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IBH REPORTS THE RESULTS OF THE SECOND QUARTER OF THE PERIOD

CARACAS, APRIL 29, 2011

As we have reported, following the announcement regarding the “nationalization” of Venprecar and Orinoco Iron affiliates in May 2009, the assets, liabilities, and operating results of Venprecar and Orinoco Iron were consolidated in the financial statements of International Briquettes Holding as of June 30, 2009. The results of these subsidiaries’ operations until that date and for all prior periods were reclassified and presented under the “Net loss from discontinued operations” item.

As of February 5, 2010, control over the operations and management of Orinoco Iron and Venprecar has been exercised, on an exclusive basis, by the Venezuelan government, executing the provisions of Article 5 of Presidential Decree No. 6.796 dated July 14, 2009.

ANALYSIS OF RESULTS OF THE QUARTER

Ongoing Operations

Pursuant to the accounting treatment that was agreed upon as a result of the announcement regarding the nationalization of Venprecar and Orinoco Iron by the state, the business lines reflected by IBH are linked only to sale related services.

Income from Commercial Services: International Briquettes Holding (IBH) recorded net expenses from commercial sales of US\$ 197 thousand in the second quarter of the 2011 fiscal year ended March 31, 2011, a figure that is US\$ 1.9 million lower than the income recorded for the same quarter of the prior fiscal year. This reduction is explained by the fall in the volume of goods and services demand.

Operating Loss: The Company had an operating loss of US\$ 1.1 million during the January-March 2011 quarter, compared to the operating profit of US\$ 354 thousand during the same quarter in 2010. This US\$ 1.4 million decrease is explained by the reduction in income from commercial services, partially compensated by a decrease of US\$ 825 thousand in the general and administrative expenditures item in the second quarter of period 2011, over the same quarter of the prior period.

Interest Expense, Other Financial Expenses and Exchange Gain or Loss, net: This item showed a US\$ 105 thousand expense in the quarter, over the US\$ 7.4 million expense in the same quarter of the prior period due to profits on non-recurrent financial transactions in the quarter compared to year 2010.

Net Loss from Ongoing Operations: As a result of the analysis presented above, net loss from ongoing operations in the second quarter of 2011 was US\$ 1.2 million compared to US\$ 7.7 million profit in the same quarter of the preceding year.

Discontinued Operations

Net Income from Discontinued Operations: As indicated at the beginning of this letter, the results of the companies undergoing a “nationalization” process were accounted as of June 30, 2009, and therefore this account shows no results for the January-March quarter of 2011.

Net Income (Loss): The total net result attributable to IBH shareholders from ongoing and discontinued operations during the second quarter of fiscal year 2011 was a net loss of US\$ 1.2 million compared to the profit of US\$ 7.7 million for the same quarter of fiscal year 2010. These results reflect the ongoing operations results of the Company in January-March quarter of 2011, since as indicated above, no discontinued operations results were recorded.

NATIONALIZATION OF VENPRECAR AND ORINOCO IRON AFFILIATES

As stated in the 2009 Annual Report submitted by the Board of Directors to the Shareholders at their Meeting held on January 28, 2010, the most relevant occurrence during the 2009 fiscal year was the announcement of the nationalization of Venprecar and Orinoco Iron by the state, together with the remainder of the private companies that are part of the briquetting sector in the country. The announcement was made by the President of the Republic on May 21, 2009 during an act that was broadcast on national television and widely publicized in other national communication media. On May 25, Venprecar and Orinoco Iron were notified by the People’s Ministry for Basic Industries and Mining regarding the organization and creation of a

“Transitional Commission” for each of the companies. Subsequently, Decree 6.796 appeared in the July 14th issue of the Official Gazette mandating, among other things: a) the acquisition of Venprecar and Orinoco Iron assets, their subsidiaries and affiliated companies, domiciled in the national territory, and whose purpose is related to the conversion of iron ore, and b) the organization of 1) the “Transitional Commissions” that will immediately take control of operations in order to guarantee the transfer and continuity of company activities, and 2) a “Technical Commission” integrated by company and government representatives, in order to agree upon an appraisal, for which a period of 60 days has been established.

In 2009, the managements of Venprecar and Orinoco Iron hired the services of duly accredited independent appraisers to determine the appraised value of Venprecar and Orinoco Iron machinery and premises to establish the depreciated replacement value of the assets as of June 30, 2009. In addition, the managements of Venprecar and Orinoco Iron calculated the value of use of property, plant, and equipment of each company as of June 30, 2009, consisting in valuating the present value of the forecasted future cash flow as a result of the use of assets or asset disposal. Such calculations, using different methods to determine the reasonable value of the assets of a company, showed that both the appraisers’ valuation and the value of use carried out in June 2009 are higher than the book value of net assets of the companies as of September 30, 2010 and 2009.

On February 5, 2010, the Venezuelan Government formally took over Venprecar and Orinoco Iron during a legal inspection carried out by the First Court of Caroni Municipality of the Second Circuit of the Judicial Circumscription of Bolivar State, with representatives of the Ministry of People’s Power for Basic Industries and Mining (MPPIBAM), the Transitional Commissions of Venprecar and Orinoco Iron on behalf of the Venezuelan Government, as well as representatives of the different unions. During this event, the Venezuelan Government unilaterally, exclusively, and fully took operational and management control of above operating companies (in connection with commercial, financing, labor, tax, and legal matters), as well as risks on or resulting from personal and real property and intangibles of Venprecar and Orinoco Iron and their respective industrial exploitation. Consequently, the Government assumed exclusive control of the personal and real property and intangibles, management, operations, safety, security, and industrial exploitation of Venprecar and Orinoco Iron without prejudice to the rights of the partners, shareholders, or interested parties, directly or indirectly, of such companies.

On May 15, 2010, during a public address, the President of the Republic informed the “nationalization” process of domestic briquette companies, including Venprecar and Orinoco Iron. The President of the Republic informed that the Transitional Commissions had worked on giving continuity to the operation of the plants and in negotiating the value of the nationalized

companies. In regards to Venprecar and Orinoco Iron, the President of the Republic said that the suggested value of both plants by the National Government ranged from US\$ 600 million to US\$ 800 million.

To date, the Board and the management of IBH have been using their best efforts to reach an agreement for a fair compensation for the nationalization of Venprecar and Orinoco Iron, one of their main endeavors in period 2010 of the Board of Directors and the management of IBH. The Board of Directors and the management of IBH will continue focusing their efforts on reaching such an agreement.

International Briquettes Holding, IBH, consolidates companies engaged in the sale of various types of products for industrial sectors, including machinery, industrial parts, raw materials, and intermediate and finished products.

CONSOLIDATED FINANCIAL STATEMENT

	<u>As of March 31, 2011</u>	<u>As of March 31, 2011</u>	<u>As of March 31, 2010</u>	<u>As of March 31, 2010</u>
	(*) (Convenient Bolívar Fuertes)	(Thousand Dollars)	(*) (Convenient Bolívar Fuertes)	(Thousand Dollars)
Assets				
Current assets				
Cash	9,601,900	2,233	15,824,000	3,680
Escrow deposit	-	-	6,690,800	1,556
Accounts receivable				
Trade	10,543,600	2,452	11,403,600	2,652
Related companies	23,895,100	5,557	22,553,500	5,245
Inventory	28,676,700	6,669	46,887,200	10,904
Advances to suppliers	718,100	167	1,083,600	252
Prepaid expenses and other current assets	8,600	2	778,300	181
Total current assets	73,444,000	17,080	105,221,000	24,470
Property, plant and equipment, net	227,900	53	6,037,200	1,404
Investment in company under "nationalization"	3,882,831,200	902,984	3,899,042,200	906,754
Other assets	769,700	179	2,936,900	683
Total assets	3,957,272,800	920,296	4,013,237,300	933,311
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable	-	-	-	-
Suppliers	5,254,600	1,222	3,087,400	718
Shareholders and related companies	44,879,100	10,437	36,661,800	8,526
Dividends payable	408,500	95	16,752,800	3,896
Profit sharing, vacations and other accruals for employees	1,487,800	346	-	-
Other liabilities and accruals	1,221,200	284	1,505,000	350
Total current liabilities	53,251,200	12,384	58,007,000	13,490
Other long-term liabilities and accruals	3,440,000	800	9,460,000	2,200
Total liabilities	56,691,200	13,184	67,467,000	15,690
Shareholders' Equity				
Capital stock	855,700	199	855,700	199
Share premium	460,968,600	107,202	460,968,600	107,202
Revaluation of discontinued operations fixed assets	888,005,900	206,513	888,005,900	206,513
Net effect of combination (merger) of subsidiaries	757,578,300	176,181	757,578,300	176,181
Difference between fair value and cost of subsidiary's shares	2,111,613,900	491,073	2,111,613,900	491,073
Retained earnings (deficit)	-	-	-	-
Legal reserve	26,199,900	6,093	26,199,900	6,093
Cash and due from banks (deficit)	(344,640,700)	(80,149)	(299,452,000)	(69,640)
Total shareholders' equity	3,900,581,600	907,112	3,945,770,300	917,621
Total liabilities and shareholders' equity	3,957,272,800	920,296	4,013,237,300	933,311

Note (*): Translated at the exchange rate of VEF 4.30 per US\$.

INTERNATIONAL BRIQUETTES HOLDING AND ITS SUBSIDIARIES

CONSOLIDATED OPERATING STATEMENT

	<u>Three months ended March 31,</u>		<u>Three months ended March 31,</u>	
	<u>2011</u>		<u>2010</u>	
	(Convenient Bolivar Fuertes) (*)	(Thousand Dollars)	(Convenient Bolivar Fuertes) (*)	(Thousand Dollars)
Ongoing Operations				
Income from commercial services	(847,100)	(197)	7,727,100	1,797
General and administrative expenses	(3,882,900)	(903)	(7,430,400)	(1,728)
Other operating income (loss), net	-	-	1,225,500	285
Operating income (loss)	(4,730,000)	(1,100)	1,522,200	354
Interest expense, other financial expenses and exchange gain or loss, net	(451,500)	(105)	31,815,700	7,399
Net ongoing operating income (loss)	(5,181,500)	(1,205)	33,337,900	7,753
Taxes	-	-	-	-
Discontinued Operations				
Net discontinued operating income (loss)	-	-	-	-
Net income (loss)	(5,181,500)	(1,205)	33,337,900	7,753
Net income (loss) per share		(0.061)		0.390
Weighted average of outstanding shares		19,897,520		19,897,520

Note (*): Translated at the exchange rate of VEF 4.30 per US\$.

CONSOLIDATED OPERATING STATEMENT

	<u>Three months ended March 31,</u>		<u>Three months ended March 31,</u>	
	<u>2011</u>		<u>2010</u>	
	(Convenient Bolívar Fuertes) (*)	(Thousand Dollars)	(Convenient Bolívar Fuertes) (*)	(Thousand Dollars)
Ongoing Operations				
Income from commercial services	(17,200)	(4)	15,626,200	3,634
General and administrative expenses	(9,752,400)	(2,268)	(11,197,200)	(2,604)
Other operating income (loss), net	(4,300)	(1)	946,000	220
Operating income (loss)	(9,773,900)	(2,273)	5,375,000	1,250
Interest expense, other financial expenses and exchange gain or loss, net	(980,400)	(228)	27,042,700	6,289
Net ongoing operating income (loss)	(10,754,300)	(2,501)	32,417,700	7,539
Taxes	-	-	-	-
Discontinued Operations				
Net discontinued operating income (loss)	-	-	-	-
Net income (loss)	(10,754,300)	(2,501)	32,417,700	7,539
Net income (loss) per share		(0.126)		0.379
Weighted average of outstanding shares		19,897,520		19,897,520

Note (*): Translated at the exchange rate of VEF 4.30 per US\$.