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IBH REPORTS RESULTS FOR SECOND QUARTER FISCAL 2004

CARACAS, APRIL 30, 2004. International Briquettes Holding, IBH, a Sivensa subsidiary, reported sales of US\$ 22.6 million in the January-March 2004 period compared with sales of US\$ 2.1 million in the same period of 2003. Operating profit was US\$ 7.3 million and net profit US\$ 2.3 million, compared with losses of US\$ 1.8 and US\$ 1.6 million respectively in the same quarter of the previous fiscal period.

Venprecar production in the quarter was 165,016 mt against 5,243 mt in the same period one year before, when Venprecar operations were affected by failures in gas supplies, and by the start of the scheduled shutdown for regular maintenance and replacement of some components of the gas reformer and heat recuperator.

In relation to the channelings that affected production in December and January, which were commented on in the October-December 2003 quarterly report, the combination of pellets that feed the process was changed, recovering the normal production rate in the plant. Certain modifications to the internal part of the reduction furnace have been scheduled for the end of this calendar year, which will increase operational stability.

The average reference price of reduced iron briquettes on-barge in the Port of New Orleans, United States, reached the level of US \$263.3/mt compared with US \$174.7/mt in the previous quarter (October-December 2003) and US \$135.0/mt¹ in the same period of the previous fiscal period (January-March 2003)². In the period analyzed, metallics prices on the spot market rose to an unprecedented high which receded in April, reflecting the withdrawal from the market of some metallics consumers, the supply of surplus inventories by intermediaries, and the seasonal increase in generation of scrap.

The exchange loss of US\$ 2.2 million recorded in the quarter in review was due to the effect of

¹ Source: Averages calculated by Orinoco Iron from monthly data published by CRU Monitor / Steel Metallics, scrap, DRI and pig iron.

² Due to contractual conditions, changes in market prices are reflected with a lag of three to six months in the results of Venprecar and of Orinoco Iron.

the devaluation of the bolivar on monetary assets in bolivars. In the quarter the exchange rate rose from Bs. 1,600.per dollar to Bs. 1,920.0³. The monetary assets in bolivars include an amount for value added tax (VAT) receivable.

The management teams of IBH, the Venprecar subsidiary and the Orinoco Iron affiliate formed interdisciplinary working groups to achieve production and cost reduction targets in Venprecar and Orinoco Iron, and to negotiate the refinancing of the Orinoco Iron debt. In the January-March quarter 2004, positive results were obtained from this initiative and the IBH Board of Directors is confident that the valuable contribution of these teams will continue in the coming months.

ORINOCO IRON PLANT

The Orinoco Iron plant produced 245,400 mt in the January-March 2004 period in comparison with 161,236 mt in the same period of the preceding fiscal period. This change was due to the increased availability of trains in the quarter under review, after successfully operating, for the first time, three trains simultaneously for 20 days. However, the duration of the runs is still below expected times because of: 1) inefficiencies in the process attributable to certain characteristics of the iron ore; conversations to solve this problem are proceeding with the supplier, which the management considers positive; 2) failures in the reactor cyclones; a study is in progress with Vöest Alpine Industrieranlagenbau (VAI)⁴ to find a solution; and 3) difficulties with the spare parts inventories, for which the company is making the necessary adjustments. At the date of this report, the three trains operating in the plants were producing simultaneously.

Sales of Orinoco Iron in the quarter were US\$ 37.2 million, compared with US\$ 16.6 million in the same quarter of the last fiscal year. As mentioned earlier, due to contractual conditions, the effects of the changes in briquette prices on the international market are reflected in the results with a lag of between three and six months. Orinoco Iron reported an operating profit of US\$ 1.0 million, compared with an operating loss of US\$ 2.6 in the January-March 2003 quarter, and a net loss of US\$ 10.8 million, against a net loss of US\$ 9.8 million in the same quarter of the previous fiscal period.

As announced in previous reports, efforts are continuing to start-up operations of train 4 of the Orinoco Iron plant in the second half of this fiscal year.

Restructuring of Orinoco Iron debt and other financial aspects of IBH

In 1997, IBH and its Venprecar subsidiary issued guarantees in favor of the creditor financial

³ Source: Central Bank of Venezuela.

⁴ Vöest Alpine Industrieranlagenbau (VAI), jointly with Fior de Venezuela, developed the FINMET direct reduction technology, which is used in the Orinoco Iron plant.

institutions of Orinoco Iron on a loan that the latter company received to finance its industrial facilities. The original terms and conditions of the loan are the subject of negotiations with the creditor banks to reach an agreement that permits Orinoco Iron to honor its financial commitments. In the opinion of IBH management, during the quarter under review and until the date of this report, the negotiations with Corporación Venezolana de Guayana (CVG), BHP Billiton and the creditor banks moved forward rapidly, making significant progress.

The conditions associated with the contingent liabilities of IBH, originated by the issue of guarantees to the Orinoco Iron creditor banks, as well as other aspects related to the performance of IBH, its Venprecar subsidiary and the Orinoco Iron affiliate were explained extensively in the report of the Board of Directors to the Sivensa Shareholders Meeting held on January 29, 2004, and in the opinion and notes to the Sivensa financial statements at September 30, 2003 (see <http://www.sivensa.com.ve>). These conditions are unchanged at the date of this report and are an essential part of the analysis of the company's financial position.

International Briquettes Holding, IBH, consolidates the financial results of Venprecar and has a 50/50 joint venture with BHP Billiton, which operates the plants of Orinoco Iron, Operaciones RDI plants, and Brifer which holds the intellectual property rights of the FINMET® technology.

INTERNATIONAL BRIQUETTES HOLDING
AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(According to US GAAP)
(Thousands of dollars)

	<u>2004</u>	<u>March 31,</u> <u>2003</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	10,275	5,339
Accounts receivable		
Trade receivables and other	41,618	2,664
Related companies	5,190	1,189
Inventories	4,990	6,047
Prepaid expenses and other	3,628	3,870
	65,701	19,109
Property, plant and equipment, net	87,439	92,682
Spare parts and other assets	1,278	7,307
	154,418	119,098
<u>Liabilities and shareholders' equity</u>		
Current liabilities:		
Accounts payable:		
Suppliers	15,764	5,606
Related companies	25,655	24,604
Profit sharing, vacations, and other personnel accruals	646	540
Taxes	2,815	27
Other current liabilities	5,724	492
	50,604	31,269
Accruals for employee termination benefits, net of advances	802	666
	51,406	31,936
Minority Interests	3,338	2,948
Shareholders' equity	99,674	84,214
	154,418	119,098

INTERNATIONAL BRIQUETTES HOLDING
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF RESULTS
(According to US GAAP)
(Thousands of dollars)

	Quarter ended March 31,	
	<u>2004</u>	<u>2003</u>
Net sales:		
Exports	22,313	1,814
Local	313	313
	22,626	2,127
Costs of sales	(14,681)	(3,199)
Gross income (loss)	7,945	(1,072)
General and administrative expenses	(610)	(712)
Operating Income (loss)	7,336	(1,784)
Interest income	22	9
Interest expense	(556)	(823)
Exchange gain (loss), net	(2,168)	640
Other income (expenses)	359	382
	(2,342)	208
Profit (loss) before taxes and minority interests	4,993	(1,576)
Taxes	(2,663)	(27)
Profit (loss) before minority interests	2,330	(1,603)
Minority interests	(76)	(17)
Net Profit (loss)	2,253	(1,621)

INTERNATIONAL BRIQUETTES HOLDING
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF RESULTS
(According to US GAAP)
(Thousands of dollars)

	<u>2004</u>	Six months ended March 31, <u>2003</u>
Net sales:		
Exports	48,287	11,380
Local	586	4,867
	48,873	16,247
Costs of sales	(34,572)	(16,567)
Gross income (loss)	14,301	(320)
General and administrative expenses	(1,560)	(1,611)
Operating Income (loss)	12,742	(1,931)
Interest income	57	41
Interest expense	(1,421)	(2,839)
Exchange gain (loss), net	(2,168)	(450)
Other income (expenses)	746	480
	(2,785)	(2,768)
Profit (loss) before taxes and minority interests	9,956	(4,699)
Taxes	(2,663)	(27)
Profit (loss) before minority interests	7,293	(4,726)
Minority interests	(192)	(16)
Net Profit (loss)	7,100	(4,741)