

10. FINANCIAL INFORMATION**10.1 Profit and Dividend Record of the Group**

The following table, which has been extracted from the Accountant's Report in Section 11 of this Prospectus, is a summary of the consolidated revenue and profit records of the EFB Group for the past five (5) financial years ended 31 December 2003 and financial period for the ten (10) months ended 31 October 2004. The consolidated financial results should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report.

	← Audited → ← FY Ended 31 December →					Audited 10 months Ended 31 October 2004
	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)	2002 (RM'000)	2003 (RM'000)	RM'000
Revenue [#]	123,144	143,267	191,287	228,944	250,746	314,580
EBIDTA	38,282	37,251	46,079	62,859	35,799	72,318
Depreciation	(5,593)	(7,956)	(11,241)	(11,691)	(13,425)	(15,564)
Interest expense	(744)	(2,356)	(2,072)	(1,102)	(974)	(2,591)
Operating profit	31,945	26,939	32,766	50,066	21,400	54,163
Exceptional items *	-	-	-	-	-	-
Share of profits of an associate	1,717	1,273	507	251	201	827
PBT [#]	33,662	28,212	33,273	50,317	21,601	54,990
Taxation**	(4,019)	(6,885)	(286)	(1,448)	124	(10,768)
PAT [#]	29,643	21,327	32,987	48,869	21,725	44,222
MI	-	-	-	-	-	(4,524)
PAT after MI [#]	29,643	21,327	32,987	48,869	21,725	39,698
Before Public Issue						
No. of ordinary shares assumed in issue ('000) [^]	386,340	386,340	386,340	386,340	386,340	386,340
Gross EPS (sen) [^]	8.71	7.30	8.61	13.02	5.59	14.23
Net EPS (sen) [^]	7.67	5.52	8.54	12.65	5.62	10.28
Net Dividend (%) [^]	-	-	2.58	-	12.94	-
After Public Issue						
No. of ordinary shares assumed in issue ('000) ^{^^}	480,000	480,000	480,000	480,000	480,000	480,000
Gross EPS (sen) ^{^^}	7.01	5.88	6.93	10.48	4.50	11.46
Net EPS (sen) ^{^^}	6.18	4.44	6.87	10.18	4.53	8.27
Net Dividend (%) ^{^^}	-	-	2.08	-	10.42	-

10. FINANCIAL INFORMATION (Cont'd)*Notes:*

The results of RISB were not included in the proforma consolidated results of the Group set out above as RISB is in the process of being voluntarily wound-up and the results have no material effect to the proforma consolidated financial results.

As the financial year/period of EDP for year ended 1999 and DTI for years ended 1999 to 2003 were different from the respective financial year end of the EFB Group, the figures have been arrived at through time apportionment of the audited financial statements of EDP and DTI for the said financial years/ periods under review.

* There were no extraordinary or exceptional items for all the financial years/periods under review

** Taxation, in particular deferred taxation, has been reallocated to the respective financial years upon the adoption of MASB 25 : Income Taxes which became effective for financial periods beginning on or after 1 July 2002 and supercedes IAS 12, Accounting for Taxes on Income. MASB 25 requires recognition of deferred tax liabilities or assets for all temporary differences, while the IAS 12 permits an entity not to recognize deferred tax liability or subject to certain conditions, deferred tax assets, where there is reasonable evidence that the timing differences would not reverse in the foreseeable future.

^ Based on EFB's enlarged paid-up share capital of 386,340,000 ordinary shares of RM0.25 each after the Share Split and Bonus Issue.

^^ Based on EFB's enlarged paid-up share capital of 480,000,000 ordinary shares of RM0.25 each after the Share Split, Bonus Issue and Public Issue.

For further details, please refer to the Accountant's Report in Section 11 of this Prospectus.

10.2 Segmental Analysis of Revenue and Profits**10.2.1 Analysis of Revenue by Subsidiaries Over The Past Five (5) Years**

Company	← FY Ended 31 December →					10 months
	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)	2002 (RM'000)	2003 (RM'000)	Ended 31 October 2004 (RM'000)
EFB	90,009	115,208	191,287	228,944	242,164	217,127
ATP	-	-	-	-	9,463	34,507
SFC	-	-	-	-	-	67,240
EMP	4,601	3,161	-	-	-	-
EDP	41,257	42,512	-	-	-	-
	135,867	160,881	191,287	228,944	251,627	318,874
Less: Consolidation Adjustment	(12,723)	(17,614)	-	-	(881)	(4,294)
TOTAL	123,144	143,267	191,287	228,944	250,746	314,580

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10. FINANCIAL INFORMATION (Cont'd)**10.2.2 Analysis of PBT Before MI By Subsidiaries Over The Past Five (5) Years**

Company	← FY Ended 31 December →					10 months Ended 31 October 2004
	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)	2002 (RM'000)	2003 (RM'000)	(RM'000)
EFB	26,236	24,427	34,911	52,075	35,269	35,894
ATP	-	-	-	(52)	(9,375)	716
SFC	-	-	-	-	-	18,098
EMP	831	98	(513)	(6)	(37)	(3)
EDP	5,074	2,486	(333)	(146)	(467)	45
	32,141	27,011	34,065	51,871	25,390	54,750
Less: Consolidation Adjustment	(196)	(72)	(1,299)	(1,805)	(3,990)	(587)
Add: Contribution of associated company (DTI)	1,717	1,273	507	251	201	827
TOTAL	33,662	28,212	33,273	50,317	21,601	54,990

10.2.3 Analysis of Revenue by Products/Activity Over The Past Five (5) Years

Products	← FY Ended 31 December →					10 months Ended 31 October 2004
	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)	2002 (RM'000)	2003 (RM'000)	(RM'000)
MDF with/without Lamination	123,953	138,229	163,219	203,461	212,569	258,623
Color Box	10,018	17,807	23,013	21,204	24,116	22,593
Door	1,019	2,770	776	423	40	-
Others	877	2,075	4,279	3,856	5,439	3,182
Particle Board	-	-	-	-	9,463	34,476
	135,867	160,881	191,287	228,944	251,627	318,874
Less: Consolidation Adjustment	(12,723)	(17,614)	-	-	(881)	(4,294)
TOTAL	123,144	143,267	191,287	228,944	250,746	314,580

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10. FINANCIAL INFORMATION (Cont'd)**10.2.4 Analysis of PBT before MI by Products/Activity Over The Past Five (5) Years**

Products	←-----FY Ended 31 December----->					10 months Ended 31 October 2004
	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)	2002 (RM'000)	2003 (RM'000)	(RM'000)
MDF with/without Lamination [#]	31,589	27,675	36,808	54,254	40,984	60,607
Color Box	648	(48)	(1,845)	(1,890)	(7,079)	(6,676)
Door	(77)	(655)	(507)	(290)	(32)	-
Others*	1,698	1,312	116	100	1,093	1,293
Particle Board	-	-	-	(52)	(9,375)	353
	33,858	28,284	34,572	52,122	25,591	55,577
Less: Consolidation Adjustment	(196)	(72)	(1,299)	(1,805)	(3,990)	(587)
TOTAL	33,662	28,212	33,273	50,317	21,601	54,990

Notes:

Including profit from DTI

* Contribution from EFB, EDP and EMP in total

10.2.5 Analysis of Revenue by Local and Export Over The Past Five (5) Years

	←-----FY Ended 31 December----->					10 months Ended 31 October 2004
	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)	2002 (RM'000)	2003 (RM'000)	(RM'000)
Local	23,025	21,023	23,900	32,420	38,969	60,015
Export	112,842	139,858	167,387	196,524	212,658	258,859
Total	135,867	160,881	191,287	228,944	251,627	318,874
Less: Consolidation Adjustment	(12,723)	(17,614)	-	-	(881)	(4,294)
TOTAL	123,144	143,267	191,287	228,944	250,746	314,580

10.2.6 Analysis of PBT before MI by Local and Export Over The Past Five (5) Years

	←-----FY Ended 31 December----->					10 months Ended 31 October 2004
	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)	2002 (RM'000)	2003 (RM'000)	(RM'000)
Local	5,738	3,696	4,319	7,381	3,963	10,460
Export	28,120	24,588	30,253	44,741	21,628	45,117
Total	33,858	28,284	34,572	52,122	25,591	55,577
Less: Consolidation Adjustment	(196)	(72)	(1,299)	(1,805)	(3,990)	(587)
TOTAL	33,662	28,212	33,273	50,317	21,601	54,990

10. FINANCIAL INFORMATION (Cont'd)**10.3 Overview of Revenue and PBT, for the past five (5) financial years ended 31 December 2003 and financial period ended 31 October 2004****10.3.1 Overview of Revenue and PBT, for the past five (5) financial years ended 31 December 2003 and financial period ended 31 October 2004**

The Group's total revenue was mainly contributed by EFB, which accounted for between 69% to 100% of the total revenue for the past five (5) financial years and for financial period ended 31 October 2004 respectively. In year 2000, the Group's total revenue had increased by 16%, from RM123.1 million to RM143.3 million. The increase is mainly due to higher export sales and increased production capacity of EFB arising from the commencement of a second production line.

As the second production line was fully operational by year 2001 coupled with the implementation of various continuous productivity enhancement programs, the Group's total revenue has further increased by 34% and 20% in the year 2001 and 2002 respectively. However, the revenue growth had slowed down to 10% in year 2003 mainly caused by the outbreak of SARS, resulting in lower demand from retailers and distributors. No further sales are recorded for EMP and EDP since year 2001 as the operations for both companies were transferred to EFB in the same year.

For the financial period ended 31 October 2004, the revenue generated when annualized for twelve (12) months would amount to RM380.9 million representing a 52% increase compared to the previous year. This is mainly due to inclusion of SFC, which began operation in March 2004. In addition to SFC's contribution, ATP has also contributed positively, from a loss making company in the previous year.

The decrease in the Group's PBT by 16% in year 2000, from RM33.7 million to RM28.2 million is mainly due to start up cost, additional recruitment cost as a result of hiring of additional labour and higher depreciation expense arising from the commencement of second production line of EFB as well as additional interest expense as a new term loan was secured to finance the acquisition of the second production line.

The Group's profitability surged back in year 2001 and 2002, recording a growth of 18% and 51% respectively. High revenue coupled with stringent cost control measures have contributed to a significant improvement in the PBT growth in both years. However, the PBT had decreased by 57% in year 2003 mainly resulted from the drop in revenue growth and loss contributed by ATP in its first year of operation.

For the financial period ended 31 October 2004, the PBT generated when annualized for twelve (12) months would amount to RM66.9 million representing a 210% increase compared to the previous year. This is again mainly due to inclusion of SFC which began operation in March 2004 and the positive contribution of ATP.

10.3.2 Impact of Interest Rates and Foreign Exchange Rates on PBT

The impact of interest rates on operating profit is minimal as the Group has low gearing for the past five (5) financial years ended 31 December 2003 and for the ten months period ended 31 October 2004.

There is no material impact of foreign exchange as the imposition of fixed exchange rate of the USD at RM3.80/USD1.00 imposed by the Malaysian government on 1 September 1998 and EURO was relatively stable during the past five (5) financial years ended 31 December 2003 thereby mitigating the foreign exchange risk arising from the Group's foreign currency transactions, which are mainly in USD and EURO.

10. FINANCIAL INFORMATION (Cont'd)

10.3.3 Taxation

The effective tax rates for the years under review were lower than the statutory income tax rates as EFB has been granted pioneer status for the manufacture of MDF (from July 1993 to June 2003) and furniture and door line (from December 1997 to November 2002). SFC, which was incorporated in Thailand on 16 January 2004, was granted tax privileges whereby the profits derived from manufacture of MDF are tax-exempt. This, therefore, has resulted in a lower effective tax rate for the financial period ended 31 October 2004 of approximately 20% vis-à-vis the statutory tax rate of 28%.

10.3.4 Extraordinary or exceptional items

There were no extraordinary or exceptional items for the financial years under review.

10.4 Directors' Declaration on Financial Performance

As at 2 February 2005, being the latest practicable date prior to the Prospectus, the financial conditions and operations of the Company and its subsidiary and associated companies are not affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have, a material favourable or unfavourable impact on financial performance, position and operations of the Group;
- (ii) material commitment for capital expenditure;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the EFB Group; and
- (iv) 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.

10.5 Working Capital, Material Litigations, Material Capital Commitments, Borrowings and Contingent Liabilities**(i) Working Capital**

The Directors of EFB are of the opinion that, after taking into consideration of the cashflow position, the banking facilities available and the net proceeds of the Public Issues, the EFB Group will have adequate working capital for a period of twelve (12) months from the date of this Prospectus.

(ii) Material Litigations

As at 31 January 2005 (being the latest practicable date of which such amounts could be determined prior to the printing of this Prospectus), the Company and its subsidiary and associated companies are not engaged in any material litigation or arbitration proceedings, either as plaintiff or defendant arising in the ordinary course of business, which has a material effect on the financial position of the Group and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and/or adversely affect the position or business of the Group.

10. FINANCIAL INFORMATION (Cont'd)**(iii) Material Capital Commitments**

Save as disclosed below, as at 31 January 2005 (being the latest practicable date of which such amounts could be determined prior to the printing of this Prospectus), the Directors of EFB are not aware of any capital commitment, which, upon becoming enforceable, may have a material impact on the profit or net asset value of the Group:

	Audited As at 31 October 2004 RM	Unaudited As at 31 January 2005 RM
Authorised and not contracted for	11,686,744	7,243,817 ⁽¹⁾
Authorised and contracted for	2,574,865	3,203,865 ⁽²⁾
Total	14,261,609	10,447,682

Notes:

- (1) Acquisition of a piece of industrial land in Segamat, Johor, boiler for Parit Raja plant and installation of second production line in SFC.
 (2) Acquisition of boiler, plant and machinery for MDF production in Malaysia.

The acquisition of boiler, a piece of industrial land in Segamat, Johor and plant and machinery for MDF production in Malaysia, shall be financed from the proceeds raised from the Public Issue, as set out in Section 3.8 note (ii) of this Prospectus.

(iv) Borrowings

Save as disclosed below, as at 31 January 2005 (being the latest practicable date of which such amounts could be determined prior to the printing of this Prospectus), the Group does not have any other loan capital outstanding or created but unissued, mortgages or charges outstanding.

	Audited As at 31 October 2004 RM	Unaudited As at 31 January 2005 RM
Short term		
Interest bearing	32,695,701	35,189,506
Long term		
Interest bearing	55,080,417	58,371,346
Total outstanding borrowings	87,776,118	93,560,852*[^]

Notes:

- * Out of which USD2.6 million or equivalent to approximately RM9.9 million (Exchange Rate: USD1.00: RM3.80) is foreign borrowing.
[^] Out of which Thai Baht495 million or equivalent to approximately RM47.0 million (Exchange Rate: Thai Baht1.00: RM0.0995) is foreign borrowing

Saved as disclosed above, the Group does not have any other loan capital outstanding or created but unissued, mortgages or charges outstanding.

There have been no default on payments of either interest and/or principal in respect of the abovementioned borrowings throughout the past one (1) financial year and the subsequent financial period thereof.

(v) Contingent Liabilities

As at 31 January 2005, (being the latest practicable date of which such amounts could be determined prior to the printing of this Prospectus), the Directors of EFB are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the profit or net asset value of the Group.

10. FINANCIAL INFORMATION (Cont'd)**10.6 Consolidated Profit Estimate and Forecast For The Financial Years Ended / Ending 31 December 2004 and 2005**

The Directors of EFB estimate and forecast that, the consolidated profit estimate and forecast of EFB Group for the financial year ended/ending 31 December 2004 and 2005 respectively will be as follows:

	Estimate Consolidated Results 2004 RM'000	Forecast Consolidated Results 2005 RM'000
Revenue	388,732	519,420
Consolidated PBT	62,862	80,665
Taxation	(12,297)	(6,308)
Consolidated PAT	50,565	74,357
MI	(5,569)	(9,397)
Consolidated PAT after MI	44,996	64,960
Enlarged issued and paid-up share capital ('000)	480,000 [#]	480,000
Gross earnings per share (sen)	13.10	16.81
Net earnings per share (sen)	9.37	13.53
Gross price earnings multiple based on the Issue or Offer price of RM1.14 per ordinary share (times)	8.70	6.78
Net price earnings multiple based on the Issue or Offer price of RM1.14 per ordinary share (times)	12.17	8.43

Note:

The enlarged issued and paid-up share capital in respect of the consolidated profit estimate for the financial year ended 31 December 2004 is for illustration purposes only.

Please refer to Section 10.7 of this Prospectus for further details on the consolidated profit estimate and forecast.

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10. FINANCIAL INFORMATION (Cont'd)

10.7 Reporting Accountants' Letter on the Consolidated Profit Estimate and Forecast



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2 FEB 2005

The Board of Directors
EVERGREEN FIBREBOARD BERHAD
Suite 6.1A, Level 6, Menara Pelangi
Jalan Kuning, Taman Pelangi
80400 Johor Bahru
Johor Darul Ta'zim

Dear Sirs

**EVERGREEN FIBREBOARD BERHAD
CONSOLIDATED PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2004
AND PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2005**

1. We have reviewed the estimate and forecast of consolidated profit after taxation and minority interests of Evergreen Fibreboard Berhad ("EFB") and its subsidiaries and associate company (collectively known as "the EFB Group") for the year ended 31 December 2004 and for the year ending 31 December 2005 respectively as set out in Section 10.6 of the Prospectus to be dated 15 February 2005 in accordance with the International Standard on Auditing AI810 "The Examination of Prospective Financial Information", applicable to the review of forecasts.
2. The estimate and forecast have been prepared for inclusion in the Prospectus in connection with the Company's proposed listing on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities"). The estimate and forecast should not be relied on for any other purposes.
3. Our review has been undertaken to enable us to form an opinion as to whether the estimate and forecast, in all material respects, are properly prepared on the basis of the assumptions made by the directors and are presented on a basis consistent with the accounting policies adopted and disclosed by the EFB Group in its audited consolidated financial statements for the period ended 31 October 2004. The Directors of EFB are solely responsible for the preparation and presentation of the estimate and forecast and the assumptions on which the estimate and forecast are based.
4. The estimate for the year ended 31 December 2004 has been prepared based on the books and records on the assumption that there will be no material changes when the management accounts have been finalised and audited.

10. FINANCIAL INFORMATION (Cont'd)



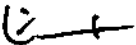
5. The forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the forecast are 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 variations could be material.
6. As disclosed in Note 16 of the principal bases and assumptions of the Consolidated Profit Estimate and Forecast, the consolidated profit forecast for the financial year ending 31 December 2005 assumes that EFB's application for a pioneer certificate from the Ministry of International Trade and Industry ("MITI") will receive a favourable response whereby 70% of the statutory income will be tax exempt for a period of 5 years, to commence from 15 March 2005, upon the compliance with the equity conditions imposed by Malaysian Industrial Development Authority. If the application to commence the pioneer period from 15 March 2005 is not successful as assumed, then there would be a consequential tax charge on the consolidated profit forecast for the year ending 31 December 2005 of up to approximately RM5,802,000.
7. As disclosed in Note 14 of the principal bases and assumptions of the Consolidated Profit Estimate and Forecast, the consolidated profit forecast for the financial year ending 31 December 2005 assumes that the second production line of a subsidiary in Thailand, Siam Fibreboard Company Ltd, will be operational with effect from 1 March 2005. If the second production line does not become operational with effect from 1 March 2005 as assumed in the forecast year, there could be a consequential significant impact upon the consolidated profit forecast for the financial year ending 31 December 2005.
8. Subject to the matters stated above :
 - (a) nothing has come to our attention which causes us to believe that the assumptions made by the Directors do not provide a reasonable basis for the preparation of the estimate and forecast of consolidated profit after taxation and minority interests; and
 - (b) in our opinion, the estimate and forecast of consolidated profit after taxation and minority interests, so far as the calculations are concerned, are properly prepared on the basis of the assumptions made by the Directors and are presented on a basis consistent with the accounting policies adopted and disclosed by the EFB Group in its audited financial statements for the period ended 31 October 2004.


10. FINANCIAL INFORMATION (Cont'd)



9. Our letter on the Consolidated Profit Estimate and Forecast of EFB for the year ended 31 December 2004 and the year ending 31 December 2005 respectively is solely for the purpose of this Prospectus and is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully


ERNST & YOUNG
AF:0039
Chartered Accountants
Johor Bahru, Malaysia


WUN MOW SANG
1821/12/06 (J)
Partner

10. FINANCIAL INFORMATION (Cont'd)

EVERGREEN FIBREBOARD BERHAD
(Incorporated in Malaysia)



CONSOLIDATED PROFIT ESTIMATE AND FORECAST AND ASSUMPTIONS

The Directors of EFB estimate and forecast that, in the absence of unforeseen circumstances, the consolidated profit estimate and forecast after taxation and minority interests of the Group for the financial year ended 31 December 2004 and the financial year ending 31 December 2005 respectively will be as follows :

	Estimate 2004 RM'000	Forecast 2005 RM'000
Revenue	<u>388,732</u>	<u>519,420</u>
Consolidated profit before taxation but after minority interests	57,293	71,268
Less : Taxation	<u>(12,297)</u>	<u>(6,308)</u>
Consolidated profit after taxation and minority interests	<u><u>44,996</u></u>	<u><u>64,960</u></u>
Weighted average ("WA") number of ordinary shares in issue ('000)*	386,340	464,390
Enlarged number of ordinary shares assumed to be in issue ('000)	480,000	480,000
Based on WA number of ordinary shares in issue		
Gross earnings per share (sen)	14.83	15.35
Net earnings per share (sen)	11.65	13.99
Based on enlarged number of ordinary shares in issue		
Gross earnings per share (sen)	11.94	14.85
Net earnings per share (sen)	9.37	13.53

* The weighted average number of shares is calculated based on the assumption that the Company will be listed by mid of March 2005.

The consolidated profit for the year ended 31 December 2004 has been estimated from the books and records, on the assumption that there will be no material changes when the management accounts have been finalized and audited.

10. FINANCIAL INFORMATION (Cont'd)

EVERGREEN FIBREBOARD BERHAD
(Incorporated in Malaysia)



CONSOLIDATED PROFIT ESTIMATE AND FORECAST AND ASSUMPTIONS
(cont'd)

The principal bases and assumptions upon which the consolidated profit forecast for the year ending 31 December 2005 have been made are set out below:

1. There will be no significant changes in the present principal activities and the structure of the Group other than those planned and incorporated in the forecast.
2. There will be no significant changes in the present legislation or government regulations in Malaysia, or in other jurisdictions in which the EFB Group operates which will adversely affect the activities and the demand, saleability and pricing of EFB Group's products and the market in which the EFB Group operates.
3. There will be no significant changes in existing strategic and operating policies, as well as the composition of key management personnel of the EFB Group that will adversely affect the activities or performance of the EFB Group.

There will be no significant changes in the assumed tax rates, bases of taxation and tax incentives, as well as duties and levies, and other corporate tax applicable to the EFB Group, except for those tax assumptions as set out in Note 16.

4. There will be no major industrial disputes or any abnormal circumstances, including exceptional bad debts, in Malaysia or in other jurisdictions or other markets where the EFB Group operates, which will adversely affect the EFB Group's activities or performance.
5. There will not be any material fluctuation in inflation rates and exchange rates of foreign currencies against the Ringgit Malaysia and the Ringgit Malaysia will continue to be pegged at RM3.80 per USD1. The turnover and profit forecast may differ significantly from the forecast if the peg of RM3.80 per USD1 is uplifted and the conversion of Ringgit Malaysia to USD changes significantly.
6. Existing financing facilities will remain available and the level of interest rates will not change materially from those currently prevailing. The Group will be able to obtain additional financing facilities as and when required at interest rates that approximate those currently available to the Group.
7. Capital expenditure will take place as planned with no material changes in the costs or prices. There will be no material additions to the property, plant and equipment other than as planned.
8. There will be no unfavourable conditions, both domestic and foreign, which will adversely affect the operations, income and expenditure of the Group.

10. FINANCIAL INFORMATION (Cont'd)

EVERGREEN FIBREBOARD BERHAD
(Incorporated in Malaysia)



CONSOLIDATED PROFIT ESTIMATE AND FORECAST AND ASSUMPTIONS
(cont'd)

9. There will be no limitations on the availability of labour supply and raw materials.
10. There will be no material changes in the cost of raw materials, labour and other production overheads which will affect the Group's performance. Administrative, selling and operating expenses will not differ materially from those forecasted.
11. There will be no significant changes in the accounting policies adopted by the companies within the Group, that will adversely affect the activities or performance of the EFB Group.
12. The Group will achieve the selling prices and quantities in the forecast and there will be no major changes in the sales mix of EFB Group's products.
13. There will not be any legal proceedings against the Group which will adversely affect the activities or performance of the Group or give rise to any contingent liabilities which will materially affect the position or business of the Group.
14. There will be no major delay in the production schedules. It is assumed that the second production line of a subsidiary in Thailand, Siam Fibreboard Company Ltd., will be operational with effect from 1 March 2005.
15. No allowance for diminution or write off of any assets is required.
16. On 4 October 2004, the Malaysian Industrial Development Authority ("MIDA") approved EFB's application for pioneer status under the Investment Incentives Act, 1986. Under the approval, 70% of the statutory income from the manufacture of wooden furniture, MDF flush door and medium density fibreboard with or without overlay is tax exempt for a period of 5 years, subject to certain conditions imposed by MIDA. The Company is required to obtain a pioneer certificate from the Ministry of International Trade and Industry ("MITI") within six months from the date of approval.

The Directors of the Company are of the opinion that the Company's application will receive due consideration from MITI and that a pioneer certificate will be granted for the pioneer period to commence from 15 March 2005, upon the compliance with the equity condition as imposed by MIDA.

In the event that the application is not successful, there is a potential shortfall of provision for taxation for the financial year ending 31 December 2005 of up to approximately RM5,802,000.

10. FINANCIAL INFORMATION (Cont'd)

EVERGREEN FIBREBOARD BERHAD
(Incorporated in Malaysia)



CONSOLIDATED PROFIT ESTIMATE AND FORECAST AND ASSUMPTIONS
(cont'd)

17. The tax liabilities of the Company and its subsidiaries, which are incorporated in Malaysia, are calculated at the prevailing tax rate of 28%. It is assumed that the Inland Revenue Board will approve all tax incentives claimed.

The net profits of a subsidiary incorporated in Thailand, Siam Fibreboard Company Ltd., will be exempted from corporate income tax up till 3 June 2006 in accordance with a Promotion Certificate issued by the Board of Investment in Thailand.

18. A tax exempt dividend of 3.125 sen per share will be declared for the forecast year.
19. There will be no event or combination of events, including but not limited to terrorist attacks or the outbreak of diseases, that will lead to a recession and impact the Group from achieving its forecast results and have an adverse effect on the value or quantity of the Group's assets.
20. There will be no significant changes to the prevailing world economic environment and political and market conditions, especially in overseas countries where the Group intends to market its products, which may directly or indirectly have an adverse effect on the activities or performance of the Group and the business of the Group's major customers and suppliers.
21. The proceeds from the public issue of RM106,772,400 is expected to be utilized in the following manner :

	RM'000
Repayment of bank borrowings	32,000
Capital expenditure	9,000
Working capital	60,564
Estimated listing expenses	5,208
	106,772

10. FINANCIAL INFORMATION (Cont'd)**10.8 Directors' Analysis and Commentary on the Consolidated Profit Estimate and Forecast for the Financial Year Ending 31 December 2004 and 2005**

The Directors have reviewed and analysed the reasonableness of the bases and assumptions used in arriving at the profit estimate and forecast for the financial year ended /ending 31 December 2004 and 2005 to be true and fair in the light of the future prospects of the industry, future plans and strategies, level of gearing, liquidity and working capital requirements to be adopted by the Group.

The consolidated turnover and consolidated PAT after MI of the Group for the financial year ended 2004 is estimated to increase to RM388.732 million and RM44.996 million respectively. This represents an increase in consolidated turnover and consolidated PAT after MI by approximately RM137.986 million or 55% and RM23.271 million or 107% respectively over financial year ended 31 December 2003.

The estimated increase in turnover is mainly due to the following reasons:

- (i) additional contribution expected from SFC;
- (ii) increase in the production volume of ATP; and
- (iii) increase in demand from local and overseas markets.

The increase in the Group's PAT after MI for the financial year ended 31 December 2004 is also contributed by cost savings through bulk purchases, economies of scale and lower production costs in the Group's overseas operations.

The consolidated turnover and consolidated PAT after MI of the Group for the financial year ending 2005 is forecasted to increase to RM519.420 million and RM64.960 million respectively. This represents an increase in consolidated turnover and consolidated PAT after MI by approximately RM130.688 million or 34% and RM19.964 million or approximately 44% respectively over the estimated results for financial year ended 31 December 2004.

The forecasted increase in turnover is mainly due to the commencement of the second line production in SFC which is expected during the first quarter of 2005, which will result in SFC contributing approximately 41% of Group's revenue.

The Group intends to utilise approximately RM32 million of the total proceeds from the Public Issue to repay the Group's borrowings, which in turn, will lead to some interest savings before taxation for the financial year ending 31 December 2005. Details of the potential interest savings are as disclosed in Section 3.9 of this Prospectus.

10.9 Dividend Estimate and Forecast

The Board does not intend to declare any dividends for the financial year ended 31 December 2004 but it intends to declare a tax exempt dividend of 3.125 sen per EFB Share or RM15,000,000 for the financial year ending 31 December 2005 based on the enlarged issued and paid-up share capital of 480,000,000 EFB Shares.

The Board of Directors of EFB intends to pursue a dividend policy in line with its profitability and will take into account factors such as operating cash flow requirements, debt servicing and financing commitments, availability of tax exempt profits or tax credits, and future prospects and expansion plans of the Group. In future, any dividends to be declared by the Board of Directors of EFB will depend primarily on the following factors:

- (i) availability of adequate distributable reserves and cash flows of EFB, which will be substantially dependent on the receipt of dividends and distributions from the companies within the EFB Group;

10. FINANCIAL INFORMATION (Cont'd)

- (ii) tax-exempt status of EFB and/or its relevant subsidiary;
- (iii) availability of sufficient tax credits; and
- (iv) covenants and other restrictions contained in EFB's current financing arrangements which limit EFB's ability to declare and pay dividends.

Subject to the foregoing factors, the Board of Directors of EFB intends to distribute dividends equivalent to between 20% to 50% of the EFB Group's annual net profit after taxation to its shareholders provided that the EFB Group's annual net profit after taxation is not less than RM25,000,000. In line with this, the RM15,000,000 tax-exempt dividend that the Board of Directors of EFB intends to declare in respect of the financial year ended 31 December 2005 amounts to approximately 23% of the forecasted profit after taxation and minority interest of approximately RM64.960 million.

10.10 Sensitivity Analysis

- (i) **Variation in Revenue and PBT
(Due to variations in Operating Costs)**

Estimate

A sensitivity analysis on EFB's consolidated profit estimate before tax for the financial year ended 31 December 2004 based on deviation of 5% to 10% on the Group's operating costs for the financial year is set out below:

	Revenue 2004 (RM'000)	Variation (%)	Profit estimate before tax (RM'000)	Variation (%)	Profit estimate after tax and MI (RM'000)	Variation (%)
As estimated	388,732		62,862		44,996	
Up 10%	388,732	-	55,779	-11.3	40,176	-10.7
Up 5%	388,732	-	59,321	-5.6	42,586	-5.4
Down 5%	388,732	-	66,404	5.6	47,407	5.4
Down 10%	388,732	-	69,946	11.3	49,817	10.7

As shown in the table, when operating costs is revised upward by 5% and 10%, PBT is expected to decrease by 5.6% and 11.3% respectively. On the other hand, when operating costs is revised downward by 5% and 10%, PBT is expected to increase by 5.6% and 11.3% respectively.

For PAT, when operating cost is revised upward by 5% and 10%, it decrease by 5.4% and 10.7% respectively and when operating cost is revised downward by 5% and 10%, PAT is expected to increase by 5.4% and 10.7% respectively.

10. FINANCIAL INFORMATION (Cont'd)**Forecast**

A sensitivity analysis on EFB's consolidated profit forecast before tax for the financial year ending 31 December 2005 based on deviation of 5% to 10% on the Group's operating costs for the financial year is set out below:

	2005	Revenue (RM'000)	Variation (%)	Profit forecast before tax (RM'000)	Variation (%)	Profit forecast after tax and MI (RM'000)	Variation (%)
As forecasted		519,420		80,665		64,960	
Up 10%		519,420	-	70,753	-12.3	56,862	-12.5
Up 5%		519,420	-	75,709	-6.1	60,839	-6.3
Down 5%		519,420	-	85,621	6.1	68,795	5.9
Down 10%		519,420	-	90,576	12.3	72,772	12.0

As shown in the table, when operating costs is revised upward by 5% and 10%, PBT is expected to decrease by 6.1% and 12.3% respectively. On the other hand, when operating costs is revised downward by 5% and 10%, PBT is expected to increase by 6.1% and 12.3% respectively.

For PAT, when operating cost is revised upward by 5% and 10%, it decrease by 6.3% and 12.5% respectively and when operating cost is revised downward by 5% and 10%, PAT is expected to increase by 5.9% and 12.0% respectively.

(ii) **Variation in Revenue and PBT
(Due to variations in product pricing)**

Estimate

A sensitivity analysis on EFB's consolidated profit estimate before tax for the financial year ended 31 December 2004 based on deviation of 5% to 10% on the Group's product pricing for the financial year is set out below:

	2004	Revenue (RM'000)	Variation (%)	Profit estimate before tax (RM'000)	Variation (%)	Profit estimate after tax and MI (RM'000)	Variation (%)
As estimated		388,732		62,862		44,996	
Up 10%		427,608	10.0	101,736	61.8	71,041	57.9
Up 5%		408,171	5.0	82,299	30.9	58,019	28.9
Down 5%		369,298	-5.0	43,426	-30.9	31,974	-28.9
Down 10%		349,861	-10.0	23,989	61.8	18,952	-57.9

As expected, an upward movement of product pricing by 5% and 10% will result in the same proportion of increment in revenue in that order. The opposite trend is observed when product pricing is reduced by the same amount.

As shown in the table, when product pricing is revised upwards by 5% and 10%, PBT is expected to increase by 30.9% and 61.8% respectively. In contrast, when product pricing is revised downward, by 5% and 10%, PBT is expected to decrease by 30.9% and 61.8% respectively.

10. FINANCIAL INFORMATION (Cont'd)

A hike of product pricing by 10% and 5% will cause a 57.9% and 28.9% increment respectively in PAT while a reduction of product pricing by the same percentage will result in 57.9% and 28.9% reduction of PAT.

Forecast

A sensitivity analysis on EFB's consolidated profit forecast before tax for the financial year ending 31 December 2005 based on deviation of 5% to 10% on the Group's product pricing for the financial year is set out below:

2005	Revenue (RM'000)	Variation (%)	Profit forecast before tax (RM'000)	Variation (%)	Profit forecast after tax and MI (RM'000)	Variation (%)
As forecasted	519,420		80,665		64,960	
Up 10%	571,362	10.0	132,607	64.4	107,063	64.8
Up 5%	545,391	5.0	106,636	32.2	85,940	32.3
Down 5%	493,449	-5.0	54,694	-32.2	43,694	-32.7
Down 10%	467,478	-10.0	28,723	-64.4	22,571	-65.3

As expected, an upward movement of product pricing by 5% and 10% will result in the same proportion of increment in revenue in that order. The opposite trend is observed when product pricing is reduced by the same amount.

As shown in the table, when product pricing is revised upwards by 5% and 10%, PBT is expected to increase by 32.2% and 64.4% respectively. In contrast, when product pricing is revised downward, by 5% and 10%, PBT is expected to decrease by 32.2% and 64.4% respectively.

A hike of product pricing by 5% and 10% will cause a 32.3% and 64.8% increment respectively in PAT while a reduction of product pricing by the same percentage will result in 32.7% and 65.3% reduction of PAT.

**(iii) Variation in Revenue and PBT
(Due to variations of cost of sales)**

Estimate

A sensitivity analysis on EFB's consolidated profit estimate before tax for the financial year ended 31 December 2004 based on deviation of 5% to 10% on the Group's cost of sales for the financial year is set out below:

2004	Revenue (RM'000)	Variation	Profit estimate before tax (RM'000)	Variation	Profit estimate after tax	Variation (%)
As estimated	388,732		62,862		44,996	
Up 10%	388,732	-	36,514	-41.9	27,574	-38.7
Up 5%	388,732	-	49,688	-21.0	36,285	-19.4
Down 5%	388,732	-	76,037	21.0	53,708	19.4
Down 10%	388,732	-	89,211	41.9	62,419	38.7

10. FINANCIAL INFORMATION (Cont'd)

As shown in the table, a 5% increase in the cost of sales is expected to reduce PBT by 21.0%. A 10% increase in cost of sales is expected to reduce the PBT by 41.9%. On the contrary, if the cost of sales is revised downward by 5% and 10%, PBT is expected to increase by 21.0% and 41.9% respectively.

In the table, it is also shown that a 5% increase in the cost of sales is expected to result in 19.4% reduction in PAT. A 10% increase in cost of sales is expected to reduce the PAT by 38.7%. On the other hand, if the cost of sales is revised downward by 5% and 10%, PAT is expected to increase by 19.4% and 38.7% respectively.

Forecast

A sensitivity analysis on EFB's consolidated profit forecast before tax for the financial year ending 31 December 2005 based on deviation of 5% to 10% on the Group's cost of sales for the financial year is set out below:

	2005	Revenue (RM'000)	Variation	Profit forecast before tax (RM'000)	Variation	Profit forecast after tax (RM'000)	Variation (%)
As forecasted		519,420		80,665		64,960	
Up 10%		519,420	-	45,737	-43.3	36,181	-44.3
Up 5%		519,420	-	63,201	-21.6	50,499	-22.3
Down 5%		519,420	-	98,129	21.6	79,135	21.8
Down 10%		519,420	-	115,593	43.3	93,453	43.9

As shown in the table, a 5% increase in the cost of sales is expected to reduce PBT by 21.6%. A 10% increase in cost of sales is expected to reduce the PBT by 43.3%. On the contrary, if the cost of sales is revised downward by 5% and 10%, PBT is expected to increase by 21.6% and 43.3% respectively.

In the table, it is also shown that a 5% increase in the cost of sales is expected to result in 22.3% reduction in PAT. A 10% increase in cost of sales is expected to reduce the PAT by 44.3%. On the other hand, if the cost of sales is revised downward by 5% and 10%, PAT is expected to increase by 21.8% and 43.9% respectively.

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10. FINANCIAL INFORMATION (Cont'd)

10.11 Reporting Accountant's Letter On Proforma Consolidated Balance Sheets As at 31 October 2004



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**REPORTING ACCOUNTANTS' REPORT ON PROFORMA CONSOLIDATED
BALANCE SHEETS
(prepared for inclusion in the Prospectus to be dated 15 February 2005)**

2 February 2005

The Board of Directors
EVERGREEN FIBREBOARD BERHAD
Suite 6.1A, Level 6
Menara Pelangi
Jalan Kuning
Taman Pelangi
80400 Johor Bahru

Dear Sirs

**EVERGREEN FIBREBOARD BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 OCTOBER 2004**

We report on the proforma consolidated balance sheets set out in the accompanying statement (which we have stamped for the purpose of identification), which have been prepared for illustrative purposes only, to provide information about how the consolidated balance sheet of Evergreen Fibreboard Berhad ("EFB") and its subsidiaries as at 31 October 2004 that have been presented might have been affected by the following proposals had the proposals been completed on that date:

- (i) proposed share split from one existing ordinary share of RM1.00 each in EFB to four ordinary shares of RM0.25 each, thereby increasing the number of existing ordinary shares from 36,447,071 ordinary shares to 145,788,284 ordinary shares of RM0.25 each;
- (ii) proposed bonus issue of 240,551,716 new EFB shares to the existing shareholders of EFB on the basis of approximately thirty-three new EFB shares for every twenty existing EFB shares held in EFB.
- (iii) proposed offer for sale at an offer price of RM1.14 per share by way of placement to the following parties:
 - 71,500,000 new EFB shares to Bumiputra parties approved by the Ministry of International Trade and Industry ("MITI");
 - 41,500,000 new EFB shares to placees identified by the Placement Agent.

10. FINANCIAL INFORMATION (Cont'd)



- (vi) proposed public issue of 93,660,000 new EFB shares of RM0.25 each at an issue price of RM1.14 per new EFB share to be allocated in the following manner :
- 24,000,000 new EFB shares will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions of which at least 30% is to be set aside strictly for Bumiputra individuals, companies, societies, co-operatives and institutions.
 - 6,000,000 new EFB shares will be made available for application by eligible directors and employees of the Group.
 - 10,660,000 new EFB shares to placees identified by Placement Agent.
 - 53,000,000 new EFB shares by way of placement to Bumiputra parties approved by MITI.
- (v) listing of, and quotation for, the entire issued and paid-up share capital of EFB on the Main Board of Bursa Malaysia Securities Berhad.

It is the responsibility solely of the directors of EFB to prepare the proforma consolidated balance sheets in accordance with the requirements of the Securities Commission Prospectus Guidelines in respect of Public Offerings("the Guidelines").

It is our responsibility to form an opinion, as required by the Guidelines, and to report our opinion to you. Our work consisted primarily of comparing the unadjusted financial information presented with their original form, considering the adjustments and discussing the proforma consolidated balance sheets with the responsible officers of EFB. Our work involved no independent examination of any of the underlying financial information.

In our opinion:

- (a) the proforma consolidated balance sheets have been properly compiled on the bases stated; and
- (b) within the context of the assumed date of the Public Issue:
 - (i) such bases are consistent with the accounting policies adopted by the companies within the EFB Group; and
 - (ii) the adjustments set out are appropriate for the purposes of the proforma consolidated balance sheets pursuant to the Guidelines.


10. FINANCIAL INFORMATION (Cont'd)



The accompanying proforma balance sheets and this letter have been prepared solely for the purposes stated above in connection with the aforementioned proposals. This letter is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully


ERNST & YOUNG
AF:0039
Chartered Accountants


WUN MOW SANG
No. 1821/12/06(J)
Partner

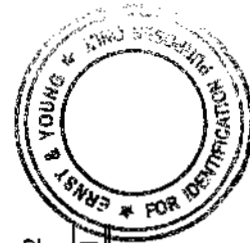
Johor Bahru, Malaysia

10. FINANCIAL INFORMATION (Cont'd)

EVERGREEN FIBREBOARD BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 OCTOBER 2004

	Audited as at						
	31 October 2004*	Adjustment I RM'000	Proforma I RM'000	Adjustment II RM'000	Proforma II RM'000	Adjustment III RM'000	Proforma III RM'000
NON-CURRENT ASSETS							
Property, plant and equipment	242,195	-	242,195	-	242,195	9,000	251,195
Investment in associate	8,706	-	8,706	-	8,706	-	8,706
Goodwill on consolidation	1,028	-	1,028	-	1,028	-	1,028
	<u>251,929</u>	<u>-</u>	<u>251,929</u>	<u>-</u>	<u>251,929</u>	<u>9,000</u>	<u>260,929</u>
CURRENT ASSETS							
Inventories	36,642	-	36,642	-	36,642	-	36,642
Trade receivables	49,908	-	49,908	-	49,908	-	49,908
Other receivables	12,385	-	12,385	-	12,385	-	12,385
Cash and bank balances	103,118	(30,000)	73,118	106,772	179,890	(46,208)	133,682
	<u>202,053</u>	<u>(30,000)</u>	<u>172,053</u>	<u>106,772</u>	<u>278,825</u>	<u>(46,208)</u>	<u>232,617</u>
CURRENT LIABILITIES							
Short term borrowings	32,696	-	32,696	-	32,696	(32,000)	696
Trade payables	28,809	-	28,809	-	28,809	-	28,809
Other payables	20,110	-	20,110	-	20,110	-	20,110
Tax payable	2,920	-	2,920	-	2,920	-	2,920
Dividend payable	30,000	(30,000)	-	-	-	-	-
	<u>114,535</u>	<u>(30,000)</u>	<u>84,535</u>	<u>-</u>	<u>84,535</u>	<u>(32,000)</u>	<u>52,535</u>
NET CURRENT ASSETS							
	87,518	-	87,518	106,772	194,290	(14,208)	180,082
	<u>339,447</u>	<u>-</u>	<u>339,447</u>	<u>106,772</u>	<u>446,219</u>	<u>(5,208)</u>	<u>441,011</u>

* The balance sheet of a subsidiary, RISB was not included as RISB is in the process of being wound up and the results have no material effect to the proforma consolidated balance sheets.



10. FINANCIAL INFORMATION (Cont'd)**EVERGREEN FIBREBOARD BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 OCTOBER 2004 (Cont'd)**

	Audited as at 31 October 2004*	Adjustment I RM'000	Proforma I RM'000	Adjustment II RM'000	Proforma II RM'000	Adjustment III RM'000	Proforma III RM'000
Share capital	36,447	60,138	96,585	23,415	120,000	-	120,000
Share premium	23,268	(23,268)	-	83,357	83,357	(5,208)	78,149
Retained profits	191,609	(36,870)	154,739	-	154,739	-	154,739
Foreign exchange reserve	(2,456)	-	(2,456)	-	(2,456)	-	(2,456)
Shareholders' equity	248,868	-	248,868	106,772	355,640	(5,208)	350,432
Minority interest	17,215	-	17,215	-	17,215	-	17,215
	266,083	-	266,083	106,772	372,855	(5,208)	367,647
Long term borrowings	55,080	-	55,080	-	55,080	-	55,080
Deferred taxation	18,284	-	18,284	-	18,284	-	18,284
Non-current liabilities	73,364	-	73,364	-	73,364	-	73,364
	339,447	-	339,447	106,772	446,219	(5,208)	441,011
Number of ordinary shares	36,447		386,340		480,000		480,000
Net tangible assets	247,840		247,840		354,612		349,404
Net Tangible Assets per ordinary share (RM)	6.80		0.64		0.74		0.73



10. FINANCIAL INFORMATION (Cont'd)

EVERGREEN FIBREBOARD BERHAD
(Incorporated in Malaysia)



**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 OCTOBER 2004**

1. The proforma consolidated balance sheets of EVERGREEN FIBREBOARD BERHAD, (hereinafter referred to as "EFB") have been prepared for illustrative purposes only to show the effects on the audited balance sheet of EFB as at 31 October 2004 after accounting for the effects of the Proposals as stated in Notes 2, 3, and 4 had the Proposals been implemented and completed on that date and by application of the accounting policies consistent with those previously adopted in the preparation of the audited financial statements.
2. **PROFORMA I - AFTER INCORPORATING SHARE SPLIT AND BONUS ISSUE**
Proforma I incorporates the following :
 - (i) Share split from one (1) existing ordinary share of RM1.00 each into four (4) new ordinary shares of RM0.25 each.
 - (ii) Bonus issue of 240,551,716 new EFB shares to the existing shareholders of EFB on the basis of approximately thirty-three (33) new EFB shares for every twenty (20) existing EFB shares held in EFB by way of capitalising RM60,137,929 from the share premium reserves and the unappropriated profits of EFB.
 - (iii) The interim dividend payable of RM30,000,000 declared on 30 October 2003 in respect of financial year ended 31 December 2003 was paid to eligible shareholders on 29 December 2004.
3. **PROFORMA II - AFTER INCORPORATING PROFORMA I AND PUBLIC ISSUE**
Proforma II incorporates Proforma I and the public issue of 93,660,000 new EFB shares of RM0.25 each at an issue price of RM1.14 per share.
4. **PROFORMA III - AFTER INCORPORATING PROFORMA II AND UTILISATION OF PROCEEDS**

The proceeds from the public issue will be utilised as follows :-

	RM'000
Repayment of bank borrowings	32,000
Capital expenditure	9,000
Working capital	60,564
Estimated listing expenses	5,208
	106,772

Estimated share issue expenses of RM5,208,000 is to be written off against share premium account.

10. FINANCIAL INFORMATION (Cont'd)

EVERGREEN FIBREBOARD BERHAD
(Incorporated in Malaysia)



NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 OCTOBER 2004
(Cont'd)

5. SHARE CAPITAL

The movements of the issued and paid up share capital of EFB after taking into account the proposed flotation exercise are as follows :-

	RM'000
As at 31 October 2004	36,447
Bonus issue	60,138
As per Proforma I	<u>96,585</u>
Public issue	23,415
As per Proforma II	<u>120,000</u>