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IBH REPORTS RESULTS FOR THE THIRD QUARTER OF THE FISCAL YEAR

CARACAS, JULY 30, 2009. On May 21st of the current year, during an act that was broadcast on national television and widely publicized in other national media, the President of the Bolivarian Republic of Venezuela announced the “nationalization” of the Venprecar and Orinoco Iron subsidiaries, together with the remainder of the private companies that are part of the domestic briquetting sector. As part of this process, on May 25th Venprecar and Orinoco Iron were notified by the Secretary of Basic Industries and Mining regarding the organization and creation, for each of the companies, of the so-called “Transitional Commissions.” Subsequently, Decree 6796 appeared in the July 14th issue of the Official Gazette mandating, among other things: a) the acquisition of Venprecar and Orinoco Iron assets, 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 activities, and 2) a “Technical Commission” composed of company and government representatives, in order to agree upon an appraisal, for which a period of 60 days has been established. This 60-day period may be extended by the parties by 60 additional days. On the date of publication of this report, the “Technical Commission” has not yet been appointed.

RESULTS FOR THE APRIL-JUNE 2009 QUARTERLY PERIOD

International Briquettes Holding, IBH, reported sales for US\$ 40 million for the period from April to June 2009, accounting for a decrease of 73% as compared to sales during the same quarter of the preceding year, as a result of the sharp drop in both briquette prices and orders from customers, and the fact that the company had been partially operating under manufacturing agreements. The operating loss was US\$ 24 million, compared to US\$ 33 million in operating income for the same period of 2008, and the *Net loss attributable to IBH shareholders* was US\$ 32 million, compared to *Net income attributable to IBH shareholders* of US\$ 12 million reported for the same period of the 2008 fiscal year.

International Market and IBH Briquette Prices

In late 2008, the prices of steel and reduced iron briquettes dropped sharply as a result of the collapse in demand that occurred upon the beginning of the global economic crisis. According to data published by Worldsteel Association, worldwide production of raw steel during the April-June 2009 quarter was 284 million metric tons, 20% decrease as compared to the same quarter of 2008.

In response to this market situation, in October 2008 our subsidiaries Venprecar and Orinoco Iron implemented a program to rationalize purchases, expenses and production levels in order to adjust operations to the lower demand. Despite the difficult operating conditions imposed by the market, the work force was maintained and contractual obligations toward workers were entirely fulfilled. The current status of operations and availability of human resources at the plants allow for a rapid increase in production at any time, as required by market conditions.

The average price of IBH briquettes was US\$ 204.02/MT, substantially lower than the price of US\$ 495.59/TM for the April-June 2008 period, and also lower than the price for the preceding quarter (January-March 2009), US\$ 307.92/MT. However, on the date of publication of this report, a significant increase in the price of briquettes has been noted.

ANALYSIS OF RESULTS FOR THIS QUARTER

The most significant aspects of the results are described below:

Sales: IBH sales totaled US\$ 40 million, accounting for a 73% decrease as compared to sales for the same quarter of the prior year. This variation is due to the combination of the lower volume of metric tons shipped and the lower price of briquettes. Similarly, sales dropped due to the fact that part of the production was performed under manufacturing service agreements. IBH's export sales volume for the quarter was 59,459 MT, 85% lower than the exported volume during the same quarter of fiscal year 2008.

Cost of Sales: The cost of sales went from US\$ 122 million to US\$ 74 million. This reduction is due to the lower sales volume and the fact that, unlike the situation during the same quarter of 2008, briquettes were produced under manufacturing agreements during this quarter of fiscal year 2009.

As stated in previous reports, the international iron ore price is set annually as a result of negotiations among the leading manufacturers and consumers of iron ore. In Venezuela, the price is determined based on the FOB price of iron ore and pellets produced by Vale at the Brazilian port of Ponta da Madeira. Even though iron ore prices for 2009 have not yet been officially announced in Venezuela, CVG Ferrominera Orinoco agreed upon an anticipated reduction of 30% starting in the month of January, a percentage that will be adjusted once pricing is established for the calendar year. Vale has closed negotiations with customers in Europe for the 2009 calendar year with price reductions of 28.2% for fines, 48.3% for pellets, and 44.47% for lumps.

Gross income (loss): There was a gross operating loss of US\$ 34 million, primarily due to the reduction in sales volume, the low prices of briquettes in the international market, and the impact of the sub-absorption of fixed costs with a production that was substantially below installed capacity.

Operating Income: As a result of the above mentioned impacts, there was an operating loss of US\$ 24 million, compared to an operating income of US\$ 33 million for the same quarter of the prior year. The operating loss during the quarter is primarily due to the gross loss described above.

Total Financing Cost: The total financing cost went from US\$ 24 million during the April-June 2008 quarterly period to US\$ 9 million during the April-June 2009 period. This variation is mainly due to special costs incurred during the comparable quarter of 2008 as part of the process to restructure IBH's debt. Of the total financing costs incurred during the April-June 2009 quarterly period, approximately US\$ 6.7 million are due to the valuation of the loan granted by Rutedis Finance to Venprecar in June 2008, which had a balance of US \$46 million at June 30, 2009.

Net Income (Loss): As a net effect of the factors outlined above, IBH recorded a *Net loss attributable to IBH shareholders* in the amount of US\$ 32 million during the quarter, compared to the *Net income attributable to IBH shareholders* of US\$ 12 million for the same quarter of the preceding fiscal year.

PLANT PERFORMANCE ANALYSIS

Venprecar Plant:

Production at the Venprecar plant during the quarter under analysis was 126,010 MT, 6% lower than the plant's production during the April-June 2008 period. Eleven percent of the Venprecar production during the quarter corresponded to the manufacturing agreement with CVG Ferrominera Orinoco.

Orinoco Iron Plant:

This plant produced 159,494 MT, 51% less than its production during the April-June 2008 quarterly period. Ninety-one percent of the plant's production during the quarter was performed under the manufacturing agreement with CVG Ferrominera Orinoco. Train #3 remained operational during the entire quarter, reaching an average daily production of 1,388 MT from the beginning of the run to the end of the quarter (106.8 days on June 30). Additionally, Train #1 started a run on June 9, achieving an average daily production of 1,590 MT toward the end of the quarter.

DIVIDEND

At the Annual IBH Shareholders Meeting held on January 22, 2009, the shareholders approved the distribution of a dividend in the amount of Bs. 19.897.520,00 out of distributed profits as reflected on the financial statements at September 30, 2008, payable in cash at the rate of Bs. 1.00 per share. Due to the current situation in the steel and pre-reduced markets and the limited availability of cash, the payment date for said dividend has not yet been scheduled.

ACCOUNTING TREATMENT OF VENPRECAR AND ORINOCO IRON AT THE END OF THE 2009 FISCAL YEAR

As a result of the "nationalization" process described above in this report, effective next quarter, IBH will cease to consolidate assets, liabilities, results and cash flow for Venprecar and Orinoco Iron, and will acknowledge the investment in said companies in its consolidated financial statements as a financial asset available for sale, until assets are disposed of. Net results after taxes for Venprecar and Orinoco Iron for the period from October 1st, 2008 to the date on which said companies are no longer consolidated, will be reclassified and presented as a single amount under the *Net result of discontinued operations* account. Similarly, the results of said companies for the prior year will be reclassified in the same account for comparison purposes.

SOCIAL RESPONSIBILITY

IBH companies continued to drive their Social Responsibility policy in the region of Guayana by undertaking a number of activities, including the following:

- In order to further enhance company workers' sensitivity to social integration issues, a Fair for the Disabled was held, giving children, youths and adults afflicted with Down syndrome or motor, visual and hearing disabilities an opportunity to exhibit jewelry pieces, wood works, confections and other crafts at the Orinoco Iron plant dining room, as well as to participate in music and choreographed dancing presentations. This activity was conducted with the participation of Taller de Inserción Laboral Caroní, Fundación Bethesda and the Luisa Cáceres de Arismendi School.

- The Environmental Committee held the Tree Recovery Drive on the highway to Ciudad Bolívar, during which 50 Orinoco Iron and Venprecar workers participated in land clearing, fertilizing, pruning and irrigation activities at the mega plantation where 2,000 trees were planted by our workers in 2008 in coordination with the Ministry for the Environment. Additionally, the Environmental Committee conducted the third Gymkana type rally at Parque La Llovizna with the participation of 28 workers and their families.

- Upon the request of the Office of the Director of Education of Bolívar State, drug prevention lectures were given to company employees and their children.

International Briquettes Holding, IBH, consolidates companies engaged in the production of reduced iron briquettes used as raw materials for steel production. Venprecar, an IBH subsidiary, operates a Midrex technology plant with a production capacity of 900,000 MT/year. Orinoco Iron S.C.S., a Venprecar subsidiary, operates a Finmet technology plant with a production capacity of 2,200,000 MT/year. IBH also consolidates results for Operaciones RDI (the former Fior plant, currently inactive) and Brifer (which, jointly with VAI, holds intellectual property rights on the FINMET® technology). At June 30, 2008, these companies employed 975 workers.



INTERNATIONAL BRIQUETTES HOLDING AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(Thousands of US Dollars)

	<u>2009</u>	<u>June 2008</u>
<u>Assets</u>		
Current Assets:		
Cash and cash equivalents	18,120	21,187
Accounts receivable	74,015	128,155
Related companies	537	14,844
Inventories	17,613	57,861
Advances to suppliers	2,130	2,921
Pre-paid expenses and other current assets	13,137	3,255
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Total current assets	125,552	228,222
Property, plant and equipment, net	1,156,334	1,168,906
Other assets	11,129	8,359
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Total assets	<u>1,293,014</u>	<u>1,405,487</u>
<u>Liabilities and shareholders' equity</u>		
Current liabilities:		
Short term loan with financial institution	4,651	
Short term loan with related company	31,050	15,328
Accounts payable:		
Suppliers	63,629	73,190
Shareholders and related companies	25,654	78,652
Profit sharing, vacation and other personnel accruals	12,913	10,804
Taxes	1,322	
Other liabilities and other short term accruals	60,937	4,306
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Total current liabilities	200,156	182,280
Accounts payable:		
Suppliers		
Related companies	14,513	61,311
Accruals for employee termination benefits, net of advances	16,514	13,428
Deferred taxes	46,033	172,942
Other liabilities and long term accruals	30,038	
	<hr/>	<hr/>
Total liabilities	307,254	429,960
Shareholders' equity		
Capital stock	201	201
Share premium	107,202	228,735
Revaluation of fixed assets	206,649	161,298
Net effect of combination (merger) of subsidiaries	176,181	176,229
Difference between fair value and cost of shares of subsidiary	491,072	490,440
Retained earnings (deficit)		
Legal reserve	10,706	6,093
Deficit	(37,732)	(121,556)
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Total shareholders' equity	954,280	941,439
Minority interests	31,481	34,088
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Total equity	985,761	975,527
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Total liabilities and equity	<u>1,293,014</u>	<u>1,405,487</u>



INTERNATIONAL BRIQUETTES HOLDING AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

(Thousands of US Dollars)

	<u>Quarter ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
Net sales:		
Briquettes	30,824	139,431
Sub-products	(0)	8,367
Services	8,923	
	<u>39,746</u>	<u>147,797</u>
Cost of sales	(74,150)	(121,761)
Gross income (loss)	(34,404)	26,036
General, administrative expenses	(8,342)	(9,374)
Other operating income (expenses) net	18,517	16,611
Operating income	(24,229)	33,273
		-
Interests and other financial expenses	(9,434)	(24,483)
Income (loss) before tax	(33,663)	8,791
Income tax	-	-
Net income (loss)	(33,663)	8,791
Attributable to:		
IBH shareholders	(32,005)	8,791
Total IBH shareholders	<u>(32,005)</u>	<u>8,791</u>
Minority interests	(1,658)	-
Total minority interests	<u>(1,658)</u>	<u>-</u>
	(33,663)	8,791
Net income (loss) per share	<u>(1.6918)</u>	<u>0.4418</u>
Weighted average of outstanding shares	<u>19,897,520</u>	<u>19,897,520</u>

CONSOLIDATED STATEMENT OF OPERATIONS
ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS
(Thousands of US Dollars)

	Nine months ended June 30,	
	2009	2008
Net sales:		
Briquettes	201,472	396,126
Sub-products	9,806	14,669
Services	11,330	-
	<u>222,607</u>	<u>410,795</u>
Cost of sales	(262,423)	(392,732)
Gross income (loss)	(39,816)	18,063
General, administrative expenses	(30,231)	(27,272)
Other operating income (expenses) net	19,064	75,898
Operating income	(50,984)	66,689
Interests and other financial expenses	(48,886)	(44,435)
Income (loss) before tax	(99,870)	22,254
Income tax	-	(106)
Net income (loss)	(99,870)	22,148
Attributable to:		
IBH shareholders	(95,068)	22,148
Total IBH shareholders	(95,068)	22,148
Minority interests	(4,801)	-
Total minority interests	(4,801)	-
	<u>(99,870)</u>	<u>22,148</u>
Net income (loss) per share	(5.0192)	1.1131
Weighted average of outstanding shares	19,897,520	19,897,520