Court File No. 03-CL-5145

*ONTARIO*
**SUPERIOR COURT OF JUSTICE**
**Commercial List**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF IVACO INC. AND THE APPLICANTS LISTED IN SCHEDULE "A"**

# SEVENTH REPORT OF THE MONITOR
# MARCH 8, 2004

## INTRODUCTION

1. On September 16, 2003 Ivaco Inc. ("Ivaco") and certain of its affiliates (collectively the "Applicants" or the "Companies") filed for and obtained protection from their creditors pursuant to the *Companies' Creditors Arrangement Act* R.S.C. 1985 c. C-36, *as amended ("CCAA")*. The terms of these proceedings are governed by an order of this Honourable Court dated September 16, 2003, as amended and restated (the "Initial Order"). Pursuant to the Initial Order, Ernst & Young Inc. was appointed as monitor (the "Monitor").

2. The Applicants included in the Initial Order consist of, amongst others, Ivaco, Ivaco Rolling Mills Inc., Ifastgroupe Inc., Docap (1985) Corporation ("Docap") and the related limited partnerships, Ivaco Rolling Mills Limited Partnership ("IRM") and Ifastgroupe and Company Limited Partnership ("Ifastgroupe").

3. The Seventh Report of the Monitor ("the Report") is being provided to this Honourable Court for the sole purpose of supporting the Applicants' request for an increase in the authorized DIP loan limit in respect of IRM.

## TERMS OF REFERENCE

4. In preparing this Report, the Monitor has relied upon unaudited financial information, company records, company prepared financial information and discussions with management of the Applicants. The Monitor has not performed an audit or other verification of such information. An examination of the financial projection as outlined in the Canadian Institute of Chartered Accountants Handbook has not been performed. Future oriented financial information relied upon in this report is based on management's assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

5. Capitalized terms not defined in this Report are as defined in the Initial Order and the Monitor's previous reports. All references to dollars are in Canadian currency unless otherwise noted.

## CASH FLOW PROJECTIONS

6. The cash flow projections for each of IRM, Ivaco, Ifastgroupe and Docap for the period from February 28, 2004 to May 28, 2004 as prepared by the Applicants with the assistance of the Monitor are attached as Appendix A. Management has updated these projections based on the most current information available, including current foreign exchange rates and the current market conditions affecting scrap metal and alloy prices.

7. These cash flow projections indicate that the Applicants expect to have positive consolidated cash flow of approximately \$9.3 million for the period from February 28, 2004 to May 28, 2004. IRM, Ifastgroupe and Docap are expected to generate positive cash flow of approximately \$6.1 million, \$6.3 million and \$0.2 million respectively while Ivaco is expected to generate negative cash flow of approximately \$3.3 million during the period.

8. The Applicants' projections for Docap and Ivaco are not materially different from the projections filed with the Supplement to the Sixth Report of the Monitor.

9. The cash flow projection for Ifastgroupe that was filed with the Supplement to the Sixth Report of the Monitor projected positive cash flow from operations for the months of March and April of approximately $4.5 million. In the revised cash flow projection attached to this Report, Ifastgroupe is projected to generate positive cash flows of $3.3 million for the months of March and April. In addition, as at February 27, 2004, Ifastgroupe's cash balance was $1.7 million lower than the previous projection.

10. This $2.9 million decrease in Ifastgroupe's projected cash position as at April 30, 2004 is due to:

- an increase in raw material prices coupled with a delay in collecting higher sales prices from customers; and
- an increase in raw material purchases to replenish inventory levels and to test new alternate suppliers in order to keep up with increased demand.

11. Ifastgroupe is projecting that it will generate positive cash flow of $3.0 million in the month of May 2004 due to higher cash receipts from customers and that, other than outstanding letters of credit (totalling at present, $1.1 million), it will not need to borrow under its DIP loan during the projection period.

12. Although the revised projection indicates that IRM expects to generate positive cash flow of $6.1 million over the projection period, IRM expects to generate negative cash flow during the first three weeks of $6.9 million which will be offset by positive cash flow of $13.0 million over the remainder of the projection period. As discussed in the Supplement to the Sixth Report of the

Monitor, IRM is facing dramatically increased input costs for scrap metal and alloy. It has increased selling prices to customers to cover these increased costs. The near-term volatility in cash flows and DIP needs is caused by these higher prices IRM is now paying for raw material being payable on a COD basis whereas the matching higher customer receipts are not being collected until 30 to 60 days after delivery to the customer.

13. Although the American Metal Market Index that was published on February 13, 2004 did approximate the Applicants' previous projections, future assumptions regarding the underlying price of scrap metal remain significant variables within the cash flow projections.

14. The IRM cash flow projection continues to assume that the Bank of Nova Scotia ("BNS") letter of credit in the current amount of approximately \$1.8 million provided for the benefit of the IMO will remain in place throughout the projection period. Should the letter of credit need to be cash collateralized or replaced by IRM, this will have a negative impact on IRM's cash flow and/or DIP availability on or around the week ending March 26th. The motion to deal with the BNS letter of credit is scheduled to be heard on March 10, 2004.

**DIP FINANCING**

15. At present, IRM's current authorized DIP loan limit is \$11.5 million, \$1 million of which is consumed through the issuance of two letters of credits to two separate suppliers in the amounts of \$500,000 each. Given the negative cash flows anticipated by IRM at the beginning of the projection period, IRM is projecting that it will exceed its current authorized DIP loan limit by \$2.3M and \$2.5M in the weeks ending March 12th and March 19th respectively.

16. As indicated above and in the Supplement to the Sixth Report of the Monitor, the items contributing to this increase are as follows:

- The continuing surge in scrap metal prices;

- The recent increase in the price of alloys which is expected to have a significant effect on IRM's cash flow once its fixed price contract expires at the end of March 2004;

- The one-month delay in passing on these scrap metal and alloy price increases to customers through an increase in sale prices via a variable sales price mechanism referred to as the scrap surcharge;

- The time lag associated with paying scrap metal and alloy suppliers on a cash on delivery basis versus the collection of accounts receivable from customers, which usually follows 30 to 60 days later; and

- An increase in funding of the Ivaco sub-DIP.

17. Given the need for additional DIP availability of $2.3 million this week and due to the possibility of timing and quantitative variances caused by the issues described above, IRM is requesting a $5 million increase to its authorized DIP loan limit to $16.5 million.

**MONITOR'S ANALYSIS AND RECOMMENDATION**

18. Since the commencement of this proceeding, IRM has stayed within its authorized Court-approved DIP loan limit. Due primarily to external market conditions, IRM is now facing escalating scrap metal prices which have seen an increase from $169 / ton to $298 / ton (or a 76% increase) between September 2003 and February 2004. This unprecedented increase in scrap metal prices, coupled with the time lag associated with the collection of accounts receivable from customers has given rise to the Applicants' request for this increase in IRM's DIP loan limit.

19. The cash flow projection indicates that IRM will return to positive cash flow by mid-April 2004. The increase in the DIP loan limit is therefore for the purpose of financing the lag between the purchasing of raw material today versus the collection of the increased sales prices from customers in the future and to give IRM sufficient room to deal with unforeseen variations in the projection.

20. The Monitor considers that the explanations of IRM as to the rationale for this DIP loan limit increase are reasonable and justified in the circumstances. Accordingly, the Monitor recommends that this Honourable Court grant the Applicants' request to increase IRM's authorized DIP loan limit to $16.5 million.

All of which is respectfully submitted this 8th day of March 2004.

**ERNST & YOUNG INC.**

In its capacity as Court-Appointed Monitor of
Ivaco Inc. and certain of its affiliates
Per:

Brian M. Denega
Senior Vice-President

# SCHEDULE A

## SCHEDULE "A"

## Applicants Filing for CCAA

1. Ivaco Inc.
2. Ivaco Rolling Mills Inc.
3. Ifastgroupe Inc.
4. IFC (Fasteners) Inc.
5. Ifastgroupe Realty Inc.
6. Docap (1985) Corporation
7. Florida Sub One Holdings, Inc.
8. 3632610 Canada Inc.

# APPENDIX A

IVACO Group of Companies
Notes to Cash Flow Projections
For the Period Ending May 28, 2004

1. Trade Receipts

   Trade receipts are accounted for on the day they are deposited into the Royal Bank of Canada's ("RBC") blocked bank accounts. Once these receipts are deposited they are unavailable to the Company for another two days due to the time required by RBC to process them and the time required to sweep them up to GE to be either be applied against the outstanding DIP balance or returned to the Company.

2. Other Receipts

   Includes sales tax refunds and other non-trade receipts.

3. Payroll & Related

   Includes payroll costs, deductions at source, pension and benefit costs.

4. Material

   Includes raw material and finished good purchases from third parties.

5. Consumables

   Includes supplies other than utilities directly used to manufacture finished product.

6. Other

   Includes selling, general and administrative costs and the cost of insurance.

7. Contributions to Corporate

   Represents each company's allocation of corporate costs incurred for information technology services, insurance and corporate payroll. Each company's allocation of professional fees is also included here as the Company pays all professional fees from the Corporate division of Ivaco and is subsequently reimbursed by IRM and Ifastgroupe.

8. Inter-company Receipts by Corporate

   Represents the corporate division of Ivaco's receipts for corporate costs and professional fees.

9. Net Inter-company

   Represents the net receipts received and payments made to related companies for products or services excluding payments made to the corporate division of Ivaco.

10. IRM DIP Balance

    The beginning DIP balance of $2.4 million in IRM's cash flow projection is the final balance outstanding on the GE DIP at the end of the day net of the balance in the RBC blocked bank account of $5.9 million and excluding the letters of credit currently outstanding. The reconciliation to an intra-day DIP balance reflects the additional DIP facility required to manage IRM's daily cash flow requirements.

11. IRM Blocked Bank Account

    The balance in the RBC blocked bank account on February 27, 2004 of $5.9 million is not an accurate representation of the balance in the RBC blocked bank account on an average day therefore it was decreased to $3 million in the week ended March 5, 2004.

**IVACO - Ivaco Inc.**
**Cash Flow Projection**
**Period Ended May 2004**

| *(in thousands)* | Notes | Friday 2/27/04 | Friday 3/5/04 | Friday 3/12/04 | Friday 3/19/04 | Friday 3/26/04 | Friday 4/2/04 | Friday 4/9/04 | Friday 4/16/04 | Friday 4/23/04 | Friday 4/30/04 | Friday 5/7/04 | Friday 5/14/04 | Friday 5/21/04 | Friday 5/28/04 | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Projection for the Week Ending | | | | | | | | | | | | | | |
| **CASH IN BANK** | | | 1,262 | 1,039 | 952 | 831 | 1,063 | 1,136 | 773 | 803 | 1,276 | 802 | 652 | 438 | 1,323 | 1,262 |
| RECEIPTS | | | | | | | | | | | | | | | | |
| TRADE | 1 | | 3,208 | 3,183 | 3,158 | 3,083 | 3,088 | 4,131 | 4,146 | 4,156 | 4,156 | 4,694 | 4,694 | 4,704 | 4,694 | 51,097 |
| OTHER | 2 | | 200 | 200 | 200 | 800 | 200 | 200 | 200 | 900 | 200 | 200 | – | 700 | – | 4,000 |
| INTERCOMPANY RECEIPTS BY CORPORATE | 8 | | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 5,850 |
| **TOTAL RECEIPTS** | | | 3,858 | 3,833 | 3,808 | 4,333 | 3,738 | 4,781 | 4,796 | 5,506 | 4,806 | 5,344 | 5,144 | 5,854 | 5,144 | 60,947 |
| DISBURSEMENTS | | | | | | | | | | | | | | | | |
| PAYROLL & RELATED | 3 | | (854) | (752) | (521) | (515) | (745) | (832) | (541) | (500) | (656) | (741) | (736) | (500) | (756) | (8,649) |
| MATERIAL | 4 | | (98) | (98) | (98) | (98) | (98) | (19) | (19) | (19) | (19) | – | – | – | – | (566) |
| CONSUMMABLES | 5 | | (231) | (231) | (231) | (281) | (231) | (231) | (231) | (281) | (231) | (231) | (231) | (281) | (231) | (3,153) |
| FREIGHT & CUSTOMS | | | (236) | (236) | (236) | (236) | (236) | (236) | (236) | (236) | (236) | (246) | (236) | (246) | (236) | (3,088) |
| UTILITIES | | | (80) | (720) | (148) | (145) | (395) | (132) | (463) | (80) | (430) | (82) | (445) | (130) | (380) | (3,630) |
| OTHER | 6 | | (1,189) | (221) | (249) | (221) | (732) | (222) | (137) | (222) | (137) | (823) | (137) | (222) | (137) | (4,649) |
| PROFESSIONAL FEES | | | (305) | (305) | (305) | (305) | (305) | (305) | (305) | (305) | (305) | (305) | (305) | (305) | (305) | (3,965) |
| DIP INTEREST AND CLOSING FEE | | | (3) | – | – | – | (9) | – | – | – | – | (18) | – | – | – | (31) |
| **TOTAL DISBURSEMENTS** | | | (2,996) | (2,563) | (1,788) | (1,801) | (2,751) | (1,977) | (1,932) | (1,643) | (2,014) | (2,446) | (2,090) | (1,684) | (2,045) | (27,731) |
| **NET INTERCOMPANY (excluding cont. to corporate)** | 9 | | (2,085) | (2,157) | (2,141) | (2,300) | (1,914) | (3,167) | (3,434) | (3,390) | (3,266) | (3,048) | (3,269) | (3,285) | (3,020) | (36,476) |
| **CHANGE IN CASH** | | | (1,223) | (887) | (121) | 232 | (927) | (363) | (570) | 473 | (474) | (150) | (215) | 885 | 79 | (3,260) |
| DIP (ADVANCES TO)/REPAYMENTS FROM DOCAP | | | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| IFASTGROUPE DIP ADVANCE/(REPAYMENT) | | | 500 | 400 | – | – | 500 | – | 300 | – | – | – | – | – | (400) | 1,300 |
| IVACO ROLLING MILLS DIP ADVANCE/(REPAYMENT) | | | 500 | 400 | – | – | 500 | – | 300 | – | – | – | – | – | (400) | 1,300 |
| **ENDING CASH IN BANK** | | 1,262 | 1,039 | 952 | 831 | 1,063 | 1,136 | 773 | 803 | 1,276 | 802 | 652 | 438 | 1,323 | 602 | 602 |
| **ENDING DIP OUTSTANDING TO IFASTGROUPE** | | (300) | (800) | (1,200) | (1,200) | (1,200) | (1,700) | (1,700) | (2,000) | (2,000) | (2,000) | (2,000) | (2,000) | (2,000) | (1,600) | |
| **ENDING DIP OUTSTANDING TO IVACO ROLLING MILLS** | | (300) | (800) | (1,200) | (1,200) | (1,200) | (1,700) | (1,700) | (2,000) | (2,000) | (2,000) | (2,000) | (2,000) | (2,000) | (1,600) | |
| **ENDING TOTAL IVACO DIP FACILITY BALANCE** | | (600) | (1,600) | (2,400) | (2,400) | (2,400) | (3,400) | (3,400) | (4,000) | (4,000) | (4,000) | (4,000) | (4,000) | (4,000) | (3,200) | |
| **ENDING DIP BALANCE OWING FROM DOCAP** | | – | – | – | – | – | – | – | – | – | – | – | – | – | – | |

**IVACO - Ivaco Rolling Mills Limited Partnership**
**Cash Flow Projection**
**Period Ended May 2004**

| | | Projection for the Week Ending | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(in thousands)* | Notes | Friday 2/27/04 | Friday 3/5/04 | Friday 3/12/04 | Friday 3/19/04 | Friday 3/26/04 | Friday 4/2/04 | Friday 4/9/04 | Friday 4/16/04 | Friday 4/23/04 | Friday 4/30/04 | Friday 5/7/04 | Friday 5/14/04 | Friday 5/21/04 | Friday 5/28/04 | TOTAL |
| **CASH IN BANK** | | | 1,256 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,256 |
| RECEIPTS | | | | | | | | | | | | | | | | |
| TRADE | 1 | | 7,081 | 7,679 | 7,679 | 7,678 | 7,678 | 7,679 | 7,679 | 7,679 | 7,679 | 7,761 | 7,761 | 7,761 | 7,761 | 99,558 |
| OTHER | 2 | | (1,048) | -- | -- | 850 | (800) | -- | -- | -- | 850 | (800) | -- | -- | 850 | -98 |
| **TOTAL RECEIPTS** | | | 6,033 | 7,679 | 7,679 | 8,528 | 6,878 | 7,679 | 7,679 | 7,679 | 8,529 | 6,961 | 7,761 | 7,761 | 8,611 | 99,460 |
| DISBURSEMENTS | | | | | | | | | | | | | | | | |
| PAYROLL & RELATED | 3 | | (1,057) | (1,055) | (810) | (1,040) | (760) | (1,085) | (1,105) | (760) | (1,040) | (1,085) | (1,055) | (810) | (1,140) | (12,802) |
| MATERIAL | 4 | | (6,867) | (9,803) | (6,131) | (6,131) | (6,031) | (6,036) | (7,149) | (6,036) | (5,936) | (6,193) | (6,276) | (6,193) | (6,093) | (84,870) |
| CONSUMMABLES | 5 | | (542) | (542) | (542) | (542) | (542) | (641) | (641) | (641) | (641) | (832) | (832) | (832) | (832) | (8,601) |
| FREIGHT, CUSTOMS & DUMPING DUTY | | | (1,993) | (1,174) | (1,174) | (1,447) | (1,447) | (1,447) | (1,447) | (1,447) | (1,447) | (1,556) | (1,556) | (1,556) | (1,556) | (19,251) |
| UTILITIES | | | (746) | (1,171) | (2,002) | (358) | (765) | (358) | (1,633) | (659) | (15) | (122) | (15) | (2,161) | (515) | (10,520) |
| OTHER | 6 | | (1,081) | (925) | (721) | (806) | (1,185) | (1,121) | (821) | (1,009) | (721) | (984) | (1,121) | (1,009) | (721) | (12,221) |
| PROFESSIONAL FEES | | | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| DIP INTEREST AND CLOSING FEE | | | (65) | -- | -- | -- | (92) | -- | -- | -- | -- | (65) | -- | -- | -- | (222) |
| CONTRIBUTIONS TO CORPORATE | 7 | | (250) | (250) | (250) | (250) | (250) | (250) | (250) | (250) | (250) | (250) | (250) | (250) | (250) | (3,250) |
| **TOTAL DISBURSEMENTS** | | | (12,601) | (14,919) | (11,629) | (10,574) | (11,071) | (10,937) | (13,045) | (10,802) | (10,049) | (11,087) | (11,104) | (12,811) | (11,106) | (151,737) |
| **NET INTERCOMPANY (excluding cont. to corporate)** | 9 | | 3,428 | 3,695 | 3,695 | 3,695 | 3,671 | 5,179 | 5,194 | 5,194 | 5,094 | 4,791 | 4,958 | 4,958 | 4,775 | 58,327 |
| **CHANGE IN CASH** | | | (3,140) | (3,546) | (256) | 1,650 | (522) | 1,921 | (172) | 2,072 | 3,574 | 666 | 1,615 | (92) | 2,280 | 6,050 |
| DIP (ADVANCES TO)/REPAYMENTS FROM IVACO | | | (500) | (400) | -- | -- | (500) | -- | (300) | -- | -- | -- | -- | -- | 400 | (1,300) |
| IRM DIP ADVANCE FROM/(REPAYMENT TO) GE | | | 3,384 | 3,946 | 256 | (1,650) | 1,022 | (1,921) | 472 | (2,072) | (3,574) | (666) | (1,615) | 92 | (2,680) | (5,006) |
| DECREASE IN PROVISION FOR RBC BLOCKED ACCOUNT | 11 | | (2,888) | | | | | | | | | | | | | |
| **ENDING CASH IN BANK (BALANCE PER BOOK)** | | 1,256 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| **ENDING DIP FACILITY BALANCE** | 10 | (2,422) | | | | | | | | | | | | | | |
| **DEPOSITS MADE INTO THE RBC BLOCKED ACCOUNT** | | (5,888) | | | | | | | | | | | | | | |
| **INTRA-DAY DIP BORROWING** | | (8,310) | (8,806) | (12,752) | (13,007) | (11,358) | (12,380) | (10,459) | (10,931) | (8,859) | (5,285) | (4,619) | (3,004) | (3,096) | (416) | |
| **COURT AUTHORIZED DIP BORROWING LIMIT** | | (11,500) | (11,500) | (11,500) | (11,500) | (11,500) | (11,500) | (11,500) | (11,500) | (11,500) | (11,500) | (11,500) | (11,500) | (11,500) | (11,500) | |
| **DIP AVAILABILITY REDUCED FOR LETTERS OF CREDIT** | | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 500 | 500 | 500 | 500 | |
| **ADJUSTED DIP BORROWING LIMIT** | | (10,500) | (10,500) | (10,500) | (10,500) | (10,500) | (10,500) | (10,500) | (10,500) | (10,500) | (10,500) | (11,000) | (11,000) | (11,000) | (11,000) | |
| **ENDING DIP BALANCE OWING FROM IVACO** | | (300) | (800) | (1,200) | (1,200) | (1,200) | (1,700) | (1,700) | (2,000) | (2,000) | (2,000) | (2,000) | (2,000) | (2,000) | (1,600) | |

**IVACO - Ifastgroupe and Company, Limited Partnership**
**Cash Flow Projection**
**Period Ended May 2004**

| *(in thousands)* | Notes | Projection for the Week Ending | | | | | | | | | | | | | | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Friday 2/27/04 | Friday 3/5/04 | Friday 3/12/04 | Friday 3/19/04 | Friday 3/26/04 | Friday 4/2/04 | Friday 4/9/04 | Friday 4/16/04 | Friday 4/23/04 | Friday 4/30/04 | Friday 5/7/04 | Friday 5/14/04 | Friday 5/21/04 | Friday 5/28/04 | |
| **OPENING (DIP FACILITY BALANCE)/CASH** | | | 3,669 | 5,835 | 4,708 | 4,780 | 5,297 | 2,272 | 5,259 | 4,778 | 4,976 | 5,236 | 6,879 | 7,631 | 7,915 | 3,669 |
| RECEIPTS | | | | | | | | | | | | | | | | |
| TRADE | 1 | | 8,232 | 5,309 | 5,475 | 5,153 | 4,567 | 8,521 | 5,539 | 5,755 | 5,568 | 8,716 | 5,618 | 5,869 | 5,700 | 80,021 |
| OTHER | 2 | | 98 | 72 | - | 17 | - | 300 | - | 17 | - | - | 200 | - | 17 | 721 |
| **TOTAL RECEIPTS** | | | **8,330** | **5,381** | **5,475** | **5,170** | **4,567** | **8,821** | **5,539** | **5,772** | **5,568** | **8,716** | **5,818** | **5,869** | **5,717** | **80,742** |
| DISBURSEMENTS | | | | | | | | | | | | | | | | |
| PAYROLL & RELATED | 3 | | (914) | (1,116) | (779) | (851) | (1,066) | (757) | (1,004) | (760) | (1,080) | (914) | (1,046) | (749) | (1,176) | (12,213) |
| MATERIAL | 4 | | (688) | (1,759) | (859) | (710) | (2,350) | (621) | (1,360) | (831) | (712) | (1,785) | (685) | (909) | (836) | (14,107) |
| CONSUMMABLES | 5 | | (672) | (736) | (672) | (777) | (652) | (732) | (652) | (733) | (674) | (744) | (671) | (774) | (674) | (9,164) |
| FREIGHT & CUSTOMS | | | (337) | (253) | (273) | (258) | (260) | (232) | (265) | (266) | (265) | (236) | (264) | (264) | (268) | (3,439) |
| UTILITIES | | | - | (254) | (100) | (79) | (58) | (131) | (24) | (125) | (66) | (59) | (98) | (69) | (118) | (1,181) |
| OTHER | 6 | | (1,499) | (254) | (1,056) | (387) | (746) | (1,151) | (457) | (941) | (486) | (1,395) | (415) | (950) | (435) | (10,175) |
| PROFESSIONAL FEES | | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| DIP INTEREST AND CLOSING FEE | | | (12) | - | - | - | (5) | - | - | - | - | - | - | - | - | (17) |
| CONTRIBUTIONS TO CORPORATE | 7 | | (200) | (200) | (200) | (200) | (200) | (200) | (200) | (200) | (200) | (200) | (200) | (200) | (200) | (2,600) |
| **TOTAL DISBURSEMENTS** | | | **(4,322)** | **(4,573)** | **(3,939)** | **(3,262)** | **(5,338)** | **(3,824)** | **(3,963)** | **(3,856)** | **(3,484)** | **(5,333)** | **(3,379)** | **(3,915)** | **(3,707)** | **(52,896)** |
| **NET INTERCOMPANY (excluding cont. to corporate)** | 9 | | **(1,341)** | **(1,535)** | **(1,463)** | **(1,392)** | **(1,754)** | **(2,010)** | **(1,757)** | **(1,717)** | **(1,825)** | **(1,740)** | **(1,687)** | **(1,670)** | **(1,669)** | **(21,560)** |
| **CHANGE IN CASH** | | | **2,666** | **(727)** | **72** | **516** | **(2,525)** | **2,987** | **(181)** | **199** | **259** | **1,643** | **751** | **284** | **340** | **6,286** |
| DIP (ADVANCES TO)/REPAYMENTS FROM IVACO | | | (500) | (400) | - | - | (500) | - | (300) | - | - | - | - | - | 400 | (1,300) |
| **ENDING CASH IN BANK** | | **3,669** | **5,835** | **4,708** | **4,780** | **5,297** | **2,272** | **5,259** | **4,778** | **4,976** | **5,236** | **6,879** | **7,631** | **7,915** | **8,655** | **8,655** |
| **ENDING IFASTGROUPE DIP FACILITY BALANCE** | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| **ENDING DIP BALANCE OWING FROM IVACO** | | **(300)** | **(800)** | **(1,200)** | **(1,200)** | **(1,200)** | **(1,700)** | **(1,700)** | **(2,000)** | **(2,000)** | **(2,000)** | **(2,000)** | **(2,000)** | **(2,000)** | **(1,600)** | |
| **COURT AUTHORIZED DIP BORROWING LIMIT** | | **3,500** | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | |
| **DIP AVAILABILITY REDUCED FOR LETTERS OF CREDIT** | | **(1,110)** | (1,110) | (1,110) | (135) | (135) | (135) | (135) | (135) | (135) | (135) | (135) | (135) | (135) | (135) | |
| **ADJUSTED DIP BORROWING LIMIT** | | **2,390** | **2,390** | **2,390** | **3,365** | **3,365** | **3,365** | **3,365** | **3,365** | **3,365** | **3,365** | **3,365** | **3,365** | **3,365** | **3,365** | |

**IVACO - DOCAP (1985) Coporation**
**Cash Flow Projection**
**Period Ended May 2004**

| *(in thousands)* | Notes | Friday 2/27/04 | Friday 3/5/04 | Friday 3/12/04 | Friday 3/19/04 | Friday 3/26/04 | Friday 4/2/04 | Friday 4/9/04 | Friday 4/16/04 | Friday 4/23/04 | Friday 4/30/04 | Friday 5/7/04 | Friday 5/14/04 | Friday 5/21/04 | Friday 5/28/04 | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Projection for the Week Ending | | | | | | | | | | | | | | |
| **CASH IN BANK** | | | 973 | 854 | 764 | 868 | 986 | 1,088 | 979 | 1,220 | 1,249 | 1,079 | 962 | 936 | 1,390 | 973 |
| RECEIPTS | | | | | | | | | | | | | | | | |
| TRADE | 1 | | 135 | 165 | 425 | 375 | 375 | 125 | 450 | 365 | 125 | 135 | 215 | 700 | 150 | 3,740 |
| OTHER | 2 | | -- | -- | -- | 7 | -- | -- | -- | 7 | -- | -- | -- | -- | 7 | 21 |
| **TOTAL RECEIPTS** | | | 135 | 165 | 425 | 382 | 375 | 125 | 450 | 372 | 125 | 135 | 215 | 700 | 157 | 3,761 |
| DISBURSEMENTS | | | | | | | | | | | | | | | | |
| PAYROLL & RELATED | 3 | | (50) | (59) | (57) | (43) | (50) | (40) | (28) | (54) | (32) | (61) | (61) | (31) | (49) | (615) |
| MATERIAL | 4 | | (164) | (139) | (139) | (139) | (139) | (139) | (139) | (164) | (139) | (139) | (140) | (164) | (139) | (1,883) |
| FREIGHT & CUSTOMS | | | (18) | (18) | (18) | (18) | (18) | (18) | (18) | (18) | (18) | (18) | (18) | (18) | (18) | (238) |
| UTILITIES | | | -- | (15) | -- | -- | -- | (15) | -- | -- | -- | (10) | -- | (10) | -- | (50) |
| OTHER | 6 | | (20) | (20) | (20) | (60) | (63) | (20) | (20) | (20) | (103) | (20) | (20) | (20) | (63) | (469) |
| PROFESSIONAL FEES | | | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | - |
| DIP INTEREST AND CLOSING FEE | | | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | - |
| CONTRIBUTIONS TO CORPORATE | 7 | | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | - |
| **TOTAL DISBURSEMENTS** | | | (252) | (251) | (234) | (260) | (270) | (232) | (205) | (256) | (292) | (248) | (239) | (243) | (269) | (3,255) |
| **NET INTERCOMPANY (excluding cont. to corporate)** | 9 | | (2) | (3) | (87) | (3) | (3) | (2) | (3) | (87) | (3) | (3) | (2) | (3) | (90) | (291) |
| **CHANGE IN CASH** | | | (119) | (89) | 104 | 118 | 102 | (109) | 242 | 29 | (170) | (116) | (26) | 454 | (202) | 214 |
| **ENDING CASH IN BANK** | | 973 | 854 | 764 | 868 | 986 | 1,088 | 979 | 1,220 | 1,249 | 1,079 | 962 | 936 | 1,390 | 1,187 | 1,187 |
| **ENDING DIP FACILITY BALANCE** | | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | |