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IBH REPORTS RESULTS FOR FIRST FISCAL QUARTER

CARACAS, JANUARY 30, 2008. International Briquettes Holding, IBH, a subsidiary of Sivensa, recorded sales for US\$ 134 million in the term October-December 2007, compared to sales for US\$ 111 million in the same quarter of the preceding year. The company had an operating profit of US\$ 16 million, compared to the operating loss of US\$ 2 million recorded in the term October-December 2006. The net profit was US\$ 5 million, compared to the net loss of US\$ 13 million recorded in the comparable previous term.

Following is an analysis of the most relevant aspects of this quarter's results:

Sales: The increase in the sales income was due to the higher prices of briquettes in the international market, which offset the reduction in the briquette sales volume in metric tons, caused by the lower production, which in turn was a consequence of the dearth of raw materials. This aspect will be explained below.

Operating Profit: The improvement in the operating profit vis-à-vis the same quarter of the preceding year is due mainly to the increase in sales and to the margin obtained in the sale of negotiable securities by subsidiaries Orinoco Iron and Venprecar.

Total Financing Cost: The integral financing cost during the quarter October-December 2007 was of US\$ 10 million, compared to US\$ 13 million in the comparable period of the preceding fiscal year. The reduction in this item was due to the decrease of the debt with suppliers and related companies.

INTERNATIONAL MARKET AND PRICE OF IBH'S BRIQUETTES

The average FOB realization price of IBH's briquettes at the Port of Palúa was US\$ 287.09/MT, compared to US\$ 206.64/MT for the same quarter of fiscal year 2006 (October-December 2006), and to US\$ 276.51/TM¹ in the immediately preceding quarter (July-September 2007). This increase was due to high international demand for metallics by steel mills, higher consumption of scrap from the CIS (ex-Soviet block) and also by limited availability of pig iron, high quality scrap and Hot Briquetted Iron in the international markets.

¹ The computation of these averages does not include byproducts.

ANALYSIS OF THE PLANTS' PERFORMANCE

Venprecar Plant:

This plant's production during the quarter under analysis was of 96,357 MT, 51% lower than the production for the quarter October-December 2006. This production reduction was mainly due to the lack of pellets in the domestic and international markets, which became worse in this quarter, when the plant barely received one-fourth of the required volume of pellets. Part of this reduction in production was due to the shutdown of pellet plant of CVG Ferrominera Orinoco, from December 4, 2007 until January 13, 2008, due to which Venprecar's plant had to shut down from December 20, 2007 until January 20, 2008.

In order to cover the local deficit of iron ore pellets supply, CVG Ferrominera Orinoco, the only domestic iron ore supplier, has been trying to import pellets for Venezuelan briquette-producing companies. It is important to highlight that until the expected local production target of iron ore pellets is not reached, or alternatively, imports of this raw material become available to local producers, Venprecar's plant production will remain at approximately one-half its installed capacity.

Orinoco Iron Plant:

This plant produced 254,187 MT in the term October-December 2007, 22% lower than the production for the quarter October-December 2006 due to the failures in the supply of fines, as a consequence of the high rainfall recorded in Ciudad Piar (where the Los Barrancos, Altamira and San Isidro mines are located) during the months reported.

SOCIAL RESPONSIBILITY

The subsidiaries of IBH, in their long-term commitment to the indigenous communities of Urimán and Kamarata, located in zones of difficult access in the Gran Sabana, continued making their contribution to the tele-medicine module by paying the rights to use the satellite link, data transmission and antenna, and by donating an electrocardiograph and a microscope for the laboratory.

Also, with the cooperation of Misión Barrio Adentro and the Health District, there was a medicine and children's vaccination event at the Fe y Alegría School of the Unare Parish in Puerto Ordaz, which reached a population of 1200 children.

The social volunteer work performed by the workers of IBH's companies maintained its high participation in the region, by donating gifts to the children of Las Malvinas sector in

Puerto Ordaz, and at Unidad Escolar Valle Hondo, located on the national road to El Pao, in the State of Bolivar.

International Briquettes Holding, IBH, consolidates the financial results of the following companies: Venprecar and its subsidiary Orinoco Iron S.C.S, with a joint production capacity of 3,100,000 MT per year; IBH de Venezuela (holding company); Operaciones RDI (former Fior plant, currently inactive); Brifer (which holds the intellectual property rights for direct reduction technologies); IBMS (company specializing in the marketing of briquettes and SDP (which provides procurement, traffic and logistics services)). The labor force of these companies at December 31, 2007, was of 993 workers.



INTERNATIONAL BRIQUETTES HOLDING
AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
(Thousands of US dollars)

	<u>2007</u>	<u>December 31, 2006</u>
	<u>Assets</u>	
Current assets:		
Cash and cash equivalents	10,598	6,178
Accounts receivable	160,123	153,665
Related companies	6,707	9,764
Inventories	33,904	29,881
Advances to suppliers	2,530	3,684
Prepaid expenses and other current assets	10,387	13,602
Total Current Assets	224,249	216,775
Property, plant and equipment, net	1,190,265	996,201
Other assets	6,966	3,125
Total assets	1,421,480	1,216,101
	<u>Liabilities and shareholders' equity</u>	
Current Liabilities		
Accounts payable:		
Suppliers	76,471	89,182
Shareholders and related companies	72,475	91,038
Profit sharing, vacations bonus and other personnel accruals	5,574	3,534
Taxes	409	
Other liabilities	2,938	1,176
Total current liabilities	157,867	184,929
Long-term loans in process of restructuring and other	370,932	338,290
Accounts payable to shareholder	-	10,779
Long-term supplier	-	3,390
Accrual for employee termination benefits, net of advances to employees	12,213	11,012
Deferred taxes	172,942	113,043
Other long-term liabilities and accruals	47,300	42,065
Total liabilities	761,255	703,509
Shareholders' equity		
Capital Stock	201	201
Share premium	228,735	228,735
Revaluation of fixed assets	168,501	37,991
Net effect of combination (merger) of subsidiaries	176,229	176,229
Difference between fair value and cost of shares of subsidiary	191,784	191,784
Retained earnings (deficit)		
Legal Reserve	6,093	6,093
Déficit	(144,464)	(155,291)
Total Shareholders' equity	627,079	485,743
Minority Interests	33,146	26,849
Total equity	660,225	512,592
Total liabilities and shareholders' equity	1,421,480	1,216,101

CONSOLIDATED STATEMENT OF RESULTS
ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
(Thousands of US dollars)

	<u>Quarter ended December 31,</u>	
	<u>2007</u>	<u>2006</u>
Net sales:		
Exports	70,178	76,496
Domestic	61,472	29,002
Sales of subproducts	2,272	5,142
	133,922	110,640
Cost of sales	(126,537)	(108,400)
Gross profit	7,385	2,240
General, administrative expenses	(9,388)	(8,251)
Other income (expense) net	17,743	3,606
Operating profit (loss)	15,740	(2,405)
Total Financing Cost	(10,134)	(12,988)
Profit (loss) before taxes and minority interests	5,606	(15,393)
Taxes	(106)	1,547
Profit (loss) before minority interests	5,500	(13,846)
Minority Interests	(270)	352
Net profit (loss)	5,229	(13,494)
Depreciation	11,379	(9,714)