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A Subsidiary of Siderúrgica Venezolana SIVENSA S.A.  
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### **IBH REPORTS RESULTS FOR THE SECOND QUARTER OF THE FISCAL YEAR**

CARACAS, APRIL 30, 2009. International Briquettes Holding, IBH, a subsidiary of Sivensa, reported sales for US\$ 48 million for the period from January to March 2009, a 63% reduction compared to sales recorded for the same quarter of the preceding year. The company's operating loss was US\$ 33 million, compared to US\$ 18 million in operating profits for the same quarter of 2008. The net loss attributable to IBH shareholders was US\$ 44 million, compared to a net profit of US\$ 7 million for the same period of the 2008 fiscal year.

During the last quarter of fiscal year 2008 the collapse of some of the leading banks worldwide, initiated by the disruption of the mortgage system in the U.S. and Europe, officially started a global economic crisis that has led most major economies around the world to declare an economic recession or, in a couple of better cases, to the announcement of a slowdown in economies as crucial as those of China and India. The economic crisis caused a collapse in the steel market, which went from its highest level ever during the last decade, in mid 2008, to a virtual stand still from that date to the present time. This has triggered a sharp price decline for steel products and its raw materials, including reduced iron briquettes. The degree of inactivity in the market reached the point of generating the cancellation of negotiated sales, due to the fact that the price of end products dropped to levels even lower than the price of briquettes.

Since late 2008, Venezolana de Prerreducidos Caroní "Venprecar", C.A. ("Venprecar") and Orinoco Iron, S.C.S., Sociedad en Comandita Simple ("Orinoco Iron"), both subsidiaries of International Briquettes Holding (IBH), began to feel the adverse effects of the above mentioned crisis on the sales of reduced iron briquettes, with the ensuing slowdown in operations. From January to March 2009 the trend toward a depression in the market continued to adversely impact operations, generating an additional drop in the prices of briquettes. According to a World Steel Association report, dated April 27, worldwide apparent steel use will decline 15% in 2009 as compared to 2008, with special impact in the NAFTA countries and in Europe, the markets served by IBH 's

plants. Despite the efforts and measures adopted by the management, at the present time the Board of Directors of International Briquettes Holding (IBH) is very much concerned about the situation of these two subsidiaries, since there are no signs of recovery of the international steel market for the remainder of the current year.

#### IBH BRIQUETTE PRICES

The average sale price of the IBH briquette, excluding sub-products, was US\$ 252.93/MT, compared to US\$ 298.74/MT during the same period of the prior fiscal year (January-March 2008), and US\$ 547.63/MT during the preceding quarter (October-December 2008). The drop in briquette average prices is due to a reduced demand for metallics in the international market, which, in turn, has resulted from the current situation in the global steel market that was described above.

#### ANALYSIS OF RESULTS FOR THIS QUARTER

The most significant aspects of the results are described below:

Sales: The substantial drop in sales is due to the lower number of metric tons sold and the lower price of briquettes resulting from the collapse in the demand of metallics in the international market. Similarly, there was a reduction in the amount of sales due to production performed under manufacturing service contract, through which IBH transforms third party's raw material into briquettes, on a charge per services rendered, where the service price is lower than the product price, since it excludes the cost of raw materials. IBH's exported sales volume, which was 60,631 MT, decreased by 84% compared to the same quarter of the preceding fiscal year. This was slightly offset by the increase in the domestic sales volume, which grew from 85,605 MT to 126,402 MT during this quarter. Of these, 41,217 MT are briquettes produced under manufacturing service contracts, which were classified as Sales of Services.

Cost of Sales: Due to the reduction in sales, the cost of sales went from US\$ 144 million to US\$ 73 million. However, as a result of the low demand, the cost of sales of briquettes per ton increased from US \$315.90 per ton to US \$430.90 per ton. As customary in the international iron market, beginning in the month of January the price of iron ore is adjusted yearly in Venezuela, using the price of iron ore of Vale, BHP Billiton and Grupo Río Tinto as a reference. Even though the percentage of price reduction has not been officially announced, the supplier estimated a reduction of 30% in said costs beginning in January, to be further adjusted in the future.

Operating Profit: There was an operating loss of US\$ 33 million, compared to an operating profit of US\$ 18 million during the preceding quarter of the fiscal year. The variation in this item is primarily explained by the difference in *Other Income-Expenses*, since during the same quarter of the prior fiscal year the company had US \$42 million in income, a figure that mainly reflected the results of treasury operations during that quarter. The same item for this quarter shows income in the amount of US\$ 1 million.

Total Financing Cost: The total financing cost went from US\$ 10 million during the January-March 2008 quarterly period to US\$ 13 million during the January-March 2009 period. This increase is mainly due to the valuation of a loan in dollars obtained from a related company as part of the agreements that were negotiated in June 2008 in order to reduce IBH's debt. The financing IBH obtained from a Sivensa subsidiary is maintained under the same deferment terms, as explained in the quarterly report for the first quarter of the fiscal year. IBH's debt at March 31, 2009 is US\$ 123 million, compared to its debt on March 31, 2008, which was US\$ 250 million.

Net (Loss) Profit: As a net effect of the factors outlined above, IBH recorded a net loss attributable to IBH shareholders in the amount of US\$ 44 million during the quarter, compared to a net profit of US\$ 7 million attributable to IBH shareholders during the same quarter of the prior fiscal year.

## **PLANT PERFORMANCE ANALYSIS**

### Venprecar Plant:

Production at the Venprecar plant during the quarter under analysis was 113,682 MT, 11% higher than the plant's production during the January-March 2008 period. The positive variation vis-à-vis same quarter of last year is due to the manufacturing service contract for third parties, to which 26% of the Venprecar's production was attributable. Had this effect not been included, Venprecar production would have been lower than last year, consistent with the reduction in demand for briquettes.

### Orinoco Iron Plant:

This plant produced 117,899 TM, 65% less than its production during the January-March 2008 quarterly period. As mentioned above, said decrease was due to the reduction in briquette demand. Most of the production for this quarter was performed in Train #2, which after a recent equipment upgrade—including the plenum and cyclones—exceeded management's expectations in terms of performance. On the other hand, the company

made progress in the performance of tests to improve the physical and chemical quality of briquettes through changes in metallic iron limits and modifications in the operation of briquetting machines.

#### 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 steel and iron briquettes market situation, a payment date for said dividend has not yet been scheduled.

#### SOCIAL RESPONSIBILITY

IBH continued to drive the benefits of its Social Responsibility policy in the community of Guayana by undertaking a number of activities, including the following:

- Scholarships were granted to children attending Escuela Bolivariana Gran Sabana (pre-school and elementary school) and Escuela Rafael Vegas de Fe y Alegría (pre-school to ninth grade), both located at Urbanización Core 8 in Puerto Ordaz. Contributions were also made to organizations supporting social development, such as “En Voz Alta” Autism Foundation, “Coral Infantil de Guayana” Foundation, and the “Ingenieritos” Small League Baseball Training Facility.
- As part of the policies implemented to benefit employees and their families, and in coordination with Misión Barrio Adentro, vaccination drives were carried out, including bivalent, pentavalent, yellow fever, hepatitis, flu and toxoid immunizations.

*International Briquettes Holding, IBH, consolidates financial results for 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 March 31, 2009, these companies employed 979 workers.*



INTERNATIONAL BRIQUETTES HOLDING  
AND ITS SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET

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

	<u>2009</u>	<u>March 31 2008</u>
<b><u>Assets</u></b>		
Current Assets:		
Cash and cash equivalents	19,698	24,692
Accounts receivable	72,994	94,391
Related companies	11,968	6,490
Inventories	38,781	40,914
Advances to suppliers	3,816	2,252
Pre-paid expenses and other current assets	7,817	9,064
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<b>Total Current Assets</b>	<b>155,074</b>	<b>177,803</b>
Property, plant and equipment, net	1,162,370	1,178,141
Other assets	12,411	8,289
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<b>Total assets</b>	<b>1,329,856</b>	<b>1,364,233</b>
<b><u>Liabilities and Shareholders' Equity</u></b>		
Current Liabilities:		
Short-term portion of loan from related company	6,977	0
Accounts payable:		
Suppliers	57,577	71,350
Shareholders and related companies	61,728	101,610
Profit sharing, vacation and other personnel accruals	9,629	8,063
Taxes	961	
Other liabilities	84,519	3,430
<b>Total Current Liabilities</b>	<b>221,391</b>	<b>184,453</b>
Long-term loan in process of restructuring		249,654
Account payable to shareholder		
Accounts payable:		
Suppliers		
Related companies	26,115	
Accruals for employee benefits, net of advances	16,893	12,802
Deferred taxes	47,399	172,942
Other long-term liabilities and accruals		76,300
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<b>Tota Liabilities</b>	<b>311,798</b>	<b>696,150</b>
Shareholders' Equity		
Capital Stock	201	201
Share Premium	107,202	228,735
Revaluation of fixed assets	207,952	164,518
Net effect of combination (merger) of subsidiaries	176,181	176,229
Difference between fair value and cost of shares of subsidiary	491,073	191,784
Retained earnings (deficit)		
Legal reserve	10,706	6,093
Deficit	(8,340)	(133,088)
<b>Total Shareholders' Equity</b>	<b>984,975</b>	<b>634,472</b>
Minority interests	33,083	33,611
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<b>Total Shareholders' Equity</b>	<b>1,018,057</b>	<b>668,083</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,329,856</b>	<b>1,364,233</b>



**INTERNATIONAL BRIQUETTES HOLDING  
 AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**  
**(Thousands of US Dollars)**

	<b>Quarter ended March 31</b>	
	<b>2009</b>	<b>2008</b>
Net Sales:		
Exports	22,758	98,709
Domestic	22,143	26,103
Sub-products	1,018	4,264
Services	-	-
	<b>45,919</b>	<b>129,076</b>
Cost of sales	(68,365)	(144,434)
<b>Gross profit (loss)</b>	<b>(22,446)</b>	<b>(15,358)</b>
General, administrative expenses	(9,193)	(8,510)
Other income (expenses) net	(1,316)	41,544
<b>Operating profit (loss)</b>	<b>(32,955)</b>	<b>17,675</b>
Total financing cost	(12,881)	(9,817)
<b>Profit (loss) before taxes</b>	<b>(45,836)</b>	<b>7,858</b>
Taxes	-	-
<b>Net profit (loss)</b>	<b>(45,836)</b>	<b>7,858</b>
<b>Attributable to:</b>		
IBH shareholders	(43,577)	3,966
IBH shareholders, by effect of 39,4% shareholding subject to put option	-	3,426
Total IBH shareholders	<b>(43,577)</b>	<b>7,392</b>
Minority interests	(2,259)	466
Total minority interests	<b>(2,259)</b>	<b>466</b>
	<b>(45,836)</b>	<b>7,858</b>
Net profit (loss) per share	<b>(2.3036)</b>	<b>0.3949</b>
Weighted average of outstanding shares	<b>19,897,520</b>	<b>19,897,520</b>



INTERNATIONAL BRIQUETTES HOLDING  
AND ITS SUBSIDIARIES

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

	<u>Semester ended March 31,</u>	
	<u>2009</u>	<u>2008</u>
Net Sales:		
Exports	107,136	168,887
Domestic	63,514	87,575
Sub-products	9,806	6,536
Services	-	-
	<u>180,456</u>	<u>262,998</u>
Cost of sales	<u>(183,305)</u>	<u>(270,971)</u>
<b>Gross profit (loss)</b>	<b>(2,848)</b>	<b>(7,973)</b>
General, administrative expenses	(21,890)	(17,898)
Other income (expenses) net	(2,017)	59,287
<b>Operating profit (loss)</b>	<b>(26,755) -</b>	<b>33,415</b>
Total financing cost	(39,452)	(19,952)
<b>Profit (loss) before taxes</b>	<b>(66,207)</b>	<b>13,464</b>
Taxes	-	(106)
<b>Net profit (loss)</b>	<b>(66,207)</b>	<b>13,358</b>
<b>Attributable to:</b>		
IBH shareholders	(63,063)	7,209
IBH shareholders, by effect of 39,4% shareholding subject to put option	0	5,412
Total IBH shareholders	<u>(63,063)</u>	<u>12,622</u>
Minority interests	(3,144)	736
Total minority interests	<u>(3,144)</u>	<u>736</u>
	<b>(66,207)</b>	<b>13,358</b>
Net profit (loss) per share	<u>(3.3274)</u>	<u>0.6713</u>
Weighted average of outstanding shares	<u>19,897,520</u>	<u>19,897,520</u>