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**10. RELATED PARTY TRANSACTIONS/CONFLICT OF INTERESTS**

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**10.1 Related Party Transactions****Interest in Similar Business**

None of the other Directors or substantial shareholders of Equator and its Subsidiary Companies have interest, directly or indirectly, in any business carrying on a similar trade as the Company and its Subsidiary Companies.

**10.1.1 Transactions between the Equator Group and the Promoters, Directors of the Equator Group, Substantial Shareholders and/or their Related Parties**

The current interests, directorships and/or shareholdings in other business/corporations of the existing Promoters, Directors of the Equator Group, substantial shareholders and/or their related parties do not give rise to a material conflict of interest situation with the business of the Equator Group. All related party transactions between the Equator Group and the Promoters, Directors of Equator Group, substantial shareholders and/or their related parties are disclosed as follows:

- (i) JJPSB is currently a major supplier of the Equator Group. This arises largely as a result of the arrangement whereby the Equator Group supplies certain young plants to JJPSB to be nurtured and JJPSB will in turn sell the nurtured plants back to the Equator Group.

JJPSB is owned by Koh Yueh Chau, Goh Sau Ming, Ting Ah Hui and Hiang Ah Jeng @ Hiyang Jing. Koh Yueh Chau is the son of Koh Ah Keng, who is the Executive Chairman and substantial shareholder of Equator. Koh Yueh Chau is also the brother of Koh Yueh Leong, a Director and shareholder of Equator and Koh Yueh Lai, a shareholder of Equator. Goh Sau Ming is the nephew of Koh Ah Keng as well as the cousin of Koh Yueh Lai. Koh Yueh Chau and Koh Yueh Leong.

The terms of sale from the Equator Group to JJPSB are no less favourable than the terms of sale which the Equator Group has with its other customers or contract growers. Similarly, the terms of sale from JJPSB to the Equator Group are no less favourable than the terms of sale from other suppliers or contract growers of the Equator Group.

For the ten (10)-month financial period ended 31 October 2004, the transactions between the Equator Group and JJPSB (including the transactions pursuant to the agreement entered into between JJPSB and EBSB referred to in Section 17.6(viii)(f) of this Prospectus) which are in the ordinary course of business, amounted to approximately RM950,228 from the sale of raw material including young and pot plants by JJPSB to the Equator Group and approximately RM1,572,300 from the sale of young plants by the Equator Group to JJPSB. The Board of Equator will ensure that all transactions between the Equator Group and JJPSB will continue to be at arm's length after the Listing.

- (ii) Jeo Jeo Plantation was a major supplier of the Equator Group. This arises largely as a result of the arrangement whereby the Equator Group supplied certain young plants to Jeo Jeo Plantation to be nurtured and Jeo Jeo Plantation in turn sold the nurtured plants back to the Equator Group.

**10. RELATED PARTY TRANSACTIONS/CONFLICT OF INTERESTS** *(cont'd)*

Jeo Jeo Plantation is owned by Koh Yueh Chau and Goh Sau Ming. Koh Yueh Chau is the son of Koh Ah Keng, who is the Executive Chairman and substantial shareholder of Equator. Koh Yueh Chau is also the brother of Koh Yueh Leong, a Director and shareholder of Equator and Koh Yueh Lai, a shareholder of Equator. Goh Sau Ming is the nephew of Koh Ah Keng as well as the cousin of Koh Yueh Lai. Koh Yueh Chau and Koh Yueh Leong. The terms of sale from the Equator Group to Jeo Jeo Plantation were no less favourable than the terms of sale which the Equator Group had with its other customers or contract growers. Similarly, the terms of sale from Jeo Jeo Plantation to the Equator Group were no less favourable than the terms of sale from other suppliers or contract growers of the Equator Group.

For the ten (10)-month financial period ended 31 October 2004, the transactions between the Equator Group and Jeo Jeo Plantation which were in the ordinary course of business, amounted to approximately RM822,919 from the sale of raw material including young and pot plants by Jeo Jeo Plantation to the Equator Group (from 1.1.2004 to 30.6.2004) and approximately RM1,761 from the sale of young plants by the Equator Group to Jeo Jeo Plantation (from 1.1.2004 to 30.6.2004). The agreement pursuant to the above transactions entered into between Jeo Jeo Plantation and EBSB was terminated on 30 June 2004.

- (iii) Joe Tech Trading supplies pots to the Equator Group. Joe Tech Trading is owned by Koh Geok Moi, who is the daughter of Koh Ah Keng, who is the Executive Chairman and substantial shareholder of Equator. Koh Geok Moi is the sister of Koh Yueh Leong, a Director and shareholder of Equator and Koh Yueh Lai, a shareholder of Equator. The terms of sale from Joe Tech Trading to the Equator Group have been in the past no less favourable than the terms of sale from other suppliers of the Equator Group.

For the ten (10)-month financial period ended 31 October 2004, the transactions between the Equator Group and Joe Tech Trading which are in the ordinary course of business amounted to approximately RM376,196 from the sale of pots to the Equator Group. The Board of Equator will ensure that all transactions between the Equator Group and Joe Tech Trading will continue to be at arm's length after the Listing.

- (iv) Le Tech Engineering provides engineering construction services to the Equator Group. Le Tech Engineering is owned by Koh Lian Kiat, who is also the nephew of Koh Ah Keng, who is the Executive Chairman and substantial shareholder of Equator. Koh Lian Kiat is a cousin of Koh Yueh Leong, a Director and shareholder of Equator and Koh Yueh Lai, a shareholder of Equator. The terms of sale from Le Tech Engineering to the Equator Group have been in the past on no less favourable than the terms of sale from other suppliers of the Equator Group.

For the ten (10)-month financial period ended 31 October 2004, the transactions between the Equator Group and Le Tech Engineering which are in the ordinary course of business amounted to approximately RM355,392 from the provision of engineering construction services to the Equator Group. The Board of Equator will ensure that all transactions between the Equator Group and Le Tech Engineering will continue to be at arm's length after the Listing.

**10. RELATED PARTY TRANSACTIONS/CONFLICT OF INTERESTS (cont'd)**

- (v) Chiap Hup is a supplier to the Equator Group and also a substantial shareholder and promoter of Equator. The terms of sale from Chiap Hup to the Equator Group have been in the past no less favourable than the terms of sale from other suppliers of the Equator Group.

For the ten (10)-month financial period ended 31 October 2004, the transactions between the Equator Group and Chiap Hup which are in the ordinary course of business amounted to approximately RM92,928 from the sale of raw materials to the Equator Group. The Board of Equator will ensure that all transactions between the Equator Group and Chiap Hup will continue to be at arm's length after the Listing.

- (vi) Goh King Joua ("GKJ") is a customer of the Equator Group. GKJ is the brother-in-law of Koh Ah Keng; Koh Yueh Leong and Koh Yueh Lai are the nephews of GKJ. Koh Ah Keng is the Executive Chairman and shareholder of Equator. Koh Yuch Leong is the Executive Director and shareholder of Equator whilst Koh Yuch Lai is a shareholder of Equator.

For the ten (10)-month financial period ended 31 October 2004, the transactions between the Equator Group and GKJ which are in the ordinary course of business, amounted to approximately RM773,880 from the purchase of young and pot plants from the Equator Group. The Board of Equator will ensure that all transactions between the Equator Group and GKJ will continue to be at arm's length after the Listing.

The Directors of Equator have no knowledge of any transaction that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which the Company or its Subsidiary Companies was a party in respect of the past one (1) financial year and the subsequent financial period thereof, if any, immediately preceding the date of this Prospectus.

**10.1.2 Contracts or arrangements in which the Promoters, Directors of the Equator Group, Substantial Shareholders of the Equator Group and/or their Related Parties are interested**

Save as disclosed below and in Section 10.1.1 above, none of the Directors of the Equator Group, substantial shareholders and/or their related parties have any interest in any subsisting contract or arrangement, which is significant to the business of the Equator Group as at 15 April 2005 (being the latest practicable date prior to the printing of the Prospectus):

- (i) A joint and several guarantee dated 29 May 2003 by Koh Ah Keng, Koh Yueh Lai and Koh Yueh Leong in favour of OCBC Bank (Malaysia) Berhad for up to RM3.35 million in respect of credit facilities granted to EBSB as more particularly set out in Section 17.6(ix)(b) of this Prospectus.

No.	Interested parties	Nature of interest in the Equator Group	Type of interest in transaction
a)	Koh Ah Keng	Shareholder, Executive Chairman and member of the key management of the Equator Group.	Guarantors for the joint and several guarantee, dated 29 May 2003 for the facilities more particularly set out in Section 17.6(ix)(b) of this Prospectus.
b)	Koh Yueh Lai	Shareholder of Equator.	
c)	Koh Yueh Leong	Shareholder, Executive Director and member of the key management of the Equator Group.	

**10. RELATED PARTY TRANSACTIONS/CONFLICT OF INTERESTS (cont'd)**

- (ii) Two (2) letters of joint and several guarantee, both dated 9 June 2003 by Koh Ah Keng, Koh Yueh Lai, Koh Yueh Leong and Wang Chi-Ti in favour of Malayan Banking Berhad guaranteeing the repayment of all moneys payable by EBSB in respect to the banking facilities as more particularly set out in Section 17.6(ix)(a) of this Prospectus.

No.	Interested parties	Nature of interest in the Equator Group	Type of interest in transaction
a)	Koh Ah Keng	Shareholder, Executive Chairman and member of the key management of the Equator Group.	Guarantors for 2 personal guarantees, both dated 9 June 2003 for the facilities more particularly set out in Section 17.6(ix)(a) of this Prospectus.
b)	Wang Chi-Ti	Shareholder, Director and member of the key management of the Equator Group.	
c)	Koh Yueh Lai	Shareholder of Equator.	
d)	Koh Yueh Leong	Shareholder, Director and member of the key management of the Equator Group.	

- (iii) A joint and several guarantee dated 26 December 2003 by Koh Ah Keng, Koh Yueh Lai and Koh Yueh Leong in favour of OCBC Bank (Malaysia) Berhad for up to RM5.914 million in respect of credit facilities granted to EBSB as more particularly set out in Section 17.6(ix)(b) of this Prospectus.

No.	Interested parties	Nature of interest in the Equator Group	Type of interest in transaction
a)	Koh Ah Keng	Shareholder, Executive Chairman and member of the key management of the Equator Group.	Guarantors for the joint and several guarantee, dated 2 January 2004 for the facilities more particularly set out in Section 17.6(ix)(b) of this Prospectus.
b)	Koh Yueh Lai	Shareholder of Equator.	
c)	Koh Yueh Leong	Shareholder, Director and member of the key management of the Equator Group.	

- (iv) A joint and several guarantee dated 2 December 2004 by Koh Ah Keng, Koh Yueh Lai and Koh Yueh Leong in favour of OCBC Bank (Malaysia) Berhad for up to RM5 million in respect of credit facilities granted to EBSB as more particularly set out in Section 17.6(ix)(b) of this Prospectus.

**10. RELATED PARTY TRANSACTIONS/CONFLICT OF INTERESTS (cont'd)**

No.	Interested parties	Nature of interest in the Equator Group	Type of interest in transaction
a)	Koh Ah Keng	Shareholder, Executive Chairman and member of the key management of the Equator Group.	Guarantors for the joint and several guarantee, dated 2 December 2004 for the facilities more particularly set out in Section 17.6(ix)(b) of this Prospectus.
b)	Koh Yuch Lai	Shareholder of Equator.	
c)	Koh Yuch Leong	Shareholder, Director and member of the key management of the Equator Group.	
(v)	A Letter of Guarantee for Hire Purchase Agreement No. 8-018554223 between Public Finance Berhad and EBSB dated 11 December 2001 by Koh Yuch Lai in respect of the hire purchase facility more particularly set out in Section 17.6(xi)(a) of this Prospectus.		

No.	Interested parties	Nature of interest in the Equator Group	Type of interest in transaction
a)	Koh Yuch Lai	Shareholder of Equator.	Guarantor for an individual guarantee, dated 11 December 2001 for the hire purchase facility more particularly set out in Section 17.6(xi)(a) of this Prospectus.
(vi)	A Letter of Guarantee for Hire Purchase Agreement No. 8-1483296-33 between Public Finance Berhad and EBSB dated 20 November 2002 by Koh Ah Keng in respect of the hire purchase facility more particularly set out in Section 17.6(xi)(b) of this Prospectus.		

No.	Interested parties	Nature of interest in the Equator Group	Type of interest in transaction
a)	Koh Ah Keng	Shareholder, Executive Chairman and member of the key management of the Equator Group.	Guarantor for an individual guarantee, dated 20 November 2002 for the hire purchase facility more particularly set out in Section 17.6(xi)(b) of this Prospectus.

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**10. RELATED PARTY TRANSACTIONS/CONFLICT OF INTERESTS (cont'd)**

- (vii) A Letter of Guarantee for Hire Purchase Agreement No. 016-10-04356-3 between Affin-ACF Finance Berhad and EBSB dated 22 March 2004 by Koh Yueh Leong, Koh Ah Keng and Koh Yueh Lai in respect of the hire purchase facility more particularly set out in Section 17.6(xi)(g) of this Prospectus.

No.	Interested parties	Nature of interest in the Equator Group	Type of interest in transaction
a)	Koh Ah Keng	Shareholder, Executive Chairman and member of the key management of Equator Group.	Guarantors for an individual guarantee, dated 22 March 2004 for the facilities more particularly set out in Section 17.6(xi)(g) of this Prospectus.
b)	Koh Yueh Lai	Shareholder of Equator.	
c)	Koh Yueh Leong	Shareholder, Director and member of the key management of the Equator Group.	

- (viii) Certain Directors of EBSB have made interest free advances to the Equator Group. For the ten (10)-month ended 31 October 2004, the total amount owing by EBSB to its Directors, Koh Yueh Leong and Wang Chi Ti is RM218,111.

- (ix) Pursuant to the agreement dated 25 December 2003 and 5 August 2004 between EBSB and Goh King Joua ("GKJ"), EBSB agreed to appoint GKJ to nurture young plants supplied by EBSB into canes for an initial supply price of RM400,000 and RM800,000 respectively. EBSB agreed to buy back the canes at a price of up to RM1,360,000 and up to RM2,720,000 respectively over a period of up to three (3) years. GKJ is the brother-in-law of Koh Ah Keng; Koh Yueh Leong and Koh Yueh Lai are the nephews of GKJ. Koh Ah Keng is the Executive Chairman and substantial shareholder of Equator; Koh Yueh Leong is the Executive Director and shareholder of Equator whilst Koh Yueh Lai is a shareholder of Equator. The Board of Equator will ensure that all transactions between the Equator Group and GKJ will be at arm's length after the Listing.

**10.1.3 Promotion of Assets**

Save as disclosed in Section 5.3(iii) of this Prospectus, none of the Directors or substantial shareholders of Equator has any interest, direct or indirect, in the promotion of or in any assets acquired or proposed to be acquired or assets disposed or proposed to be disposed or leased to or proposed to be leased to Equator or its Subsidiary Companies within the two (2) years preceding the date of this Prospectus.

**10.2 Declaration of Interests**

Save as disclosed below, there is no conflict of interest between the Equator Group and its Advisers, Reporting Accountants, Solicitors and Independent Market Researcher:

- (i) Avenue has given its confirmation that there are no existing or potential interests or conflict of interests in its capacity as the Adviser, Sponsor, Underwriter and Placement Agent for the Listing.
- (ii) Deloitte has given its confirmation that there are no existing or potential interests or conflict of interests in its capacity as the Reporting Accountants for the Listing.

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**10. RELATED PARTY TRANSACTIONS/CONFLICT OF INTERESTS** *(cont'd)*

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- (iii) Mazlan has given its confirmation that there are no existing or potential interests or conflict of interests in its capacity as the Solicitors for the Listing.
  
- (iv) Infocredit has given its confirmation that there are no existing or potential interests or conflicts of interest in its capacity as the Independent Market Researcher for the Listing.

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## 11. OTHER INFORMATION ON THE EQUATOR GROUP

### 11.1 APPROVALS, MAJOR LICENCES AND PERMITS OBTAINED

Save as disclosed below, the Group does not hold any regulatory licences or permits.

#### (i) Approval for Listing

Equator's Listing is subject to the approval from the following authorities:

- (a) SC, of which approval was obtained on 27 January 2005;
- (b) Bursa Securities, of which approval was obtained on 27 January 2005; and
- (c) FIC, of which approval was obtained on 27 January 2005.

The approvals were subject to the conditions as set out in Section 8 of this Prospectus.

#### (ii) Major Licences and Permits

Presently, apart from the usual business licence, the Company's business activities which involve the import and export of plants and other agricultural materials require certain of the following special permits/licences.

- (a) Phytosanitary Certificate issued by the Department of Agriculture, Ministry of Agriculture and Agro-based Industry is required for the export of agricultural commodities including the products of the Equator Group to countries which are signatories to the Convention on International Trade in Endangered Species of Wild Fauna and Flora ("CITES"). The Phytosanitary Certificate is issued by the Department of Agriculture after the inspection of the products and is valid for that specific consignment for a limited period.
- (b) Export Licence issued by the Department of Agriculture, Ministry of Agriculture and Agro-based Industry is also required for the export of plants or plant parts which can be propagated. The Export Licence, when issued, is endorsed on the "Declaration of Goods" to be exported and is valid for that specific consignment for a limited period.
- (c) CITES Permit is required for the export of certain plants including the products of the Equator Group to countries which are parties to the said convention. The CITES Permit issued by the Department of Agriculture after the inspection of the products and is valid for that specific consignment for a limited period.

**Note:**

*Majlis Daerah Kulai had vide their letter dated 1 February 2005 confirmed that no business licence is required in respect of the Layang Nursery, Palm Nursery and Banana Nursery as the premises concerned are not within their jurisdiction.*



**11. OTHER INFORMATION ON THE EQUATOR GROUP (cont'd)****11.2 LANDED PROPERTIES OF THE EQUATOR GROUP**

11.2.1 The details of the landed properties of the Equator Group as at the date of this Prospectus are set out below:

No.	Registered owner/ Title No./Location	Approx. Land Area/ Tenure/ Expiry Date	Approx. Built-up Area/ Age of Building	Description/ Existing Use	Conditions/ Restrictions on land	Date of Acquisition/ Purchase Consideration **	Net book value as at 31 December 2003 (At cost) RM	Existing Encumbrance(s)
	<i>Bukit Mor Nursey</i>							
	<i>Lot 3219, Jalan Bukit Mor</i>							
	<i>84150 Parit Jawa</i>							
	<i>Johor Darul Takzim</i>							
1	EBSB/ GM2456 Lot 3216, Mukim Parit Jawa, District of Muar, Johor Darul Takzim	0.5868 hectares/ Freehold	Nil	Agricultural	Condition: Nursery. Landowner shall at all times take steps as directed by the Land Administrator to guard the land against erosion. Restrictions: Not stated	11.02.2004/ ^^^	82,349 <sup>9</sup>	Charged to OCBC Bank (Malaysia) Berhad vide Pres. Nos. 849/2004, 850/2004, 851/2004, 852/2004 & 853/2004 (all on 11.02.2004), 7449/2004 and 7450/2004 (both on 08.12.2004)
2	EBSB/GM2458 Lot 3218, Mukim Parit Jawa, District of Muar, Johor Darul Takzim	1.4239 hectares/ Freehold	Nil	Agricultural	Condition: Nursery. Landowner shall at all times take steps as directed by the Land Administrator to guard the land against erosion. Restrictions: Not stated	11.02.2004/ ^^^	200,313 <sup>9</sup>	Charged to OCBC Bank (Malaysia) Berhad vide Pres. Nos. 849/2004, 850/2004, 851/2004, 852/2004 & 853/2004 (all on 11.02.2004), 7449/2004 and 7450/2004 (both on 08.12.2004)

## 11. OTHER INFORMATION ON THE EQUATOR GROUP (cont'd)

No.	Registered owner/ Title No./Location	Approx. Land Area/ Tenure/ Expiry Date	Approx. Built-up Area/ Age of Building	Description/ Existing Use	Conditions/ Restrictions on land	Date of Acquisition/ Purchase Consideration **	Net book value as at 31 December 2003 (At cost) RM	Existing Encumbrance(s)
3	EBSB/GM1347 Lot 3235, Mukim Parit Jawa, District of Muar, Johor Darul Takzim	2.0083 hectares/ Freehold	Nil	Agricultural	Condition: Nursery. Landowner shall at all times take steps as directed by the Land Administrator to guard the land against erosion. Restrictions: Not stated	11.02.2004/ RM277,900	282,796 <sup>0</sup>	Charged to OCBC Bank (Malaysia) Berhad vide Pres. Nos. 849/2004, 850/2004, 851/2004, 852/2004 & 853/2004 (all on 11.02.2004) and 7449/2004 & 7450/2004 (both on 08.12.2004)
4	EBSB/GM1349 Lot 3237, Mukim Parit Jawa, District of Muar, Johor Darul Takzim	0.736 hectares/ Freehold	Nil	Agricultural	Condition: Nursery. Landowner shall at all times take steps as directed by the Land Administrator to guard the land against erosion. Restrictions: Not stated	11.02.04/^^^	103,220 <sup>0</sup>	Charged to OCBC Bank (Malaysia) Berhad vide Pres. Nos. 849/2004, 850/2004, 851/2004, 852/2004 & 853/2004 (all on 11.02.2004) and 7449/2004 & 7450/2004 (both on 08.12.2004)
5	EBSB/GM2459 Lot 3219, Mukim Parit Jawa, District of Muar, Johor Darul Takzim	2.6026 hectares/ Freehold	Nil	Agricultural	Condition: Nursery. Landowner shall at all times take steps as directed by the Land Administrator to guard the land against erosion. Restrictions: Not stated	05.03.2003/ RM373,012.50	373,014	Charged to OCBC Bank (Malaysia) Berhad vide Pres. Nos. 800/2004, 801/2004, 802/2004, 803/2004 & 804/2004 (all on 11.02.2004) and 7445/2004 & 7446/2004 (both on 08.12.2004)

## 11. OTHER INFORMATION ON THE EQUATOR GROUP (cont'd)

No.	Registered owner/ Title No./Location <i>Layang Nursery</i> <i>Lot 1039, Jalan Kampung Murni Jaya</i> <i>81850 Layang-Layang Johor Darul Takzim</i>	Approx. Land Area/ Tenure/ Expiry Date	Approx. Built-up Area/ Age of Building	Description/ Existing Use	Conditions/ Restrictions on land	Date of Acquisition/ Purchase Consideration **	Net book value as at 31 December 2003 (At cost) RM	Existing Encumbrance(s)
6	EBSB/GM 355 Lot 11, Tempat Teh Wah Heng, Mukim Sedenak, District of Kulai, Johor Darul Takzim	3.3285 hectares/ Freehold	Nil	Agricultural	Conditions: Nursery. Landowner shall at all times take steps as directed by the Land Administrator to guard the land against erosion. Restrictions: Not stated	16.06.2003/ RM723,800	765,685	Charged to Malayan Banking Berhad vide Pres No. 317/2003 and 318/2003 on 16.06.2003
7	EBSB/HS (M) 1013 Lot 12, Tempat Layang-Layang, Mukim Sedenak, District of Kulai, Johor Darul Takzim	3.7383 hectares/ Freehold	Nil	Agricultural/ nursery	Condition: Nursery. Landowner shall at all times take steps as directed by the Land Administrator to guard the land against erosion. Restrictions: This land cannot be sold, charged, encumbered, leased or transferred in any manner whatsoever without the prior approval of the State	16.06.2003/ RM812,900	839,912	Charged to Malayan Banking Berhad vide Pres No. 317/2003 and 318/2003 on 16.06.2003

**11. OTHER INFORMATION ON THE EQUATOR GROUP (cont'd)**

No.	Registered owner/ Title No./Location	Approx. Land Area/ Tenure/ Expiry Date	Approx. Built-up Area/ Age of Building	Description/ Existing Use	Conditions/ Restrictions on land Authorities	Date of Acquisition/ Purchase Consideration **	Net book value as at 31 December 2003 (At cost) RM	Existing Encumbrance(s)
8	EBSB/GM 273 Lot 13, Tempai Sungai Siam, Mukim Sedenak, District of Kulai, Johor Darul Takzim	6.0273 hectares/ Freehold	Nil	Agricultural/ nursery	Condition: Nursery. Landowner shall at all times take steps as directed by the Land Administrator to guard the land against erosion. Restrictions: Not stated	16.06.2003/ RM1,310,650	1,393,230	Charged to Malayan Banking Berhad vide Pres No. 317/2003 and 318/2003 on 16.06.2003
9	EBSB/CT 17392 Lot 1039, Mukim Sedenak, Johor Darul Takzim**	30.2503 hectares/ Freehold	Office (256 sq.m. <sup>2</sup> /5 years)	Agricultural/ nursery	Conditions: Only cultivation of oil palm is permitted. Less than 2 acres of the land is allowed for building Restrictions: Not stated	11.03.1997	2,786,056	Charged to OCBC Bank (Malaysia) Berhad vide Pres. Nos. Pres No. 32870/03 and 32871/03 both on 05.06.2003 and Pres Nos. 5857/2004, 5858/2004, 5859/2004, 5860/2004 all on 27.01.2004

## 11. OTHER INFORMATION ON THE EQUATOR GROUP (cont'd)

No.	Registered owner/ Title No./Location	Approx. Land Area/ Tenure/ Expiry Date	Approx. Built-up Area/ Age of Building	Description/ Existing Use	Conditions/ Restrictions on land	Date of Acquisition/ Purchase Consideration **	Net book value as at 31 December 2003 (At cost) RM	Existing Encumbrance(s)
	<i>Muar, Nursery:</i>							
	<i>SSD682, Sungai Sudah Darat</i>							
	<i>83000 Batu Pahat</i>							
	<i>Johor Darul Takzim</i>							
10	FBSB/ GM4604 Lot 2207, Mukim Sungai Balang, District of Muar, Johor Darul Takzim	3.2071 hectares/ Freehold	Nil	Agricultural/ nursery	Condition: Nursery. Landowner shall at all times take steps as directed by the Land Administrator to guard the land against erosion. Restrictions: Not stated	14.02.1995	152,794	Charged to OCBC Bank (Malaysia) Berhad vide Pres. Nos. 830/2004, 831/2004, 832/2004, 833/2004 & 834/2004 (all on 11.02.2004) and 7447/2004 & 7448/2004 (both on 08.12.2004)
11	FBSB/ GM4605 Lot 2209, Mukim Sungai Balang, District of Muar, Johor Darul Takzim	3.0427 hectares/ Freehold	Nil	Agricultural/ nursery	Condition: Nursery. Landowner shall at all times take steps as directed by the Land Administrator to guard the land against erosion. Restrictions: Not stated	14.02.1995	144,961	Charged to OCBC Bank (Malaysia) Berhad vide Pres. Nos. 830/2004, 831/2004, 832/2004, 833/2004 & 834/2004 (all on 11.02.2004) and 7447/2004 & 7448/2004 (both on 08.12.2004)

## 11. OTHER INFORMATION ON THE EQUATOR GROUP (cont'd)

No.	Registered owner/ Title No./Location	Approx.		Description/ Existing Use	Conditions/ Restrictions on land	Date of Acquisition/ Purchase Consideration **	Net book value as at 31 December 2003 (At cost)	Existing Encumbrance(s)
		Land Area/ Tenure/ Expiry Date	Built-up Area/ Age of Building					
12	EBSB/ GM4606 Lot 2210, Mukim Sungai Balang, District of Muar, Johor Darul Takzim	1.897 hectares/ Freehold	Nil	Agricultural/ nursery	Condition: Nursery. Landowner shall at all times take steps as directed by the Land Administrator to guard the land against erosion. Restrictions: Not stated	14.02.1995	RM 90,376	Charged to OCBC Bank (Malaysia) Berhad vide Pres. Nos. 830/2004, 831/2004, 832/2004, 833/2004 & 834/2004 (all on 11.02.2004) and 7447/2004 & 7448/2004 (both on 08.12.2004)
13	EBSB/ GM1310 Lot 2280, Mukim Sungai Balang, District of Muar, Johor Darul Takzim	2.4838 hectares/ Freehold	Nil	Agricultural	Condition: Nursery. Landowner shall at all times take steps as directed by the Land Administrator to guard the land against erosion. Restrictions: Not stated	13.09.1995	89,067	Charged to OCBC Bank (Malaysia) Berhad vide Pres. Nos. 830/2004, 831/2004, 832/2004, 833/2004 & 834/2004 (all on 11.02.2004) and 7447/2004 & 7448/2004 (all on 08.12.2004)
14	EBSB/ GM4644 Lot 2287, Mukim Sungai Balang, District of Muar, Johor Darul Takzim	1.2368 hectares/ Freehold	Nil	Agricultural	Condition: Nursery. Landowner shall at all times take steps as directed by the Land Administrator to guard the land against erosion. Restrictions: Not stated	13.09.1995	44,351	Charged to OCBC Bank (Malaysia) Berhad vide Pres. Nos. 830/2004, 831/2004, 832/2004, 833/2004 & 834/2004 (all on 11.02.2004) and 7447/2004 & 7448/2004 (both on 08.12.2004)

## 11. OTHER INFORMATION ON THE EQUATOR GROUP (cont'd)

No.	Registered owner/ Title No./Location	Approx. Land Area/ Tenure/ Expiry Date	Approx. Built-up Area/ Age of Building	Description/ Existing Use	Conditions/ Restrictions on land	Date of Acquisition/ Purchase Consideration **	Net book value as at 31 December 2003 (At cost) RM	Existing Encumbrance(s)
15	EBSB/ GM4645 Lot 2288, Mukim Sungai Balang, District of Muar, Johor Darul Takzim	1.3481 hectares/ Freehold	Nil	Agricultural	Condition: Nursery. Landowner shall at all times take steps as directed by the Land Administrator to guard the land against erosion. Restrictions: Not stated	13.09.1995	48,342	Changed to OCBC Bank (Malaysia) Berhad vide Pres. Nos. 830/2004, 831/2004, 832/2004, 833/2004 & 834/2004 (all on 11.02.2004) and 7447/2004 & 7448/2004 (both on 08.12.2004)
16	EBSB/ GM4646 Lot 2289, Mukim Sungai Balang, District of Muar, Johor Darul Takzim	1.3001 hectares/ Freehold	Nil	Agricultural	Condition: Nursery. Landowner shall at all times take steps as directed by the Land Administrator to guard the land against erosion. Restrictions: Not stated	13.09.1995	46,621	Changed to OCBC Bank (Malaysia) Berhad vide Pres. Nos. 830/2004, 831/2004, 832/2004, 833/2004 & 834/2004 (all on 11.02.2004) and 7447/2004 & 7448/2004 (both on 08.12.2004)
17	EBSB/ GM4647 Lot 2290, Mukim Sungai Balang, District of Muar, Johor Darul Takzim	1.3962 hectares/ Freehold	Nil	Agricultural	Condition: Nursery. Landowner shall at all times take steps as directed by the Land Administrator to guard the land against erosion. Restrictions: Not stated	13.09.1995	50,067	Changed to OCBC Bank (Malaysia) Berhad vide Pres. Nos. 830/2004, 831/2004, 832/2004, 833/2004 & 834/2004 (all on 11.02.2004) and 7447/2004 & 7448/2004 (both on 08.12.2004)

**11. OTHER INFORMATION ON THE EQUATOR GROUP (cont'd)**

No.	Registered owner/ Title No./Location	Approx. Land Area/ Tenure/ Expiry Date	Approx. Built-up Area/ Age of Building	Description/ Existing Use	Conditions/ Restrictions on land	Date of Acquisition/ Purchase Consideration **	Net book value as at 31 December 2003 (At cost) RM	Existing Encumbrance(s)
18	EBSB/ GM4648 Lot 2291, Mukim Sungai Balang, District of Muar, Johor Darul Takzim	1.4113 hectares/ Freehold	Nil	Agricultural	Condition: Nursery. Landowner shall at all times take steps as directed by the Land Administrator to guard the land against erosion. Restrictions: Not stated	13.09.1995	50,608	Charged to OCBC Bank (Malaysia) Berhad vide Pres. Nos. 830/2004, 831/2004, 832/2004, 833/2004 & 834/2004 (all on 11.02.2004) and 7447/2004 & 7448/2004 (both on 08.12.2004)
19	EBSB/GM4649 Lot 2292, Mukim Sungai Balang, District of Muar, Johor Darul Takzim	2.7468 hectares/ Freehold	Nil	Agricultural	Condition: Nursery. Landowner shall at all times take steps as directed by the Land Administrator to guard the land against erosion. Restrictions: Not stated	13.09.1995	98,500	Charged to OCBC Bank (Malaysia) Berhad vide Pres. Nos. 830/2004, 831/2004, 832/2004, 833/2004 & 834/2004 (all on 11.02.2004) and 7447/2004 & 7448/2004 (both on 08.12.2004)
20	EBSB GM972 Lot 2208, Mukim Sungai Balang, District of Muar, Johor Darul Takzim *	3.1388 hectares (the whole land)/ EBSB's portion is 2.3541 hectares/ Freehold	Nil	Agricultural/ nursery	Condition: Only cultivation of coconut is permitted. Landowner shall at all times take steps as directed by the Land Administrator to guard the land against erosion. Restrictions: Not stated	25.01.1995	112,148	Nil



## II. OTHER INFORMATION ON THE EQUATOR GROUP (cont'd)

No.	Registered owner/ Title No./Location <i>Vacant building land</i>	Approx. Land Area/ Tenure/ Expiry Date	Approx. Built-up Area/ Age of Building	Description/ Existing Use	Conditions/ Restrictions on land	Date of Acquisition/ Purchase Consideration **	Net book value as at 31 December 2003 (At cost) RM	Existing Encumbrance(s)
21	MSB/ HS(D) 4051 PT 324, Mukim Pegoh, District of Alor Gajah, Melaka °.	755 sq. m. /99 year lease expiring 18.12.2094	Nil	Building land	Condition: For residential dwelling only Restrictions: This land cannot be transferred or leased without the prior approval of the State Authority. The First Purchaser is exempted from this restriction.	14.03.1995	115,234	Nil

Save for the properties listed above, there was no other transaction involving the purchase of the property other than that listed above during the past two (2) years preceding the date of this Prospectus.

**11. OTHER INFORMATION ON THE EQUATOR GROUP (cont'd)**

**Notes:**

- \* *The Equator Group has applied to the relevant state authorities to seek their consent to change the express condition of these lands to allow the Group to carry on their cultivation of ornamental plants on the said lands. The requisite approvals are still pending.*
- " *By a letter dated 1 February 2005, the Majlis Daerah Kulai confirmed that no certificate of fitness for occupation was required for the office as the land concerned is not within the jurisdiction of Majlis Daerah Kulai.*
- ' *All the dates of the acquisitions are dates in which the lands were presented for transfer save for this land which reflects the date of the deed of assignment.*
- " *The date of the acquisition of this property is as reflected by the date of the deed of assignment.*
- ø *The net book value reflected for these lands were derived from the respective costs of acquisition of the same.*
- \*\* *The purchase considerations as set out are only applicable for the properties acquired within two (2) years preceding the issuance of this Prospectus.*
- ∞ *These three (3) pieces of land were purchased by EBSB for the total purchase consideration of RM380,007.00. The sale and purchase agreement for the said land is more particularly described in Section 17.5(vii) of this Prospectus.*

## 12. FINANCIAL INFORMATION

### 12.1 HISTORICAL FINANCIAL INFORMATION

#### 12.1.1 Proforma Consolidated Results

The following sets out a summary of the proforma consolidated audited results of the Equator Group for the past five (5) financial years ended 31 December 1999 to 2003 and for the ten (10)-month financial period ended 31 October 2004, prepared on the assumption that the current Equator Group structure has been in existence throughout the years under review. The proforma consolidated profit records should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 13 of this Prospectus.

	Financial Year Ended 31 December					10-month period ended
	1999	2000	2001	2002	2003	31 October 2004
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	3,077	4,415	4,816	14,093	18,904	23,741
Profit before interest, tax, depreciation and amortisation	293	131	727	5,407	6,426	8,479
Depreciation of property, plant and equipment	(106)	(121)	(157)	(178)	(409)	(542)
Amortisation of:						
- Plantation development expenditure	-	-	-	(600)	(687)	(583)
- Deferred expenditure	(6)	(6)	(6)	(3)	-	-
- Goodwill	(42)	(42)	(42)	(42)	(42)	(36)
Finance costs	(281)	(250)	(202)	(167)	(299)	(495)
Income from other investments	-	-	-	-	-	-
Profit/(Loss) before exceptional items and minority interests	(142)	(288)	320	4,417	4,989	6,823
Exceptional items	-	-	-	-	-	-
Profit/(Loss) before taxation and minority interests	(142)	(288)	320	4,417	4,989	6,823
Taxation	(26)	55	(116)	(1,019)	(1,438)	(1,327)
Profit/(Loss) after taxation but before minority interests	(168)	(233)	204	3,398	3,551	5,496
Minority interests	-	-	-	-	-	-
Profit/(Loss) after taxation and minority interests	(168)	(233)	204	3,398	3,551	5,496
No. of ordinary shares assumed to be in issue ('000)	175,008	175,008	175,008	175,008	175,008	175,008
Gross EPS (loss per share) (sen)	(0.08)	(0.16)	0.18	2.52	2.85	3.9
Net EPS:(loss per share) (sen)	(0.10)	(0.13)	0.12	1.94	2.03	3.14

**12. FINANCIAL INFORMATION (cont'd)***Notes:*

- (i) The results of Equator have been included in 2004 only as its first set of audited financial statements is prepared from 28 January 2004 (date of incorporation) to 31 October 2004.
- (ii) It is assumed that MSB is a wholly-owned subsidiary of Equator since 1 January 1998. MSB was acquired by EBSB in 2001.
- (iii) Gross EPS and net EPS are based on proforma profit before taxation and proforma net profit respectively over the number of ordinary shares assumed to be issued pursuant to the Acquisition of EBSB.
- (iv) The proforma consolidated results of the Equator Group have been prepared based on audited financial statements of EBSB Group and MSB after making relevant adjustments as we considered appropriate for the respective financial years as follows:

	Financial year ended 31 December					10-month period ended 31 October
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
<i>Revenue as stated in audited financial statements of</i>						
- EBSB	2,254	4,561	7,747	14,093	18,904	23,741
- MSB	2,846	1,871	-	-	-	-
<i>Adjustments for inter-company transactions:</i>						
<i>Eliminated between EBSB and MSB</i>	(2,023)	(1,660)	-	-	-	-
<i>Previously not eliminated in the financial statements</i>	-	(357)	(2,931)	-	-	-
<b>Adjusted revenue</b>	<b>3,077</b>	<b>4,415</b>	<b>4,816</b>	<b>14,093</b>	<b>18,904</b>	<b>23,741</b>
<i>Other operating expenses as stated in audited financial statements of:</i>						
- EBSB	3,742	4,206	7,938	3,024	12,797	13,418
- MSB	797	1,362	-	-	-	-
- Equator	-	-	-	-	-	4
<i>Adjustments for of inter-company transactions:</i>						
<i>Eliminated between EBSB and MSB</i>	(2,023)	(1,660)	-	-	-	-
<i>Previously not eliminated in the financial statements</i>	-	(357)	(2,931)	-	-	-
<b>Adjusted other operating expenses</b>	<b>2,516</b>	<b>3,551</b>	<b>5,007</b>	<b>3,024</b>	<b>12,797</b>	<b>13,422</b>

## 12. FINANCIAL INFORMATION (cont'd)

	Financial year ended 31 December					10-month period ended 31 October 2004
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	RM'000
<i>Income tax expense as stated in audited financial statements of:</i>						
- EBSB Group	-	-	(70)	(916)	(1,438)	(1,327)
- MSB	-	-	-	-	-	-
<i>Adjustments to recognise deferred tax assets of MSB in the respective years in accordance to MASB 25, Income Taxes</i>	(26)	55	(46)	(103)	-	-
<i>Adjusted income tax credit (expense)</i>	(26)	55	(116)	(1,019)	(1,438)	(1,327)

(v) (a) The increase in revenue derived from export market in European countries and Asia Pacific region was due to increase in demand for products such as "cycas" and "sansevieria". As represented by management, these products were reported to have proven therapeutic effects.

(b) Loss before taxation was recorded for 1999 and 2000 due to cost incurred on the initial planting activities in order to achieve mass cultivation scale. Profit before taxation was recorded in subsequent financial years under review due to increase in revenue.

(c) Income tax credit in 2000 represents deferred tax credit of MSB. In 2001, the effective tax rate was higher than the statutory income tax rate mainly due to interest expense of MSB restricted under Section 33(2) of Income Tax Act, 1967 which were not deductible for tax purposes. The lower effective tax rate in 2002 was due to certain non-assessable income of EBSB. In 2004, the effective tax rate was lower than the statutory income tax rate mainly due to certain temporary differences were not recognised as it will not reverse in the foreseeable future.

(vi) Segment Reporting

*Geographical segments*

The Proforma Group's operations are located in Malaysia and The Netherlands. The Proforma Group's cultivation activity is located in Malaysia, whereas the marketing activity is located in Malaysia and The Netherlands.

For management purposes, the Proforma Group is organised into the following geographical market based on location of customers:

- Malaysia
- Other Asia Pacific Region
- European countries

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**12. FINANCIAL INFORMATION (cont'd)**

	Financial year ended 31 December				10-month period ended 31 October	
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
<b>Revenue</b>						
<i>External sales:</i>						
Malaysia	414	904	608	1,146	2,096	2,184
Other Asia Pacific region	777	748	1,035	7,749	7,547	11,020
European countries	1,886	2,763	3,173	5,198	9,261	10,537
<i>Inter-segment sales:</i>						
Malaysia	1,412	1,017	1,917	3,088	1,494	67
Other Asia Pacific region	-	-	-	-	-	-
European countries	970	1,928	2,825	3,896	9,262	4,899
<b>Total revenue</b>	<b>5,459</b>	<b>7,360</b>	<b>9,558</b>	<b>21,077</b>	<b>29,660</b>	<b>28,707</b>
<b>Elimination</b>	<b>(2,382)</b>	<b>(2,945)</b>	<b>(4,742)</b>	<b>(6,984)</b>	<b>(10,736)</b>	<b>(4,966)</b>
<b>Consolidated</b>	<b>3,077</b>	<b>4,415</b>	<b>4,816</b>	<b>14,093</b>	<b>18,904</b>	<b>23,741</b>
<b>Results</b>						
<i>Segment result:</i>						
Other Asia Pacific region	482	40	1,101	6,058	9,042	5,140
European countries	(301)	(36)	(537)	(1,062)	(1,021)	636
	181	4	564	4,996	8,021	5,776
Elimination	(42)	(42)	(42)	(412)	(2,733)	1,542
<b>Profit/(Loss) from operation</b>	<b>139</b>	<b>(38)</b>	<b>522</b>	<b>4,584</b>	<b>5,288</b>	<b>7,318</b>
<b>Finance costs</b>	<b>(281)</b>	<b>(250)</b>	<b>(202)</b>	<b>(167)</b>	<b>(299)</b>	<b>(495)</b>
<b>Profit/(Loss) before tax</b>	<b>(142)</b>	<b>(288)</b>	<b>320</b>	<b>4,417</b>	<b>4,989</b>	<b>6,823</b>
<b>Income tax credit (expense)</b>	<b>(26)</b>	<b>55</b>	<b>(116)</b>	<b>(1,019)</b>	<b>(1,438)</b>	<b>(1,327)</b>
<b>Profit/(Loss) after tax</b>	<b>(168)</b>	<b>(233)</b>	<b>204</b>	<b>3,398</b>	<b>3,551</b>	<b>5,496</b>
<b>Other Information</b>						
<i>Depreciation of property, plant and equipment</i>						
Malaysia	77	81	110	131	367	525
European Countries	29	40	47	47	42	17
<i>Amortisation of plantation development expenditure:</i>						
Malaysia	-	-	-	600	687	553
<i>Amortisation of deferred expenditure:-</i>						
Malaysia	5	5	5	-	-	-
European Countries	1	1	1	3	-	-

There is no disclosure of business segment information as the Proforma Group operates principally within one industry.

(vii) All significant intercompany transactions are eliminated on consolidation.

(viii) There were no exceptional or extraordinary items in all the financial years/period under review.

**12. FINANCIAL INFORMATION** (cont'd)**12.1.2 Segmental Analysis of Revenue and PBT**

The segmental analysis of revenue and PBT of the Equator Group by the individual Subsidiary Companies is as follows:

**(i) Analysis of Revenue by Subsidiary Companies**

	< ----- Year ended 31 December ----- >					10-month period ended 31 October 2004
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	RM'000
<b>Revenue</b>						
Equator	-	-	-	-	-	-
EBSB	676	2,325	3,514	11,972	18,456	18,165
EPBV	1,937	3,164	3,841	5,198	9,149	10,467
MSB	2,846	1,871	2,203	3,907	2,055	75
Less:						
Elimination	(2,382)	(2,945)	(4,742)	(6,984)	(10,756)	(4,966)
<b>Consolidated</b>	<b>3,077</b>	<b>4,415</b>	<b>4,816</b>	<b>14,093</b>	<b>18,904</b>	<b>23,741</b>

**(ii) Analysis of PBT by Subsidiary Companies**

	< ----- Year ended 31 December ----- >					10-month period ended 31 October 2004
	1999 RM'000	2004 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	RM'000
<b>Profit/(Loss) Before Taxation</b>						
Equator	-	-	-	-	-	(4)
EBSB	119	(103)	806	5,633	7,419	4,655
EPBV	(307)	(42)	(537)	(1,073)	(1,021)	618
MSB	88	(101)	93	269	1,324	12
Less:						
Elimination	(42)	(42)	(42)	(412)	(2,733)	1,542
<b>Consolidated</b>	<b>(142)</b>	<b>(288)</b>	<b>320</b>	<b>4,417</b>	<b>4,989</b>	<b>6,823</b>

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## **12. FINANCIAL INFORMATION** *(cont'd)*

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### **12.1.3 Factors Affecting Financial Performance, Position and Operations of the Equator Group**

As at 15 April 2005 (being the latest practicable prior to the registration of this Prospectus), performance, position and operations of the Equator Group are not materially affected by any of the following:

- (i) Known trends, demands, commitments, events or uncertainties that have had or that are reasonably likely to have a material favourable or unfavourable impact on financial performance, position and operations of the Company and/or the Group;
- (ii) Material commitments for capital expenditures;
- (iii) Unusual or infrequent events or transactions or any significant economic changes that materially affect the financial performance, position and operations of the Company and/or the Equator Group;
- (iv) Substantial increase in revenue; and
- (v) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

## **12.2 MATERIAL LITIGATION, MATERIAL COMMITMENT, BORROWINGS, CONTINGENT LIABILITIES AND WORKING CAPITAL**

### **12.2.1 Material Litigation**

As at 15 April 2005 (being the latest practicable date prior to the registration of this Prospectus), neither Equator nor its Subsidiary Companies are engaged in any material litigation either as plaintiff or defendant which has a material effect on the financial position of Equator or any of its Subsidiary Companies and the Directors of the Company have no knowledge of any proceedings pending or threatened against the Company and its Subsidiary Companies or of any facts likely to give rise to any proceedings which might materially affect the position and business of the Company and its Subsidiary Companies.

### **12.2.2 Material Commitment**

As at 15 April 2005 (being the latest practicable date prior to the registration of this Prospectus), save as disclosed below, there is no other material commitment in respect of acquisition of land and building, plant and machinery and other fixed assets.



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**12. FINANCIAL INFORMATION (cont'd)**


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**12.2.3 Borrowings**

As at 15 April 2005 (being the latest practicable date prior to the registration of this Prospectus), the total outstanding borrowings of the Equator Group from financial institutions amounted to approximately RM13.42 million comprising the following:

	<b>Amount Outstanding RM'000</b>
<b>Short term (interest bearing)</b>	
Term loan (due within next 12 months)	1,725
Trade financing	5,692
Hire-purchase (due within next 12 months)	72
Overdraft	962
	<hr/> 8,451
<b>Long term (interest bearing)</b>	
Term Loan	4,885
Hire-purchase	83
	<hr/> 4,968
<b>Total</b>	<hr/> <hr/> 13,419

The Directors of Equator confirm that there has been no default on payments of either interest and/or principal sums in respect of any borrowings throughout the past one (1) financial year ended 31 December 2003 up to 15 April 2005, being the latest practicable date prior to the registration of this Prospectus.

**12.2.4 Contingent Liabilities**

As at 15 April 2005 (being the last practicable date prior to the registration of this Prospectus), the Directors of Equator are not aware of any contingent liabilities which, upon their becoming enforceable, may have a material impact on the profit or net assets value of the Group.

**12.2.5 Working Capital**

The Directors of Equator are of the opinion that after taking into account the Equator Group's cash flow position and banking facilities available to the Equator Group, the Equator Group will have adequate working capital for the period of 12-month from the date of issue of this Prospectus.

**12. FINANCIAL INFORMATION** *(cont'd)***12.3 FUTURE FINANCIAL INFORMATION****12.3.1 Consolidated Profit Estimate**

The Directors of Equator estimate that, the consolidated profit estimate of the Equator Group for the financial year ended 31 December 2004 will be as follows:

<b>Financial year ended 31 December 2004</b>	<b>Estimate RM'000</b>
Revenue	28,387
Consolidated profit before taxation and pre-acquisition profit	7,778
Less: Taxation	(1,657)
Consolidated profit after taxation but before pre-acquisition profit and minority interests	6,121
Less: Minority interests	-
Consolidated profit after taxation but before pre-acquisition profit	6,121
Less: Pre-acquisition profit <sup>a</sup>	(6,121)
Consolidated profit attributable to shareholders	-
 <i>Based on enlarged issued and paid-up share capital:</i>	
Net EPS <sup>b</sup> (sen)	2.60
Net PE Multiple (based on issue price of RM0.50 per Share) (times)	19.23

**Notes:**

*The consolidated profit estimate has been prepared on bases and accounting policies consistent with those previously adopted by the Equator Group.*

- a Equator was incorporated on 28 January 2004 and the Acquisition of EBSB was completed on 25 March 2005. Therefore, the pre-acquisition profit relates to period from 1 January 2004 to 31 December 2004.*
- b Based on the consolidated profit after taxation but before pre-acquisition profit and the enlarged issued and paid-up share capital of 235,008,000 Equator Shares.*

The consolidated profit estimate after taxation and pre-acquisition profit of the Equator Group for the financial year ended 31 December 2004 has been prepared based on the Directors' assessment of the present economic and operating conditions and a number of best estimate assumptions regarding future events and actions which, at the date the consolidated profit estimate was prepared, the Directors expect to take place. These future events may or may not take place. An estimate, by its very nature, is subject to uncertainties and unexpected events, many of which may be outside the control of the Group and its Directors. Also, events and circumstances often do not occur as anticipated and therefore actual results are likely to differ from the estimate results, and the difference may be material.

**12. FINANCIAL INFORMATION** *(cont'd)*

The principal bases and assumptions upon which the consolidated profit estimate has been made are as follows:

- (a) The prevailing economic and political environment in Malaysia and elsewhere will continue and will not have significant adverse effects on the proforma Group's activities to be conducted at estimated level.
- (b) There will be no material changes in present legislation and government regulations and guidelines of regulatory authorities, which will significantly affect the proforma Group's activities or the overseas market in which it operates.
- (c) There will not be any material fluctuation in inflation rates and exchange rates of foreign currencies against the Ringgit Malaysia ("RM") which would adversely affect the activities and operations of the proforma Group.
- (d) The Euro dollar exchange rate assumed for the purpose of profit estimate will not be materially different from the following:  
Selling and buying      Euro1.00 : RM5.17
- (e) Existing financing facilities will remain available and that the level of interest rates will not change materially from those presently prevailing. Additional financing facilities will be obtained at the present prevailing interest rates.
- (f) There will be no significant changes in the present principal activities of the proforma Group.
- (g) There will be no material changes in the proforma Group's present demand, market condition, selling prices and market growth of its products other than that estimated by the proforma Group.
- (h) The demand for the products of the proforma Group will be in line with the estimated revenue and the proforma Group will be able to maintain the profit margins as estimated.
- (i) There will be no new competitors of the proforma Group which will significantly impact the proforma Group's revenue.
- (j) There will be no significant changes in purchase prices of products, wages, import duties, freight charges and other related costs which will affect the proforma Group's performance.
- (k) The existing terms and conditions of growers' sub-contracts and agreements entered into by its proposed subsidiary company will remain in force.
- (l) There will be no significant changes in the commission rate payable to the auction markets operating in overseas markets.
- (m) There will be no major industrial disputes or major breakdowns in the nursery facilities or any abnormal factors which will adversely affect the operations or sales of the proforma Group as estimated.
- (n) There will be no significant changes in the proforma Group's estimated future research, product development and marketing plans.
- (o) There will be no significant changes in the income tax rate. Existing tax incentive enjoyed by proposed subsidiary company of the proforma Group remains.

**12. FINANCIAL INFORMATION** (cont'd)

- (p) There will be no significant changes in the management structure and accounting policies adopted by the proposed subsidiary companies within the proforma Group.
- (q) There will be no material acquisition or disposal of property, plant and equipment, and investments other than those budgeted.
- (r) There will be no reinvestment of excessive cash surplus other than placement in fixed deposits.
- (s) The trade mark, Equator™ would be successfully registered and is amortised for a period of five (5) years
- (t) Proceeds from public issue will be utilised as budgeted:

	<b>RM'000</b>
Setting-up of corporate office	1,500
Upgrade information systems	900
Marketing campaigns in promoting products	2,000
Expansion of existing R&D activities and facilities	6,500
Working capital	7,800
Repayment of loans	4,500
Acquisition of land	5,000
Estimated listing expenses	1,800
	<u>30,000</u>

- (u) The acquisition method will be used in the preparation of the consolidated financial statements of the proforma Group. The pre-acquisition profit estimate of the proposed subsidiary companies for the financial year ended 31 December 2004 are included in the consolidated profit estimate of the proforma Group.
- (v) The estimated listing expenses amounting to about RM1,800,000 will be set-off against the share premium account.

**12.3.2 Directors' Analysis of the Consolidated Profit Estimate**

The Directors of Equator have reviewed and analysed the reasonableness of the bases and assumptions stated therein after due and careful inquiry in arriving at the consolidated profit estimate for the financial year ended 31 December 2004. The Directors of Equator are of the opinion that the consolidated profit estimate is fair and reasonable in light of the future prospects of the Equator Group, the future plans and strategies to be adopted by the Equator Group and after taking into consideration the estimated level of gearing, liquidity and working capital requirements of the Group.

The Equator Group is expected to register a revenue of RM28.39 million for the financial year ended 31 December 2004. This represents an increase of 50.21% from RM18.90 million recorded for the financial year ended 31 December 2003. The anticipated increase in revenue is attributable to the healthy increase in the Group's export sales to European country and Asia Pacific region. Equator Group's revenue is expected to increase in view of higher demand for products known as "Sansevieria" and "Cycas".

The Group's profit before taxation is estimated to achieve RM7.78 million as compared to RM4.99 million recorded in the previous year representing an increase of 55.91%. Profit after taxation for the

**12. FINANCIAL INFORMATION** *(cont'd)*

financial year ended 31 December 2004 is expected to increase by 72.39% to RM6.12 million from RM3.55 million recorded previously.

**12.3.3 Sensitivity Analysis**

The following sensitivity analysis is prepared by the management of the Group. The sensitivity analysis is prepared based on the estimate assumptions as set out in Section 12.3.1 herein and assuming all other things remain unchanged except for the 5% and 10% upward and downward variations in the selling price and cost of raw materials. Notwithstanding the impact of the variations in revenue and cost of raw materials, there may exist other factors, which have not been taken into account, which variations may have a significant impact, either positively or negatively, on the financials of the Group. The sensitivity analysis is as follows:

**(i) Variation in selling price**

<b>Financial year ended 31 December 2004</b>	<b>Profit before taxation RM'000</b>	<b>Profit after taxation RM'000</b>
As forecast	7,778	6,121
Increase by 5%	9,197	7,238
Increase by 10%	10,617	8,355
Decrease by 5%	6,359	5,004
Decrease by 10%	4,939	3,887

**(ii) Variation in raw material price**

<b>Financial year ended 31 December 2004</b>	<b>Profit before taxation RM'000</b>	<b>Profit after taxation RM'000</b>
As forecast	7,778	6,121
Increase by 5%	7,455	5,867
Increase by 10%	7,131	5,612
Decrease by 5%	8,101	6,375
Decrease by 10%	8,425	6,630

The Directors have assessed the sensitivity of the profit estimate of the Equator Group taking into consideration of the fluctuation in major variables as mentioned above. The Directors are of the view that the Equator Group insofar as the achievement of the profit estimate is concerned, is sensitive to fluctuation in selling price and raw material price.

The Group's revenue and operation results are difficult to forecast and could be adversely affected by many factors. The market for the Group's products is characterised by seasonal demand, changes in customers' requirements and etc. The Group is subjected to many risk factors, some of which are highlighted in Section 4 of this Prospectus. As such, the Group's profit forecast is not disclosed in this Prospectus.

12. FINANCIAL INFORMATION *(cont'd)*

12.4 REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT ESTIMATE

*(Prepared for inclusion in this Prospectus)*

# Deloitte.

April 14, 2005

The Board of Directors  
Equator Life Science Berhad  
Suite 6.1A, Level 6, Menara Pelangi  
Jalan Kuning, Taman Pelangi  
80400 Johor Bahru  
Johor Darul Takzim

**Deloitte KassimChan (AF 0080)**  
Chartered Accountants  
21, Jalan Tun Abdul Razak  
Susur 1/1  
80000 Johor Bahru  
Johor  
Malaysia  
  
Tel : +60 7 2225988  
Fax : +60 7 2247508  
myjb@deloitte.com  
www.deloitte.com.my

Dear Sirs,

**EQUATOR LIFE SCIENCE BERHAD  
PROFORMA CONSOLIDATED PROFIT ESTIMATE FOR THE YEAR ENDED  
DECEMBER 31, 2004**

We have reviewed the accounting policies and the calculations for the proforma consolidated profit estimate of Equator Life Science Berhad ("Equator") and its subsidiary companies (collectively the "Equator Group") for the year ended December 31, 2004 as set out in the accompanying statement (which we have stamped for the purpose of identification only) in accordance with International Standard on Auditing [ISA 810] applicable to the review of estimate. The consolidated profit estimate has been prepared for inclusion in the Prospectus of Equator in connection with the listing of and quotation for the entire issued and paid-up share capital of Equator on the MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The listing exercise of Equator includes the following corporate exercises:

- (i) Acquisition of 10,187,800 ordinary shares of RM1.00 each representing the entire equity interest in Equator Biotech Sdn. Bhd. ("EBSB") (together with its wholly owned subsidiary companies, Monstera Sdn. Bhd. and Equator Plants B.V., collectively the "EBSB Group") for a total purchase consideration of RM17,500,798 satisfied by the issuance of 175,007,980 new Equator shares at an issue price of approximately RM0.10 per share.
- (ii) Public Issue of 60,000,000 new ordinary shares of RM0.10 each in Equator at an issue price of RM0.50 per share comprising:
  - 12,000,000 new ordinary shares of RM0.10 each available for application by Malaysian Public;
  - 6,000,000 new ordinary shares of RM0.10 each available for application by eligible directors and employees, customers and suppliers of Equator and its subsidiary companies; and
  - 42,000,000 new ordinary shares of RM0.10 each available for placement to identified investors;
- (ii) The listing of and quotation for the entire enlarged issued and paid-up share capital of Equator, comprising 235,008,000 ordinary shares of RM0.10 each on the MESDAQ Market of Bursa Securities.

12. FINANCIAL INFORMATION (cont'd)

Deloitte KassimChan

- 2 -

Our review has been undertaken to enable us to form an opinion as to whether the estimate, in all material respects, is properly prepared on the basis of the assumptions made by the Directors of Equator and is presented on a basis consistent with the accounting policies normally adopted by its subsidiary companies and disclosed in the audited financial statements for the year ended December 31, 2003. The Directors of Equator are solely responsible for the preparation and presentation of the estimate and the assumptions on which the estimate is based.

Estimate, 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 (best-estimate assumptions). While information may be available to support the assumptions on which estimate is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the estimate since anticipated events frequently do not occur as expected and the variation could be material.

Subject to the matters stated in the preceding paragraphs:-

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors of Equator, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the profit estimate; and
- (ii) in our opinion, the profit estimate, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors of Equator and is presented on a basis consistent with the accounting policies adopted and disclosed by its subsidiary companies in the audited financial statements for the year ended December 31, 2003.

Yours very truly,



**DELOITTE KASSIMCHAN**  
AF 0080  
Chartered Accountants



**TAN THENG HOOI**  
1479/1/07(J)  
Partner

## 12. FINANCIAL INFORMATION (cont'd)

**EQUATOR LIFE SCIENCE BERHAD  
PROFORMA CONSOLIDATED PROFIT ESTIMATE AND ASSUMPTIONS**

On the bases and assumptions set out below, the Board of Directors of Equator estimate that the proforma consolidated profit estimate of Equator Group for the year ended December 31, 2004 is as follows:

	← Estimate →	
	2004 Without Listing* RM'000	2004 With Listing RM'000
Revenue	<u>28,387</u>	<u>28,387</u>
Profit before tax	7,778	7,778
Income tax expense	<u>(1,657)</u>	<u>(1,657)</u>
Net profit for the year	<u>6,121</u>	<u>6,121</u>

*\*Assuming acquisition of the subsidiary companies have been effected but before the impact of funds arising from the public issue.*

**PRINCIPAL BASES AND ASSUMPTIONS**

The principal bases and assumptions upon which the proforma consolidated profit estimate has been arrived are set out below. Nevertheless, in the light of the current Malaysian and regional economic environment, certain assumptions, including interest and exchange rates, may differ significantly should the economic situation differs significantly from the date of this letter.

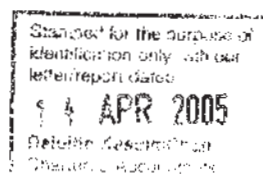
1. The following scheme are to be completed by June 2005:
  - i) Public issue of 60,000,000 new ordinary shares of RM0.10 each in Equator at an issue price of RM0.50 per share; and
  - ii) Listing of and quotation for the entire enlarged issued and paid-up share capital of Equator, comprising 235,008,000 ordinary shares of RM0.10 each on the MESDAQ Market of Bursa Securities.
2. The prevailing economic and political environment in Malaysia and elsewhere will continue and will not have significant adverse effects on the proforma Group's activities to be conducted at estimated level.
3. There will be no material changes in present legislation and government regulations and guidelines of regulatory authorities, which will significantly affect the proforma Group's activities or the overseas market in which it operates.
4. There will not be any material fluctuation in inflation rates and exchange rates of foreign currencies against the Ringgit Malaysia ("RM") which would adversely affect the activities and operations of the proforma Group.

Engaged for the purpose of  
identification only with our  
letter/report dated  
**14 APR 2005**  
Deloitte KassimChan  
Chartered Accountants



## 12. FINANCIAL INFORMATION (cont'd)

5. The Euro dollar exchange rate assumed for the purpose of profit estimate will not be materially different from the following:  
Selling and buying                      Euro1.00 : RM5.17
6. Existing financing facilities will remain available and that the level of interest rates will not change materially from those presently prevailing. Additional financing facilities will be obtained at the present prevailing interest rates.
7. There will be no significant changes in the present principal activities of the proforma Group.
8. There will be no material changes in the proforma Group's present demand, market condition, selling prices and market growth of its products other than that estimated by the proforma Group.
9. The demand for the products of the proforma Group will be in line with the estimated revenue and the proforma Group will be able to maintain the profit margins as estimated.
10. There will be no new competitors of the proforma Group which will significantly impact the proforma Group's revenue.
11. There will be no significant changes in purchase prices of products, wages, import duties, freight charges and other related costs which will affect the proforma Group's performance.
12. The existing terms and conditions of growers' sub-contracts and agreements entered into by its subsidiary company will remain in force.
13. There will be no significant changes in the commission rate payable to the auction markets operating in overseas markets.
14. There will be no major industrial disputes or major breakdowns in the nursery facilities or any abnormal factors which will adversely affect the operations or sales of the proforma Group as estimated.
15. There will be no significant changes in the proforma Group's estimated future research, product development and marketing plans.
16. There will be no significant changes in the income tax rate. Existing tax incentive enjoyed by subsidiary company of the proforma Group remains.
17. There will be no significant changes in the management structure and accounting policies adopted by the subsidiary companies within the proforma Group.
18. There will be no material acquisition or disposal of property, plant and equipment, and investments other than those budgeted.
19. There will be no reinvestment of excessive cash surplus other than placement in fixed deposits.
20. The trade mark, Equator™ would be successfully registered and is amortised for a period of five (5) years



**12. FINANCIAL INFORMATION (cont'd)**

21. Proceeds from public issue will be utilised as budgeted:

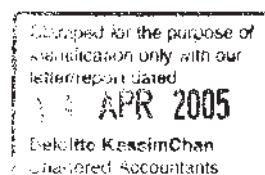
	<b>RM'000</b>
Setting-up of corporate office	1,500
Upgrade information systems programs	900
Marketing campaigns in promoting products	2,000
Expansion of existing research and development activities and facilities	6,500
Repayment of loans	4,500
Acquisition of land	5,000
Working capital	7,800
Estimated listing expenses	1,800
	<u>30,000</u>

22. The acquisition method will be used in the preparation of the consolidated financial statements of the proforma Group. The pre-acquisition profit estimate of the subsidiary companies for the financial year ended December 2004 are included in the consolidated profit estimate of the proforma Group.
23. The estimated listing expenses amounting to about RM1,800,000 will be set-off against the share premium account.

On behalf of the Board of Equator,

  
 \_\_\_\_\_  
 KOH AH KENG

  
 \_\_\_\_\_  
 KOH YUEH LEONG



12. FINANCIAL INFORMATION *(cont'd)*

12.5 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 OCTOBER 2004 AND THE NOTES THEREON

*(Prepared for inclusion in this Prospectus)*

# Deloitte.

Deloitte KassimChan (AF 0080)  
Chartered Accountants  
21, Jalan Tun Abdul Razak  
Susur 1/1  
80000 Johor Bahru  
Johor  
Malaysia

Tel : +60 7 2225988  
Fax : +60 7 2247508  
myjb@deloitte.com  
www.deloitte.com.my

April 14, 2005

The Board of Directors  
Suite 6.1A, Level 6, Menara Pelangi  
Jalan Kuning, Taman Pelangi  
80400 Johor Bahru  
Johor Darul Takzim

Dear Sirs,

**EQUATOR LIFE SCIENCE BERHAD  
PROFORMA CONSOLIDATED BALANCE SHEETS AS OF OCTOBER 31, 2004**

We have reviewed the presentation of the Proforma Consolidated Balance Sheets of Equator Life Science Berhad ("Equator") and its subsidiary companies ("Equator Group") as of October 31, 2004, together with the notes and assumptions thereto, for which the Directors are solely responsible, as set out in the accompanying statement (which we have stamped for the purpose of identification only) for the purpose of inclusion in this Prospectus to be dated April 28, 2005 in connection with the following proposals and should not be relied on for any other purposes.

- (i) Public Issue of 60,000,000 new ordinary shares of RM0.10 each in Equator at an issue price of RM0.50 per share comprising:
  - 12,000,000 new ordinary shares of RM0.10 each available for application by Malaysian Public;
  - 6,000,000 new ordinary shares of RM0.10 each available for application by eligible directors and employees, customers and suppliers of Equator and its subsidiary companies; and
  - 42,000,000 new ordinary shares of RM0.10 each available for placement to identified investors;
- (ii) The listing of and quotation for the entire enlarged issued and paid-up share capital of Equator, comprising 235,008,000 ordinary shares of RM0.10 each on the MESDAQ Market of Bursa Malaysia Securities Berhad.

12. FINANCIAL INFORMATION *(cont'd)*

Deloitte KassimChan

- 2 -

In our opinion,

- (i) the Proforma Consolidated Balance Sheets, together with the notes and assumptions there to, insofar as the calculations are concerned, have been properly compiled on the basis of assumptions made by the Directors of Equator and are presented on a basis consistent with the accounting policies normally adopted by Equator and its subsidiary companies; and
- (ii) the adjustments as shown in Note 4 of Annexure to the Proforma Consolidated Balance Sheets are appropriate for the purposes of Proforma Consolidated Balance Sheets.

Yours very truly,



**DELOITTE KASSIMCHAN**  
AF 0080  
Chartered Accountants



**TAN THENG HOOI**  
1479/1/07(J)  
Partner

## 12. FINANCIAL INFORMATION (cont'd)

**EQUATOR LIFE SCIENCE BERHAD**  
**PROFORMA BALANCE SHEETS AS OF OCTOBER 31, 2004**

The Proforma Balance Sheets set out below are provided for illustrative purposes only to show the effects on the proforma balance sheet of Equator as of October 31, 2004:

	Audited Balance Sheet as of October 31, 2004 RM	Proforma 1 After Acquisition of EBSB Group RM'000	Proforma 2 After Proforma 1, Public Issue and Utilisation of Proceeds RM'000
<b>ASSETS</b>			
Property, plant and equipment	-	13,954	26,354
Plantation development expenditure	-	5,023	5,023
Other investment	-	287	287
<b>Current Assets</b>			
Inventories	-	7,724	7,724
Trade receivables	-	10,066	10,066
Other receivables and prepaid expenses	494,245	1,891	1,397
Cash and bank balances	2	766	12,560
	494,247	20,447	31,747
<b>Current Liabilities</b>			
Trade payables	-	1,636	1,636
Other payables and accrued expenses	498,743	3,384	3,384
Amount owing to directors	-	218	218
Hire-purchase payables	-	98	98
Borrowings	-	7,393	5,004
Tax liabilities	-	865	865
	498,743	13,594	11,205
<b>Net Current Assets (Liabilities)</b>	(4,496)	6,853	20,542
<b>Long Term and Deferred Liabilities</b>			
Hire-purchase payables – Non-current portion	-	107	107
Borrowings – Non-current portion	-	2,111	-
Deferred tax	-	868	868
	-	(3,086)	(975)
<b>Net Assets (Liabilities)</b>	(4,496)	23,031	51,231

Stamped for the purpose of  
 verification only with our  
 letter/report dated  
**14 APR 2005**  
 Mohd. Kassim Chen  
 Chartered Accountants

## 12. FINANCIAL INFORMATION (cont'd)

	<b>Audited Balance Sheet as of October 31, 2004 RM</b>	<b>Proforma 1 After Acquisition of EBSB Group RM'000</b>	<b>Proforma 2 After Proforma 1, Public Issue and Utilisation of Proceeds RM'000</b>
<b>Represented by:</b>			
Share capital	2	17,500	23,500
Share premium	-	-	22,200
Reserve on consolidation	-	5,535	5,535
Accumulated loss	(4,498)	(4)	(4)
<b>Shareholders' Equity (Capital Deficiency)</b>	<u>(4,496)</u>	<u>23,031</u>	<u>51,231</u>
<b>Net Tangible Assets (Liabilities) per share (RM)</b>	<u>(224.80)</u>	<u>0.13</u>	<u>0.22</u>

Prepared for the purpose of  
identification only with our  
best efforts upon dated  
**14 APR 2005**  
Debita Kasim Chen  
Chartered Accountants

## 12. FINANCIAL INFORMATION (cont'd)

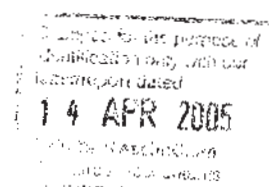
## ANNEXURE

**EQUATOR LIFE SCIENCE BERHAD**  
**NOTES AND ASSUMPTIONS TO THE PROFORMA BALANCE SHEETS**

The Proforma Balance Sheets have been prepared for illustrative purposes only based on the accounting principles and bases consistent with those previously adopted in the preparation of the financial statements of Equator and its subsidiary companies and are based on the audited financial statements of Equator and its subsidiary companies as of October 31, 2004.

1. Proforma 1 incorporates the acquisition by Equator of 10,187,800 ordinary shares of RM1.00 each in Equator Biotech Sdn. Bhd. ("EBSB") (together with its wholly owned subsidiary companies, Monstera Sdn. Bhd. and Equator Plants B.V., collectively the "EBSB Group"), representing the entire equity interest therein, for a total purchase consideration of RM17,500,798 satisfied by the issuance of 175,007,980 new Equator shares at an issue price of approximately RM0.10 per share.
2. Proforma 2 incorporates the effects of Proforma 1, public issue of 60,000,000 new ordinary shares of RM0.10 each in Equator at an issue price of RM0.50 per share and utilisation of proceeds.
3. Proceeds from public issue will be utilised as follows:

	<b>RM'000</b>
Setting-up of corporate office	1,500
Upgrade information systems programs	900
Marketing campaigns in promoting products	2,000
Expansion of existing research and development activities and facilities	6,500
Repayment of loans	4,500
Acquisition of land	5,000
Working capital	7,800
Estimated listing expenses	1,800
	30,000
	30,000



**12. FINANCIAL INFORMATION (cont'd)**

4. i) The movements in issued and paid-up share capital are as follows:

	<b>RM'000</b>
<b>As of October 31, 2004</b>	<b>*</b>
Issue of 175,007,980 new ordinary shares RM0.10 each for the acquisition of EBSB Group	17,500
<b>Proforma 1</b>	<b>17,500</b>
Public issue of 60,000,000 ordinary shares of RM0.10 each	6,000
<b>Proforma 2</b>	<b>23,500</b>

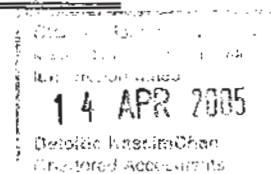
\* This represents RM2 comprising 20 ordinary shares of RM0.10 each.

- ii) The movements in share premium are as follows:

	<b>RM'000</b>
Premium arising from the public issue of 60,000,000 ordinary shares of RM0.10 each at an issue price of RM0.50 per share	24,000
Less: Estimated listing expenses	(1,800)
<b>Proforma 2</b>	<b>22,200</b>

- iii) The movements in cash and bank balances are as follows:

	<b>RM'000</b>
<b>As of October 31, 2004</b>	<b>*</b>
Cash and bank balances arising from the acquisition of EBSB Group	766
<b>Proforma 1</b>	<b>766</b>
Proceeds arising from the public issue of 60,000,000 ordinary shares of RM0.10 each at an issue price of RM0.50 per share	30,000
Less: Estimated listing expenses	(1,306)#
Amount earmarked for capital expenditure	(12,400)
Repayment of bank borrowings	(4,500)
<b>Proforma 2</b>	<b>12,560</b>
* This represents RM2 cash on hand	
Total estimated listing expenses	1,800
Less: Payment of listing expenses made earlier	(494)
# Balance	1,306



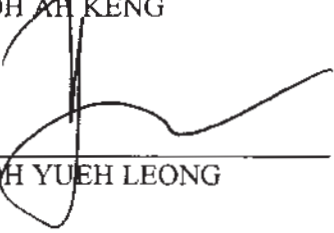


12. FINANCIAL INFORMATION (cont'd)

5. Listing expenses are estimated to be approximately RM1,800,000 and will be set-off against the share premium account.

On behalf of the Board of Equator,

  
\_\_\_\_\_  
KOH AH KENG

  
\_\_\_\_\_  
KOH YUEH LEONG

... for the purpose of  
... only with our  
... dated  
**14 APR 2005**  
... Chan  
...