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IBH REPORTS RESULTS OF SECOND FISCAL QUARTER

Caracas, April 29, 2005.

Ladies and Gentlemen:

As explained in IBH's report for the quarter October-December 2004, on November 5, 2004, IBH and BHP Billiton reached an agreement for the termination of their association in Orinoco Iron, Operaciones RDI, Brifer and IBMS. Among other results of this agreement, it is noted that as of that date IBH is the owner of 51% of the capital stock of Orinoco Iron. Therefore, according to the applicable accounting standards, IBH began consolidating the results of Orinoco Iron as of the date of the settlement of accounts¹.

Additionally, the figures presented in this report have been prepared according to International Accounting Standards (IAS), according to decision adopted in September 2004 and explained in preceding reports. Consequently, the financial statements of the comparable quarter (January-March 2004), which in due time were presented according to Accounting Principles Generally Accepted in the United States of America (US GAAP), have been converted into IAS for comparative purposes in this report.

The substantial differences between the results of the second quarter of fiscal years 2005 and 2004 that are noted in the financial statements considered in this report are mainly due to the fact that they present the results of IBH, Venprecar and Orinoco Iron consolidated in the same quarter January-March 2005, compared to the results of IBH and its subsidiary Venprecar, without including Orinoco Iron, in the quarter January-March 2004.

International Market

The briquettes unloaded on the barge in the port of New Orleans, United States of America, reached an average referential price of US\$295.0/MT in the quarter January-March 2005, compared to US\$341.7/MT in the immediately preceding quarter (October-December 2004), and US\$263.3/MT in the same period of the preceding year (January-March 2004)². The price reduction vis-à-vis the quarter

¹ More information on the settlement agreement may be seen in the Report by the Board of Directors of IBH to the Shareholders' Meeting, contained in the 2004 Annual Report, at www.ibh.com.ve

²Averages calculated by Orinoco Iron based on the monthly data published by CRU-Monitor / Steel, metallics, scrap, DRI & pig iron.

October-December 2004 was mainly due to the ceasing of pressure on the demand for metallics in the first months of the year, and to an accrual of inventories in the markets of the U.S. and Europe.

Results

In the second quarter of the fiscal year, IBH recorded sales for US\$130.7 million³. IBH's sales in the same quarter of the preceding fiscal year were US\$ 22.6 million. An operating profit of US\$ 38.3 million was obtained, vis-à-vis an operating profit of US\$ 7.7 million during the term January-March 2004.

IBH's net profit was of US\$ 12.1 million, higher than the net profit of US\$ 3.2 million recorded in the same term of the preceding fiscal year.

Performance Analysis

Venprecar:

Venprecar's production in the quarter under analysis was of 215,327 MT, higher than the production of 165,016 MT obtained in the same term of the preceding fiscal year. The increase of the production level was due to the greater operating availability of the plant. The annual shutdown for maintenance, replacement of equipment and technological update is scheduled for May. Regarding the latter aspect, there is noted the incorporation of a new device to improve the flow of gas and iron ore in the reactor, which will inure in greater productivity.

Orinoco Iron:

Orinoco Iron's plant produced 329,029 MT in the period January-March 2005, compared to 245,400 MT in the same term of the preceding fiscal year. Trains 1, 3 and 4 had the highest productivity achieved since the beginning of the plant's operations, as a result of a greater operating stability. The production for the quarter January-March was the highest recorded by the plant in any quarter to date.

Train 2, which was out of service since September 2004, resumed operations last March 29, after repairs in the gas heater's furnace. To the date of publication of this report, this train has been continuously in operation with optimal production levels. The incorporation of train 2 allowed operating the four trains simultaneously during a scheduled period of one week, which served to evaluate the common peripheral equipment under maximum production conditions.

As was announced before, the company is advancing a project to control the grading of the iron or it uses as raw material in the reduction process. It is estimated that in June the screen system will start operating and the mills system next August. In the last months the plant has been using temporary screening and milling systems that have provided more homogeneity to the mineral, which has been positively reflected in the reactors' performance.

³ The amount of sales was affected by a long-term contract entered into with a client in April 2002, with expiration in April 2007, according to which Orinoco Iron sells this client about 325,000 MT of briquettes per year at a fixed price negotiated in 2002, which is substantially lower than the current prices in the spot market.

Operaciones RDI Plant

The plant of Operaciones RDI, formerly Fior, has remained out of service since October 2001, due to market conditions existing on that date, and the need for considerable investments for the maintenance thereof. Currently, in view of the market conditions, resuming this plant's operations is being considered.

Litigations

As of this date, we are not aware of any litigations, civil, fiscal or commercial claims that materially and adversely affect or may affect the financial condition of IBH, except for a request for arbitration in London against Orinoco Iron, filed by the owners of the vessel MV-YTHAN, which sank on February 28, 2004 with a shipload of briquette fines. Orinoco Iron opposed said request for arbitration on December 2, 2004. The owner of said vessel filed a brief of reply to the opposition made by Orinoco Iron on March 2, 2005.

Additionally, the owner of said vessel requested, in the United States of America, the execution of precautionary attachments over property of Orinoco Iron in order to guarantee the outcome of the arbitration proceeding, abandoning two requests for precautionary attachments it had made.

In October 2004, the District Court of OHIO (United States) decided in favor of Orinoco Iron, raising the measure in that jurisdiction. During said month, the owner of the vessel appealed against the decision, which appeal was answered in February 17, 2005. The attorneys of the company, both in London and in the U.S., continue defending the interests of Orinoco Iron.

ISSUES RELATED TO THE CONSOLIDATION OF ORINOCO IRON'S DEBT

As in the preceding quarter, we have deemed it necessary to explain certain issues related to the consolidation of Orinoco Iron in the financial statements of IBH. As noted in the balance sheet, certain items have been recorded that call for an explanation in order to analyze the company's financial position.

On the assets side there is the item *Assets restricted due to enforcement of guaranties* for US\$ 252.2 million⁴, which pertain to the amount of the foreclosure of accounts receivable of Orinoco Iron and Venprecar, which the banks have made as a result of Orinoco Iron's default on the financial agreements. In a financial analysis of the company's net indebtedness, this amount must be deducted from the debt.

In the liabilities, we see: a) *Bank Loans in the process of restructuring* for US\$361.3 million. The management continues negotiating with the creditor banks of Orinoco Iron with a plan to pay said amount according to a long-term schedule. b) *BHP loan assigned to the creditor banks* for US\$393.6 million, which is part of the settlement agreement and the current negotiations, and c) in *Long-term loans with financial institution* there are US\$328.2 million of new loans obtained by Orinoco Iron and

⁴ As part of these foreclosures, during the second quarter of fiscal year 2005, balances for US\$25.18 million and US\$53.34 million in accounts receivable of Orinoco Iron and Venprecar, respectively, were foreclosed.

Venprecar, valued on a conservative criterion that reflects the case of application of the highest value of the various payment options set for these loans.

Additionally, it must be noted that within the terms reached in the settlement agreement on the occasion of the formal separation of BHP Billiton from Orinoco Iron, which were announced on November 4, 2004, it is provided that an amount equivalent to Orinoco Iron's debt to BHP Billiton, assigned to the banks, may be neutralized in the future, subject to meeting certain conditions.

After the agreement with BHP Billiton for the termination of the association, currently the negotiations are focused on restructuring the debt of Orinoco Iron with the creditor banks. The parties continue progressing in their negotiations.

International Briquettes Holding, IBH, consolidates the financial results of Venprecar, Orinoco Iron Operaciones RDI ,IBMS and Brifer. The labor force of these companies at March 31, 2005 is of 957 workers.

INTERNATIONAL BRIQUETTES HOLDING AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

(Thousands of US dollars)

	<u>2005</u>	March 31, <u>2004*</u>
	<u>Assets</u>	
Current assets:		
Cash and cash equivalents	22,222	10,275
Temporary Investments	4,087	
Accounts receivable		
Commercial and other	148,932	41,618
Related Companies	8,107	5,190
Inventories	46,004	4,990
Pre-paid expenses and other	2,458	3,628
Restricted accounts receivable	<u>252,212</u>	<u>-</u>
Total current assets	484,022	65,701
Property, plant and equipment, net	1,034,564	143,349
Spare parts and other	<u>6,980</u>	<u>1,235</u>
Total Assets	<u>1,525,566</u>	<u>210,285</u>
	<u>Liabilities and shareholders' equity</u>	
Current liabilities		
Bank loan in restructuring process	361,300	
Long-term loans assigned by BHP Billiton to financial creditors	393,654	
Accounts payable		
Suppliers	89,285	15,764
Related Companies	45,456	25,655
Profit sharing, vacation and other personnel accrual	3,842	646
Taxes	19,844	2,815
Other current assets	<u>9,435</u>	<u>5,724</u>
Total current assets	529,163	50,604
Long term loan with financial institution	328,226	
Restructured suppliers debt	49,267	
Other liabilities	6,837	802
Deferred taxes	132,253	21,860
Total liabilities	1,439,401	73,266
Minority interests	(58,523)	5,446
Shareholders' equity	144,688	131,572
Total liabilities, minority interests and shareholders' equity	<u>1,525,565</u>	<u>210,284</u>

* It does not include Orinoco Iron

**INTERNATIONAL BRIQUETTES HOLDING
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF OPERATIONS
ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS**

(Thousands of US dollars)

	Quarter ended March 31,	
	2005	2004*
Net sales		
Exports	126,719	22,313
Domestic	3,974	313
Subproducts	0	-
	130,694	22,626
Cost of sales	(86,428)	(14,336)
Gross income	44,265	8,290
General, administrative expenses	(5,938)	(609)
Operating profit	38,327	7,681
Financing cost	(19,081)	(2,702)
Other income (expenses) net	(218)	360
Profit (loss) before taxes and minority interests	19,029	5,339
Taxes	(10,479)	(2,014)
Profit (loss) before minority interests	8,550	3,325
Minority interests	3,557	(92)
Net profit	12,108	3,233
Depreciation	(9,260)	(2,103)

*It does not include Orinoco Iron

**INTERNATIONAL BRIQUETTES HOLDING
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF OPERATIONS
ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS**

(Thousands of US dollars)

	<u>2005</u>	Six months ended March 31, <u>2004*</u>
Net sales		
Exports	231,429	48,287
Domestic	3,980	586
Subproducts	82	
	<u>235,491</u>	<u>48,873</u>
Cost of sales	<u>(148,230)</u>	<u>(33,542)</u>
Gross income	87,262	15,331
General, administrative expenses	<u>(13,252)</u>	<u>(1,559)</u>
Operating profit	<u>74,010</u>	<u>13,772</u>
Financing costs	(71,097)	(3,532)
Other income (expenses) net	(3,251)	747
Profit (loss) before taxes and minority interests	(338)	10,987
Taxes	<u>(17,785)</u>	<u>(2,014)</u>
Profit (loss) before minority interests	(18,123)	8,973
Minority interests	<u>38,088</u>	<u>(219)</u>
Net profit	<u>19,965</u>	<u>8,753</u>
Depreciation	<u>(15,306)</u>	<u>(4,206)</u>

*It does not include Orinoco Iron