

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