

From: International Briquettes Holding, IBH
A Subsidiary of Siderúrgica Venezolana SIVENSA S.A.
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IBH REPORTS RESULTS OF THIRD FISCAL QUARTER

CARACAS, JULY 30, 2007. International Briquettes Holding, IBH, a subsidiary of Sivensa, recorded sales for US\$ 133 million in the term April-June 2007, compared to sales for US\$ 100 million in the same quarter of the preceding year. The company had an operating profit of US\$ 15 million, compared to the operating loss of US\$ 30 million recorded for the April-June 2006 quarter. The net profit was US\$ 8 million, compared to the net loss of US\$ 37 million recorded in the comparable period of the preceding year.

Following is an analysis of the more significant aspects of the statement of results:

Sales: The increase of income for sales was due to the higher price of briquettes in the international market, and to a greater volume of metric tons of briquettes sold.

Operating Profit: The improvement in the operating results regarding the same quarter of the previous year is due mainly to the impact of the higher prices of briquettes and the discount in the price of raw materials corresponding to the Agreement for the Assurance of Raw Materials (CAMP), which was not applied in the comparable quarter of the previous year.

Another factor that contributed to improving the operating profit was the sale of byproducts for US\$ 8 million. Byproducts (chips, fines y pool muds) are the residues of the plants' production process. The placement of byproducts in the market is a special income for IBH, given that most of its costs are accounted for with the briquettes' production costs.

Other Income (expenses), net: This item shows a net income of US\$ 3.9 million and its most relevant component is the income for services rendered to third parties and for financial transactions with securities.

INTERNATIONAL MARKET AND PRICE OF IBH'S BRIQUETTES

The average FOB realization price of IBH's briquettes in the Port of Palúa was US\$ 250.68/MT, compared to US\$ 205.59/MT in the same period in 2006 (April-June 2006), and to US\$ 219.02/MT¹ in the immediately preceding quarter (January-March 2007). This increase is due to the pressure of demand in the relevant markets, and to the termination of a briquettes sales contract signed in April 2002, whose prices had been substantially lower than market prices in the last years. As announced in the last quarterly report published on April 30, 2007, shortly before the termination of said contract, an agreement was signed with the same client to add a surcharge of US\$ 49 per metric ton over the volume remaining to be shipped in 2007. At the same time, a new

¹ The computation of these averages does not include the byproducts.

contract was signed for the sale of 325,000 MT of briquettes per year at the market price, with expiration date December 31, 2009.

ANALYSIS OF THE PLANTS' PERFORMANCE

Venprecar Plant:

This plant's production during the quarter under analysis was 146,151 MT, 14% lower than the production for the term April-June 2006. The reduction in production was due mainly to the failure in the supply of pellets and the scheduled maintenance shutdown in May.

Since the production of pellets in the Guayana region has not recovered as it was expected, Venprecar is exploring again the option of importing this raw material. Due to the high demand of pellets and the priority given to long-term contracts over sales in the spot market, there are restrictions in the availability of this raw material. Venprecar expects that current conditions for pellets supply in the international market will continue being limited during this semester.

Orinoco Iron Plant:

This plant produced 356,994 MT in the term April-June 2007, 2% lower than the production for the April-June 2006 quarter, due to the dearth of iron ore fines. The plant's maximum historical monthly production was reached in May, with a volume of 149,249 metric tons, as a result of the operating improvements introduced in the last two years.

SOCIAL RESPONSIBILITY

Continuing with the program commenced in mid 2006 in the towns of Urimán y Kamarata, Orinoco Iron and Venprecar have advanced in the design and coordination of the vast health, agriculture, electricity and education plan in these indigenous communities located in remote areas of the State of Bolívar. Also, during this quarter electric transformers were donated to the settlement of Villa Bahía, in Puerto Ordaz, which donation will enable taking electricity to 68 families in this community. Among other initiatives within the frame of their social commitment, Orinoco Iron and Venprecar continued the Drug Prevention and Control program through lectures issued to 10,760 students of public and private schools in Ciudad Guayana. The purpose of these lectures is to make the youths aware of the risks of premature pregnancy, sexual transmission diseases and the consequences related to alcohol and drug abuse. Also under this same concept, they carried out an integral medical care program with special attention for the vaccination of their personnel and their respective families.

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). The labor force of these companies at June 30, 2007, was of 985 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>June 30</u> <u>2006</u>
	<u>Assets</u>	
Current assets:		
Cash and cash equivalents	46.954	13.914
Cash in guarantee	4.528	9.539
Temporary investments		
Accounts receivable:		
Commercial and other	61.844	103.992
Related Companies	9.898	5.398
Inventories	38.222	37.403
Advances to suppliers	1.403	9.976
Prepaid expenses and other current assets	10.480	12.517
Total current assets	173.329	192.740
Property, plant and equipment, net	980.540	1.014.740
Deferred taxes	-	15.930
Other assets	7.283	14.311
Total assets	1.161.152	1.237.721
	<u>Liabilities and shareholders' equity</u>	
Current liabilities		
Short-term portion of long-term loan in process of restructuring	-	400
Accounts payable:		
Suppliers	71.449	82.223
Related companies	43.888	77.016
Profit sharing, vacations and other personnel accruals	8.222	6.229
Taxes	334	297
Other current liabilities	3.098	1.424
Total current liabilities	126.990	167.589
Long-term loan in process of restructuring	354.515	322.018
Account payable shareholders	0	17.365
Long-term suppliers	3.077	1.354
Other liabilities	12.887	8.949
Deferred taxes	104.930	129.799
Other long-term liabilities and accruals	42.065	43.738
Total liabilities	644.464	690.812
Sahreholders' equity and minority interests	516.688	546.908
Total liabilities, shareholders' equity and minority interests	1.161.152	1.237.721

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

	<u>Quarter ended June 30</u>	
	<u>2007</u>	<u>2006</u>
Net sales:		
Exports	108.812	74.334
Domestic	16.181	24.923
Sub-products	8.159	434
	<u>133.152</u>	<u>99.691</u>
Cost of sales	(112.429)	(124.373)
Gross profit (loss)	20.724	(24.682)
General, administrative expenses	(9.239)	(6.670)
Other income (expenses) net	3.883	1.754
Operating profit (loss)	15.368	(29.598)
Total financing cost	(8.563)	(8.992)
Profit (loss) before taxes and minority interests	6.804	(38.591)
Taxes	1.563	491
Profit (loss) before minority interests	8.367	(38.100)
Minority interests	(440)	1.465
Net profit (loss)	7.927	(36.635)
Depreciation	(10.519)	(10.605)

CONSSOLIDATED STATEMENT OF RESULTS
ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
(Thousand of US dollars)

	<u>Nine months ended June 30</u>	
	<u>2007</u>	<u>2006</u>
Net sales		
Exports	267.142	227.691
Domestic	58.202	49.647
Sub-products	16.667	434
	342.012	277.772
Cost of sales	<u>(316.197)</u>	<u>(306.315)</u>
Gross profit (loss)	25.815	(28.543)
General, administrative expenses	(24.280)	(19.061)
Other income (expenses) net	15.360	2.966
Operating profit (loss)	16.895	(44.638)
Total financing cost	(36.076)	(25.310)
Loss before taxes and minority interests	(19.181)	(69.948)
Taxes	8.454	1.394
Loss before minority interests	(10.727)	(68.554)
Minority interests	140	2.516
Net loss	(10.587)	(66.038)
Depreciation	<u>(30.344)</u>	<u>(27.537)</u>