

12. INDEPENDENT REPORT

(Prepared for inclusion in this Prospectus)

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Robertson Stephens Inc.

email: cfinance @ rsinc.org

Our ref: JTB/Summary/10/09/03
Date: 10th September 2003

The Board of Directors.
JOHORE TIN BERHAD.
5 & 7, Jalan Gagah,
Larkin Industrial Area,
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Malaysia.

No of pages: 12

INDEPENDENT RESEARCH AND SURVEY FINDINGS ON THE TIN CAN MANUFACTURING INDUSTRY AND JOHORE TIN BERHAD.

- This summary has been prepared specifically for inclusion in the Prospectus in relation to the Initial Public Offering for Johore Tin Berhad. (“JTB”)
- The Market Research Division of Salomon (M) Sdn Bhd conducted a trade and consumer survey between the period: 15th April 2000 – 30th June 2000 (Trade and Consumer Survey). The market research division of Salomon (M) Sdn Bhd has since January 1st 2001 been absorbed into Robertson Stephens Inc.
- The Corporate Market Research Division of Robertson Stephens Inc. conducted an independent research on the above of which this extract summary is part of the full findings presented to the Board of Directors of JTB in November 2001. Relevant data has been updated to be included in this summary.

(i) Objectives of the independent report

- To assess the state of the industry via establishing the current market outlook and future potential of the tin can manufacturing industry in Malaysia and globally.
- To determine the key factors affecting growth in the domestic and export market and the current challenges.
- To identify the key players’ market share of the tin can manufacturing industry and analyse the competitive environment vis a vis imports.
- To comment on the industry dynamics such as:
 - a) Nature of the industry
 - b) Ease of entry/exit
 - c) Cyclical/stability of revenues
- To determine the value added elements in the whole production process.
- To identify the potential size of the import substitution market.
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12. INDEPENDENT REPORT**(ii) Methodology**

- *Desk Research*

The market research division sourced and analyzed existing verified information and statistics on the research subject locally and overseas. This coupled with secondary data collated from official government statistics, government agencies, trade information, publications, newswires provided a basis for evaluation.

- *Trade Interviews (Consumers/end users)*

Besides desk research, primary data was also collected so as to enhance findings of the industry. This information was collected from interviews with end users. This allowed an in-depth understanding of the industry in Malaysia that reinforced the desk research findings.

- *Trade Interviews (Competitors)*

In addition to the interviews among end users, the market research division also conducted interviews with competitors. This enabled an estimate of the market size/market share (an estimation according to opinions of respondents), as well as the industry outlook and challenges faced by the competitors.

(iii) Results of the findings***Tin Canning Industry Trends***

The production of tin cans has been growing at a cumulative average growth rate of 4.8% for the period 1993 to 2002. During the period 1993 to 2002, the industry experienced uneven growth rates due to the changes in the economic climate in Malaysia. Growth rates were particularly strong in 1995 and 1997 whereby in both years, growth rates were above 20%. The decrease in total output production in 1996 was primarily due to a closure of a major tin can manufacturer. Due to the economic crisis in 1998, production of tin cans fell 21.6% that year. The industry has since recovered and returned to its normalized growth path. In 2002, total unit of tin cans produced was up by 10.2% to 1,662,511 and increased by a further 18.0% between the period Jan – February 2003 and the corresponding period in year 2002.

Production of Tin Cans in Malaysia

<i>Year</i>	Tin Cans and all other tins (units '000)	Growth(%)
1993	1,182,213	-
1994	1,318,617	11.5
1995	1,590,660	20.6
1996	1,364,169	(14.2)
1997	1,641,957	20.4
1998	1,287,422	(21.6)
1999	1,332,962	3.5
2000	1,409,577	5.7
2001	1,507,677	6.9
2002	1,662,511	10.2
2003 (Jan – Feb)	306,131	
2002 (Jan – Feb)	259,434	18.0
CAGR 1993-2002		4.8

Source: Department of Statistics

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The tin canning industry in Malaysia is relatively matured judging from the growth pattern from 1993 to 2002 that registered a cumulative average growth rate ("CAGR") of only 4.8%.

Tin Canning Industry Dependency**i) Foreign Market**

Exports of tin cans under SITC 692412191 between 1993 to 2002 have been commendable. The table on exports of tin cans is shown below:

Exports of SITC 692412191 (RM million)

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Exports (RM million)	4.57	4.99	5.3	8.2	9.97	5.3	12.5	12.3	13.4	15.8
Annual Growth %	-	9.2	6.2	54.7	21.6	-46.8	137.4	-2.4	9.5	18.1

Source: Department of Statistics

Annual growth rates have been on an upward trend except during the recession year in 1998. For the period 1993-2002, average annual growth rate was at a high of 23.0%. The high growth rate implies a strong demand for tin cans in the export markets, although this is skewed by the low starting base numbers.

Year 2002 Export Destination of Tin Cans

Country	Value (RM)	Quantity
Singapore	13,707,335	32,823,117
Bangladesh	830,922	967,992
Cambodia	376,457	12,950
Myanmar	269,341	1,050,424
Hong Kong	140,358	486,000
Brunei	130,782	325,800
Indonesia	129,537	595,489
U.A.E	68,859	198,064
Japan	60,255	98,510
United Kingdom	53,810	283,500
Vietnam	17,881	17,199
United States	14,832	37,510
Total	15,839,790	36,896,581

Source : Department of Statistics

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In year 2002, export destinations of tin cans were mainly to Singapore, Bangladesh, Cambodia and Myanmar. Singapore is Malaysia's largest export market with over 86% of the market.

According to the Ministry of Finance 2002/2003 Economic Report, overall growth in the Asean region is expected to remain steady as shown below.

GDP Growth (%)	2001	2002E	2003F
Indonesia	3.3	3.0 - 4.0	4.0
Malaysia	0.4	4.0 - 5.0	6.0 - 6.5
Singapore	-2	3.0 - 4.0	4.2
Phillippines	3.9	4.0 - 4.5	3.8
Thailand	1.8	3.0 - 4.0	3.5
Vietnam	4.7	5.3	7

Source: MOF Economic Report 2002/2003

Key Players and Nature of the Tin Canning Industry

There are approximately more than thirty (30) tin can manufacturers in Malaysia operating in a keen competitive environment. JTB's main competitors are local manufacturers such as Kian Joo Can Factory Bhd. JTB is perceived to be among the top three (3) largest tin can manufacturers in Malaysia based on the Trade and Consumer Survey conducted in year 2000.

Market Share According to Trade and Consumer Survey

JTB is ranked among the top three (3) largest manufacturer of general tin cans in Malaysia, according to consumer respondents. Kian Joo Can Factory Bhd is the market leader in the general tin canning industry. Almost all of the consumers respondents placed Kian Joo Can Factory as the market leader and ranked Johore Tin Berhad, Guolene Metal Can Sdn Bhd, Aik Joo Can Factory Sdn Bhd and Industrial Packaging Sdn Bhd amongst the top six manufacturers.

Market Share According to Estimated Output Capacity

Market share of Johore Tin Berhad can be determined according to the estimated output capacity of tin cans. The following table showed that Johore Tin Berhad group output of 12.9 million tonnes ranked third and commands 9.8% market share. The largest player, Kian Joo Can Factory Bhd commands 49.2% market share, followed by Guolene Metal Can Sdn Bhd 11.3%, Aik Joo Can Factory Sdn Bhd 8%, KMC Packaging Sdn Bhd 6.8% and Industrial Packaging Sdn Bhd 4.2% market share. Kian Joo Can Factory Bhd had acquired Guolene Metal Can Sdn. Bhd in July 2000. The combined merged entity has approximately 60.5% market share.

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Total Domestic Tin Can Industry Output Capacity Estimates

Company	Output capacity per annum (metric tonnes) for all types of tins/cans	% Share of Industry Output
Kian Joo Can Factory Berhad	**65,000	49.2
Guolene Metal Can Sdn Bhd	**15,000	11.3
Johore Tin Berhad (JTF, Unican and KTCF combined)	*12,900	9.8
Aik Joo Can Factory Sdn Bhd	**10,500	8.0
KMC Packaging Sdn Bhd	**9,000	6.8
Industrial Packaging Sdn Bhd	**5,500	4.2
Others	**14,100	10.7
Total	132,000MT	100.0

Source: *Company Data, **Trade and Consumer Survey

Johore Tin Berhad Group

JTF's shareholders have worked hands-on on the daily operations as well as in the management and sales for approximately over 30 years in the company. Profits have been reinvested to purchase faster automatic machines to replace some of the manual machines. Over the years, customer base has grown with the loyal customers support. As a result, JTF is now perceived as the largest biscuits tin manufacturer in Malaysia. It is also strong in edible oil and paint cans market segment. (Source: Company Data)

KTCF has found its niche market in the biscuits tins industry. While JTF supplies primarily to the southern Johor biscuits factories, KTCF caters to the demand of central Johor with Hup Seng Perusahaan Makanan (M) Sdn. Bhd and Munchy Food Industries Sdn Bhd as its major customers.

Unican is the youngest among the three companies in JTB Group. It was incorporated in 1988 and was only manufacturing pineapple cans in the beginning. It then ventured into beverages cans as well as processed food cans. Unican's latest product is the sweetened condensed milk (SCM) cans which has grown rapidly in the past 2 years.

Local competitors are not perceived to be a major threat to JTB except for the established ones such as Kian Joo Can Factory Berhad, Guolene Metal Can Sdn Bhd, Aik Joo Can Sdn Bhd and Industrial Packaging Sdn Bhd. In terms of location, Kian Joo Can Factory is located in Batu Caves, Selangor, Guolene Metal Can Sdn Bhd (taken over by Kian Joo Can Factory Berhad) is based in Shah Alam, Aik Joo Can Sdn Bhd is located in Penang and Industrial Packaging Sdn Bhd is located in Pasir Gudang, Johor.

JTB also has the strategic advantage of being able to offer prompt delivery of orders due to its close proximity to manufacturers and suppliers. Prompt delivery is important for manufacturers as they have to plan their inventories and distribution flow of their products to meet customers' needs.

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The fast changing consumer preferences require manufacturers to be proactive and adapt to the changes quickly. This is where JTB has the competitive advantage over importers whom are likely to take a longer time to deliver their products to local manufacturers.

JTB also has the ability to cater to clients' specific needs in terms of print quality, color and size of the tin cans. In addition, by applying more technology driven process instead of labour process, JTB is able to reduce down time, improve efficiency and productivity. JTB has logistics and cost advantage over imports since it has close proximity with its suppliers and customers. As for importers, customers have to pay freight cost and tariffs. As a result, imported tin cans may be more costly and thus may not be feasible. JTB's strong focus on its core business and products further improves its manufacturing ability to produce high quality and competitively priced products. JTB always strive to produce better quality and cheaper tin cans than imports.

JTF Output Capacity and Capacity Utilisation

JTF Operations Statistics	Output Capacity (million units p.a.)	Utilisation (million units p.a.)
1 kg Auto Biscuit lines (2 lines)	15.00	5.00
1/2 kg Semi Auto Biscuit line	3.50	1.00
1 litre Semi Auto Paint line	5.50	1.50
1.75 & 7 litre Semi Auto Paint line	4.50	1.00
4 gallon Auto Edible Oil / Chemical lines (2 lines)	7.50	3.00
4 gallon Semi Auto Edible Oil / Chemical line	2.00	0.78
3 litre, 5 litre and 1 gallon Rectangular Auto line	4.75	1.90
20 litre Jerry Cans line (2 lines)	0.72	0.69
Total capacity (million units p.a.) :	39.97	
Total utilisation (million units p.a.) :		13.87
Capacity utilisation (%) :		34.7%

Source: Company Data based on 20 man hours per day X 25 days a month X 12 months per year

JTF has room to cater for additional demand. From the above analysis, out of the total capacity of 40.0 million units per annum, 13.9 million units per annum have been utilised. The capacity utilisation is at about 34.7%.

12. INDEPENDENT REPORT***Unican's Output Capacity and Capacity Utilisation***

UNI Operations Statistics	Output Capacity (million units p.a.)	Utilisation (million units p.a.)
Auto Line 1 (Veaw-K)	13.00	3.00
Auto Line 2 (VAASB-K)	48.00	27.00
Auto Line 3 (ABM)	90.00	75.00
Auto Line 4 (FBB)	110.00	20.00
Semi-Auto Pail Line	0.50	0.10
Total capacity (million units p.a.) :	261.50	
Total utilisation (million units p.a.) :		159.10
Capacity utilisation (%) :		59.31%

Source: Company Data based on 20 man hours per day X 25 days a month X 12 months per year

Unican's capacity utilisation is approximately 59.3%. The company has spare unutilised capacity to cater for an increase in demand for its products.

KTCF's Output Capacity and Capacity Utilisation

KTCF Operations Statistics	Output Capacity (million units p.a.)	Utilisation (million units p.a.)
4 gallon Biscuit Tin Line	1.35	0.58
1kg Auto Biscuit Line	7.5	2.60
1 kg Semi-Auto Biscuit Line	2.78	1.35
Round Can for Biscuits (Semi Auto)	0.66	0.43
Total capacity (million units p.a.) :	12.29	
Total utilisation (million units p.a.) :		4.96
Capacity utilisation (%) :		40.36%

Source: Company Data based on 20 man hours per day X 25 days a month X 12 months per year

KTCF is running at approximately 40.4% capacity with total capacity of 12.29 million units per annum being utilised at approximately 4.96 million units per annum.

Comparison and benchmarking with other competitors on capacity utilisation rates are inherently flawed due to two main reasons:-

- (1) Capacity utilisation rates calculation methodology differs from one company to the other making the whole exercise redundant.

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- (2) Information on individual companies capacity utilisation rates are not usually made public thus making the data inconsistent and unreliable.

Based on information provided on Kian Joo Can Factory official website, the installed capacity of the two-piece aluminium can is approximately 900 million cans per annum and the current production output is 700 million cans per annum imputing a capacity utilisation rate of approximately 78%. These reported capacity utilisation of the largest player in the tin canning industry is comparable to the JTB's capacity utilisation based on the normal working hours calculation.

A more reliable measure of JTB's output performance would be to benchmark its sales revenues and growth against the total domestic tin can industry as per the table below based on information extracted from the Department of Statistics Malaysia.

Domestic Tin Cans and all other cans

Year	Sales Value (Ex-factory) RM '000	Growth %	JTB's Sales (Ex-factory) RM '000	Growth %	JTB % of total market share
1996	1,001,466	Na	49,978	Na	5.00%
1997	809,797	-19.10%	47,788	-4.40%	5.90%
1998	750,021	-7.40%	51,718	8.20%	6.90%
1999	756,561	0.90%	60,930	17.80%	8.10%
2000	764,512	1.10%	70,173	15.20%	9.20%
2001	748,676	-2.10%	73,945	5.40%	9.90%
2002	834,795	11.5%	74,285	1.00%	8.90%

Source: Department of Statistics and Company Data

Note: Ex-factory is defined as cost of goods sold plus profit margin less discounts and returns.

As noted above, JTB's sales (ex-factory) has increased substantially in the past four years between 1998 – 2002 whilst growth in the total domestic industry has been marginal. This further confirms JTB's total market share as a percentage of the domestic tin cans/other cans sales value has been steadily increasing from 5% in 1996 to 8.9% in 2002.

Raw Materials and Supply of Raw Materials

Raw materials for the production of tin cans include tinfoil, copper wire, lining compound, printing ink and lacquer. Local tinfoil supply is presently dominated by Perusahaan Sadur Timah Malaysia Bhd (Perstima) being the sole manufacturer in Malaysia. Perstima is located in Pasir Gudang, Johor which is within close vicinity to JTB's group of companies.

The JTB Group sources its tinfoil requirement from Perstima and also imports from overseas suppliers. Supply of tinfoil is generally sufficient and adequate. JTB Group imports approximately 30% of its tinfoil requirement. Pricing with Perstima is contracted on both quarterly or half-yearly basis and the price changes are in tandem with world prices. Imported tinfoil are sourced from China, Korea, Japan, Australia and the United States.

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Generally, prices for imported tinsplate of comparable grading have a variance of less than 10% variance between overseas suppliers. Lacquers are available locally and from overseas. Local suppliers are ICI Paints, GG Ink, DIC and Coates Brothers.

Lacquers are also imported from neighbouring countries like Singapore and Thailand. There are available suppliers and thus, pricing of both local and imported materials are quite similar. Lining compound for the Group is mostly supplied by WR Grace from Selangor. Imports are from Thailand. There is no shortage of supply and prices are quite constant with minimal fluctuation. Printing ink is widely available locally from large and small ink manufacturers. Local suppliers include GG Ink, DIC and Coates Brothers. Prices are competitive due to a large number of suppliers.

Copper wire is supplied by Metrod Bhd and Alpha Industries Bhd. Metrod Bhd is situated in Bukit Raja, Selangor while Alpha Industries Bhd is situated in Johor Bahru, Johor. Prices are based on the commodity prices of copper in the world market plus manufacturing cost. Thus, both companies's prices are quite at par with less than 5% variance.

JTB Industry Dependents

JTB's tin can manufacturing business is dependent on the health of the biscuits, pineapple, edible oil, sweetened condensed milk and paint industry sub sectors. We have analysed each segment of these industries to determine the prospects of the tin can manufacturing industry, its impact on JTB and the tin canning industry.

Production of Biscuits in Malaysia

<i>Metric Tonne</i>	<i>Biscuits</i>
1994	99,503
1995	108,810
1996	114,878
1997	107,017
1998	109,306
1999	122,380
2000	117,886
2001	112,055
2002	114,886
CAGR (1994 – 2002)	2.0%
2003 (Jan –Feb)	17,402
2002 (Jan –Feb)	17,495
% Growth	0%

Source: Department of Statistics

Production of biscuits has been growing at CAGR of 2.0% for the period 1994-2002 and recorded no growth between the period Jan – February 2003 compared to the same corresponding period in year 2002. The flat to steady demand for biscuits augurs well for JTB, who is perceived to be one of the largest biscuits can manufacturers in Malaysia.

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Production of Canned Pineapple in Malaysia

<i>Metric Tonne</i>	Canned Pineapple
1994	40,851
1995	35,582
1996	30,274
1997	31,114
1998	23,453
1999	21,168
2000	18,253
2001	15,791
2002	17,505
CAGR (1994 – 2002)	(9.5)%
2003 (Jan – Feb)	3,308
2002 (Jan – Feb)	2,889
% Growth	14.5%

Source: Department of Statistics

Demand for canned pineapple is rather cyclical in nature and has not been strong over the period 1994-2002. CAGR for the period is at negative 9.5%. It however recorded a growth of 14.5% between the period Jan - Feb 2003 compared to the same corresponding period in year 2002. This segment of the market is expected to be stagnant over the next 3 years. The pineapple canning industry is facing problems ranging from unsuccessful cloning of higher yielding varieties to preferential treatment given to emerging competitor countries in the European Union (EU). To mitigate the full impact of the situation, the industry continues to expand its market into the Middle East countries and Japan.

Production of Edible Oil in Malaysia

<i>Metric Tonne</i>	Coconut Oil	Margarine	Blended Cooking Oil	Total
1994	20,116	24,973	59,386	104,475
1995	20,990	25,622	54,852	101,504
1996	16,409	28,141	64,238	108,788
1997	14,154	26,572	86,637	127,363
1998	12,615	25,842	94,404	132,861
1999	9,955	23,911	87,560	121,426
2000	11,301	18,987	68,299	98,587
2001	19,439	17,303	65,826	102,568
2002	20,587	19,679	63,837	104,103
CAGR 1994-2002 (%)	3.5%	(2.4)%	2.2%	N.A
2003 (Jan – Feb)	25.7%	110%	(16.4)%	N.A
2002 (Jan – Feb)				

Source: Department of Statistics

JTB is benefiting from relatively steady demand for coconut oil and growth in demand from blended cooking oil that registered a CAGR of 2.2% between 1994 to 2002.

Demand for coconut oil and blended cooking oil are generally higher in the second half of the year due to stronger demand during the numerous festive seasons.

JTB/Summary/10/09/03

Without Prejudice

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Production of Sweetened Condensed Milk in Malaysia

<i>Metric Tonne</i>	Sweetened Condensed Milk
1994	212,518
1995	200,242
1996	190,607
1997	174,673
1998	154,096
1999	165,119
2000	156,766
2001	149,878
2002	137,859
CAGR 1994-2002 (%)	(5.1)%
<i>2003 (Jan – Feb)</i>	18,437
<i>2002 (Jan – Feb)</i>	24,133
% Growth	(23.6)%

Source: Department of Statistics

Even though production has not increased substantially, JTB has secured new business orders from Yeo Hiap Seng (M) Sdn. Bhd., Malaysia Milk Sdn. Bhd. and Etika Dairies Sdn. Bhd.

Production of paints, varnishes and lacquers in Malaysia

<i>Metric Tonne</i>	Emulsion Paints	Gloss Paints	Undercoats	Primers	Total
1994	66,099	17,282	4,296	6,816	94,493
1995	68,991	19,024	5,725	9,627	103,367
1996	76,142	18,972	4,703	10,973	110,790
1997	84,893	20,894	4,800	11,888	122,475
1998	66,268	14,225	3,653	6,658	90,804
1999	67,362	16,370	3,485	7,118	94,335
2000	72,474	16,008	3,571	6,676	98,729
2001	82,203	16,693	4,134	8,922	111,952
2002	88,171	18,592	3,838	7,980	118,581
CAGR 1994-2002 (%)	3.4%	0.65%	0.9%	6.7	N.A
Jan – Feb 2003	14,824	2,358	600	1,458	
Jan – Feb 2002	18,223	3,185	701	1,489	
% Growth Period	(18.6)%	(25.9)%	(14.4)%	(2.0)%	

Source: Department of Statistics

The total production of paints, varnishes and lacquers oil between 1994 to 2002 recorded very marginal growth. Growth mainly stemmed from the primers and emulsion paints segment of the industry. The paint industry is cyclical in nature and highly dependent on the property development sector.

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Summary

Based on the Trade and Consumer Survey interviews conducted in June 2000 and inferences deduced from the historical trend data obtained from the Department of Statistics, a sustainable annual growth rate of between 1%-3% is expected in the tin canning industry over the next 3 to 5 years not taking into account of any major economic shocks.

The business success of JTB is anticipated to be sustained with its experienced hands-on management and strong support of its customers. With its quality customers such as Britannia Brand (M) Sdn Bhd, Nippon Paint (M) Sdn Bhd, Hup Seng Perusahaan Makanan (M) Sdn Bhd, Lee Biscuits (Pte) Ltd, Lee Pineapple Co. Pte Ltd, Yeo Hiap Seng (M) Sdn Bhd, Hwa Tai Industries Bhd, Munchy Food Industries Sdn Bhd, Malaysia Milk Sdn Bhd, Seamaster Paint (Manufacturing) Bhd, Sime Darby Edible Products Limited and PGEO Edible Oils Sdn Bhd, the Group is committed and set to grow further with a ready market for its products.

Yours Sincerely,

**On behalf of
ROBERTSON STEPHENS INC.**



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END

13. DIRECTORS' REPORT



JOHORE TIN BERHAD

(Company No. 532570-V)

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80000 Johor Bahru, Johor, Malaysia.

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E-mail : johoretin@po.jaring.my

Registered Office:

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Susur 1/1

80000 Johor Bahru

Johor, Malaysia

10 September 2003

The Shareholders of Johore Tin Berhad

Dear Sir/Madam

On behalf of the Board of Directors of Johore Tin Berhad (JTB), I report after due inquiry that during the period from 31 March 2003 (being the date to which the last audited accounts of JTB and its subsidiaries have been made up) to 10 September 2003 (being a date not earlier than fourteen (14) days before the date of issue of this Prospectus), that:

- (a) the business of JTB and its subsidiaries has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited accounts of JTB and its subsidiaries which have adversely affected the trading or the value of the assets of JTB or its subsidiaries;
- (c) the current assets of JTB and its subsidiaries appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in Section 10 of this Prospectus, there are no other contingent liabilities by reason of any guarantees or indemnities given by JTB and/or its subsidiaries; and
- (e) save as disclosed in the Accountants' Report and Proforma Consolidated Balance Sheets in this Prospectus, there have been no changes in the published reserves or any unusual factors affecting the profit of JTB and its subsidiaries since the last audited accounts of JTB and its subsidiaries.

Yours faithfully

For and on behalf of the Board of Directors

JOHORE TIN BERHAD

EDWARD GOH SWEE WANG
Managing Director