I.C.	99.0000%
Prosid Investments S.C.A.	99.9934%

The consolidated financial statements have been prepared on the basis of the financial statements of the subsidiaries at December 31, 2000.

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, 2, 4 to 13 and Exhibits A to I to the financial statements of the parent company are in this situation.

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Registration number with the Superintendency of Corporations: 14510

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS at December 31, 2000
(Contd.)

NOTE 4 - INCOME TAX - MINIMUM NOTIONAL INCOME TAX

The charge for income tax/minimum notional income is that estimated to be paid according to current legislation for the following companies:

	\$
Income tax Siderar S.A.I.C.	3,009,865
Minimum notional income tax Comesi San Luis S.A.I.C.	30,649
	<u>3,040,514</u>

NOTE 5 - COMPOSITION OF CONSOLIDATED BALANCE SHEET ITEMS

	<u>12.31.00</u>	<u>12.31.99</u>
	\$	\$
CURRENT ASSETS		
a) Cash and banks		
Cash	183,874	204,623
Checks to be deposited	2,750,413	3,397,009
Banks	766,358	5,833,639
	<u>3,700,645</u>	<u>9,435,271</u>
b) Other investments		
Sight deposits	2,051,242	3,415,884
Time deposits	19,957,017	34,150,450
	<u>22,008,259</u>	<u>37,566,334</u>
c) Trade receivables		
Accounts receivable	116,167,464	100,289,707
Related companies Sect. 33 - Law No. 19550 and amendments	1,372,027	701,020
Export reimbursements	5,635,877	4,591,889
Notes receivable	98,772,538	85,446,727
Allowance for doubtful accounts	(17,618,881)	(7,661,515)
Unearned interest	(1,655,083)	(1,503,267)
	<u>202,673,942</u>	<u>181,864,561</u>

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Registration number with the Superintendency of Corporations: 14510

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS at December 31, 2000
(Contd.)**NOTE 5 - COMPOSITION OF CONSOLIDATED BALANCE SHEET ITEMS (Contd.)**

	<u>12.31.00</u>	<u>12.31.99</u>
	\$	\$
CURRENT ASSETS (Contd.)		
d) Other receivables		
Related companies Sect. 33 - Law No. 19550 and amendments	2,460,455	2,724,761
Advances and loans to personnel	4,168,471	4,244,104
Receivables from sale of real property	450,563	455,711
Tax credits	19,433,427	14,909,469
Advances to suppliers	1,272,463	1,464,092
Expenses paid in advance	1,801,653	2,036,477
Sundry receivables	7,228,293	12,652,637
	<u>36,815,325</u>	<u>38,487,251</u>
e) Inventories		
Finished products	63,968,539	73,258,496
Products in process	63,845,251	46,456,397
Raw material	49,600,560	43,908,520
Materials	56,642,191	59,822,584
Advances to suppliers	1,128,394	1,412,327
	<u>235,184,935</u>	<u>224,858,324</u>
f) Other assets (residual value)		
Property	2,080,997	1,590,653
	<u>2,080,997</u>	<u>1,590,653</u>
The amortization of the period amounted to \$ 29,404.		
NON-CURRENT ASSETS		
g) Trade receivables		
Notes receivable	1,490,842	7,382,228
Allowance for doubtful accounts	(124,000)	(1,342,000)
	<u>1,366,842</u>	<u>6,040,228</u>

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

Registration number with the Superintendency of Corporations: 14510

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS at December 31, 2000
(Contd.)**NOTE 5 - COMPOSITION OF CONSOLIDATED BALANCE SHEET ITEMS (Contd.)**

	12.31.00	12.31.99
	\$	\$
NON-CURRENT ASSETS (Contd.)		
h) Other receivables		
Related companies Sect. 33 - Law No. 19550 and amendments	362,281	793,279
Advances and loans to personnel	1,873,061	1,798,599
Receivables from sale of real property	6,602,988	6,440,701
Tax credits	7,304,874	-
Expenses paid in advance	1,463,145	2,515,718
Financial credits - Related companies Sect. 33 - Law No. 19550 and amendments	-	22,420,590
Sundry receivables	308,001	157,657
	<u>17,914,350</u>	<u>34,126,544</u>
i) Investments		
Shares in Consorcio Siderurgia Amazonia Ltd.	56,575,250	51,338,723
Shares in Compañía Afianzadora de Empresas Siderúrgicas S.G.R.	359,422	355,965
Shares in Ecocemento S.A.	2,540,545	2,675,229
Shares in Fondo de Garantías Buenos Aires S.A.P.E.M.	10,000	10,000
	<u>59,485,217</u>	<u>54,379,917</u>
j) Other investments (residual value)		
Loans convertible into shares in Consorcio Siderurgia Amazonia Ltd.	34,764,905	-
Investments in insurance companies	6,885,694	5,801,521
Guarantee fund Compañía Afianzadora de Empresas Siderúrgicas S.G.R.	28,370,602	36,000,000
Allowance for risk fund uncollectibility	(4,122,000)	(2,169,000)
Real estate	-	98,229
	<u>65,899,201</u>	<u>39,730,750</u>
k) Intangible assets (residual value)		
Reorganization plant and project analysis related costs	-	61,111
Goodwill (Comesi S.A.I.C.)	2,676,248	4,817,247
	<u>2,676,248</u>	<u>4,878,358</u>

The amortization of the period amounted to \$ 1,070,500.

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS at December 31, 2000
(Contd.)**NOTE 5 - COMPOSITION OF CONSOLIDATED BALANCE SHEET ITEMS (Contd.)**

	<u>12.31.00</u>	<u>12.31.99</u>
	\$	\$
NON-CURRENT ASSETS (Contd.)		
l) Fixed assets (residual value)		
Land	23,034,986	23,055,007
Industrial buildings and facilities	423,655,362	433,698,761
Machinery and equipment	109,334,195	119,910,632
Vehicles and means of transport	3,739,981	4,481,790
Furniture, general machinery and office supplies	2,475,982	3,717,661
Steel spares and supplies	64,907,643	75,399,774
Fixed assets in transit	1,694,357	2,749,894
Work in progress	59,561,205	63,991,243
Advances to suppliers	3,854,164	2,232,257
	<u>692,257,875</u>	<u>729,237,019</u>
The depreciation of the period amounted to \$ 40,861,441.		
m) Other assets		
Real property	1,749,564	3,366,576
	<u>1,749,564</u>	<u>3,366,576</u>
CURRENT LIABILITIES		
n) Accounts payable		
Ordinary suppliers	49,014,434	53,181,370
Related companies Sect. 33 - Law No. 19550 and amendments	1,516,427	1,326,188
Notes payable	51,681,377	43,916,494
Unearned interest	(1,737,000)	(2,014,593)
Advances from customers	1,428,694	2,279,414
	<u>101,903,932</u>	<u>98,688,873</u>

SIDERAR SOCIEDAD ANONIMA INDUSTRIAL Y COMERCIAL

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS at December 31, 2000
(Contd.)**NOTE 5 - COMPOSITION OF CONSOLIDATED BALANCE SHEET ITEMS (Contd.)**

	12.31.00	12.31.99
	\$	\$
CURRENT LIABILITIES (Contd.)		
o) Short-term debt		
Financial	4,232,239	-
Import/export financing	292,417,141	245,673,244
Unearned interest	(21,322,340)	(19,021,503)
	<u>275,327,040</u>	<u>226,651,741</u>
p) Social security and taxes		
Provision for income tax/minimum notional income	6,456,000	5,366,110
Income tax withholding and others	(6,422,303)	(5,366,110)
Provision for turnover tax	104,131	121,121
Wages and social security	28,317,540	26,464,260
Others sundry	2,321,774	3,760,932
	<u>30,777,142</u>	<u>30,346,313</u>
NON-CURRENT LIABILITIES		
q) Accounts payable		
Notes payable	8,737,438	13,635,235
Unearned interest	(793,183)	(1,467,326)
	<u>7,944,255</u>	<u>12,167,909</u>
r) Long-term debt		
Import/export financing	199,886,970	278,135,404
Negotiable Corporate Bonds	110,000,000	110,000,000
Unearned interest	(24,560,323)	(41,388,949)
	<u>285,326,647</u>	<u>346,746,455</u>
s) Social security and taxes		
Sundry	3,687,508	4,506,133
	<u>3,687,508</u>	<u>4,506,133</u>

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

REPORT ON LIMITED REVIEW

To the members of the Supervisory Council of
Siderar Sociedad Anónima Industrial y Comercial

We have carried out a limited review of the balance sheets of Siderar Sociedad Anónima Industrial y Comercial at December 31, 2000 and 1999, and of the related statements of income and of sources and uses of funds for the six-month periods then ended, and the statement of changes in shareholders' equity for the six-month period ended December 31, 2000, with the complementary notes 1 to 13 and exhibits A to I. Furthermore, we have also carried out a limited review of the consolidated financial statements of Siderar Sociedad Anónima Industrial y Comercial with its subsidiaries for the six-month periods ended December 31, 2000 and 1999, which are presented as complementary information. The preparation and issue of these financial statements is the responsibility of the Company's management.

Our reviews were limited to the application of the procedures established in Technical Pronouncement No. 7 of the Argentine Federation of Professional Councils in Economic Sciences for limited reviews of interim financial statements, which consist mainly of the application of analytical procedures to the amounts disclosed in the financial statements and inquiries made of Company staff responsible for the preparation of the information included in the financial statements and of its subsequent analysis. This review is substantially less in scope than an audit, the objective of which is to express an opinion on the financial statements under review. Accordingly, we do not express an opinion on the Company's financial position, the results of operations, the changes in its shareholders' equity and the sources and uses of funds or on its consolidated financial statements.

Based on the work done and on our examination of the financial statements of the Company and its consolidated financial statements for the years ended June 30, 2000 and 1999, on which we issued our unqualified report dated September 5, 2000, we report that the financial statements of Siderar Sociedad Anónima Industrial y Comercial at December 31, 2000 and 1999 and its consolidated financial statements at those dates consider all significant facts and circumstances which are known to us, and we have no comments to make regarding them.

We have read the “Summary Information” required by the National Securities Commission and, regarding those aspects which fall within our competence, we have no observations to make.

Buenos Aires, February 6, 2001

PRICE WATERHOUSE & CO.

by
(Partner)

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