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IBH REPORTS RESULTS FOR THE SECOND QUARTER OF THE FISCAL YEAR

CARACAS, APRIL 30, 2008. International Briquettes Holding, IBH, a subsidiary of Sivensa, reported sales for US\$ 129 million for the period from January to March 2008, compared to sales of US\$ 98 million during the same quarter of the preceding year. The company's operating profit was US\$ 18 million, compared to US\$4 million in operating profits for the January-March 2007 period. The net profit was US\$ 8 million, compared to a net loss of US\$ 5 million for the same period last year.

Results for this quarter reflect the impact of the increased cost of iron ore announced in March, which was retroactively effective January 1st. This impact was not offset by briquette prices due to the fact that sales prices for this quarter reflect orders that had been placed approximately three months in advance. Since the beginning of the current year and up to the date of publication of this report, briquette prices have consistently increased to new historical records. For next quarter, IBH subsidiaries have closed sales at an average FOB price of US\$400, while the average price for the July-September quarter is US\$500.

The most significant aspects of the results are described below:

Sales: The 31% increase in IBH sales over the same quarter of the previous year is explained by the increased average price of the iron briquette, which made it possible to offset the reduction in the sales volume of briquettes (in terms of metric tons) which in turn was a consequence of low production at the Venprecar plant. This is discussed in more detail below in this report.

The average FOB price of the IBH pre-reduced iron briquette at the Port of Palúa was US\$ 294.79/MT, compared to US\$ 219.02/MT for the same period of the 2007 fiscal year (January-March 2007), and to US\$ 287.09/MT¹ during the preceding quarter (October-December 2007). This increase reflects the restricted supply in the

¹ The calculation of these average prices does not include domestic sales or by-products.

international metallics market (raw materials for steel mills), as well as the pressure that the increasing demand for steel, particularly from Turkey, Far East and Middle Eastern countries, is exerting on markets.

Cost of Sales: As indicated above, new iron ore prices became effective at the beginning of this quarter, and their application has significantly impacted IBH's cost of sales, which reached US\$144 million. During the month of March, CVG Ferrominera Orinoco announced said increases with retroactive effect to January 1st. Prices increased 66% for iron ore fines, and approximately 66% for lumps and 87% for pellets (final adjustments for the latter two items have not yet been established as of this date).

International iron ore prices are set annually by the Vale (formerly CVRD), BHP Billiton and Rio Tinto Group mining companies, which lead iron ore exports worldwide. Every year, between March and May, these companies announce iron ore prices, which are applied retroactively to January. Unlike other raw materials whose prices fluctuate on a daily basis, the price of the iron ore is maintained at the same rate during the entire calendar year. In Venezuela, CVG Ferrominera Orinoco, the company that is responsible for iron mining, uses as a reference the FOB price of fines at Carajás, Punta de Madeira, Brazil, which is set by Vale by means of this mechanism.

Operating Profits: Improved operating results as compared to the same quarter of the preceding year are mainly explained by the *Other Income* category, which includes the results of Treasury operations.

Total Financing Cost: The total financing cost for the January-March 2008 quarter was US\$ 10 million, compared to US\$ 15 million during the same period of the comparable fiscal year. The reduction in this line item was mainly due to a decrease in interest paid to CVG Ferrominera Orinoco and banks as a result of the reduction in debt and interest rates.

The most relevant aspects of the balance sheet are discussed below:

- Under Current Assets, *Accounts Receivable* decreased from US\$ 129 million on March 31, 2007, to US\$ 94 million on the same date in 2008. This is primarily due to the collection of Value Added Tax (VAT) reimbursements. At quarter closing, the VAT receivables account is US\$ 44.6 million.
- Under Long-Term Liabilities, the *Long Term Loan in process of restructuring and Others* item decreased by US\$97 million to a balance of US\$ 250 million on

March 31, 2008. This net reduction is due to the foreclosure on accounts receivable by Venprecar creditor banks during this quarter, based on guarantees arising from loan contracts granted in 1997.

PLANT PERFORMANCE ANALYSIS

Venprecar Plant:

Production at the Venprecar plant during the quarter under analysis was 102,568 MT, 42% lower than the plant's production during the January-March 2008 period. This decreased production was primarily due to the dearth of pellets in the domestic and international markets. Despite being able to import 31,763 MT of pellets during the quarter, the total volume of pellets received (from both domestic and imported sources) accounted for only 37% of the plant's requirements to produce at full capacity. In an effort to compensate for the restricted supply of pellets, the plant increased the proportion of iron ore lumps used to feed the reactor to an average of 58%, the highest proportion ever used in the history of this plant's operations.

As of this date, no short-term solution has been identified to remedy the dearth of pellets. It is important to anticipate that the Venprecar plant will continue to limit its production to a volume representing approximately 60% of its installed capacity while this situation persists.

Orinoco Iron Plant:

This plant produced 332,168 MT from January to March 2008, coming very close to its production for the same quarter of the previous year, which was 335.477 MT. During the quarter under analysis, CVG Ferrominera Orinoco has brought the volume of raw material (iron fines) supplies back to the plant requirement levels.

During the month of March, there was an accidental leak draining neutral pH (non-pollutant) effluents from the emissions control system at the iron ore screening, crushing and drying plant, to the rain runoffs discharging into the Orinoco River. The company promptly informed the People's Ministry for the Environment, who opened an administrative procedure. The company immediately repaired the leak and proceeded to take the necessary measures to prevent this situation from recurring in the future.

SOCIAL RESPONSIBILITY

Being fully aware of their corporate social responsibility role in the community of Guayana, IBH subsidiaries have continued to drive their existing programs and further increased the number of programs aimed at promoting the wellbeing of their workers, their families and the community at large. During the quarter under analysis the Orinoco Iron and Venprecar plants awarded scholarships to 282 workers' children to continue their studies at the elementary, secondary and college levels. As part of its human resources policy, the company also developed and offered the first Windows Applications and Internet courses, also benefiting the company workers' children.

In addition, 20 students of the Rafael Vegas and Gran Sabana de Fe y Alegría schools located in the Core 8 development in Puerto Ordaz, received scholarships as a reward and encouragement for their excellent academic performance.

In continuing to support its program to improve living conditions in the indigenous community of Urimán, which is located in a remote, hard to reach area of the Gran Sabana, IBH subsidiaries delivered equipment and construction materials needed to build dormitories at the farming school and complete other infrastructure works in the community.

International Briquettes Holding, IBH, consolidates financial results for the following companies: Venprecar and its subsidiary, Orinoco Iron S.C.S., with a combined production capacity of 3,100,000 MT annually; IBH de Venezuela (a share holding company); Operaciones RDI (the former Fior plant, currently inactive); Brifer (which holds intellectual property rights over direct reduction technologies); IBMS (a company specializing in briquette marketing), and SDP (which provides purchasing, traffic management and logistics services). At March 31, 2008, these companies employed 958 workers.



INTERNATIONAL BRIQUETTES HOLDING
AND ITS SUBSIDIARIES

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

	<u>2008</u>	<u>March 31, 2007</u>
<u>Assets</u>		
Current Assets:		
Cash and cash equivalents	24,692	26,481
Accounts receivable	94,391	128,528
Related Companies	6,490	9,002
Inventories	40,914	38,224
Advances to suppliers	2,252	900
Pre-paid expenses and othe current assets	9,064	12,456
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Total Current Assets	177,803	215,591
Property, plant and equipment, net	1,178,141	988,775
Other assets	8,289	3,209
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Total assets	1,364,233	1,207,575
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<u>Liabilities and shareholders' equity</u>		
Current Liabilities:		
Accounts payable:		
Suppliers	71,350	75,644
Shareholders and related companies	101,610	94,178
Profit sharing, vacations and other personnel accruals	8,063	6,157
Other assets	3,430	2,161
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Total Current Liabilities	184,453	178,140
Long-term loans in process of restructuring and other	249,654	346,272
Accounts payable to shareholder	-	10,787
Long-term suppliers	-	3,110
Accruals for employee termination benefits, net of advances to employees	12,802	12,159
Deferred taxes	172,942	107,096
Other long-term liabilities and accruals	76,300	42,065
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Total Liabilities	696,150	699,629
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Shareholders' equity		
Capital Stock	201	201
Share premium	228,735	228,735
Revaluation of fixed assets	164,518	38,263
Net effect of combination (merger) of subsidiaries	176,229	176,229
Difference between share value and cost of shares of subsidiaries	191,784	191,784
Retained Earnings (deficit)		
Legal Reserve	6,093	6,093
Déficit	(133,088)	(159,970)
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Total Shareholders' equity	634,472	481,335
Minority interest	33,611	26,612
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Total Shareholders' equity	668,083	507,946
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Total Liabilities and shareholders' equity	1,364,233	1,207,575
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**INTERNATIONAL BRIQUETTES HOLDING
AND ITS SUBSIDIARIES**

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

	Quarter ended March 31	
	2008	2007
Net Sales:		
Exports	98,709	81,834
Domestic	26,103	13,019
Sub-products	4,264	3,366
	129,076	98,219
Cost of sales	(144,434)	(95,369)
Gross profit (loss)	(15,358)	2,851
General, administrative expenses	(8,510)	(6,790)
Other income (expenses) net	41,544	7,900
Operating profit	17,675	3,961
Total Financing Cost	(9,817)	(14,554)
Profit (loss) before taxes	7,858	(10,593)
Taxes	-	5,344
Net profit (loss)	7,858	(5,249)
Attributable to:		
IBH shareholders	3,966	(3,056)
IBH shareholders for 39.14% interest subject to put option	3,426	(1,965)
Total IBH shareholders	7,392	(5,021)
Minority interests	466	(228)
Total minority interests	466	(228)
	7,858	(5,249)
Net profit (loss) per share	0.3931	(0.2626)
Weighted average of outstanding shares	19,987,467	19,987,467



**INTERNATIONAL BRIQUETTES HOLDING
AND ITS SUBSIDIARIES**

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

	Semester ended March 31	
	<u>2008</u>	<u>2007</u>
Net Sales:		
Exports	168,887	158,330
Domestic	87,575	42,021
Sub-products	6,536	8,508
	<u>262,998</u>	<u>208,859</u>
Cost of sales	<u>(270,971)</u>	<u>(203,768)</u>
Gross profit (loss)	<u>(7,973)</u>	<u>5,091</u>
General, administrative expenses	(17,898)	(15,041)
Other income (expenses) net	59,287	11,477
Operating profit	<u>33,415</u>	<u>1,527</u>
Total Financing Cost	(19,952)	(27,513)
Profit (loss) before taxes	<u>13,464</u>	<u>(25,986)</u>
Taxes	(106)	6,891
Net profit (loss)	<u>13,358</u>	<u>(19,094)</u>
Attributable to:		
IBH shareholders	7,209	(10,815)
IBH shareholders for 39.14% interest subject to put option	5,412	(7,700)
Total IBH shareholders	<u>12,622</u>	<u>(18,515)</u>
Minority interests	736	(580)
Total minority interests	<u>736</u>	<u>(580)</u>
	<u>13,358</u>	<u>(19,094)</u>
Net profit (loss) per share	<u>0.6683</u>	<u>(0.9553)</u>
Weighted average of outstanding shares	<u>19,987,467</u>	<u>19,987,467</u>