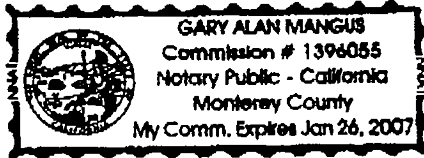
This is Exhibit "J"
Referred to in the Affidavit
of ROBERT HOPKINS
Sworn before me this 23
day of April A.D. 2004

Gary Alan Mangus
Notary Public in and for the
State of CALIFORNIA



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Private & Confidential

March 30, 2004

CM Equity Partners LP
900 Third Avenue
33rd Floor
New York, NY 10022-4775

Attention: Mr. Robert Hopkins

Massachusetts Mutual Life Insurance Company
1295 State Street
Springfield Massachusetts 01111-0001

Attention: Mr. Michael L. Klofas, Investment Advisor

Dear Sirs:

Subject: Evans Consoles Inc. and Evans Consoles Incorporated ("US subsidiary") (collectively the "Company")

INTRODUCTION

Background

Further to our Engagement Letter of March 17, 2004, we are writing with respect to the results of our review on the security value of the assets and operations of the Company which have been pledged in support of CM Equity Partners LP and Massachusetts Mutual Life Insurance Company and their related entities as applicable (collectively the "Secured Creditors") term debt and revolving loans.

This analysis is based on financial information as at February 29, 2004 and reflects the recovery from the assets and operations of the Company pledged as security to the Secured Creditors, which are comprised primarily of cash, accounts receivable, inventory, capital assets and goodwill (as applicable). Recovery estimates have been reduced for potential third party claims which may rank in priority to the Secured Creditors' security or which may be required to be paid in order to complete a liquidation. Costs of realization, including without limitation receiver's fees and selling costs, have also been considered.

Our analysis has been prepared on the basis that a Receiver and Manager is appointed by the Court to institute a liquidation of all of the Company's assets and operations either through

forced-sale liquidation or an expedited sale as a going concern to a new entity, the latter as we understand being the intended course of action of the Secured Creditors. No effect has been given to the potential appointment of a Trustee in Bankruptcy which could affect the claims and/or priorities of certain third parties.

Our Understanding of the Situation

We have been advised that the Company is indebted to the Secured Creditors in the approximate amount of $29.6 million, which indebtedness is secured. We also understand that the credit agreements between the Company and the Secured Creditors are in default and the Secured Creditors are considering their remedies of the default, including without limitation, the appointment of a Receiver and Manager.

It has been communicated to us that the Secured Creditors are of the view that they will suffer a significant shortfall on their loans under recovery proceedings, and to mitigate such a loss may be willing to consider the sale of the assets to a new company which may be owned by the Secured Creditors and current management of the Company.

In this regard, the Secured Creditors would like to get a better understanding of the value of assets and operations of the Company in an attempt to ascertain its most appropriate remedy in realizing, recovering and/or restructuring its indebtedness.

Scope of Our Engagement

Our review of the Company's assets and operations includes only those assets which are pledged to the Secured Creditors in respect of their term loans and revolving facilities. The only other assets, namely capital leased equipment, which have been pledged to other third parties as security have been considered to the extent that equity is available for the Secured Creditors.

We have reviewed information provided to us by the Company and generally held discussions with management in order to gain a clear understanding of the nature and the characteristics of the assets and operations and their potential realizable value. Third party appraisals were obtained in respect of the Company's capital assets.

We have also held discussions with the Secured Creditors' counsel concerning the priority of the Secured Creditors' security vis-à-vis third party claims and legal issues arising with respect to realization considerations. We have not obtained a legal opinion in respect of the validity and enforcability of either the Secured Creditors' or capital lease lenders' security.

Our estimates of recoveries to the Secured Creditors are based upon certain assumptions and on the Company's balance sheet as at February 29, 2004. Actual recoveries could differ materially from our estimates due to subsequent fluctuations in the Company's financial position, the

timing of any receivership appointments and other factors which may emerge in the event of insolvency.

Restrictions and Qualifications

Our estimates are based on information provided to us by the Company. We have not audited or otherwise verified such information.

This report has been provided solely for your use and benefit and only in connection with the purpose outlined in our Engagement Letter of March 17, 2004. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any third party to whom this report is disclosed or otherwise made available.

Should information become available to us after the date of this report, we will have the right to, but be under no obligation to, revise our report.

ESTIMATED VALUE OF THE SECURED CREDITORS' SECURITY AS AT FEBRUARY 29, 2004

Summary of Consolidated Value

- We estimate the value of the Secured Creditors' security in support of their loans of approximately $29.6 million (after estimated realization costs) to be in the range of $6.4 million to $7.6 million as at February 29, 2004 as set out below. The following table is presented on a consolidated basis (ie. combination of the Canadian and US assets and operations) as it has been represented that the Secured Creditors have first security over the assets of both the parent and its US subsidiary. A detailed summary is set out in Schedule A.

	Estimated Realizations As at February 29, 2004	
	Going Concern ($'000)	*Liquidation ($'000)*
Cash	2,357	2,357
Accounts Receivable	4,349	3,345
Inventory	741	204
Capital Assets	2,829	1,834
Other assets	146	16
Assumed Obligations	(2,521)	-
Goodwill	846	-
Gross Estimated Realizations	8,747	7,756
Less: Priority Claims	(258)	(258)
Other Secured Amounts	(634)	(634)
Net Estimated Realizations before Realization Costs	7,855	6,864
Less: Realization and Selling Costs	(300)	(506)
Net Estimated Recovery to Secured Creditors	**7,555**	**6,358**
Amounts owing to the Secured Creditors	29,600	29,600
Shortfall to Secured Creditors	**(22,045)**	**(23,242)**

- We estimate that the shortfall to the Secured Creditors to be in the range of $22 million to $23 million.
- The ability to realize an amount in the high end of the range is based upon obtaining a recovery for the "goodwill" of the Company, on the basis that the business as an operating entity, with infrastructure, is worth more than recoveries on a piecemeal basis, and provided that the business is at some point able to generate positive cashflows.

Summary of Individual Corporate Values – Canadian Parent v. US subsidiary

- The Secured Creditors have security over the assets and operations of both the Canadian parent (which would include the shares of the US subsidiary) and the US subidiary.
- The only assets that a Receiver-Manager could realize on in regards to the receivership of the Canadian parent are the cash, accounts receivable, inventory and capital assets of the

Canadian parent and the shares of the US subsidiary (and not the specific assets of the US subsidiary). An insolvency proceeding commenced in the US would be required for the Secured Creditors to realize directly on the assets of the US subidiary.

- In determining a range of recoverable values of the Canadian parent's assets, the shares held by the Canadian parent in the US subsidiary have been attributed no value due to the insolvent nature of the subsidiary. This assumption has been made on the financial information provided to us regarding the US subsidiary, wherein a material net receivable due from the Canadian parent (totalling approximately $4 million as at February 29, 2004) would be uncollectible if the parent were in receivership. The US subsidiary has also guaranteed the Canadian parent's obligations to the Secured Creditors.

- Assuming no value in the shares of the US subsidiary, and utilizating the same assumptions as those used for the consolidated valuations, the following is a reconciliation of the recoverable value on a split between the Canadian and US assets:

	Estimated Realizations As at February 29, 2004	
	Going Concern ($'000)	*Liquidation ($'000)*
Net Asset Value To Canadian parent's Assets	5,251	3,389
Net Asset Value To US subsidiary's Assets	2,304	2,969
Net Asset Value available to creditors	**7,555**	**6,358**

- In regards to the US subsidairy values, the going concern value includes an estimate of its specific assumed obligations similar to that for the Company on a consolidated basis and as noted, assigns no value to the material intercompany receivable due from the Canadian parent.

- As the US subsidiary is primarily a sales arm to the Canadian parent, no proporation of the goodwill component which was determined for the Company on a consolidated basis has been included in regards to the US subsidiary recoverable values.

Overview of Major Assumptions

- We set out below the major assumptions or factors which we considered in arriving at our estimates of realizable value. The detailed assumptions relating to our analysis of the Secured Creditors' security position in respect of cash, accounts receivable, inventory, capital assets and third party priority claims are included in the notes to Schedule A.

(i) General

- The Secured Creditors have a first charge over all of the assets and operations of the Company, and the charge is valid and enforceable. We have not considered any ranking of the indebtedness of the Secured Creditors.

- The realization scenarios have been completed on the basis that recoveries are commenced through a receivership and no effect has been given to the potential appointment of a trustee in bankruptcy which could affect the claims and/or priorities of certain third parties.

- Liquidation values assume an orderly wind-down and sale of the assets of the Company.

- No value has been attributed to any tax losses available to the Company, nor have the realization options taken into consideration any detailed tax planning to potentially enhance recoveries.

- Valuations have been determined as at February 29, 2004. Changes in the figures as a result of operations and/or restructuring efforts undertaken by the Company have not been incorporated into the results.

- No recoveries are anticipated for intercompany amounts owing.

- All amounts are in Canadian dollars unless otherwise noted. Conversion of all US$ figures to Canadian dollars have been done on a US$1 to CDN$1.35 basis.

(ii) Cash

- In both realization scenarios, the full amount of cash available as at February 29th has been included in our estimate of realizable value, as opposed to the cash being first applied to the outstanding debt of the Secured Creditors before recovery proceedings are commenced.

- We understand that a certain amount of funds (approximately $100,000) has been pledged as security for either deposits of customers or performance of work. For the purposes of our realization estimates, we have assumed that the Secured Creditors' security ranks in priority to the pledged deposits. Should this not be the case, our realization estimates will have to be revised accordingly.

- Management has advised us that in regards to a going concern sale, a certain amount of cash would be required for working capital purposes and to fund the business during its sale/restructuring under the receivership process (including a potential relocation of the business should the Company be unable to successfully

renegotiate the terms of its lease with the landlord). This is evidenced in the financial projections prepared by the Company.

- We have been advised that as of the date of this report, approximately $700,000 of the February 29th cash balance has been utilized in funding the restructuring costs (ie. professional fees) and operating losses of the Company.

(iii) Accounts Receivable

- Under a liquidation of the Company, there is the potential for accounts receivable recoveries to be adversely affected as a result of the Company not being able to honor any future warranty claims or provide ongoing customer support.

- Under the going concern scenario, we have assumed that from a customer's viewpoint, the sale of the assets and operations to a purchaser would be seamless (ie. having no impact on continued service and/or warranty issues) and that such obligations would be taken on by the new purchaser in order to maintain the "goodwill" of the business.

(iv) Inventory

- All inventory items are assumed to be usable unless otherwise noted.

- Claims of third parties for return of goods under the BIA (ie. 30 day goods) are considered to be immaterial to the overall value and/or quantity of inventory on hand.

(v) Capital Assets

- Liquidation values have been determined using a third party appraisal based on an orderly liquidation of the assets.

- Going concern values for capital assets have been estimated by the application of a premium to the appraisal values to take into account the "ready for use" nature of the assets.

(vi) Goodwill

- In the liquidation scenario, no value has been attributed to "goodwill" due to the inherent nature of a forced sale liquidation of the assets.

- In regards to the "goodwill" component in a going concern sale, the amount has been determined as the difference between the "Going Concern Value" (see section 3) and realizable value of the assets of the Company, namely cash, inventory, accounts receivable and capital assets.

(vii) Operations

- If the Receiver-Manager is required to operate the business for a period pending a sale of the assets and operations, either on an orderly wind-down or going concern basis, we have assumed that the business will, at a minimum, operate at a breakeven cashflow level.

- The receivership would not adversely affect any customer and/or supplier relationships with the Company for the continued provision or supply of goods and services nor would it negate any customer or supplier contracts (ie. the receivership would not act as a triggering event in causing the Company to be in default of a material customer/supplier contract).

- In the event of a receivership we have assumed the Company would be able to continue to operate out of its currently leased premises at rates near the rates currently being paid by the Company, OR the Company would be able to relocate to alternative premises for a reasonable cost and with no noticeable disruption or erosion to the present and ongoing business of the Company, other than has been anticipated by the Company in its financial projections.

- Sales and costs for the Company are not expected to materially diverge from those presented in its financial projections.

- The Company will be able to procure a continuous flow of materials and labour to meet customer orders at levels consistent with those in its financial projections, without requiring onerous duress payments or increased costs.

(viii) Priority Claims and Assumed Obligations

- Although the majority of claims of third parties, including without limitation, customer advances, employees, trade suppliers and landlords, appear to be unsecured in a receivership (employee claims may have some priority under provincial employment standards in a receivership) there would likely be some requirement to meet some of the unsecured obligations of the Company (whether in whole or in part) to maintain operations of the business. Such examples could include "sole-source" suppliers of materials, honoring of customer deposits and payments of employee claims to maintain labour requirements.

- Based on representations from management, it has been assumed that the Company is current with all amounts owing to CCRA, thus negating any likelihood of a super priority "deemed trust" claim of the government.

- We have been advised by management that there are no unions, pension obligations or material employment contracts which would impact the basis of our realization estimates.

- In regards to customer deposits, it has been assumed that they would not have a valid trust claim regarding such amounts and as such are unsecured claims against the Company in a liquidation scenario.

(ix) Realization Costs

- Realization costs include such items as the receiver's fees and disbursements (excluding any operating costs), legal fees and disbursements and selling costs as applicable.

- For the purposes of our realization estimates, we have assumed that no immediate buyer is available (as is being contemplated by the Secured Creditors) and that the assets and operations of the Company will need to be administered under normal receivership conditions. As such, it has been assumed that regardless of the method of realization, the operations of the Company would be maintained for a minimum period of time (say 2 to 4 weeks) to allow the receiver to assess the situation and determine the best course of action.

- If the assets are sold on an expedited basis, it is anticipated that the realization costs would be lower if the assets are disposed of immediately following the appointment of a Receiver-Manager, with an application to approve such a sale being brought forward within two days of the receivership occurring.

- The ability to conduct a timely sale of the assets and operations of the Company, either in a liquidation or going concern scenario, along with the issues encountered in administering the receivership would have a direct impact on the realization costs.

Discussions Regarding Assumed Obligations Under the Going Concern Scenario

- A material component in the determination of the going concern valuation is the amount of "assumed obligations" that could be required to (i) maintain the "goodwill" of the business and (ii) allow operations to continue without any material disruption and/or erosion.

- Through the assumption of certain obligations, it has been assumed that operations will, for the most part, continue on a seamless basis, allowing for enhanced recoveries or increased assets values.

- These assumed obligations consist primarily of customer deposits, required trade creditors and warranty obligations. A discussion on the rational for assumption of these obligations and the estimated amount to be incurred is as follows:

(i) Customer Deposits

- Based on information provided by management, the Company has received approximately $1.1 million from customers in advance of product being supplied. This amount represents an average deposit of 20% on the estimated $5 million of pre-booked sales (or about 2½ months of go-forward revenue).

- Should these amounts not be honoured, it is likely that go-forward sales would be adversely impacted, materially eroding the goodwill and the viability (ie. going concern) of the business.

- Should the going concern of the business be adversely impacted, it would be expected that the enhanced recoveries of the other assets (ie. inventory, A/R and capital asset) would also be negatively impacted.

- Although these amounts are considered to be unsecured, it has been assumed that there is an underlying requirement to honour these deposits to ensure go-forward sales and in turn maintain the goodwill of the business.

(ii) Trade Creditors

- Management has suggested that due to certain "sole source" and/or critical suppliers, payments (either partial or full) of outstanding accounts would be required to ensure a continued provision of goods and services to allow the Company's operations to continue.

- In reviewing the composition of the Company's trade creditors that would require payment, management has suggested that approximately $1.75 million of a total $3 million of trade creditor balances would need to be paid.

- Based on our experience in insolvency matters it is our opinion that the requirement of the Company, a purchaser, or for that matter the Receiver-Manager, to make "duress" payments to trade creditors for the continue provision of goods and services would likely not be required to the extent that has been suggested by management, and as such, we have utilized an amount nearer $900,000 (or approximately ½ that estimated by management).

(iii) Warranty Obligations

- Similar to the customer advance issue, under a going concern scenario, the non-resolution of warranty claims could have a material impact on the goodwill of the business on a go-forward basis.

- Management has indicated that the potential warranty obligations of the Company are reviewed on a quarterly basis for reasonableness, and based on historical results has generally averaged 2% of revenues.

REVIEW OF CURRENT FINANCIAL POSITION AND HISTORICAL AND PROJECTED FINANCIAL RESULTS

Summary of the Company's Financial Position

- As at February 29, 2004 the Company had assets with a book value of $14.9 million, comprised primarily of $9.9 million in working capital. The breakdown is as follows:

Current Assets	($'000)
Cash	2,357
Accounts receivable	5,826
Income taxes receivable	82
Inventory	1,481
Prepaid expenses	162
	9,908
Long term receivable	114
Deferred financing	243
Capital assets	4,599
	14,864

- As at February 29, 2004, the Company had total liabilities with a book value of $37.7. Most of the balance relates to $30.3 million in third party secured debt and lease obligations. The remaining balance relates to trade payables, customer deposits and lease obligations.

Current Liabilities	($'000)
Mass Mutual Revolving Loan	6,499
Accounts payable	5,931
Promissory Notes	264
Customer advances	1,164
Current portion capital lease	59
Term debt	23,126
	37,043
Lease obligation	301
Promissory notes - long term	396
	37,740

- The Company has negative net equity of $22.9 million at February 29, 2004 due to its retained earnings deficit of $35.7 million. The majority of this deficit resulted from the deteriorating operating performance of the Company in the last two years.

Summary of Historical Financial Results

- For the last fiscal year ended August 31, 2003, the Company generated sales of $50.9 million. The Company earned a gross margin of 24% and incurred general and administrative expenses of $16.1 million generating a loss before interest, taxes, depreciation and amortization of $4.1 million. After reflecting charges for asset impairments, depreciation and interest, the Company incurred a net loss of $22.9 million.

- The Company's sales have declined significantly from a peak of $74 million for the fiscal year ended 2001. The Company's sales have continued to decline in 2004. For the six months ended February 29, 2004, the Company generated $16.6 million in sales, netting a pre-tax loss of $1.5 million.

Summary of Forecast Financial Results

- The Company is forecasting earnings before interest, taxes, depreciation and amortization ("EBITDA") for the twelve months ended March 31, 2005 of $0.8 million. These earnings are based on sales of $21.6 million, which is lower than the levels suggested by the performance for the current fiscal year to date, which has been negatively impacted by lower sales in recent months.

- The EBITDA improvement from the $4.1 million loss in 2003 is the result of the following factors:

    - An improvement in the gross margin to 28% from the current level of 24%.
    - The anticipated administrative cost reductions of $3.3 million per year, based on annualized year to date results.

- We understand that the Company commissioned a third party valuation of the business in early 2003. Enterprise value, according to the 2003 report ranged from $22 million to $30 million. At the time the 2003 report was commissioned, the Company's forecasts suggested $60 million in sales for 2003, growing to $85 million by 2005.

- Given the significant decline in forecast sales and profitability from the 2003 forecast it is reasonable to expect a similar decline in the Company's current enterprise value.

VALUATION APPROACH

- There are two primary approaches to the determination of the fair market value of active operating enterprises:

  (i) A going-concern approach
  - assumes a continuing business enterprise with future earnings and discretionary cash flow; and
  - value relates to the amount and timing of the earnings and cash flows along with the perceived risk associated with their realization.

  (ii) A liquidation approach:
  - when a business is not a going-concern or a greater value can be realized by winding-up the business.

Going Concern Value

- Generally, a going-concern approach relies upon an enterprise's earnings or cash flow as the primary determinants of the fair market value of the business. Variations of a cash flow valuation approach are commonly used for enterprises with finite lives or where capital expenditures are significantly different than recorded depreciation levels.

- The value determined through the going concern approach is based on the expected level of future earnings. This expectation is based on historical results and industry knowledge.

- Techniques applied using a going-concern approach include the capitalization of EBITDA and discounted cash flows ("DCF").

Going Concern - EBITDA Approach

- A company's maintainable level of EBITDA is typically estimated using a review of historical information, as well as current results and future expectations. In determining a normalized level of EBITDA any unusual or non-recurring expenses or revenues that have affected results, as well as the prevailing and anticipated market conditions must be considered or reflected.

- The selected level of EBITDA is capitalized using a multiple which recognizes the risks and uncertainties associated with the realization of this normalized level of EBITDA. The appropriateness of the selected multiples has been confirmed with comparison to other valuation parameters.

- The normalized annual maintainable EBITDA for the Company approximates $2.4 million. This is based on the Company's 2004 forecast for EBITDA which has been normalized as follows:

- Sales of $2 million per month producing revenue of $24 million per year. This increase from the 2004 forecast reflects a projected shutdown for an anticipated move of the manufacturing facilities in 2004 that should be a non recurring event.
- Manufacturing overhead rationalizations improving margins by 2%, consistent with what the Company expects to achieve by the end of the 2004 forecast.
- Consulting fees assumed to cease after March 2005.

- The multiple utilized should reflect the risk and quality of the Company's maintainable EBITDA. In arriving at an EBITDA multiple of 3.25, we considered a number of factors, including the following:

    - The risk of the Company ceasing as a going concern due to its current insolvent position;
    - The significant deterioration in sales from 2002 levels;
    - The Company's history of operating losses;
    - An analysis of enterprise values of public office furniture manufacturers;
    - An analysis of recent transactions for office furniture manufacturers;
    - A review of relevant association and industry growth and demand drivers; and
    - A review of relevant economic growth indicators.

- Based on a maintainable level of EBITDA approximating $2.4 million, applying a multiple of 3.25 times suggests an estimated Enterprise Value for the Company of $7.9 million as presented at Schedule 1 and below:

Maintainable EBITDA ($'000)	2,417
Multiple	3.25
Enterprise value ($'000)	**7,855**

- As a test of our conclusions using an EBITDA approach, a discounted cash flow value was determined. The discounted cash flow value is determined by estimating future after tax cash flows before interest and net of capital expenditures and then discounting the cash flows to their present value. This value was determined as follows:

    - The Company provided a forecasted cash flow for 12 months.
    - The forecast for the first twelve months includes restructuring costs which will not be recurring. The Company's cash flow forecast was adjusted for the following twelve months to reflect the restructured operations.
    - At the end of the forecast period a residual value was determined based on a capitalization of the cash flow in the terminal period of the forecast after

reflecting a long term growth rate of 3%. This growth rate was estimated based on the long term growth rates for the market demand drivers such as GDP.
- The net after-tax cash flows, after consideration of maintenance capital expenditures and before interest charges, were then discounted to their net present value at the weighted average cost of capital ("WACC") suggested by other public companies in the industry to determine the fair market value of the enterprise. This enterprise value accrues to the debt and equity holders of the business.

- The discount rate applied to the expected future cash flows reflects many factors including the general investment climate, rates of return available to investors on competing investments and the effect on the market of recent transactions of similar enterprises. These issues have been addressed above in the EBITDA value discussion. The WACC for the industry is estimated at 17.6% based on Ibbotson Cost of Capital data for the Office Furniture industry adjusted for specific company risks.

- The present value of the forecast cash flow and the residual value totals $6.6 million. Adding value for the present value of the tax shield arising from the income tax pools created on the purchase of the assets which can be used to reduce income taxes in the future, produces a discounted cash flow value of $7.2 million as presented at Schedule 3 and below:

Discretionary cash flow	$398,601	$1,177,861	$1,220,951
Multiple for residual (based on growth)			6.7x
	398,601	1,177,861	8,236,491
Present value factor (based on WACC)	0.9222	0.7842	0.6669
	$367,579	$923,706	$5,492,981
Present value of cash flow	$6,784,266		
Present value of existing tax shield	649,549		
Enterprise value	$7,433,815		

- The tangible asset backing is defined as the total tangible assets less required payments and obligations, amounts owing to leased equipment creditors and priority claims. The tangible asset backing of the Company suggests that the assets have a value in use (ie. going concern value) of approximately $7 million.

- The difference between this tangible asset value (again, being net of the obligations assumed) and the enterprise value range represents commercial goodwill associated with the operations of the Company.

- This goodwill calculation is a measure of the going-concern risk inherent in a business enterprise. The measure is undertaken to assess the quantum of goodwill and to estimate the amount that might be lost if the business failed. The risk is often measured by comparison of the business value to asset values and by analysis of the goodwill payback period, or the number of years' earnings or EBITDA required to recover this goodwill investment.

- This implies a goodwill level in the range of $0.85 million. Based on the normalized forecast EBITDA, this suggests a payback period of less than a year.

- From the recent financial performance of the Company, and its near term projections (which indicate continued losses at least for the short term) the notion of a buyer acknowledging any goodwill associated with the business is relatively optimistic.

Assumptions

- In preparing our analysis, we have made the following assumptions:
    - The Company has no contingent liabilities (environmental or otherwise), significant contractual obligations or commitments other than in the ordinary course of business, nor is there any litigation pending or threatened that would materially affect the conclusions expressed in this report;
    - There are no material pending contracts with customers that have not been reflected in management's backlog estimates or forecasts;
    - The Company is eligible for the M&P tax rate; and
    - The compensation paid to management of the Company is intended to reflect the fair market value of the services provided to a going concern entity.

CONCLUSIONS

- It is evident that the Company is insolvent based on the recent material operating losses of the Company, which have resulted in an accumulated deficit of almost $36 million as at February 29, 2004, and the continuing negative cashflows of the business.

- Based on our review of the assets and operations of the Company and on the potential recoveries that could be realized through a receivership of the Company (using our assumptions contained therein), it appears evident that there will be a shortfall to the Secured Creditors in excess of $20 million regardless of whether the business is sold on a liquidation or going concern basis.

- It appears that the Secured Creditors would receive maximum recoveries through the sale of the assets and operations of the Company on a going concern basis, and that such a premium may reach as much as $1 million over the amount recovered from a liquidation of the assets

as at February 29, 2004. However, there is a risk that customer and supplier relationships could be negatively affected if the operation is not sold on an expedited basis. Further, if the business cannot operate at or near break-even during a receivership, any losses incurred would reduce the overall recovery to the Secured Creditors.

- The going concern value of the business is dependent on the business being able to achieve the projections established by management. These projections in turn are dependent on improvements which management has not yet been able to achieve (as is evidenced by the past and current trading losses of the business).

- Based on the estimated shortfall, there appears to be no recovery for any subordinate secured creditors or unsecured creditors, excepting those creditors whose obligations might be either taken on by a purchaser or potentially paid by the Receiver-Manager to enhance overall recoveries.

Should you have any questions or comments regarding the foregoing please do not hesitate to contact the writers.

Yours very truly,
PricewaterhouseCoopers Inc.

Brian K. Pawluck / Geoff Varga

cc: Bill Burkett – Evans Consoles
Robert Anderson - Blakes

Schedules

SCHEDULE A

Evans Consoles Inc.

Estimated Realization Analysis

As at February 29, 2004

($'000)

	Book Value per Company records	*Estimated Going Concern Value*	*Estimated Liquidation Value*	*Notes*
ASSETS:				
Cash	2,357	2,357	2,357	1
Income Tax Recoverable	82	-	-	2
Accounts Receivable	5,826	4,349	3,344	3
Inventories	1,481	741	204	4
Prepaid Expenses	162	146	16	5
Long Term Receivable	114	-	-	6
Deferred Financing	244	-	-	7
Capital Assets	4,599	2,829	1,834	8
Total Tangible Assets	14,865	10,421	7,756	
Less: Required Payments/Obligations				
Customer Deposits	(1,164)	(1,164)	-	9
Trade Creditors	(2,900)	(874)	-	10
Warranty	(483)	(483)	-	11
Add: Goodwill Component		846	-	12
Total		8,747	7,756	
Less:				
Amounts Owing to Leased Equipment Creditors		258	258	13
Priority Claims		634	634	14
Net Value		7,855	6,864	
Realization Costs				
Receiver's fees & disbursements (excluding operating costs)		300	200	15
Operating Costs		-	-	16
Asset Disposal Costs		-	306	17
Net Recovery to Secured Creditors	-	7,555	6,358	

Based on information provided by the Company. The above information has not been audited or otherwise verified.

Evans Consoles Inc.

SCHEDULE A

Estimated Realization Analysis
As at February 29, 2004

Notes

1 No discount made to cash held by the Company. It has been assumed that there are no trust provisions with respect to cash and customer deposits received by the Company

2 No recovery assumed for income taxes receivable due to insolvency of Company and potential for offsets by the government.

3 In all cases, accounts over 120 days have been assumed uncollectible. Accounts over 90 days were reviewed with management to discuss collectibility issues (if any). Under the liquidation scenario, discounts in the range of 75% to 50% were applied to take into account potential collection issues arising from the cessation of the business and the Company's ongoing ability to resolve customer complaints and/or warranty claims. In the going concern analysis, nominal discounts (at around 10%) made for provisional bad debts in the normal course and some inherent collection issues on an insolvency. Otherwise, operation of Company's business would appear seamless to customers, minimizing collection issues.

4 In the liquidation scenario, significant reductions (50-75% of book value) have been applied to raw materials and finished goods to take into account the distressed nature of the sale. Work-in-progress has been given nominal value (10% of book value) due to its incomplete nature. In regards to the going concern scenario, higher recovery values (50% of book value) have been given to reflect the conversion of raw materials and work-in-progress to saleable finished goods.

5 In the liquidation scenario, nominal recoveries (10% of book value) have been estimated, primarily being refunds of certain deposits and paid insurance premiums. In the going concern scenario, it has been assumed that insurance could be transferred to the new entity, thus keeping intact the majority (90%) of value of the prepaids.

6 Receivable appears to relate primarily to share purchases in the Company. In an insolvency event, recovery is unlikely as shares would have no value. It has also been assumed that the shares are likely pledged as collateral in respect of the receivables.

7 Intangible balance sheet items are assumed to have no value in either a liquidation or going concern sale.

8 Liquidation values based on third party appraisal assuming forced sale liquidation and auction. Going concern values are based on either a premium to the third party appraisal or as a percentage of net book value to take into account the "ready for use" nature of the assets which is seriously impaired in a liquidation/auction scenario (eg. dust removal system).

9 Although these amounts appear to have no priority in a receivership (although the customers could raise a trust argument), in a going concern scenario the full amount would likely have to be honored to ensure a continued stream of revenues and maintain the "goodwill" of the Company.

10 Under the going concern scenario, there are certain trade creditors (primarily sole-source suppliers) that would require some, if not all, of their outstanding account to provide further goods and/or services and allow business to continue. In a liquidation scenario, such continued support is not required.

11 In order to maintain a going concern (and in addition boost AR recoveries), the purchaser would likely have to assume some warranty obligations of the Company. Management has indicated that warranty and service work has typically run at approximately 2% of sales. The figure from the February 2004 financials is, in management's perspective, an accurate estimate of a go-forward warranty obligation.

Evans Consoles Inc.
Estimated Realization Analysis
As at February 29, 2004

SCHEDULE A

Notes

12 No goodwill component in a liquidation scenario. Under a going concern, some value over and above tangible asset value may be recoverable for such matters as the reputation of the Company, revenue and cashflow streams etc. The value assigned to goodwill under the going concern scenario is the difference between the calculated "enterprise value" and the tangible asset value under a going concern sale. For full details on the goodwill calculation, please refer to the body of the report.

13 Under the going concern scenario, it has been assumed that the new entity would likely take on the debt relating to the leased metal presses in order to maintain production. Amount assumed by purchaser has been limited to the value attributed to the presses in the third party appraisal. Based on a recent PPSA search it appears that the kitchen equipment lessor has not been registered. As such, the full recoverable value has been added to the recovery to the Secured Creditors.

14 In any realization scenario certain creditors may have statutory rights in a receivership which could come ahead of the Secured Creditors' security. Known amounts in this category include suppliers' repossession rights (considered nominal), CCRA and US tax authorities and employees (although wages are current, there is approximately $450k outstanding for vacation pay).

15 An estimate of the receiver's fees and disbursements (excluding any operating costs) to either sell or liquidate the business. In a sale as a going concern, it has been assumed that the assets and operations are sold on an expedited basis to the Secured Creditors as planned.

16 It has been assumed that under either scenario, the operations could be run at a break-even level pending the sale and/or liquidation of the business.

17 In a liquidation scenario, selling costs (primarily being auction fees) have been included, set at 15% of recoveries from inventory and capital assets.

Evans Consoles Inc.

Schedule 1

Valuation Analysis at February 29, 2004
Conclusion

	Reference	Low		High
Normalized EBITDA	*Schedule 2*	$ 2,352,000		$ 2,417,160
Multiple		3.00		3.25
Enterprise value		7,056,000		7,855,770
Less interest bearing debt	*2*			
Going concern value		7,056,000		7,855,770
Add redundant assets	*3*	(330,650)		-
Value of shareholder interests and debt		$ 6,725,350		$ 7,855,770
Midpoint value attributable to shareholder interests and debt			**$ 7,290,560**	
ROUNDED			**$ 7,300,000**	

Notes and Assumptions:

1. This Schedule was prepared without audit, forms part of and should only be read in conjunction with our analysis.
2. This analysis is in respect of the enterprise value only, as such long term debt has been excluded from the analysis.

Evans Consoles Inc.

Schedule 2

Valuation Analysis at February 29, 2004
Normalized EBITDA

	Notes	2001	2002	2003	2004F	2005F
Earnings before taxes		$ 1,284,079	$(10,298,053)	$(22,276,366)	$ (1,615,041)	$ 592,000
Amortization and depreciation		2,411,020	1,274,657	1,231,617	1,080,000	1,080,000
Long term debt interest		2,427,406	2,479,610	2,813,809	500,000	500,000
EBITDA		6,865,284	(7,303,614)	(18,230,940)	(35,041)	2,172,000
Normalization adjustments						
Non recurring items						
Management fees	*2*	327,228	153,352	100,000		
Foreign exchange loss (gain)		821,785	(612,895)	(2,096,097)	-	-
Other income	*3*	(79,006)	(146,933)	358,561	130,000	-
Financing fee	*4*	-	-	1,172,285	-	-
Consulting fees	*5*				180,000	180,000
Restructuring costs	*5*				750,000	
Normalized EBITDA		$ 7,935,291	$ (7,910,090)	$(18,696,191)	$ 1,024,959	$ 2,352,000
Low Normalized EBITDA	*6*	$ 2,352,000				
High Normalized EBITDA	*7*	$ 2,417,160				

Notes and Assumptions:

1 This Schedule was prepared without audit, forms part of and should only be read in conjunction with our analysis.
2 The management fees are paid to one of the major shareholders in exchange for management oversight. The management fees were a required component of the original investment. It is not expected that this level of management oversight would be required on a stand alor basis given the executive staff complement in the company.
3 Other income relates to interest income, fixed asset write offs and one time legal fees that are not expected to be recurring. In the forecast period, other income relates to the management fees described in note 2 above that are assumed to relate to distribution of profit.

4 This is assumed to be a non recurring cost
5 These costs relate to one time restructuring costs that would not be paid by a third party acquirer of a restructured operation.
6 Based on the 2004 forecast normalized for restructuring costs, and monthly sales levels based on the exit months of the 2004 forecast
7 Reflects growth in forecast sales from the prior year of *3%*

Evans Consoles Inc.

Schedule 3

Valuation Analysis at February 29, 2004
Discounted Cash Flow Value

	Notes	2004F	2005F	Thereafter
EBITDA		844,959	2,172,000	2,417,160
Normalizing adjustments		180,000	180,000	-
Normalized EBITDA		1,024,959	2,352,000	2,417,160
Less income taxes	*3*	(347,154)	(796,622)	(818,692)
After tax operating cash flow		677,806	1,555,378	1,598,468
Less working capital requirements	*2*			
Less sustaining capital expenditure		(355,000)	(480,000)	(480,000)
Adjustment for tax shield	*4*	75,795	102,483	102,483
Discretionary cash flow		398,601	1,177,861	1,220,951
Multiple for residual (based on growth)	3%			6.7x
		398,601	1,177,861	8,236,491
Present value factor (based on WACC)	17.6%	0.9222	0.7842	0.6669
		367,579	923,706	5,492.98[illegible]
Present value of cash flow		6,784,266		
Present value of existing tax shield		649,549		
Enterprise value		7,433,815		

Notes and Assumptions:

1 This Schedule was prepared without audit, forms part of and should only be read in conjunction with our analysis.

2 These costs relate to the portion of one time restructuring costs included in EBITDA that would not be paid by a third party acquirer of a restructured operation.

3 We have assumed that no additional working capital investment is required given the modest change in the scale of operations over the forecast period.

4 Alberta M&P tax rate

5 Tax shield is based on a 30% declining balance rate, using an M&P tax rate