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IBH REPORTS RESULTS FOR THE THIRD QUARTER OF THE FISCAL YEAR

CARACAS, JULY 23, 2008. International Briquettes Holding, IBH, a subsidiary of Sivensa, reported sales for US\$ 148 million for the period from April to June 2008, compared to sales of US\$ 133 million during the same quarter of the preceding year. The company's operating profit was US\$ 33 million, compared to US\$ 15 million in operating profit for the April-June 2007 period. The net profit was US\$ 9 million, 5% higher than the net profit reported for the same quarter of fiscal year 2007.

As reported on July 1st, during the April-June 2008 quarterly period, IBH decreased its debt to US\$ 76.6 million as a result of the following factors: i) the increase in briquette prices in the international market; ii) the capital contributions from debt and securities (proportionally made by the shareholders of IBH de Venezuela, an IBH subsidiary); iii) the amendment and execution of the call option on IBH de Venezuela shares; and iv) the debt restructuring agreement.

In exchange of the above mentioned capitalizations, the company agreed to exercise the call option¹ in the amount of US\$ 76.6 million and for this purpose obtained a loan for said amount from Invermetal, a Sivensa subsidiary. The loan, maturing in five years, will be repaid in quarterly installments for equal amounts, with a 12% interest rate during the first year. The debt reduction accomplished by IBH shareholders without dilution marks an important milestone toward the company's goal of achieving financial stability.

IBH BRIQUETTE PRICES

The increase in iron ore prices, the high cost of energy, the high demand of raw materials (pig iron, scrap and reduced iron briquettes) for the steel manufacturing industry, as well as the restricted supply worldwide, are all factors that strongly influenced the rise in briquette prices in the international market during this quarter. The average FOB price of the IBH briquette at the Port of Palúa was US\$ 423.12/MT,

¹ Please note that said option originally contemplated that the exercise price would be established within a range from US \$34 million to US \$80 million, depending on certain financial conditions and the exercise date. The present value of the original agreement was recorded in the company's Financial Statements for the period closing March 31, 2008 at US\$ 24.37 million.

compared to US\$ 250.68/MT during the same period of the prior fiscal year (April-June 2007), and to US\$ 294.79/MT² during the preceding quarter (January-March 2008). IBH subsidiaries have closed sales for the current quarter (July-September) at a FOB average price higher than US\$ 600/MT.

ANALYSIS OF RESULTS FOR THIS QUARTER

The most significant aspects of the results are described below:

Sales: The 11% increase in IBH sales over the same quarter of the previous year is explained by the increased average price of the iron briquette. In terms of metric tons, the sales volume decreased 5% with respect to the same period of fiscal year 2007.

Cost of Sales: As indicated in the quarterly report dated April 30, 2008, since the month of January the domestic provider of iron ore, CVG Ferrominera Orinoco, began to apply the price increases that are effective for calendar year 2008. The impact of these increases (66% for iron ore fines, 104% for lumps, and 87% for pellets) on IBH production costs was offset by higher briquette prices. The company was even able to improve the gross margin, which was 18% for this quarter, compared to 16% for the same quarter of the previous fiscal year.

Operating Profits: Improved operating results as compared to the same quarter of the preceding year are mainly explained by the increase in briquette prices, the results of Treasury operations, and by the receipt of US\$6 million in proceeds from a portion of the indemnity insurance collected in connection with the settlement of the dispute concerning the Ythan ship.³

Total Financing Cost: The total financing cost for the April-June quarter was US\$ 24 million, compared to US\$ 9 million during the same period of fiscal year 2007. The increase in this line item is mainly explained by the early amortization of US\$ 11 million corresponding to the balance of expenses and commissions paid throughout the refinancing period, as well as other costs related to the agreements that were negotiated for the restructuring of the IBH debt, as described above.

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

- Under Current Liabilities, there is an entry of US\$ 15 million in *Short-term portion of loan from related companies*. In addition, under Long-Term Liabilities

² The calculations of these averages do not include domestic or subproduct sales.

³ As indicated in our Shareholders Report for the first quarter of fiscal year 2007, in December 2006 the company paid US \$8 million to fulfill the terms of the settlement agreement related to the Ythan ship.

there is an entry of US\$ 61 million in *Long-term accounts payable to related companies*. These two items total US\$ 76.6 million, reflecting the loan IBH received from Invermetal, a Sivenza subsidiary, which was used to exercise the call option on IBH de Venezuela shares, as described above in this report.

- In the Shareholders Equity section, the item *Difference between reasonable value and cost of subsidiary shares* shows US\$ 490 million at June 30, 2008, compared to US\$ 192 million at June 30, 2007. This variation reflects the difference between the amount paid to execute the call option and the net worth value of the additional shares acquired in IBH de Venezuela by executing said call option. As a result of the execution of this call option, as of June 30, 2008, IBH became the sole shareholder of IBH de Venezuela.

PLANT PERFORMANCE ANALYSIS

Venprecar Plant:

Production at the Venprecar plant during the quarter under analysis was 133.403 MT, 9% lower than the plant's production during the April-June 2007 period. This decreased production was primarily due to the dearth of pellets in the domestic and international markets. Despite being able to import 33,845 MT of pellets during the quarter, the total volume of pellets received (from both domestic and imported sources) accounted only for 44% of the plant's requirements during the quarter.

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

Orinoco Iron Plant:

This plant produced 325.187 MT during the April-June 2008 period, 9% less than the production achieved for the same quarter of the previous year, which was 356.994 MT. This decreased production was primarily due to temporary problems with the briquetting machines, which have now been resolved.

SOCIAL RESPONSIBILITY

During the quarter, IBH subsidiaries continued to drive their existing programs aimed at promoting the wellbeing of their workers, their families and the community at large. The activities undertaken during this period included the following:

- In order to promote the successful integration of handicapped individuals into the community and raise awareness concerning the need to open opportunities for these individuals to participate more actively in their communities, cultural programs at the different plants included plays presented by groups of mentally or physically challenged children and children with special needs.
- The Technological Inclusion Program for workers and their families continued to consolidate its presence with the assignment of instructors and a Computer Room sponsored by Fundamental. Four computer application courses were offered during this quarter. Forty people, including the wives of several company employees, attended the courses.
- As part of the Tutoring Assistance Program, 25 primary and secondary students whose parents work at IBH companies received tutoring in Physics, Chemistry and Math. To provide this assistance, the company hired a group of instructors who are highly experienced in these disciplines.
- The company continued to drive its program to prevent drug use by means of a series of lectures offered at educational institutions, with 11,300 students participating in these programs since the beginning of the school year.

SUBSEQUENT EVENT

Concerning the leak of non-pollutant effluents at the iron ore screening, crushing and drying plant at Orinoco Iron, an issue that was addressed in our report for the second quarter of this fiscal year, on July 9, 2008, the company received an Administrative Notice from the People's Ministry for the Environment, which indicates that said incident had a minimal environmental impact and in no way damaged the Orinoco River.

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 June 20, 2008, these companies employed 973 workers.



**INTERNATIONAL BRIQUETTES HOLDING
AND ITS SUBSIDIARIES**

CONSOLIDATED BALANCE SHEET

(Thousands of US Dollars)

| | <u>2008</u> | <u>June 30 2007</u> |
|--|------------------|-------------------------|
| <u>Assets</u> | | |
| Current Assets: | | |
| Cash and cash equivalents | 21,187 | 46,954 |
| Accounts receivable | 128,155 | 66,372 |
| Related companies | 14,844 | 9,898 |
| Inventories | 57,861 | 38,222 |
| Advances to suppliers | 2,921 | 1,403 |
| Pre-paid expenses and other current assets | 3,255 | 10,480 |
| | 228,222 | 173,329 |
| Property, plant and equipment, net | 1,168,906 | 980,540 |
| Other assets | 8,359 | 7,283 |
| | 1,405,487 | 1,161,152 |
| <u>Liabilities and Shareholders Equity</u> | | |
| Current liabilities: | | |
| Short-term portion of loan from related companies | 15,328 | |
| Accounts payable: | | |
| Suppliers | 73,190 | 71,449 |
| Shareholders and related companies | 78,652 | 43,888 |
| Profit sharing, vacations and other personnel accruals | 10,804 | 8,222 |
| Taxes | | |
| Other liabilities | 4,306 | 3,432 |
| | 182,280 | 126,990 |
| Long-term loan in process of restructuring | | 354,515 |
| Long-term accounts payable: | | |
| Suppliers | | 3,077 |
| Related companies | 61,311 | - |
| Accrual for employee termination benefits, net of advances | 13,428 | 12,887 |
| Deferred taxes | 172,942 | 104,930 |
| Other long-term liabilities and accruals | | 42,065 |
| | 429,960 | 644,464 |
| Shareholders' equity: | | |
| Capital stock | 201 | 201 |
| Share premium | 228,735 | 228,735 |
| Revaluation of fixed assets | 161,298 | 37,959 |
| Net effect of combination (merger) of subsidiaries | 176,229 | 176,229 |
| Difference between share value and cost of share of subsidiary | 490,440 | 191,784 |
| Retained earnings | | |
| Legal reserve | 6,093 | 6,093 |
| Déficit | (121,556) | (151,406) |
| | 941,439 | 489,595 |
| Minority interest | 34,088 | 27,094 |
| | 975,527 | 516,688 |
| | 1,405,487 | 1,161,152 |



INTERNATIONAL BRIQUETTES HOLDING
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF RESULTS

(Thousands of US Dollars)

| | <u>Quarter ended June 30,</u> | |
|--|-------------------------------|-------------------|
| | <u>2008</u> | <u>2007</u> |
| Net sales: | | |
| Briquettes | 139,485 | 124,993 |
| Subproducts | 8,312 | 8,159 |
| | <u>147,797</u> | <u>133,152</u> |
| Cost of sales | <u>(121,761)</u> | <u>(112,429)</u> |
| Gross profit | 26,037 | 20,724 |
| General, administrative expenses | (9,374) | (9,239) |
| Other income (expenses) net | 16,611 | 3,883 |
| Operating profit | 33,274 | 15,368 |
| Total financing cost | (24,483) | (8,563) |
| Profit before taxes | 8,791 | 6,804 |
| Taxes | - | 1,563 |
| Net profit | 8,791 | 8,367 |
| Attributable to: | | |
| IBH shareholders | 8,314 | 7,927 |
| Total IBH shareholders | <u>8,314</u> | <u>7,927</u> |
| Minority interests | 477 | 440 |
| Total minority interests | <u>477</u> | <u>440</u> |
| | 8,791 | 8,367 |
| Net profit per share | <u>0.4398</u> | <u>0.4186</u> |
| Weighted average of outstanding shares | <u>19,987,467</u> | <u>19,987,467</u> |



INTERNATIONAL BRIQUETTES HOLDING
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

(Thousands of US Dollars)

| | <u>Nine months ended June 30,</u> | |
|--|-----------------------------------|-------------------|
| | <u>2008</u> | <u>2007</u> |
| Net sales | | |
| Briquettes | 395,947 | 325,344 |
| Subproducts | 14,848 | 16,667 |
| | <u>410,795</u> | <u>342,011</u> |
| Cost of sales | (392,732) | (316,197) |
| Gross profit | 18,063 | 25,814 |
| General, administrative expenses | (27,272) | (24,280) |
| Other income (expenses) net | 75,898 | 15,360 |
| Operating profit | 66,689 | 16,894 |
| | - | |
| Total financing cost | (44,435) | (36,076) |
| Profit (loss) before taxes | 22,254 | (19,182) |
| Taxes | (106) | 8,454 |
| Net profit (loss) | 22,148 | (10,728) |
| Attributable to: | | |
| IBH shareholders | 18,960 | (9,560) |
| IBH shareholders for 39,14% interest subject to put option | 1,976 | (1,027) |
| Total IBH shareholders | <u>20,936</u> | <u>(10,588)</u> |
| Minority interests | 1,213 | (140) |
| Total Minority interests | <u>1,213</u> | <u>(140)</u> |
| | <u>22,148</u> | <u>(10,728)</u> |
| Net profit (loss) per share | <u>1.1081</u> | <u>(0.5367)</u> |
| Weighted average of outstanding shares | <u>19,987,467</u> | <u>19,987,467</u> |