

10. FINANCIAL INFORMATION

10.6 REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED CASHFLOW FORECAST

(Prepared for inclusion in this Prospectus)



Partners/Directors
Dato' Koay Soon Eng
Ong Eng Loo
Tang Kin Kheong
Jean Gan Morn Ghuat
Tang Chin Fook

14 May 2004

The Board of Directors
Mycron Steel Berhad
Suite 20.03, 20th Floor
Menara MAA
No. 12 Jalan Dewan Bahasa
50460 Kuala Lumpur

Dear Sirs

**CONSOLIDATED CASH FLOW FORECAST
FOR THE YEAR ENDING 31 JANUARY 2005**

We have reviewed the consolidated cash flow forecast of Mycron Steel Berhad ("MSB") for the year ending 31 January 2005 as set out in the accompanying statement (which has been stamped for the purpose of identification) in accordance with the *International Standards on Auditing (ISA 810 - The Examination of Prospective Financial Information)* applicable to the review of forecast. The forecast has been prepared for the inclusion in the Prospectus to be dated 25 May 2004 in connection with the following, and should not be relied on for any other purposes.

- i) Public offer of 44,938,000 new ordinary shares of RM1.00 each at an offer price of RM1.40 per share, and
- ii) Listing of and quotation for the entire enlarged issued and paid-up ordinary share capital of MSB on the Main Board of Bursa Malaysia Securities Berhad.

Our review has been undertaken to enable us to form an opinion as to whether the forecast, in all material respects, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by MSB and its subsidiary, Mycron Steel CRC Sdn Bhd ("MSCRC", *formerly known as Cold Rolling Industry (Malaysia) Sdn Bhd*), together known as "Group" in their respective audited financial statements for the year ended 31 January 2004. The Directors of the Group are solely responsible for the preparation and presentation of the forecast and the assumptions on which the forecast is based.


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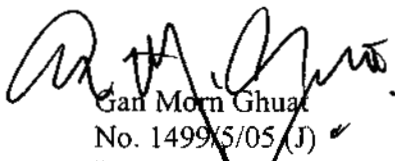
Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared. While information may be available to support the assumptions on which the forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

Nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the cash flow forecast.

In our opinion, the consolidated cash flow forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors.

Yours faithfully


MOORES ROWLAND
No. AF:0539
Chartered Accountants


Gan Morn Ghua
No. 1499/5/05 (J)
Partner

10. FINANCIAL INFORMATION**MYCRON STEEL BERHAD****CONSOLIDATED CASH FLOW FORECAST
FOR THE YEAR ENDING 31 JANUARY 2005**

The Directors of the Group forecast that the consolidated cash flows for the year ending 31 January 2005, based on the assumptions set out below, will be as follows:

	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	300,206
Cash paid to suppliers and employees	(251,946)

Cash generated from operations	48,260
Tax paid	(2,500)

Net cash from operating activities	45,760

CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(169)
Interest received	600

Net cash from investing activities	431

CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment to former holding company	(18,000)
Proceeds from initial public offer	62,913
Payment of estimated listing expenses	(3,000)
Repayment of term loan	(25,000)
Interest paid	(3,696)

Net cash from financing activities	13,217

NET CHANGES IN CASH AND BANK BALANCES	59,408
CASH AND BANK BALANCES BROUGHT FORWARD	6,905

CASH AND BANK BALANCES CARRIED FORWARD	66,313
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The principal bases and assumptions underlying the consolidated cash flow forecast for the year ending 31 January 2005 are set out below. These assumptions are to be read in conjunction with the assumptions underlying the Group's consolidated profit forecast.

General Assumptions

1. The acquisition of MSCRC by MSB was completed on 29 March 2004.
2. Cash receipts from customers are expected to be collected within the normal credit period extended to customers.
3. Payment to suppliers are expected to be paid within the normal credit period extended to the Group.
4. Selling and distribution expenses, administrative and general expenses, finance costs and staff costs will be paid as incurred.
5. Tax payment is expected to be made within the financial year the taxable profits are earned.
6. The gross proceeds of RM62,913,200 will be from the Public Offer of 44,938,000 new ordinary shares of RM1.00 each in MSB at an issue price of RM1.40 per share. The gross proceeds are expected to be received in June 2004 and will be utilised as follows:

	RM'000
Repayment of bank borrowings	25,000
Working capital for the Group	34,913
Estimated listing expenses	3,000

	62,913
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7. A first and final dividend of 7% tax exempt will be declared for the year ending 31 January 2005 and payable in the year ending 31 January 2006.



14 MAY 2004