

From: International Briquettes Holding, IBH
Subsidiary of Siderúrgica Venezolana SIVENSA S.A.
Contact: Antonio Osorio
Telephone: 58-212-707.62.80
Fax: 58-212-707.63.52
E-mail: antonio.osorio@sivensa.com



FOR IMMEDIATE DISTRIBUTION:

IBH REPORTS RESULTS FOR THIRD QUARTER FISCAL YEAR 2004

CARACAS, JULY 30, 2004 . . . International Briquettes Holding, IBH, subsidiary of Sivensa, reported sales in the amount of US\$ 34.0 million for the period April-June, 2004, compared to US\$ 20.5 million sales registered during the same quarter of 2003. An operating profit of US\$ 13.1 million and a net profit of US\$ 12.2 million were achieved, compared to US\$ 2.8 million and US\$ 3.7 million respectively, registered in the same quarter of the previous fiscal year.

INTERNATIONAL MARKET

The average reference price of the reduced iron briquettes unloaded on barge in the port of New Orleans, United States of America was US\$ 271.7/MT, compared to US\$ 263.3/MT in the previous quarter (January-March 2004) and US\$ 152.3/MT¹ during the same period of the previous fiscal year (April-June 2003)². Upon reaching unprecedented levels during the month of March, metallic prices experienced a correction, starting in April, stabilizing in May and June, to bounce back in July. The factors causing the recent rise in prices are the increase of worldwide steel production, driven among other reasons, by the growth of China and the United States of America, and the shortage of coke, which has led integrated steel mills to demand more scrap.

VENPRECAR PLANT

Venprecar's production during the quarter was 192.717 MT, similar to that achieved in the same quarter of the previous fiscal year of 199.550 MT, both figures near the design capacity of the plant.

ORINOCO IRON PLANT

The Orinoco Iron Plant produced 224.668 MT during the period April-June 2004, compared to 194.759 MT during the same period of the preceding fiscal year. During the quarter April-June 2003 only production trains 1 and 2 were available, while trains 1, 2 and 3 were available during the quarter April-June 2004, and starting May 27, train 4 became available. The number of days-

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. Additionally, Venprecar and Orinoco Iron have long term contracts that provide briquette fixed prices.

train effectively operated during the quarter April-June 2003 was 145.5, compared to 192 days-train operated during the quarter April-June 2004.

The duration of the train runs and the effective production/day is still under expected levels, due to: 1) inefficiencies in the process attributable to certain characteristics of the iron ore; studies have been initiated to analyze the problem from the mine to the plant, including on-going discussions with the supplier; 2) failure in the reactors, an on-going situation being reviewed jointly with Voest Alpine Industrieanlagenbau (VAI)³; and 3) difficulty in the availability of specific parts which require large manufacturing periods, and which will be delivered at the end of 2004 calendar year.

During the quarter reported (April-June 2004), Orinoco Iron's production was also affected by a deficit in the iron ore volume received. At the date of publication of this report, the supplier has initiated a process to regulate the situation related to the mineral supply.

Orinoco Iron's sales during the quarter reached US\$ 40.1 million⁴, compared to US\$ 25.8 million sales reported in the same quarter of the preceding fiscal year. Orinoco Iron's operating loss was US\$ 5 million, compared to the US\$ 0.3 million operating profit during the period April-June 2003. Orinoco Iron's costs during the quarter reported were affected due to: 1) the start up and testing of train 4 at the end of May 2004, and 2) the substantial price increase of gas (197% between the second quarter of 2003 and the second quarter of 2004), which, due to contractual conditions, is subject to variation in oil, gas and scrap index prices in the international market. Orinoco Iron's net loss was US\$ 19 million, versus a net loss of US\$ 10 million during the same quarter of fiscal year 2003.

ORINOCO IRON DEBT RESTRUCTURING AND OTHER IBH FINANCIAL ASPECTS

As previously disclosed in the report presented by the Board of Directors of International Briquettes Holding (IBH) to the Shareholders General Meeting held on January 29, 2004, and in the Opinion and Notes to IBH Financial Statements of September 30, 2003, and also in IBH consecutive quarterly reports, during 1997, IBH and its subsidiary Venprecar, issued guarantees in favor of the Orinoco Iron creditor financial institutions related to a loan received by the latter to finance its industrial facilities.

In March, 2001, BHP Billiton, the partner of IBH in Orinoco Iron, announced that it would write off its investment in Orinoco Iron, and cease any further contributions to the project. In April 2001, Orinoco Iron failed to comply with its payment obligations under the loan agreements, and the

³ Voest Alpine Industrieanlagenbau (VAI), jointly with Fior de Venezuela, developed FINMET's direct reduction technology, used in the Orinoco Iron Plant.

⁴ Includes sales under long term contracts, which provide fixed prices.

Trustee demanded full payment of the total amount due. Following, BHP paid the Orinoco Iron creditor banks the sum related to its 50% interest established in the Common Security Agreement for the debt incurred into for the construction of the Plant.

During a period of more than three years, which has elapsed in default, Orinoco Iron and IBH have held conversations with the senior lenders, BHP Billiton and the Corporación Venezolana de Guayana (CVG), majority stockholder of the iron ore and electricity supplier companies, in order to refinance Orinoco Iron's financial and commercial debt.

During the month of June 2004, JP Morgan Chase Bank (the Trustee) acting in accordance to instructions from senior lenders, and exercising the rights set forth in the Common Security Agreement, the Completion Agreement and the Pledge Agreements⁵, disposed of funds derived from Orinoco Iron and Venprecar exports and accounts receivables, in an amount of US\$ 32 millions, which were applied to reduce the debt.

Considering the contingent liability which represents Orinoco Iron's portion of the debt secured by IBH, IBH's future performance depends on the solution to Orinoco Iron's financial situation. As stated in previous reports, the negotiations seek the redefinition of the terms and conditions of Orinoco Iron's debt with BHP Billiton, the completion of negotiations with the senior lenders to restructure Orinoco Iron's debt, and obtain the required working capital for operations. During the April-June 2004 quarter, the parties continued discussing these aspects.

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.

⁵ See Note 7 of the Independent Public Accountants and Consolidated Financial Statements, September 30, 2003 and 2002, in <http://www.ibh.com.ve>.

INTERNATIONAL BRIQUETTES HOLDING AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
UNAUDITED
According to US GAAP
(Thousands of US dollars)

	<u>2,004</u>	<u>June 30,</u> <u>2,003</u>
<u>Assets</u>		
Current Assets:		
Cash and cash equivalents	14,836	14,089
Accounts receivable		
Trade receivables and other	39,289	9,500
Related Companies	6,952	726
Inventories	7,637	7,043
Prepaid expenses and other	1,472	2,299
	<hr/>	<hr/>
Total current assets	70,186	33,657
Related Companies	4,150	-
Property, plant and equipment, net	85,821	95,454
Spare parts and other assets	1,077	2,940
	<hr/>	<hr/>
Total assets	<u>161,234</u>	<u>132,051</u>
<u>Liabilities and shareholders' equity</u>		
Current liabilities:		
Accounts payable:		
Suppliers	7,494	8,282
Related Companies	29,924	30,609
Profit sharing, vacations, and other personnel accruals	815	707
Taxes	6,658	68
Other current liabilities	116	736
	<hr/>	<hr/>
Total current liabilities	45,007	40,402
Accruals for employee termination benefits, net of advances	811	726
Total liabilities	<hr/>	<hr/>
	45,818	41,128
Minority interests	3,577	3,046
Shareholders' equity	111,839	87,877
	<hr/>	<hr/>
Total liabilities, minority interest and shareholders' equity	<u>161,234</u>	<u>132,051</u>

INTERNATIONAL BRIQUETTES HOLDING AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF RESULTS
UNAUDITED
According to US GAAP
(Thousands of US dollars)

	<u>2004</u>	<u>Quarter ended June 30, 2003</u>
Net Sales		
Exports	34,034	16,900
Locals	0	3,570
	<hr/> 34,034	<hr/> 20,470
Cost of sales	(20,322)	(16,725)
Gross income (loss)	13,712	3,745
General, administrative expenses	(562)	(935)
Operating income (loss)	<hr/> 13,149	<hr/> 2,810
Interest income	26	14
Interest expenses	(386)	(807)
Exchange gain (loss), net	(655)	(218)
Other income (expenses)	4,417	2,006
	<hr/> 3,401	<hr/> 995
Profit (loss) before taxes and minority interests	16,551	3,805
Taxes	(4,104)	(41)
Profit (loss) before minority interests	<hr/> 12,447	<hr/> 3,764
Minority interests	(239)	(97)
Net Profit (loss)	<hr/> 12,209	<hr/> 3,666

INTERNATIONAL BRIQUETTES HOLDING AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF RESULTS
UNAUDITED
According to US GAAP
(Thousands of US dollars)

	<u>Nine months ended</u>	
	<u>2004</u>	<u>June 30,</u> <u>2003</u>
Net Sales		
Exports	82,321	28,280
Locals	586	8,437
	82,907	36,717
Cost of sales	(54,894)	(33,292)
Gross income (loss)	28,013	3,425
General, administrative expenses	(2,122)	(2,546)
Operating income (loss)	25,891	879
Interest income	83	55
Interest expenses	(1,807)	(3,646)
Exchange gain (loss), net	(2,823)	(668)
Other income (expenses)	5,163	2,486
	616	(1,773)
Profit (loss) before taxes and minority interests	26,507	(894)
Taxes	(6,767)	(68)
Profit (loss) before minority interests	19,740	(962)
Minority interests	(431)	(113)
Net Profit (loss)	19,309	(1,075)