COTTON DEMAND IN KOREAN MARKET
& PRICE RISK MANAGEMENT

- KUKIL SPINNING CO., LTD.
  - ANNUAL VOLUME: USD 55 MILLION (’03)
    USD 70 MILLION (’04 PROJECTED)
  - EMPLOYEE: 230
  - SPINNING MACHINES: RING 52,000 SPINDLES
    OPEN END 2,040 ROTORS
  - CAPACITY: COMBED YARN 1,150,000 KG/MONTH
    O.E YARN 720,000 KG/MONTH
  - ANNUAL COTTON CONSUMPTION: RING 80,000 BALES
    O.E 20,000 BALES

1. COTTON CONSUMPTION IN SOUTH KOREA
   (NO OFFICIAL STATISTICS)
   - ANNUALLY APPROXIMATELY 1.2 MILLION BALES (’04)
   - KOREAN SPINNING MILLS
     ILSHIN SPINNING CO.: 200,000 BALES
     KUKIL SPINNING CO.: 100,000
     KYUNGBANG CO.: 80,000
     CHONBANG CO.: 80,000
     DAEHAN SPINNING CO.: 80,000
     DONGIL SPINNING CO.: 50,000
     OTHER (OVER 16): 610,000

2. PRICE RISK MANAGEMENT
   1) PRICE FIXATION
      - PURCHASING ON ON-CALL BASE
      - DOWNTREND: ON-CALL, UPTREND: FIXED PRICE
      - SCALE-DOWN OR SCALE-UP FIXED PRICE
      - TRADING FUTURES
      - COMPARING WITH KOREAN COMPETITIVES
      - TARGETTING 200-300 POINTS BELOW AVERAGE OF NY FUTURE
   2) QUALITY CONTROL
      - REPLACING SJV WITH FIBERMAX AND AUSTRALIAN COTTON WITH BRAZILIAN STYLES