work are to be carried out by an appropriate number of staff during plant shutdown (basically, no subcontracting will be carried out). Appropriate numbers of operational staff members after start-up will be as follows:

	Manager	Supervisor	Assistant supervisor	Foreman	Worker	Total
[Clerical sector]						
General Affairs Dept.	1	2	4	2	34	43
Personnel Dept.	1	3	4	3	25	36
Health Dept.	1		1		2	4
Finance Dept.	1	5	6	2	9	23
[Engineering sector]						
Mill	1	6	21	31	480	539
Utility	1	3	5	17	36	62
Planning & Control Dept.	1	3	4		2	10
[Sub-total of both sectors]	7	22	45	55	588	717
Mill manager						1
Total	7	22	45	55	588	718

Labor expenses of the 718 persons shown above during the construction period are calculated as follows:

Mill manager	Rp810,213 × 1.1 × 1 persons × 15 mos =	13,369	Th.Rp
Managers	Rp810,213 × 1.1 × 7 persons × 15 mos =	63,577	"
Supervisors	Rp810,213 × 1.1 × 22 persons × 15 mos =	150,783	"
Assistant supervisors	Rp810,213 × 1.1 × 45 persons × 15 mos =	172,343	"
Foreman	Rp810,213 × 1.1 × 55 persons × 15 mos =	156,907	"
Workers	Rp810,213 × 1.1 × 588 persons × 15 mos =	1,274,920	"

Total labor expenses 1,831,899 Th.Rp ... Local cost

b) Utility cost

	Electric power	Water	Fuel
Estimated consumption	3,500,000 KWH	100,000 m³	10 kl
Expenses	392,021 Th.Rp	10,000 Th.Rp	2,500 Th.Rp
Basic rates	112,021 Th.Rp		
Specific rates	280,000 Th.Rp		
Total utility costs	404,521 Th.Rp ...Local cost		

c) Raw material cost for trial operation

As trial operation adjustment use, 0.5 month portion of operational time consumption is posted:

Polyester Yearly consumption volume 4,290,000 kg × Rp2,200 × $\frac{0.5}{12}$ = 393,250 Th.Rp

Rayon Yearly consumption volume 2,310,000 kg × Rp4,400 × $\frac{1.5}{12}$ = 423,500 Th.Rp

Total raw material cost 816,750 Th.Rp

Total of pre-operational expenses 3,053,170 Th.Rp .. Local cost

(4) Consulting Cost

a) Design fees

i) Basic design ¥22,000,000

ii) Detailed design ¥20,000,000

iii) P/Q, tender documentation, tender ¥14,000,000 evaluation

Total consulting cost ¥56,000 (794,326 Th.Rp) ...

Foreign cost

b) Field work cost

Since construction work supervision will be carried out by the same personnel for both plants, the field work cost for Cipadung Mill will be a half of the total.

i) Construction work supervision ¥91,100,000 (1,292,198 Th.Rp)

... Foreign cost

ii) Miscellaneous expenses ¥2,800,000 (39,716 Th.Rp)

... Foreign cost

iii) Local cost 36,000 Th.Rp

Total of field work cost 1,367,914 Th.Rp

1,331,914 Th.Rp ... Foreign cost

36,000 " ... Local cost

Total of consulting cost 2,162,240 Th.Rp

2,126,240 Th.Rp ... Foreign cost

36,000 " ... Local cost

(5) Training Cost

a) Cost of OJT by foreign training staff

i) Training fee ¥47,800,000 (678,014 Th.Rp) ...
Foreign cost

ii) Miscellaneous expenses ¥2,350,000 (33,333 Th.Rp) ...
Foreign cost

iii) Local cost ¥10,500 Th.Rp

Total OJT cost 721,847 Th.Rp
711,347 Th.Rp .. Foreign cost
10,500 " ... Local cost

b) Overseas training cost

Mill manager-class personnel 1 person × 0.5 month × ¥2,000,000 = ¥1,000,000

Department- or section manager-class personnel 2 persons × 3 months × ¥2,000,000 = ¥12,000,000

Total ¥13,000,000 (184,397 Th.Rp) ... Foreign cost

Total training cost 906,244 Th.Rp
895,744 Th.Rp ... Foreign cost
10,500 Th.Rp ... Local cost

(6) Contingency

How to consider contingency is explained in the section of Banjaran Mill (Chapter 7).

Foreign cost 43,206,339 Th.Rp × 2% × 3 years = 2,592,380 Th.Rp

Local cost 6,966,125 " × 7% × 3 years = 1,462,886 "

Total contingency 4,055,266 Th.Rp

(Accounting for about % of total construction cost of Cipadung Mill

(7) Interest during the Construction Period

From the start to termination of construction work, disbursement of construction funds is expected to follow a rising trend of 45 degrees. For convenience of calculation, howev er, disbursement of construction funds is assumed to be made in the 8th month in the middle of the 15-month construction period.

Case A

(Foreign currency-denominated) 45,798,719 Th.Rp × 10% × $\frac{7}{12}$ = 2,671,592 Th.Rp

(Local currency-denominated) 8,429,011 " × 18% × $\frac{7}{12}$ =885.046 Th.Rp

Interest during the construction period 3,556,638 Th.Rp

Case B

(Foreign currency-denominated) 2,671,592 Th.Rp × 70% = 1,870,114 Th.Rp

(Local currency-denominated) 885,046 Th.Rp × 70% = 619,532 Th.Rp

Interest during the construction period 2,489,646 Th.Rp

CHAPTER 9 EVALUATION OF RENOVATION PLAN

Tables and Figures

CHAPTER 9 EVALUATION OF RENOVATION PLAN

9-1 Preconditions for Financial Analysis

9-1-1 Basic Preconditions

(1) Forecast Project Life

Construction period 1.5 years starting from July 1994 and ending in December 1995

Operating period 11 years starting from 1996 and ending in 2006

(2) Calculation Standard

1) Base year: June 1991

2) Indicating currency: Indonesian Rupiah (Rp)

3) Exchange rate: Average exchange rate in June 1991

US$1 = ¥137.75 = Rp1,954

Rp1 = ¥0.0705

4) Inflation

As the inflation rate in Indonesia has been stable during the past ten years, all expenses and cost of benefits that will arise in the future are evaluated under constant prices. Since inflation estimation will involve macro economic problems, such as currency expansion, deflation, currency demand, savings, and investments, price changes during the project life are not incorporated.

(3) Fund Procurement Conditions

1) Loan interest and repayment terms

Long-term loan in foreign currency: Interest rate 10%
20 times semi-annual installments after a grace period of 2.5 years

Long-term loan in local currency: Interest rate 18%
20 times semi-annual installments after a grace period of 2.5 years

2) Loan/Equity ratio

Case A : 100/0

Case B : 70/30

(4) Base Case for Study

As a result of the technical study of the renovation plan in Chapters 7 and 8, the

following strategy has been put forward:

Banjaran I – Sales profitability is to be improved based on the change of products into higher yarn count ones and their quality improvement by replacing almost all of outdated facilities and equipment.

Banjaran II – Product quality is to be improved through partial rehabilitation of production lines.

Cipadung Mill – Based on the strategy of promoting joint sales with Banjaran Mills, production is to be specialized in man-made yarn, and the improvement of production efficiency and sales profitability is to be attained by replacing outdated facilities and equipment almost completely.

From a technical viewpoint, the above plans are found to be optimal. In studying the financial viability of this project, the following three alternatives are assumed as renovation plans:

Case 1 – Renovation will be carried out only at Banjaran Mill.

Case 2 – Renovation will be carried out only at Cipadung Mill.

Case 3 – Renovation will be implemented at both Banjaran and Cipadung Mills.

(5) Simulation Case in the Study

Simulation Case 1 5% up and down of sales prices

Simulation Case 2 13% up and down of raw material procurement cost

Simulation Case 3 2% up of the interest on loans

An assumption that there will be an increase of 5% in product sales revenue at the mid-point of the project life was made, taking into consideration the past transition of yarn price and general inflation rate as well as a prospect of production equipment installation and growth tendency of textile consumption in the future. As for the raw material as well, an assumption that the cotton price will fluctuate within the range of 13% both up and down. This assumption was made on the basis of the past fluctuation of cotton market price.

9-1-2 Required Funds and Funding Plan

In Chapters 7 and 8, required funds for Banjaran Mills (Case 1) and Cipadung Mill (Case 2) were shown, respectively. Tables 9-1, 9-2, and 9-3 indicate the project cost for Cases 1, 2, and 3, respectively.

(1) Working Capital

When a rehabilitation plan is enforced, additional working capital will be required. Assuming that new working capital will be required from the outset of the operation, actual sums in that case are shown below. Unless specifically noted, expenses in a year after the second year of the operation are used as the base.

1) Current assets

(1) Cash

Cash is assumed to be equivalent to sales in one month.

Case 1 54,901 M.Rp × 1/12 = 4,575 M.Rp

Case 2 36,826 " × 1/12 = 3,069 "

Case 3 91,727 " × 1/12 = 7,644 "

(2) Accounts receivable

Accounts receivable are assumed to be equivalent to sales in two months.

Case 1 54,901 M.Rp × 2/12 = 9,150 M.Rp

Case 2 36,826 " × 2/12 = 6,138 "

Case 3 91,727 " × 2/12 = 15,288 "

(3) Other accounts receivable

These are assumed to be equivalent to labor expenses in three months.

Case 1 2,671 M.Rp × 3/12 = 668 M.Rp

Case 2 1,466 " × 2/12 = 366 "

Case 3 4,137 " × 3/12 = 1,034 "

(4) Inventories

- Raw materials

Working capital for raw materials are assumed to be two month portion of raw material inventories.

Case 1 Cotton 21,311 M.Rp × 2/12 = 3,552 M.Rp

Polyester 7,214 " × 2/12 = 1,202 "

Total 4,754 "

Case 2 Polyester 10,496 M.Rp × 2/12 = 1,749 M.Rp

Table 9-1 Total Construction Cost

Table 9 - 1

Unit: Mil. Rp ¥: Mil. YEN

	No.1 Mill		No.2 Mill		Banjaran Mill Total	
	Foreign Cost	Local Cost	Foreign Cost	Local Cost	Foreign Cost	Local Cost
Architectural Cost	0	3.571	0	60	0	3.631
	¥0	3.571	¥0	60	¥0	3.631
Machinery Procurement	43.073	2.675	9.260	209	52.333	2.884
	¥3.037	45.748	¥653	9.469	¥3.689	55.217
Cif	43.073	2.273	9.260	171	52.333	2.444
	¥3.037	45.346	¥653	9.431	¥3.689	54.777
Import Duties	0	0	0		0	0
	¥0	0	¥0	0	¥0	0
Port Clearance Inland Transport	0	306	0	18	0	324
	¥0	306	¥0	18	¥0	324
Insurance	0	96	0	20	0	116
	¥0	96	¥0	20	¥0	116
Pre-operational Expenses	0	3.496	0	607	0	4.103
	¥0	3.496	¥0	607	¥0	4.103
Labor Cost	0	2.407	0	152	0	2.559
	¥0	2.407	¥0	152	¥0	2.559
Utility Cost	0	349	0	39	0	388
	¥0	349	¥0	39	¥0	388
Raw Material Cost	0	740	0	416	0	1.156
	¥0	740	¥0	416	¥0	1.156
Consulting Cost	1.858	31	328	5	2.186	36
	¥131	1.889	¥23	333	¥154	2.222
Training Cost	906	9	160	2	1.066	11
	¥64	915	¥11	162	¥75	1.077
Cotingencies	2.750	2.055	585	186	3.335	2.241
	¥194	4.805	¥41	771	¥235	5.576
Interest d/ Construction	2.551	1.119	542	56	3.093	1.175
	¥180	3.670	¥38	598	¥218	4.268
Total Construction Cost	51.138	12.956	10.875	1.125	62.013	14.081
	¥3.605	64.094	¥767	12.000	¥4.372	76.094

Table 9-2 Total Construction Cost

Table 9 - 2 Unit: Mil. Rp ¥: Mil. YEN

	Cipadung Mill				Cipadung Mill Total	
	Foreign Cost	Local Cost	Foreign Cost	Local Cost	Foreign Cost	Local Cost
Architecural Cost	0	1.397			0	1.397
	¥0	1.397			¥0	1.397
Machinery Procurement	40.184	2.468			40.184	2.468
	¥2.833	42.652			¥2.833	42.652
Cif	40.184	2.066			40.184	2.066
	¥2.833	42.250			¥2.833	42.250
Import Duties	0	0			0	0
	¥0	0			¥0	0
Port Clearance Inland	0	312			0	312
Transport	¥0	312			¥0	312
Insurance	0	90			0	90
	¥0	90			¥0	90
Pre-operational Expenses	0	3.054			0	3.054
	¥0	3.054			¥0	3.054
Labor Cost	0	1.832			0	1.832
	¥0	1.832			¥0	1.832
Utility Cost	0	405			0	405
	¥0	405			¥0	405
Raw Material Cost	0	817			0	817
	¥0	817			¥0	817
Consulting Cost	2.126	36			2.126	36
	¥150	2.162			¥150	2.162
Training Cost	896	10			896	10
	¥63	906			¥63	906
Contingencies	2.592	1.463			2.592	1.463
	¥183	4.055			¥183	4.055
Interest d/ Construction	1.870	620			1.870	620
	¥132	2.490			¥132	2.490
Total Construction Cost	47.668	9.048			47.668	9.048
	¥3.361	56.716			¥3.361	56.716

Table 9-3 Total Construction Cost

Unit: Mil. Rp ¥: Mil. YEN

	Cipadung Mill		Banjaran Mill		Banjaran . Cipadung Mill Total	
	Foreign Cost	Local Cost	Foreign Cost	Local Cost	Foreign Cost	Local Cost
Architectural Cost	0	1,397	0	3,631	0	5,028
	¥0	1,397	¥0	3,631	¥0	5,028
Machinery Procurement	40,184	2,468	52,333	2,884	92,517	5,352
	¥2,833	42,652	¥3,689	55,217	¥6,522	97,869
Cif	40,184	2,066	52,333	2,444	92,517	4,510
	¥2,833	42,250	¥3,689	54,777	¥6,522	97,027
Import Duties	0	0	0	0	0	0
	¥0	0	¥0	0	¥0	0
Port Clearance &	0	312	0	324	0	636
Inland Transport	¥0	312	¥0	324	¥0	636
Insurance	0	90	0	116	0	206
	¥0	90	¥0	116	¥0	206
Pre-operational Expenses	0	3,054	0	4,103	0	7,157
	¥0	3,054	¥0	4,103	¥0	7,157
Labor Cost	0	1,832	0	2,559	0	4,391
	¥0	1,832	¥0	2,559	¥0	4,391
Utility Cost	0	405	0	388	0	793
	¥0	405	¥0	388	¥0	793
Raw Material Cost	0	817	0	1,156	0	1,973
	¥0	817	¥0	1,156	¥0	1,973
Consulting Cost	2,126	36	2,186	36	4,312	72
	¥150	2,162	¥154	2,222	¥304	4,384
Training Cost	896	10	1,066	11	1,962	21
	¥63	906	¥75	1,077	¥138	1,983
Contingencies	2,592	1,463	3,335	2,241	5,927	3,704
	¥183	4,055	¥235	5,576	¥418	9,631
Interest d/ Construction	1,870	620	3,093	1,175	4,963	1,795
	¥132	2,490	¥218	4,268	¥350	6,758
Total Construction Cost	47,668	9,048	62,013	14,081	109,681	23,129
	¥3,361	56,716	¥4,372	76,094	¥7,733	132,810

Rayon 11,303 " × 2/12 = 1,884 "

Total 3,633 "

Case 3 8,387 "

- Packaging materials

Packing materials are assumed to be two month portion of packing material inventories.

Case 1 1,016 M.Rp × 2/12 = 169 M.Rp

Case 2 880 " × 2/12 = 147 "

Case 3 1,896 " × 2/12 = 316 "

- Spare parts

These are assumed to be equivalent to a one-year portion of total maintenance expenses after the fifth year of operation.

Case 1 1,716 M.Rp

Case 2 1,210 "

Case 3 2,926 "

- Semi-elaborated products and products

They are assumed to be a 10-day portion of cash factory cost.

Case 1 22,713 M.Rp × 10/365 = 622 M.Rp

Case 2 26,792 " × 10/365 = 734 "

Case 3 1,356 "

2) Current liabilities

(1) Accounts payable

Accounts payable are assumed to be equivalent to two month portion of accounts payable for raw materials.

Case 1 4,754 M.Rp

Case 2 3,633 "

Case 3 8,387 "

(2) Other accounts payable

These are assumed to be equivalent to one month portion of labor expenses.

Case 1 2,671 M.Rp

Case 2 1,466 "

Case 3 4,137

The total working capital required is shown below:

	Case 1	Case 2	Case 3
Current assets	21,654	15,297	36,951
Cash	4,575	3,069	7,644
Accounts receivable	9,150	6,138	15,288
Other accounts receivable	668	366	1,034
Inventories	7,261	5,724	12,985
Raw materials	4,754	3,633	8,387
Packing materials	169	147	316
Spare parts	1,716	1,210	2,926
Semi-elaborated and final products	622	734	1,356
Current liabilities	7,425	5,099	12,524
Accounts payable	4,754	3,633	8,387
Other accounts payable	2,671	1,466	4,137
Working capital	14,229	10,198	24,427

(2) Total Required Funds and Fund Raising Plan

The funds required for this project can be summarized as follows:

1) Fixed assets

Case 1-A 77,923 Case 1-B 76,094

Case 2-A 57,783 Case 2-B 56,716

Case 3-A 135,706 Case 3-B 132,810

2) Working capital

Case 1 14,229

Case 2 10,198

Case 3 24,427

3) Total required funds

Case 1-A 92,152 Case 1-B 90,323

Case 2-A 67,981 Case 2-B 66,914

Case 3-A 160,133 Case 3-B 157,237

Generation of required funds and their procurement schedules are summarized in Tables 9-4 to 9-9.

Schedules for repayment of the principal and interest for long-term loans for individual cases are shown in Tables 9-10 to 9-21.

Table 9-4 CAPITAL REQUIREMENT & FINANCING PLAN

Case 1-A

Unit : M.Rp

	Before Operation	After Operation	Total	Ratio
Capital Requirement	77,923	14,229	92,152	100.0
Fixed Capital	77,923		77,923	84.6
Buildings	3,631		3,631	3.9
Machinery & Equipment	55,217		55,217	59.9
Preoperating Capital	4,103		4,103	4.5
Consulting Cost	2,222		2,222	2.4
Training Cost	1,077		1,077	1.2
Contingency	5,576		5,576	6.1
Interest d/Construction	6,097		6,097	6.6
Working Capital		14,229	14,229	15.4
Source of Fund	77,923	14,229	92,152	100.0
Paid-up Capital			0	0.0
Long Term Loan (Foreign)	62,013		62,013	67.3
Long Team Loan (Local)	15,910	14,229	30,139	32.7

Table 9-5 CAPITAL REQUIREMENT & FINANCING PLAN

Case 1-B

Unit : M.Rp

	Before Operation	After Operation	Total	Ratio
Capital Requirement	76,094	14,229	90,323	100.0
Fixed Capital	76,094		76,094	84.2
Buildings	3,631		3,631	4.0
Machinery & Equipment	55,217		55,217	61.1
Preoperating Capital	4,103		4,103	4.5
Consulting Cost	2,222		2,222	2.5
Training Cost	1,077		1,077	1.2
Contingency	5,576		5,576	6.2
Interest d/Construction	4,268		4,268	4.7
Working Capital		14,229	14,229	15.8
Source of Fund	76,094	14,229	90,323	100.0
Paid-up Capital	27,097		27,097	30.0
Long Term Loan (Foreign)	34,916		34,916	38.7
Long Team Loan (Local)	14,081	14,229	28,310	31.3

Table 9-6 CAPITAL REQUIREMENT & FINANCING PLAN

Case 2-A

Unit : M.Rp

	Before Operation	After Operation	Total	Ratio
Capital Requirement	57,783	10,198	67,981	100.0
Fixed Capital	57,783		57,783	85.0
Buildings	1,397		1,397	2.1
Machinery & Equipment	42,652		42,652	62.7
Preoperating Capital	3,054		3,054	4.5
Consulting Cost	2,162		2,162	3.2
Training Cost	906		906	1.3
Contingency	4,055		4,055	6.0
Interest d/Construction	3,557		3,557	5.2
Working Capital		10,198	10,198	15.0
Source of Fund	57,783	10,198	67,981	100.0
Paid-up Capital			0	0.0
Long Term Loan (Foreign)	48,470		48,470	71.3
Long Team Loan (Local)	9,313	10,198	19,511	28.7

Table 9-7 CAPITAL REQUIREMENT & FINANCING PLAN

Case 2-B

Unit : M.Rp

	Before Operation	After Operation	Total	Ratio
Capital Requirement	56,716	10,198	66,914	100.0
Fixed Capital	56,716		56,716	84.8
Buildings	1,397		1,397	2.1
Machinery & Equipment	42,652		42,652	63.7
Preoperating Capital	3,054		3,054	4.6
Consulting Cost	2,162		2,162	3.2
Training Cost	906		906	1.4
Contingency	4,055		4,055	6.1
Interest d/Construction	2,490		2,490	3.7
Working Capital		10,198	10,198	15.2
Source of Fund	56,716	10,198	66,914	100.0
Paid-up Capital	20,074		20,074	30.0
Long Term Loan (Foreign)	27,594		27,594	41.2
Long Team Loan (Local)	9,048	10,198	19,246	28.8

Table 9-8 CAPITAL REQUIREMENT & FINANCING PLAN

Case 3-A

Unit : M.Rp

	Before Operation	After Operation	Total	Ratio
Capital Requirement	135,706	24,427	160,133	100.0
Fixed Capital	135,706		135,706	84.7
Buildings	5,028		5,028	3.1
Machinery & Equipment	97,869		97,869	61.1
Preoperating Capital	7,157		7,157	4.5
Consulting Cost	4,384		4,384	2.7
Training Cost	1,983		1,983	1.2
Contingency	9,631		9,631	6.0
Interest d/Construction	9,654		9,654	6.0
Working Capital		24,427	24,427	15.3
Source of Fund	135,706	24,427	160,133	100.0
Paid-up Capital			0	0.0
Long Term Loan (Foreign)	110,483		110,483	69.0
Long Team Loan (Local)	25,223	24,427	49,650	31.0

Table 9-9 CAPITAL REQUIREMENT & FINANCING PLAN

Case 3-B

Unit : M.Rp

	Before Operation	After Operation	Total	Ratio
Capital Requirement	132,810	24,427	157,237	100.0
Fixed Capital	132,810		132,810	84.5
Buildings	5,028		5,028	3.2
Machinery & Equipment	97,869		97,869	62.2
Preoperating Capital	7,157		7,157	4.6
Consulting Cost	4,384		4,384	2.8
Training Cost	1,983		1,983	1.3
Contingency	9,631		9,631	6.1
Interest d/Construction	6,758		6,758	4.3
Working Capital		24,427	24,427	15.5
Source of Fund	132,810	24,427	157,237	100.0
Paid-up Capital	47,171		47,171	30.0
Long Term Loan (Foreign)	62,510		62,510	39.8
Long Team Loan (Local)	23,129	24,427	47,556	30.2

Table 9-10 Repayment Plan (Long-term Credit of Foreign Portion)

Case 1-A

Unit : Million Rp

Year	Installment	Principal	Principal Repayment	Balance Unpaid	Interest %Year 10.0
-1.5/1		62,013	0.00	62,013.0	
1			0.00	62,013.0	6,201.3
2	1		3,100.65	58,912.4	3,100.7
	2		3,100.65	55,811.7	2,945.6
	Sub Total		6,201.30		6,046.3
3	3		3,100.65	52,711.1	2,790.6
	4		3,100.65	49,610.4	2,635.6
	Sub Total		6,201.30		5,426.1
4	5		3,100.65	46,509.7	2,480.5
	6		3,100.65	43,409.1	2,325.5
	Sub Total		6,201.30		4,806.0
5	7		3,100.65	40,308.4	2,170.5
	8		3,100.65	37,207.8	2,015.4
	Sub Total		6,201.30		4,185.9
6	9		3,100.65	34,107.1	1,860.4
	10		3,100.65	31,006.5	1,705.4
	Sub Total		6,201.30		3,565.7
7	11		3,100.65	27,905.8	1,550.3
	12		3,100.65	24,805.2	1,395.3
	Sub Total		6,201.30		2,945.6
8	13		3,100.65	21,704.5	1,240.3
	14		3,100.65	18,603.9	1,085.2
	Sub Total		6,201.30		2,325.5
9	15		3,100.65	15,503.2	930.2
	16		3,100.65	12,402.6	775.2
	Sub Total		6,201.30		1,705.4
10	17		3,100.65	9,301.9	620.1
	18		3,100.65	6,201.3	465.1
	Sub Total		6,201.30		1,085.2
11	19		3,100.65	3,100.6	310.1
	20		3,100.65	-0.0	155.0
	Sub Total		6,201.30		465.1
Total			62,013.00		38,758.1

Remarks :

Table 9-11 Repayment Plan (Long-term Credit of Local Portion)

Case 1-A

Unit : Million Rp

Year	Installment	Principal	Principal Repayment	Balance Unpaid	Interest %Year 18.0
-1.5/1		15,910	0.00	15,910.0	
1		14,229 30,139	0.00	30,139.0	2,863.8
2	1		1,506.95	28,632.1	2,712.5
	2		1,506.95	27,125.1	2,576.9
	Sub Total		3,013.90		5,289.4
3	3		1,506.95	25,618.2	2,441.3
	4		1,506.95	24,111.2	2,305.6
	Sub Total		3,013.90		4,746.9
4	5		1,506.95	22,604.2	2,170.0
	6		1,506.95	21,097.3	2,034.4
	Sub Total		3,013.90		4,204.4
5	7		1,506.95	19,590.3	1,898.8
	8		1,506.95	18,083.4	1,763.1
	Sub Total		3,013.90		3,661.9
6	9		1,506.95	16,576.4	1,627.5
	10		1,506.95	15,069.5	1,491.9
	Sub Total		3,013.90		3,119.4
7	11		1,506.95	13,562.5	1,356.3
	12		1,506.95	12,055.6	1,220.6
	Sub Total		3,013.90		2,576.9
8	13		1,506.95	10,548.6	1,085.0
	14		1,506.95	9,041.7	949.4
	Sub Total		3,013.90		2,034.4
9	15		1,506.95	7,534.7	813.8
	16		1,506.95	6,027.8	678.1
	Sub Total		3,013.90		1,491.9
10	17		1,506.95	4,520.8	542.5
	18		1,506.95	3,013.9	406.9
	Sub Total		3,013.90		949.4
11	19		1,506.95	1,506.9	271.3
	20		1,506.95	-0.0	135.6
	Sub Total		3,013.90		406.9
Total			30,139.00		31,345.2

Remarks :

Table 9-12 Repayment Plan (Long-term Credit of Foreign Portion)

Case 1-B

Unit : Million Rp

Year	Installment	Principal	Principal Repayment	Balance Unpaid	Interest %Year 10.0
-1.5/1		34,916	0.00	34,916.0	
1			0.00	34,916.0	3,491.6
2	1		1,745.80	33,170.2	1,745.8
	2		1,745.80	31,424.4	1,658.5
	Sub Total		3,491.60		3,404.3
3	3		1,745.80	29,678.6	1,571.2
	4		1,745.80	27,932.8	1,483.9
	Sub Total		3,491.60		3,055.2
4	5		1,745.80	26,187.0	1,396.6
	6		1,745.80	24,441.2	1,309.4
	Sub Total		3,491.60		2,706.0
5	7		1,745.80	22,696.4	1,222.1
	8		1,745.80	20,949.6	1,134.8
	Sub Total		3,491.60		2,356.8
6	9		1,745.80	19,203.8	1,047.5
	10		1,745.80	17,458.0	960.2
	Sub Total		3,491.60		2,007.7
7	11		1,745.80	15,712.2	872.9
	12		1,745.80	13,966.4	785.6
	Sub Total		3,491.60		1,658.5
8	13		1,745.80	12,220.6	698.3
	14		1,745.80	10,474.8	611.0
	Sub Total		3,491.60		1,309.4
9	15		1,745.80	8,729.0	523.7
	16		1,745.80	6,983.2	436.5
	Sub Total		3,491.60		960.2
10	17		1,745.80	5,237.4	349.2
	18		1,745.80	3,491.6	261.9
	Sub Total		3,491.60		611.0
11	19		1,745.80	1,745.8	174.6
	20		1,745.80	0.0	87.3
	Sub Total		3,491.60		261.9
Total			34,916.00		21,822.5

Remarks :

Table 9-13 Repayment Plan (Long-term Credit of Local Portion)

Case 1-B

Unit : Million Rp

Year	Installment	Principal	Principal Repayment	Balance Unpaid	Interest %Year 18.0
-1.5/1		14,081	0.00	14,081.0	
1		14,229 28,310	0.00	28,310.0	2,534.6
2	1		1,415.50	26,894.5	2,547.9
	2		1,415.50	25,479.0	2,420.5
	Sub Total		2,831.00		4,968.4
3	3		1,415.50	24,063.5	2,293.1
	4		1,415.50	22,648.0	2,165.7
	Sub Total		2,831.00		4,458.8
4	5		1,415.50	21,232.5	2,038.3
	6		1,415.50	19,817.0	1,910.9
	Sub Total		2,831.00		3,949.2
5	7		1,415.50	18,401.5	1,783.5
	8		1,415.50	16,986.0	1,656.1
	Sub Total		2,831.00		3,439.7
6	9		1,415.50	15,570.5	1,528.7
	10		1,415.50	14,155.0	1,401.3
	Sub Total		2,831.00		2,930.1
7	11		1,415.50	12,739.5	1,274.0
	12		1,415.50	11,324.0	1,146.6
	Sub Total		2,831.00		2,420.5
8	13		1,415.50	9,908.5	1,019.2
	14		1,415.50	8,493.0	891.8
	Sub Total		2,831.00		1,910.9
9	15		1,415.50	7,077.5	764.4
	16		1,415.50	5,662.0	637.0
	Sub Total		2,831.00		1,401.3
10	17		1,415.50	4,246.5	509.6
	18		1,415.50	2,831.0	382.2
	Sub Total		2,831.00		891.8
11	19		1,415.50	1,415.5	254.8
	20		1,415.50	0.0	127.4
	Sub Total		2,831.00		382.2
Total			28,310.00		29,287.5

Remarks :

Table 9-14 Repayment Plan (Long-term Credit of Foreign Portion)

Case 2-A

Unit : Million Rp

Year	Installment	Principal	Principal Repayment	Balance Unpaid	Interest %Year 10.0
-1.5/1		48,470	0.00	48,470.0	
1			0.00	48,470.0	4,847.0
2	1		2,423.50	46,046.5	2,423.5
	2		2,423.50	43,623.0	2,302.3
	Sub Total		4,847.00		4,725.8
3	3		2,423.50	41,199.5	2,181.2
	4		2,423.50	38,776.0	2,060.0
	Sub Total		4,847.00		4,241.1
4	5		2,423.50	36,352.5	1,938.8
	6		2,423.50	33,929.0	1,817.6
	Sub Total		4,847.00		3,756.4
5	7		2,423.50	31,505.5	1,696.5
	8		2,423.50	29,082.0	1,575.3
	Sub Total		4,847.00		3,271.7
6	9		2,423.50	26,658.5	1,454.1
	10		2,423.50	24,235.0	1,332.9
	Sub Total		4,847.00		2,787.0
7	11		2,423.50	21,811.5	1,211.8
	12		2,423.50	19,388.0	1,090.6
	Sub Total		4,847.00		2,302.3
8	13		2,423.50	16,964.5	969.4
	14		2,423.50	14,541.0	848.2
	Sub Total		4,847.00		1,817.6
9	15		2,423.50	12,117.5	727.1
	16		2,423.50	9,694.0	605.9
	Sub Total		4,847.00		1,332.9
10	17		2,423.50	7,270.5	484.7
	18		2,423.50	4,847.0	363.5
	Sub Total		4,847.00		848.2
11	19		2,423.50	2,423.5	242.4
	20		2,423.50	0.0	121.2
	Sub Total		4,847.00		363.5
Total			48,470.00		30,293.8

Remarks :

Table 9-15 Repayment Plan (Long-term Credit of Local Portion)

Case 2-A

Unit : Million Rp

Year	Installment	Principal	Principal Repayment	Balance Unpaid	Interest %Year 18.0
-1.5/1		9,313	0.00	9,313.0	
1		10,198 19,511	0.00	19,511.0	1,676.3
2	1		975.55	18,535.5	1,756.0
	2		975.55	17,559.9	1,668.2
	Sub Total		1,951.10		3,424.2
3	3		975.55	16,584.4	1,580.4
	4		975.55	15,608.8	1,492.6
	Sub Total		1,951.10		3,073.0
4	5		975.55	14,633.3	1,404.8
	6		975.55	13,657.7	1,317.0
	Sub Total		1,951.10		2,721.8
5	7		975.55	12,682.2	1,229.2
	8		975.55	11,706.6	1,141.4
	Sub Total		1,951.10		2,370.6
6	9		975.55	10,731.1	1,053.6
	10		975.55	9,755.5	965.8
	Sub Total		1,951.10		2,019.4
7	11		975.55	8,780.0	878.0
	12		975.55	7,804.4	790.2
	Sub Total		1,951.10		1,668.2
8	13		975.55	6,828.9	702.4
	14		975.55	5,853.3	614.6
	Sub Total		1,951.10		1,317.0
9	15		975.55	4,877.8	526.8
	16		975.55	3,902.2	439.0
	Sub Total		1,951.10		965.8
10	17		975.55	2,926.7	351.2
	18		975.55	1,951.1	263.4
	Sub Total		1,951.10		614.6
11	19		975.55	975.6	175.6
	20		975.55	0.0	87.8
	Sub Total		1,951.10		263.4
Total			19,511.00		20,114.2

Remarks :

Table 9-16 Repayment Plan (Long-term Credit of Foreign Portion)

Case 2-B

Unit : Million Rp

Year	Installment	Principal	Principal Repayment	Balance Unpaid	Interest %Year 10.0
-1.5/1		27,594	0.00	27,594.0	
1			0.00	27,594.0	2,759.4
2	1		1,379.70	26,214.3	1,379.7
	2		1,379.70	24,834.6	1,310.7
	Sub Total		2,759.40		2,690.4
3	3		1,379.70	23,454.9	1,241.7
	4		1,379.70	22,075.2	1,172.7
	Sub Total		2,759.40		2,414.5
4	5		1,379.70	20,695.5	1,103.8
	6		1,379.70	19,315.8	1,034.8
	Sub Total		2,759.40		2,138.5
5	7		1,379.70	17,936.1	965.8
	8		1,379.70	16,556.4	896.8
	Sub Total		2,759.40		1,862.6
6	9		1,379.70	15,176.7	827.8
	10		1,379.70	13,797.0	758.8
	Sub Total		2,759.40		1,586.7
7	11		1,379.70	12,417.3	689.8
	12		1,379.70	11,037.6	620.9
	Sub Total		2,759.40		1,310.7
8	13		1,379.70	9,657.9	551.9
	14		1,379.70	8,278.2	482.9
	Sub Total		2,759.40		1,034.8
9	15		1,379.70	6,898.5	413.9
	16		1,379.70	5,518.8	344.9
	Sub Total		2,759.40		758.8
10	17		1,379.70	4,139.1	275.9
	18		1,379.70	2,759.4	207.0
	Sub Total		2,759.40		482.9
11	19		1,379.70	1,379.7	138.0
	20		1,379.70	-0.0	69.0
	Sub Total		2,759.40		207.0
Total			27,594.00		17,246.2

Remarks :

Table 9-17 Repayment Plan (Long-term Credit of Local Portion)

Case 2-B

Unit : Million Rp

Year	Installment	Principal	Principal Repayment	Balance Unpaid	Interest %Year 18.0
-1.5/1		9,049	0.00	9,049.0	
1		10,198 19,247	0.00	19,247.0	1,628.8
2	1		962.35	18,284.7	1,732.2
	2		962.35	17,322.3	1,645.6
	Sub Total		1,924.70		3,377.8
3	3		962.35	16,360.0	1,559.0
	4		962.35	15,397.6	1,472.4
	Sub Total		1,924.70		3,031.4
4	5		962.35	14,435.3	1,385.8
	6		962.35	13,472.9	1,299.2
	Sub Total		1,924.70		2,685.0
5	7		962.35	12,510.6	1,212.6
	8		962.35	11,548.2	1,125.9
	Sub Total		1,924.70		2,338.5
6	9		962.35	10,585.9	1,039.3
	10		962.35	9,623.5	952.7
	Sub Total		1,924.70		1,992.1
7	11		962.35	8,661.2	866.1
	12		962.35	7,698.8	779.5
	Sub Total		1,924.70		1,645.6
8	13		962.35	6,736.5	692.9
	14		962.35	5,774.1	606.3
	Sub Total		1,924.70		1,299.2
9	15		962.35	4,811.7	519.7
	16		962.35	3,849.4	433.1
	Sub Total		1,924.70		952.7
10	17		962.35	2,887.0	346.4
	18		962.35	1,924.7	259.8
	Sub Total		1,924.70		606.3
11	19		962.35	962.3	173.2
	20		962.35	-0.0	86.6
	Sub Total		1,924.70		259.8
Total			19,247.00		19,817.2

Remarks :

Table 9-18 Repayment Plan (Long-term Credit of Foreign Portion)

Case 3-A

Unit : Million Rp

Year	Installment	Principal	Principal Repayment	Balance Unpaid	Interest %Year 10.0
-1.5/1		110,483	0.00	110,483.0	
1			0.00	110,483.0	11,048.3
2	1		5,524.15	104,958.9	5,524.2
	2		5,524.15	99,434.7	5,247.9
	Sub Total		11,048.30		10,772.1
3	3		5,524.15	93,910.6	4,971.7
	4		5,524.15	88,386.4	4,695.5
	Sub Total		11,048.30		9,667.3
4	5		5,524.15	82,862.3	4,419.3
	6		5,524.15	77,338.1	4,143.1
	Sub Total		11,048.30		8,562.4
5	7		5,524.15	71,814.0	3,866.9
	8		5,524.15	66,289.8	3,590.7
	Sub Total		11,048.30		7,457.6
6	9		5,524.15	60,765.7	3,314.5
	10		5,524.15	55,241.5	3,038.3
	Sub Total		11,048.30		6,352.8
7	11		5,524.15	49,717.4	2,762.1
	12		5,524.15	44,193.2	2,485.9
	Sub Total		11,048.30		5,247.9
8	13		5,524.15	38,669.1	2,209.7
	14		5,524.15	33,144.9	1,933.5
	Sub Total		11,048.30		4,143.1
9	15		5,524.15	27,620.8	1,657.2
	16		5,524.15	22,096.6	1,381.0
	Sub Total		11,048.30		3,038.3
10	17		5,524.15	16,572.5	1,104.8
	18		5,524.15	11,048.3	828.6
	Sub Total		11,048.30		1,933.5
11	19		5,524.15	5,524.2	552.4
	20		5,524.15	0.0	276.2
	Sub Total		11,048.30		828.6
Total			110,483.00		69,051.9

Remarks :

Table 9-19 Repayment Plan (Long-term Credit of Local Portion)

Case 3-A

Unit : Million Rp

Year	Installment	Principal	Principal Repayment	Balance Unpaid	Interest %Year 18.0
-1.5/1		25,223	0.00	25,223.0	
1		24,427 49,650	0.00	49,650.0	4,540.1
2	1		2,482.50	47,167.5	4,468.5
	2		2,482.50	44,685.0	4,245.1
	Sub Total		4,965.00		8,713.6
3	3		2,482.50	42,202.5	4,021.7
	4		2,482.50	39,720.0	3,798.2
	Sub Total		4,965.00		7,819.9
4	5		2,482.50	37,237.5	3,574.8
	6		2,482.50	34,755.0	3,351.4
	Sub Total		4,965.00		6,926.2
5	7		2,482.50	32,272.5	3,128.0
	8		2,482.50	29,790.0	2,904.5
	Sub Total		4,965.00		6,032.5
6	9		2,482.50	27,307.5	2,681.1
	10		2,482.50	24,825.0	2,457.7
	Sub Total		4,965.00		5,138.8
7	11		2,482.50	22,342.5	2,234.3
	12		2,482.50	19,860.0	2,010.8
	Sub Total		4,965.00		4,245.1
8	13		2,482.50	17,377.5	1,787.4
	14		2,482.50	14,895.0	1,564.0
	Sub Total		4,965.00		3,351.4
9	15		2,482.50	12,412.5	1,340.6
	16		2,482.50	9,930.0	1,117.1
	Sub Total		4,965.00		2,457.7
10	17		2,482.50	7,447.5	893.7
	18		2,482.50	4,965.0	670.3
	Sub Total		4,965.00		1,564.0
11	19		2,482.50	2,482.5	446.9
	20		2,482.50	0.0	223.4
	Sub Total		4,965.00		670.3
Total			49,650.00		51,459.4

Remarks :

Table 9-20 Repayment Plan (Long-term Credit of Foreign Portion)

Case 3-B

Unit : Million Rp

Year	Installment	Principal	Principal Repayment	Balance Unpaid	Interest %Year 10.0
-1.5/1		62,510	0.00	62,510.0	
1			0.00	62,510.0	6,251.0
2	1		3,125.50	59,384.5	3,125.5
	2		3,125.50	56,259.0	2,969.2
	Sub Total		6,251.00		6,094.7
3	3		3,125.50	53,133.5	2,813.0
	4		3,125.50	50,008.0	2,656.7
	Sub Total		6,251.00		5,469.6
4	5		3,125.50	46,882.5	2,500.4
	6		3,125.50	43,757.0	2,344.1
	Sub Total		6,251.00		4,844.5
5	7		3,125.50	40,631.5	2,187.9
	8		3,125.50	37,506.0	2,031.6
	Sub Total		6,251.00		4,219.4
6	9		3,125.50	34,380.5	1,875.3
	10		3,125.50	31,255.0	1,719.0
	Sub Total		6,251.00		3,594.3
7	11		3,125.50	28,129.5	1,562.8
	12		3,125.50	25,004.0	1,406.5
	Sub Total		6,251.00		2,969.2
8	13		3,125.50	21,878.5	1,250.2
	14		3,125.50	18,753.0	1,093.9
	Sub Total		6,251.00		2,344.1
9	15		3,125.50	15,627.5	937.7
	16		3,125.50	12,502.0	781.4
	Sub Total		6,251.00		1,719.0
10	17		3,125.50	9,376.5	625.1
	18		3,125.50	6,251.0	468.8
	Sub Total		6,251.00		1,093.9
11	19		3,125.50	3,125.5	312.6
	20		3,125.50	0.0	156.3
	Sub Total		6,251.00		468.8
Total			62,510.00		39,068.8

Remarks :

Table 9-21 Repayment Plan (Long-term Credit of Local Portion)

Case 3-B

Unit : Million Rp

Year	Installment	Principal	Principal Repayment	Balance Unpaid	Interest %Year 18.0
-1.5/1		23,130	0.00	23,130.0	
1		24,427 47,557	0.00	47,557.0	4,163.4
2	1		2,377.85	45,179.2	4,280.1
	2		2,377.85	42,801.3	4,066.1
	Sub Total		4,755.70		8,346.3
3	3		2,377.85	40,423.5	3,852.1
	4		2,377.85	38,045.6	3,638.1
	Sub Total		4,755.70		7,490.2
4	5		2,377.85	35,667.8	3,424.1
	6		2,377.85	33,289.9	3,210.1
	Sub Total		4,755.70		6,634.2
5	7		2,377.85	30,912.1	2,996.1
	8		2,377.85	28,534.2	2,782.1
	Sub Total		4,755.70		5,778.2
6	9		2,377.85	26,156.4	2,568.1
	10		2,377.85	23,778.5	2,354.1
	Sub Total		4,755.70		4,922.1
7	11		2,377.85	21,400.7	2,140.1
	12		2,377.85	19,022.8	1,926.1
	Sub Total		4,755.70		4,066.1
8	13		2,377.85	16,645.0	1,712.1
	14		2,377.85	14,267.1	1,498.0
	Sub Total		4,755.70		3,210.1
9	15		2,377.85	11,889.3	1,284.0
	16		2,377.85	9,511.4	1,070.0
	Sub Total		4,755.70		2,354.1
10	17		2,377.85	7,133.6	856.0
	18		2,377.85	4,755.7	642.0
	Sub Total		4,755.70		1,498.0
11	19		2,377.85	2,377.9	428.0
	20		2,377.85	0.0	214.0
	Sub Total		4,755.70		642.0
Total			47,557.00		49,104.8

Remarks :

9-1-3 Production and Sales Plans

(1) Production Plan

The production plan for the first year and second/subsequent years after the start of the operation is summarized as follows:

Case 1

Kind of product	Symbol	1st year	2nd year
Cotton combed yarn	Ne32 (CM32)	6,264	6,536
	Ne40 (CM40)	5,235	5,462
	Ne50 (CM50)	3,133	3,581
Polyester/cotton-blended yarn			
65/35	Ne20 (P/C20)	1,421	1,550
	Ne40 (P/C20)	999	1,090
	Ne40/2(P/C40/2)	893	1,020
	Ne45 (P/C45)	18,824	18,824
35/65	Ne20 (C/P20)	1,334	1,600
	Ne40 (C/P40)	938	1,125
	Ne40/2(C/P40/2)	789	1,052
Total		39,830 bales/year	41,840 bales/year

Case 2

Polyester/rayon-blended yarn	1st year	2nd year
Ne20 (P/R20)	15,012	15,665
Ne30 (P/R30)	9,425	9,835
Ne40 (P/R40)	4,635	4,836
Ne45 (P/R45)	3,419	3,567
Ne40/2 (P/R40/2)	1,696	1,770
Total	34,187 bales/year	35,673 bales/year

For convenience of calculation, it is assumed that products will be immediately shipped. Therefore, the above figures also represent planned sales volume.

(2) Sales Prices

The total of the manufacturing cost per bale, profit (20%), transport/insurance cost, and the value added tax is assumed to be the desired sales price (in setting the sales

price, Case A out of Cases A and B), and the final sales price will be set after its adjustment to market prices.

Kind of product	Manufac-turing cost/bale (A)	Profit (A × 20%)	Transport/ insurance (A × 3%)	Desired sales price/ bale	Market price	Final sales price
CM32	1,275,198	255,040	38,256	1,568,494	1,520,000	1,500,000
CM40	1,377,068	275,414	41,312	1,693,794	1,720,000	1,700,000
CM50	1,983,658	396,732	59,510	2,439,900	2,000,000	2,000,000
P/C20	903,154	180,631	27,095	1,110,880	1,050,000	1,050,000
P/C40	1,112,515	222,503	33,375	1,368,393	1,150,000	1,150,000
P/C45	855,663	171,133	25,670	1,052,466	1,250,000	1,250,000
P/C40/2	1,264,979	252,996	37,949	1,555,924	1,320,000	1,350,000
C/P20	1,028,893	205,779	30,867	1,265,539	1,150,000	1,150,000
C/P40	1,258,780	251,756	37,763	1,548,299	1,300,000	1,300,000
C/P40/2	1,426,191	285,238	42,786	1,754,215	1,500,000	1,500,000
P/R20	887,178	177,436	26,615	1,091,229	1,050,000	1,050,000
P/R30	964,539	192,908	28,936	1,186,383	1,150,000	1,150,000
P/R40	1,055,683	211,137	31,670	1,298,490	1,250,000	1,250,000
P/R45	1,104,589	220,918	33,138	1,358,645	1,300,000	1,300,000
P/R40/2	1,178,393	235,679	35,352	1,449,424	1,400,000	1,400,000

Market prices are based on the sales prices of the makers with the most excellent technology and quality in Indonesia. The final sales prices were set based on the assumption that, if the renovation is carried out, yarn not inferior to the products of such excellent mills, will be eventually produced.

(3) Product Sales

[1st year] Kind of product	Production Bales/year	Sales unit-price Th. Rp/bale	Revenue (A) M.Rp/year	VAT (B) (A)x10% M.Rp/ year	Sales (A)+(B) M.Rp/year
CM32	6,264	1,500	9,396	940	10,336
CM40	5,235	1,700	8,900	890	9,790
CM50	3,133	2,000	6,266	627	6,893

P/C20	1,421	1,050	1,492	149	1,641
P/C40	999	1,150	1,149	115	1,264
P/C45	18,824	1,250	23,530	2,353	25,883
P/C40/2	893	1,350	1,206	121	1,327
C/P20	1,334	1,150	1,534	153	1,687
C/P40	938	1,300	1,219	122	1,341
C/P40/2	789	1,500	1,184	118	1,302
Sub-total	39,830	1,403	55,876	5,588	61,464
					(Case 1)
P/R20	15,012	1,050	15,763	1,576	17,339
P/R30	9,425	1,150	10,839	1,084	11,923
P/R40	4,635	1,250	5,794	579	6,373
P/R45	3,419	1,300	4,445	445	4,890
P/R45/2	1,696	1,400	2,374	237	2,611
Sub-total	34,187	1,147	39,215	3,921	43,136
					(Case 2)
Total	74,017	1,285	95,091	9,509	104,600

[2nd year]

CM32	6,536	1,500	9,804	980	10,784
CM40	5,462	1,700	9,285	929	10,214
CM50	3,581	2,000	7,162	716	7,878
P/C20	1,550	1,050	1,628	163	1,791
P/C40	1,090	1,150	1,254	125	1,379
P/C45	18,824	1,250	23,530	2,353	25,883
P/C40/2	1,020	1,350	1,377	138	1,515
C/P20	1,600	1,150	1,840	184	2,024
C/P40	1,125	1,300	1,463	146	1,609
C/P40/2	1,052	1,500	1,578	158	1,736
Sub-total	41,840	1,408	58,921	5,892	64,813
					(Case 1)

P/R20	15,665	1,050	16,448	1,645	18,093
P/R30	9,835	1,150	11,310	1,131	12,441
P/R40	4,836	1,250	6,045	604	6,649
P/R45	3,567	1,300	4,637	464	5,101
P/R45/2	1,770	1,400	2,478	248	2,726
Sub-total	35,673	1,147	40,918	4,092	45,010 (Case 2)
Total	77,513	1,288	99,839	9,984	109,823

(4) Waste Sales

Waste to be sold are assumed to be only cotton. Therefore, it will be produced only in Banjaran Mills (Case 1).

[1st year]

Classification	Generation volume kg/year	Unit price Rp	Revenue (A) Th.Rp	VAT (B) (A)x10%	Sales (A)+(B) M.Rp
Under blowing waste	114,845	110	12,633	1,263	14
Under casing waste	57,422	110	6,316	632	7
Flat waste	172,267	150	25,840	2,584	29
Comber noil	861,336	2,200	1,894,939	189,494	2,084
Swept waste	114,845	150	17,227	1,723	19
Total	1,320,715	1,482	1,956,955	195,696	2,153

[2nd year]

Under blowing waste	122,073	110	13,428	1,343	15
Under casing	61,037	110	6,714	671	7
Flat waste	183,110	150	27,467	2,747	30
Comber noil	915,549	2,200	2,014,208	201,421	2,216
Swept waste	122,073	150	18,311	1,831	20
Total	1,403,842		2,080,128	208,013	2,288

(5) Summary of Sales

Unit: M.Rp		Case 1	Case 2	Case 3
lst year of operation	Products	61,464	43,136	104,600
	Waste	2,153	0	2,153
	Total	63,617	43,136	106,753
2nd year of waste	Products	64,813	45,010	109,823
	Waste	2,288	0	2,288
	Total	67,101	45,010	112,0111

9-1-4 Manufacturing Cost Analysis

(1) Basic Concept of Manufacturing Cost Analysis

1) Calculation standard

(1) Base year: June 1991

(2) Indicating currency: Indonesian Rupiah (Rp)

(3) Exchange rate: The average exchange rate for June 1991 are used.

US$1 = ¥137.75 = Rp1,954

1 Rp = ¥0.0705

(4) Price fluctuations

The manufacturing cost is an estimated figure based on the market prices as of June 1991, and no consideration is given to anticipated inflation with regard to future expenses, revenues, and income.

2) Method of cost calculation

The overall cost calculation method was adopted under which actually incurred expenses for the manufacture of the products completed in a year are used in computing production cost. Because the process is a single one that manufactures yarn out of raw materials, the single process calculation method was adoped.

Manufacturing cost for each product is calculated based on the overall cost, using the standard index, ultimately to be utilized as the data for determination of the price for each product.

3) Operation ratio

A ratio of operation of 95% is assumed for the first year of operation. A full 100%

is assumed for the years after the second year of operation.

4) Conditions for taxation

The tax that should be taken into account in calculating manufacturing cost is the value added tax (VAT or PPN). The VAT to be paid by a taxable enterprise is to be calculated by deducting input tax (to be paid at the time of purchase) from output tax (to be levied at the time of sales), which is derived by multiplying sales prices by the tax rate of 10%. Both sales price and purchase price are added by this tax and its balance payable will be put in the tax column of the profit and loss statement.

(2) Calculation of the cost for each element

A. Banjaran Mills (Case 1)

1) Raw material cost

The annual consumption volume and raw material cost are shown in Tables 9-22 to 9-23.

Table9-22 Annual Cost of Raw Materials (Banjan)

First Year Only

Unit : Th.Rp

Production		Raw Materials Consumed				
Items	Bale	Cotton		Polyester		Total
(Banjaran-1 Mill)		Q'ty(Kg)	Amount	Q'ty(Kg)	Amount	Amount
Cotton combed yarn Ne 32	6,264	1,475,994	4,758,605			4,758,605
〃 Ne 40	5,235	1,233,529	3,976,897			3,976,897
〃 Ne 50	3,133	738,233	3,808,544			3,808,544
Polyester/Cotton 65/35 Ne 20	1,421	117,191	377,824	172,766	418,094	795,918
〃 〃 Ne 40	999	82,388	265,619	121,459	293,931	559,550
〃 〃 Ne 40/2	893	73,647	237,438	108,572	262,744	500,182
〃 35/65 Ne 20	1,334	204,316	658,715	87,332	211,343	870,058
〃 〃 Ne 40	938	143,664	463,173	61,408	148,607	611,780
〃 〃 Ne 40/2	789	120,843	389,598	51,653	125,000	514,598
Total	21,006	4,189,805	14,936,413	603,190	1,459,719	16,396,132
(Banjaran-2 Mill)						
Polyester/Cotton 65/35 Ne 45	18,824	1,552,432	5,005,041	2,288,637	5,538,502	10,543,543
Banjaran Total	39,830	5,742,237	19,941,454	2,891,827	6,998,221	26,939,675

Table9-23 Annual Cost of Raw Materials (Banjan)

Second Year Onward

Unit : Th.Rp

Production		Raw Materials Consumed				
Items	Bale	Cotton		Polyester		Total
(Banjaran-1 Mill)		Q'ty(Kg)	Amount	Q'ty(Kg)	Amount	Amount
Cotton combed yarn Ne 32	6,536	1,540,085	4,965,234			4,965,234
〃 Ne 40	5,462	1,287,017	4,149,343			4,149,343
〃 Ne 50	3,581	843,795	4,353,138			4,353,138
Polyester/Cotton 65/35 Ne 20	1,550	127,830	412,124	188,450	456,049	868,173
〃 〃 Ne 40	1,090	89,893	289,815	132,523	320,706	610,521
〃 〃 Ne 40/2	1,020	84,120	271,203	124,012	300,109	571,312
〃 35/65 Ne 20	1,600	245,056	790,061	104,747	253,488	1,043,549
〃 〃 Ne 40	1,125	172,305	555,511	73,650	178,233	733,744
〃 〃 Ne 40/2	1,052	161,125	519,467	68,871	166,668	686,135
	23,016	4,551,226	16,305,896	692,253	1,675,253	17,981,149
(Banjaran-2 Mill)						
Polyester/Cotton 65/35 Ne 45	18,824	1,552,432	5,005,041	2,288,637	5,538,502	10,543,543
Banjaran Total	41,840	6,103,658	21,310,937	2,980,890	7,213,755	28,524,692

Unit price of raw material

Cotton for Ne 20 to 40 $1.65 (Rp3,224)/kg

Ne 50 $2.64 (Rp5,159)/kg

Polyester Rp2,200/kg × 1.1 = Rp2,420/kg

Total raw material cost

(1st year) Unit:Thousand Rp

	Banjaran I	Banjaran II	Banjaran total
Cotton	14,936,413	5,005,041	19,941,454
Polyester	1,459,719	5,538,502	6,998,221
Total	16,396,132	10,543,543	26,939,675

(2nd and subsequent years)

Cotton	16,305,896	5,005,041	21,310,937
Polyester	1,675,253	5,538,502	7,213,755
Total	17,981,149	10,543,543	28,524,692

Cotton will be imported, and will be exempted from the imposition of customs and VAT.

2) Packing material cost

Paper tube 5°57' 5,430,000 pcs × Rp64 × 1.1 = 382,272 Th.Rp

Carton box for domestic sale 118,000 pcs × Rp2,400 × 1.1 = 311,520 Th.Rp

Carton box for export 50,000 pcs × Rp4,000 × 1.1 = 220,000 Th.Rp

Plastic band 1,400,000 m × Rp50 × 1.1 = 77,000 Th.Rp

Cone label 5,430,000 pcs × Rp3 × 1.1 = 17,919 "

Carton label 168,000 pcs × Rp10 × 1.1 = 1,848 "

Others 5,000 "

Packing material cost 1,015,559 Th.Rp

These are allotted to the mills in accordance with production ratio.

First Mill 558,557 Th.Rp

Second Mill 457,002 "

Total 1,015,559 "

3) Electric power charges

First Mill

Average electric power consumption per day 2,721.2 KW

Average electric power consumption per year 22,531,536 KWH

(2,721.2 KW × 24H × 345 days)

Annual electric power charges

Fixed portion 3,600 KVA (PLN contracted KVA) × Rp3,160 x 12 = 136,512 Th.Rp

Additional portion

22,531,536 KWH × 20/24 × Rp68 = 1,276,787 Th.Rp

" × 4/24 × Rp134 = 503,204 "

Public road light 22,531,536 KWH × Rp1 = 22,532 "

No. 1 Mill's electric power charges 1,939,035 Th.Rp

Second Mill

Average electric power consumption per day 2,215 KW

Average " " per year 18,340,200 KWH

(2,215 KW × 24H × 345 days)

Annual electric power charges

Fixed portion 3,000 KVA (PLN contracted KVA) x Rp3,160 × 12 = 113,760 Th.Rp

Additional portion

18,340,200 KWH × 20/24 × Rp68 = 1,039,278 Th.Rp

" × 4/24 × Rp134 = 409,598 "

Public Road Light 18,340,200 × Rp1 = 18,340 "

No. 2 Mill's electric power charges 1,580,976 Th.Rp

Total electric power charges of Banjaran Mills

3,520,011 Th.Rp

4) Fuel cost

First Mill

Steam consumption per day 15t

Fuel required per day 15t × 1/12 (Evaporating factor) = 1.25 kl

Annual fuel cost 1.25 kl × 345 days × Rp25,000 = 10,781 Th.Rp

Second Mill

Steam consumption per day 15t

Fuel required per day 15t × 1/12 (Evaporating factor)
= 1.25 kl

Annual fuel cost 1.25 kl × 345 days × Rp25,000 = 10,781 Th.Rp

Total fuel cost of Banjaran Mills 21,562 Th.Rp

5) Water cost

First Mill

Daily water consumption 828m³

Chiller use (Overflow & evaporation)	300m³
Air conditioning use (Cleaning and evaporation)	162 "
Compressor (Cooling)	216 "
General use	100 "
Others	50 "

Annual water consumption 828m³x345 days = 285,660m³

Annual water cost 285,660m³× Rp100 = 28,566 Th.Rp

Second Mill

Daily water consumption 899m³

Chiller use (Overflow & evaporation)	454m³
Air conditioning use (Cleaning & evaporation)	79 "
Compressor (Cooling)	216 "
General use	100 "
Others	50 "

Annual water consumption 899m³× 345 days = 310,155m³

Annual water cost 310,155m³× Rp100 = 31,016 Th.Rp

Total water cost of Banjaran Mills 59,582 Th.Rp

6) Labor expenses

In calculating labor expenses, the appropriate personnel disposition and monthly salaries shown in 7-9-2 (3) 1) are used as calculation basis.

First Mill

Production sector

Manager	Rp605,493	×	1 person	× 12 months	=	7,266 Th.Rp
Supervisor	Rp456,918	×	6 persons	× 12 months	=	32,898 "
Assistant Sv.	Rp255,323	×	21 persons	× 12 months	=	64,341 "
Foreman	Rp190,190	×	31 persons	× 12 months	=	70,751 "
Worker	Rp144,549	×	467 persons	× 12 months	=	810,053 "

Sub-total 985,309 Th.Rp

Expenses for the personnel of administration, utility, planning & control dept. personnel are allotted to the two mills in proportion to appropriate disposition personnel ratio of the production sector of the two mills.

Mill manager	Rp891,234	×	1 person	× 12 months	=	10,695 Th.Rp
Manager	Rp605,493	×	6 persons	× 12 months	=	43,595 "
Supervisor	Rp456,918	×	17 persons	× 12 months	=	93,211 "
Assistant Sv.	Rp255,323	×	29 persons	× 12 months	=	88,852 "
Foreman	Rp190,190	×	32 persons	× 12 months	=	73,033 "
Worker	Rp144,549	×	124 persons	× 12 months	=	215,089 "

Sub-total 524,475 Th.Rp

524,475 Th.Rp × 526/898 = 307,209 Th.Rp

To this figure, the amount of various kinds of allowances totaling Rp400,000/person/year is added.

Direct personnel Indirect personnel

(400 × 526 persons) + 48,968 = 259,368 Th.Rp

First Mill's total 1,551,886 Th.Rp

Second Mill

Production sector

Manager	Rp605,493	×	1 person	× 12 months	=	7,266 Th.Rp
Supervisor	Rp456,918	×	6 persons	× 12 months	=	32,898 "
Assistant Sv.	Rp255,323	×	21 persons	× 12 months	=	64,341 "
Foreman	Rp190,190	×	31 persons	× 12 months	=	70,751 "

Worker Rp144,549 × 313 persons × 12 months = 542,926 "

Sub-total 718,182 Th.Rp

Administration, Utility, and Planning and Control Dept. staff

524,475 Th.Rp × 372/898 = 217,266 Th.Rp

Direct personnel Indirect personnel

When allowance is added (400 × 372 persons) + 34,632 = 183,432 Th.Rp

Second Mill's total 1,118,880 Th.Rp

When the above is summarized

Annual labor expenses

First Mill	1,551,886 Th.Rp
Second Mill	1,118,880 "
Banjaran Mills' total	2,670,766 "

7) Depreciation expenses

(1) Fixed asset depreciation

Regarding new investment portion, depreciation expenses are posted in accordance with the straight line method during the useful lives of 8 years.

Regarding existing fixed assets, it is necessary to write off remaining undepreciated portions. Assuming that the depreciation will be started in January 1996, the remaining undepreciated portions as of the end of December 1995 are posted as the depreciation amounts regarding the project.

1993	Appraisal of a donor country
January 1994	Contract award
July 1994	Start of the construction
December 1995	Completion of the construction work
January 1996	Start of operation

The depreciation schedule, based on field investigation data, is shown below. The overall depreciation assets and schedule, which has incorporated the depreciation of new investments, is indicted in Tables 9-24 and 9-25 respectively .

Table 9-24 Depreciation and Amortization Assets

Unit : Million Rp

	Case 1			Case 2	Case 3
	No.1 Mill	No.2 Mill	Banjaran	Cipadung	TOTAL
BUILDING	3,571	60	3,631	1,397	5,028
EQUIPMENT					
Cif Cost	45,346	9,431	54,777	42,250	97,027
Port Clearance & Inland Transp.	306	18	324	312	636
Insurance	96	20	116	90	206
Presoperating Cost	3,496	607	4,103	3,054	7,157
Consulting Cost	1,889	333	2,222	2,162	4,384
Training Cost	915	162	1,077	906	1,983
Contingency	4,805	771	5,576	4,055	9,631
Total	56,853	11,342	68,195	52,829	121,024
TOTAL	60,424	11,402	71,826	54,226	126,052
INTEREST D/CONSTRUCTION					
Case A	5,242	855	6,097	3,557	9,654
Case B	3,669	599	4,268	2,490	6,758
GRAND TOAL					
Case A	65,666	12,257	77,923	57,783	135,706
Case B	64,093	12,001	76,094	56,716	132,810

(Unit: M.Rp)

		Building	Utility	Machinery	Office Eqpt.	Total
1st year	1996	46	6	368	0	420
2nd "	1997	46	6	368	0	420
3rd "	1998	46	0	0	0	46
4th "	1999	0	0	0	0	0
		138	12	736	0	886

These amounts are allotted to individual mills as follows:

	1st year	2nd year	3rd year	Total
Banjaran I	27	27	15	69
Banjaran II	393	393	31	817
Total	420	420	46	886

Table 9-25 Depreciation Schedule

Banjaran Mill

	Building			Euipment			B-I Mill Total	Building			Equipment			B-II Mill Total	Banjaran Total
Opening	New	Exist.	Total	New	Exist.	Total		New	Exist.	total	New	Exist.	Total		
Value	3,571	49	3,620	56,853	20	56,873	60,493	60	101	161	11,342	716	12,058	12,219	72,712
1	179	17	196	7,107	10	7,117	7,313	3	35	38	1,418	358	1,776	1,814	9,127
2	179	17	196	7,107	10	7,117	7,313	3	35	38	1,418	358	1,776	1,814	9,127
3	179	15	194	7,107	—	7,107	7,301	3	31	34	1,418	—	1,418	1,452	8,753
4	179	—	179	7,107	—	7,107	7,286	3	—	3	1,418	—	1,418	1,421	8,707
5	179	—	179	7,107	—	7,107	7,286	3	—	3	1,418	—	1,418	1,421	8,707
6	179	—	179	7,107	—	7,107	7,286	3	—	3	1,418	—	1,418	1,421	8,707
7	179	—	179	7,107	—	7,107	7,286	3	—	3	1,418	—	1,418	1,421	8,707
8	179	—	179	7,104	—	7,104	7,283	3	—	3	1,416	—	1,416	1,419	8,702
9	179	—	179	—	—	—	179	3	—	3	—	—	—	3	182
10	179	—	179	—	—	—	179	3	—	3	—	—	—	3	182
11	179	—	179	—	—	—	179	3	—	3	—	—	—	3	182

Cipadung Mill

								Building			Equipment				Cipadung Total
Opening								New	Exist.	Total	New	Exist.	Total		
Value								1,397	184	1,581	52,829	32	52,861		54,442
1								70	62	132	6,604	31	6,635		6,767
2								70	61	131	6,604	1	6,605		6,736
3								70	—	131	6,604	—	6,604		6,735
4								70	—	70	6,604	—	6,604		6,674
5								70	—	70	6,604	—	6,604		6,674
6								70	—	70	6,604	—	6,604		6,674
7								70	—	70	6,604	—	6,604		6,674
8								70	—	70	6,601	—	6,601		6,674
9								70	—	70	—	—	—		6,671
10								70	—	70	—	—	—		70
11								70	—	70	—	—	—		70

(2) Depreciation of deferred assets

For the depreciation of deferred assets, depreciation expenses are posted in accordance with the straight line method during the useful lives of 5 years.

The depreciation schedule is shown in table 9-26

8) Maintenance expenses

Estimated maintenance expenses after renovation is shown below:

(Unit: M.Rp)

		First Mill	Second Mill	Banjaran total
1st year	Spinning	128	108	236
	Utility, electricity	15	20	35
	Total	143	128	271
2nd year	Spinning	258	220	478
	Utility, electricity	47	35	82
	Total	305	255	560
3rd year	Spinning	526	428	954
	Utility, electricity	47	35	82
	Total	573	463	1,036
4th year	Spinning	804	667	1,471
	Utility, electricity	33	35	68
	Total	837	702	1,539
5th year	Spinning	804	667	1,471
	Utility, electricity	33	2	35
	Total	837	669	1,506

The maintenance expenses were estimated as follows on the basis of the actual data of Banjaran Mill and other spinning mills in Indonesia and those of mills in Japan.

	Renovation	Rehabilitation
1st year	1% of total processing cost	2% of total processing cost
2nd year	2% 〃	4% 〃
3rd year	4% 〃	8% 〃
4th year onward	6% 〃	12% 〃

Table 9-26 Amortization Schedule

	No1 Mill		No2 Mill		Banjaran Total		Cipadung Mill		Total	
	Case A	Case B	Case A	Case B	Case A	Case B	Case A	Case B	Case A	Case B
Opening Value	5,242	3,669	855	599	6,097	4,268	3,557	2,490	9,654	6,758
1	1,048	734	171	120	1,219	854	711	498	1,930	1,352
2	1,048	734	171	120	1,219	854	711	498	1,930	1,352
3	1,048	734	171	120	1,219	854	711	498	1,930	1,352
4	1,048	734	171	120	1,219	854	711	498	1,930	1,352
5	1,050	733	171	119	1,221	852	713	498	1,934	1,350

9) Insurance premiums

The fire insurance premium rate for a mill to produce cotton/polyester blended yarn is 0.25% of equipment cost. Insurance premiums for existing and newly introduced equipment will be as follows:

First Mill

Building, utility 2 M.Rp (present insurance premiums)

New equipment 45,748 x 0.25% = 114 M.Rp

Total 116 M.Rp

Second Mill

Building, utility 1 M.Rp (present insurance premiums)

Equipment 9,431 × 0.25% = 24 M.Rp (increment due to rehabilitation)

1 M.Rp (present insurance premiums)

Total 26 M.Rp

Total insurance premiums 142 M.Rp

10) Overhead cost

This is assumed to be 25% of the projected overhead for SANDANG I for fiscal 1991.

574 M.Rp × 25% = 144 M.Rp

First Mill 65 M.Rp

Second Mill 79 "

11) Value added tax

Tax to be paid are shown in table 9-27.

B. Cipadung Mill (Case 2)

1) Raw material cost

The annual consumption volume and cost of raw materials are shown in Tables 9-28 and 9-29.

Unit price of raw material

Polyester Rp2,200/kg × 1.1 = Rp2,420/kg

Rayon Rp4,400/kg × 1.1 = Rp4,840/kg

Total raw material cost	1st year	2nd year
Polyester	10,058,689 Th.Rp	10,496,101 Th.Rp
Rayon	10,832,437 "	11,303,413 "
Total	20,891,126	21,799,514 "

Table 9-27 Breakdown of VAT

	Banjaran Mill					Cipadung Mill				
	VAT collected at sales	VAT paid at material procurement			Balance (VAT levied)	VAT collected at sales	VAT paid at material procurement			Balance (VAT levied)
		Raw material	Packing M.	Maintenance			Raw material	Packing M.	Maintenance	
1	5,784	636	92	24	5,032	3,921	1,899	80	13	1,929
2	6,100	656	92	49	5,303	4,092	1,982	80	25	2,005
3	6,100	656	92	91	5,261	4,092	1,982	80	47	1,983
4	6,100	656	92	135	5,217	4,092	1,982	80	69	1,961
5	6,100	656	92	132	5,220	4,092	1,982	80	69	1,961
6	6,100	656	92	132	5,220	4,092	1,982	80	69	1,961
7	6,100	656	92	132	5,220	4,092	1,982	80	69	1,961
8	6,100	656	92	132	5,220	4,092	1,982	80	69	1,961
9	6,100	656	92	132	5,220	4,092	1,982	80	69	1,961
10	6,100	656	92	132	5,220	4,092	1,982	80	69	1,961
11	6,100	656	92	132	5,220	4,092	1,982	80	69	1,961

Table 9-28 Annual Cost of Raw Materials (Cipadung)

First Year Only

Unit : Th.Rp

Production			Raw Materials Consumed				
			Polyester		Rayon		Total
Items		Bale	Q'ty(Kg)	Amount	Q'ty(Kg)	Amount	Amount(Rp)
Polyester/Rayon	65/35 Ne 20	15,012	1,825,171	4,416,914	982,785	4,756,679	9,173,593
〃	〃 Ne 30	9,425	1,145,899	2,773,076	617,023	2,986,391	5,759,467
〃	〃 Ne 40	4,635	563,527	1,363,735	303,438	1,468,640	2,832,375
〃	〃 Ne 45	3,419	415,685	1,005,958	223,830	1,083,337	2,089,295
〃	〃 Ne 40/2	1,696	206,201	499,006	111,031	537,390	1,036,396
Total		34,187	4,156,483	10,058,689	2,238,107	10,832,437	20,891,126

Table 9-29 Annual Cost of Raw Materials (Cipadung)

Second Year Onward

Unit : Th.Rp

Items	Production Bale	Raw Materials Consumed Polyester Q'ty(Kg)	Polyester Amount	Rayon Q'ty(Kg)	Rayon Amount	Total Amount(Rp)
Polyester/Rayon 65/35 Ne 20	15.665	1.904.544	4.608.996	1.025.520	4.963.517	9.572.513
〃 〃 Ne 30	9.835	1.195.776	2.893.778	643.872	3.116.340	6.010.118
〃 〃 Ne 40	4.836	587.964	1.422.873	316.596	1.532.325	2.955.198
〃 〃 Ne 45	3.567	433.752	1.049.680	233.556	1.130.411	2.180.091
〃 〃 Ne 40/2	1.776	215.196	520.774	115.872	560.820	1.081.594
Total	35.673	4.337.232	10.496.101	2.335.416	11.303.413	21.799.514

2) Packing material cost

Paper tube 5°57' 4,612,000 pcs × Rp64 × 1.1 = 342,685 Th.Rp

Carton box for domestic sale 100,000 pcs × Rp2,400 × 1.1 = 264,000 Th.Rp

Carton box for export 43,000 × Rp4,000 × 1.1 = 189,200 Th.Rp

Plastic band 1,144,000 m × Rp50 × 1.1 = 62,920 Th.Rp

Cone label 4,612,000 pcs × Rp3 × 1.1 = 15,220 "

Carton label 143,000 pcs × Rp10 × 1.1 = 1,573 "

Others 5,000 "

Total cost of packing materials 880,598 Th.Rp

3) Electric power charges

Average electric power consumption per day 2,653.4 KW

Average " " per year 21,970,152 KWH

(2,653.4 KW × 24H × 345 days)

Annual electric power charges

Fixed portion 3,500 KVA × Rp3,160 × 12 = 132,720 Th.Rp

Additional portion 21,970,152 KWH × 20/24 × Rp68 = 1,244,975 Th.Rp

21,970,152 KWH × 4/24 × Rp134 = 490,667 Th.Rp

Public road light 21,970,152 × Rp1 = 21,970 Th.Rp

Total electric power charges 1,890,332 Th.Rp

4) Water charges

Water consumption volume per day 900 m^3

Chiller use (Overflow & evaporation) 300 "

Air conditioner use (Cleaning and evaporation) 130 "

Compressor (Cooling) 216 "

General use 200 "

Others 50 "

Annual water consumption volume 900 m^3 × 345 days = 310,500 m^3

Annual water charges 310,500 m^3 × Rp100 = 31,050 Th.Rp

5) Labor expenses

In calculating labor expenses, the appropriate personnel disposition and monthly salaries in 8-9-2(3) 1) are adopted as Calculation basis.

Mill manager	Rp891,234 ×	1 person ×	12 months =	10,695 Th.Rp
Manager	Rp605,493 ×	7 persons ×	12 months =	50,861 "

Supervisor	Rp456,918	×	22 persons	×	12 months	= 120,626 "
Assistant Sv.	Rp255,323	×	45 persons	×	12 months	= 137,874 "
Foreman	Rp190,190	×	55 persons	×	12 months	= 125,525 "
Worker	Rp144,549	×	588 persons	×	12 months	= 1,019,938 "

Total labor expenses 1,465,519 Th.Rp

6) Depreciation cost

1) Depreciation of fixed assets

For new investments, depreciation expenses are posted in accordance with the straight line method during the useful lives of 8 years. As for existing fixed assets, depreciation expenses will be posted by stages, starting with the remaining undepreciated portion as of the end of December 1995. The depreciation schedule, based on the field investigation data, is as shown below. The overall depreciation assets and schedule, which has incorporated the depreciation for new investments, is presented in Table 9-24 and 25 respectively.

(Unit: M.Rp)

	Building	Utility	Machinery	Workshop	Office eqpt.	Total
1st y. 1996	61	1	29	2	0	93
2nd y. 1997	61	0	0	1	0	62
3rd y. 1998	61	0	0	0	0	61
4th y. 1999	0	0	0	0	0	0
Total	183	1	29	3	0	216

2) Depreciation of deferred assets

For depreciation of deferred assets, depreciation expenses are posted in accordance with the straight line method during the useful lives of 5 years.

7) Maintenance expenses

Estimated maintenance expenses after renovation are shown below: (Unit: M.Rp)

	Spinning	Utility, electricity	Total
1st year	122	24	146
2nd year	245	41	286
3rd year	500	41	541
4th year	762	41	803
5th year/afterward	762	41	803

8) Insurance premiums

The insurance premium rate for a polyester/rayon blended yarn mill is 0.5% of equipment cost. Therefore, insurance premiums for existing facilities and newly introduced ones are calculated as follows:

Buildings, utility, vehicles 1 M.Rp

Equipment 42,652 × 0.5% = 216 M.Rp

Total 217 M.Rp

9) Overhead and sales expenses

These are assumed to be 12.5% of the projected overhead of PT. INDUSTRI SANDANG I for 1991.

5.74 M.Rp × 12.5% = 72 M.Rp

(3) Manufacturing Cost Table and Manufacturing Cost per Bale for Each Product

1) Overall manufacturing cost table

An overall manufacturing cost table listing manufacturing cost for each element in 9-1-4 (2) is attached to the end of this chapter.

2) Manufacturing Cost per Bale for Each Product

A. Banjaran Mill (Case 1)

Manufacturing cost for each kind of product is calculated by totaling the cost of raw materials to be input based on a production plan for each product and the cost for processing them in the production process. In order to compute processing expenses, actually produced bales are converted into the conversion bales of carded yarn Ne 40.

First Mill

Kind	Actual production (bales/year)		Converted production (bales/year)
Cotton combed yarn	Ne32	6,536	6,221
	Ne40	5,462	6,227
	Ne50	3,581	5,078
Polyester/cotton-blended yarn			
65/35	Ne20	1,550	982
	Ne40	1,090	1,112
	Ne40/2	1,020	1,328

35/65	Ne20	1,600	1,113
	Ne40	1,125	1,260
	Ne40/2	1,052	1,503
Total		23,016	24,824

Total processing costs for Banjaran I in the fifth year of most stable operation, are as indicated below:

Case A 13,444 M.Rp

Case B 13,127 "

These figures are divided by converted production volume to obtain the per-carton processing expenses of cotton 40-count carded yarn.

Case A 13,444 M.Rp ÷ 24,824 = Rp541,573

Case B 13,127 " ÷ 24,824 = Rp528,803

Using conversion rates, processing expenses for individual products are calculated, as follows:

		Case A	Case B
Cotton combed yarn	Ne32	Rp515,523/bale	Rp 503,368/bale
	Ne40	617,393	602,835
	Ne50	768,037	749,927
Polyester/cotton-blended yarn			
65/35	Ne20	343,043	334,954
	Ne40	552,404	539,379
	Ne40/2	704,868	688,248
35/65	Ne20	376,675	367,793
	Ne40	606,562	592,259
	Ne40/2	773,973	755,723

[Conversion rates used]

The inverted ratio that is derived when the per-unit processing expenses for the standard product of cotton Ne 40 count yarn is set at 1 is employed for conversion.

The base for calculation:

(1) Personnel conversion rate, electric power conversion rate:The conversion rates calculated by the Japan Spinners' Association are used.

(2) Equipment conversion rate: This rate is calculated using the inverted ratio for standard equipment management expenses for 50,000 spindle.

(3) Personnel/electric power/facilities ratio: Trial calculation is made based on actual fiscal 1990 results of Banjaran II, which is closest in substance to a modernized mill. Conversion indexes derived from the above calculation are as follows:

	Inter-count differential index	Inter-material differential index
Cotton combed yarn		
Ne32	0.835	1.14
Ne40	1.000	1.14
Ne50	1.244	1.14
Polyester/cotton blended yarn		
65/35 Ne20	0.621	1.02
Ne40	1.000	1.02
Ne40/2	1.276	1.02
35/65 Ne20	0.621	1.12
Ne40	1.000	1.12
Ne40/2	1.276	1.12

Raw material cost is added to the above processing expenses for individual products to obtain manufacturing cost for each kind of product (bale/year):

	Raw material cost	Processing cost		Manufacturing cost	
		(Case A)	(Case B)	(Case A)	(Case B)
Cotton combed yarn					
Ne32	759,675	515,523	503,368	1,275,198	1,263,043
Ne40	759,675	617,393	602,835	1,377,068	1,362,510
Ne50	1,215,621	768,037	749,927	1,983,658	1,965,548
Polyester/cotton-blended yarn					
65/35 Ne20	560,111	343,043	334,954	903,154	895,065
Ne40	560,111	552,404	539,379	1,112,515	1,099,490
Ne40/2	560,111	704,868	688,248	1,264,979	1,248,359
35/65 Ne20	652,218	376,675	367,793	1,028,893	1,020,011
Ne40	652,218	606,562	592,259	1,258,780	1,244,477
Ne40/2	652,218	773,973	755,723	1,426,191	1,407,941

Second Mill

Since Mill was designed for a single item production mill, manufacturing cost is obtained by dividing the total cost (raw material cost + processing expenses) by the number of actually produced bales, without using any conversion rate.

Polyester/cotton blended yarn 65/35 Ne45

Case A 16,107 M.Rp ÷ 18,824 = Rp855,663/bale

Case B 16,055 " ÷ 18,824 = Rp852,900/bale

B. Cipadung Mill (Case 2)

Just like the case of Banjaran I, actually produced bales are converted into conversion bales of card Ne 40 yarn.

Kind of product	Actual production (bales/year)	Conversion index	Converted production (bales/year)
Polyester/rayon-blended yarn			
Ne20	15,665	0.621 × 0.95	9,242
Ne30	9,835	0.795 × 0.95	7,428
Ne40	4,836	1.000 × 0.95	4,594
Ne45	3,567	1.110 × 0.95	3,728
Ne40/2	1,770	1.276 × 0.95	2,146
Total	35,673		27,237

Processing expenses after conversion into cotton carded yarn Ne40

Case A 12,747 M.Rp ÷ 27,237 = Rp468,003

Case B 12,532 " ÷ 27,237 = Rp460,109

Processing expenses for each kind of products is calculated, and to the calculation results, raw material cost is added to obtain manufacturing cost for each kind of product (bales/ year) are shown below:

	Raw material cost	Processing cost		Manufacturing cost	
		(Case A)	(Case B)	(Case A)	(Case B)
Polyester/ rayon- blended yarn					
Ne20	611,080	276,098	271,441	887,178	882,521
Ne30	611,080	353,459	347,497	964,539	958,577
Ne40	611,080	444,603	437,104	1,055,683	1,048,184
Ne45	611,080	493,509	485,185	1,104,589	1,096,265
Ne40/2	611,080	567,313	557,744	1,178,393	1,168,824

9-2 Financial Analysis and Case Study

9-2-1 Methods of Financial Analysis

Based on the preconditions stated in 9-1, financial plans are then prepared for the entire project life for respective base cases:

The output data for the financial plans are attached at the end of this chapter.

1) Manufacturing Cost Plan
2) Profit & Loss Plan
3) Cash Flow Plan
4) Balance Sheet Plan

The advantages/disadvantages of each case will then be judged through the financial analysis of each case, examination of financial indicators, etc. In the case of development projects or rehabilitation (or renovation) projects, there is a method of using IRR, calculated from the profit balance (or incremental profit) in order to assess the difference between benefits and costs in thecase of implementation of the project (with case) and non- implementation of the project (without case), thereby evaluating viability of the project. In this case, however, only the assessment under "without case," will be done.

(1) Results of Financial Analyses

1) Analyses using DCF

a) Breakeven point/Discounted breakeven point (BEP/DBEP)

The period (number of years) from the start of the project to the time when

the total amount of invested funds is recovered. The shorter this period is, the better the profitability is.

b) Equivalent maximum investment period (EMIP)

Based on the assumption that the fund was invested all at once and its entire sum was recovered at a time, the period from the investment to the recovery. The shorter this period is, the better the profitability is.

c) Discounted cash flow rate of return (FIRR)

d) Net present value (NPV)

e) Capital rate of return ratio (CRR)

The ratio of investment return to total investments. (NPV/Total capital expenditures) The bigger this ratio is, the better the profitability is.

The above assessment results are summarized in Table 9-30 (in any case, Case A is adopted). It is concluded that, in any of the three base cases, project implementation is feasible. It may be rightly said, however, that bigger advantages will be obtained in the order of Case 1 > Case 3 > Case 2.

Comparison of Financial Indicators Based on DCF

Financial indictors	Case 1	Case 2	Case 3	Comparison of favorabilcty
Breakeven point				
Discount rate 0%	3.1 years	3.8 years	3.6 years	1 > 3 > 2
" " 10%	3.8 "	4.8 "	4.5 "	1 > 3 > 2
EMIP	2.1 "	2.6 "	2.3 "	1 > 3 > 2
DCFRR				
ROI Before tax	31,73%	24.78%	28.81%	1 > 3 > 2
ROI After tax	28.69%	22.53%	26.11%	1 > 3 > 2
ROE Before tax	34.38%	25.98%	30.83%	1 > 3 > 2
NPV (discount rate 10%)				
Before tax	101,235 M.Rp	49,233 M.Rp	150,468 M.Rp	3 > 1 > 2
After tax	80,637 "	38,417 "	119,054 "	3 > 1 > 2
CRR				
Before tax	130%	85%	111%	1 > 3 > 2
After tax	103%	66%	88%	1 > 3 > 2

2) Assessment using other indicators

a) Cover ratio

The indicator of the ability to repay borrowed funds. (Net Cash Flow/Debt Service)

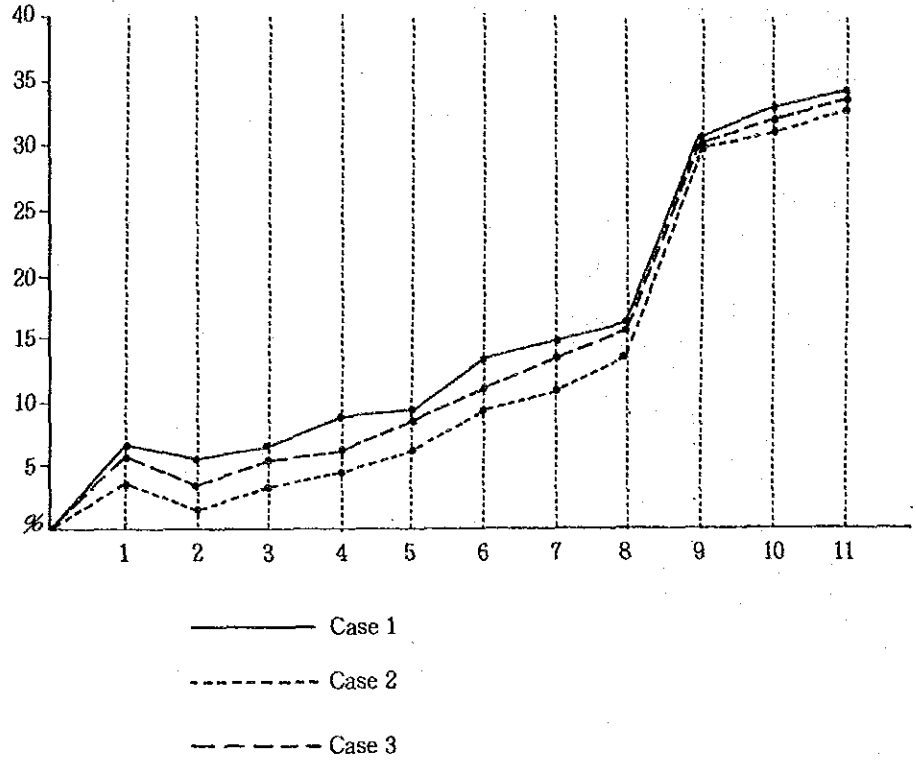
	Case 1		Case 2		Case 3	
	Each year	Cumula-tive	Each year	Cumula-tive	Each year	Cumula-tive
1.	1.61		1.13		1.41	
2.	1.48		1.23		1.38	
3.	1.55		1.28		1.44	
4.	1.62		1.34		1.50	
5.	1.73		1.43		1.60	
6.	1.86		1.54		1.72	
7.	2.00		1.66		1.87	
8.	2.17		1.80		2.01	
9.	2.38		1.96		2.20	
10.	2.62		2.16		2.43	
11.	2.92	1.92	2.40	1.58	2.70	1.77

The cover ratio for each year is more than 1 without exception for all of the three cases. The cumulative cover ratio, which shows the degree of repayment allowance throughout the project period, is better in the order of Case 3 > Case 2 > Case 1.

b) Gross Profit Ratio / Net Profit Ratio

	Case 1	Case 2	Case 3
G.P. Ratio (%)	34.59	30.00	32.34
N.P. Ratio (%)			
Before tax	16.41	13.67	15.31
After tax	10.67	8.89	9.95

Average values of the manufacturing industry(medium and small-sized) in Japan are 22.9% in GRP and 4.9% in operating profit ratio. In case of the manufacturing industry, above 8% of operating profit is favorable. The change of Net Profit Ratio for each case (before tax) is shown as follows.



c) Analysis of Breakeven Point

Tables 9-31 and 32 show the diagrams of B/E point after 5 years of the rehabilitation and the change for the 11 years. In comparison with the average of B/E point ratio, 89.5% on the textile industry in Japan, this project still has much more before reaching to the limit profit.

Table 9-31 Breakeven Point at 5th Year

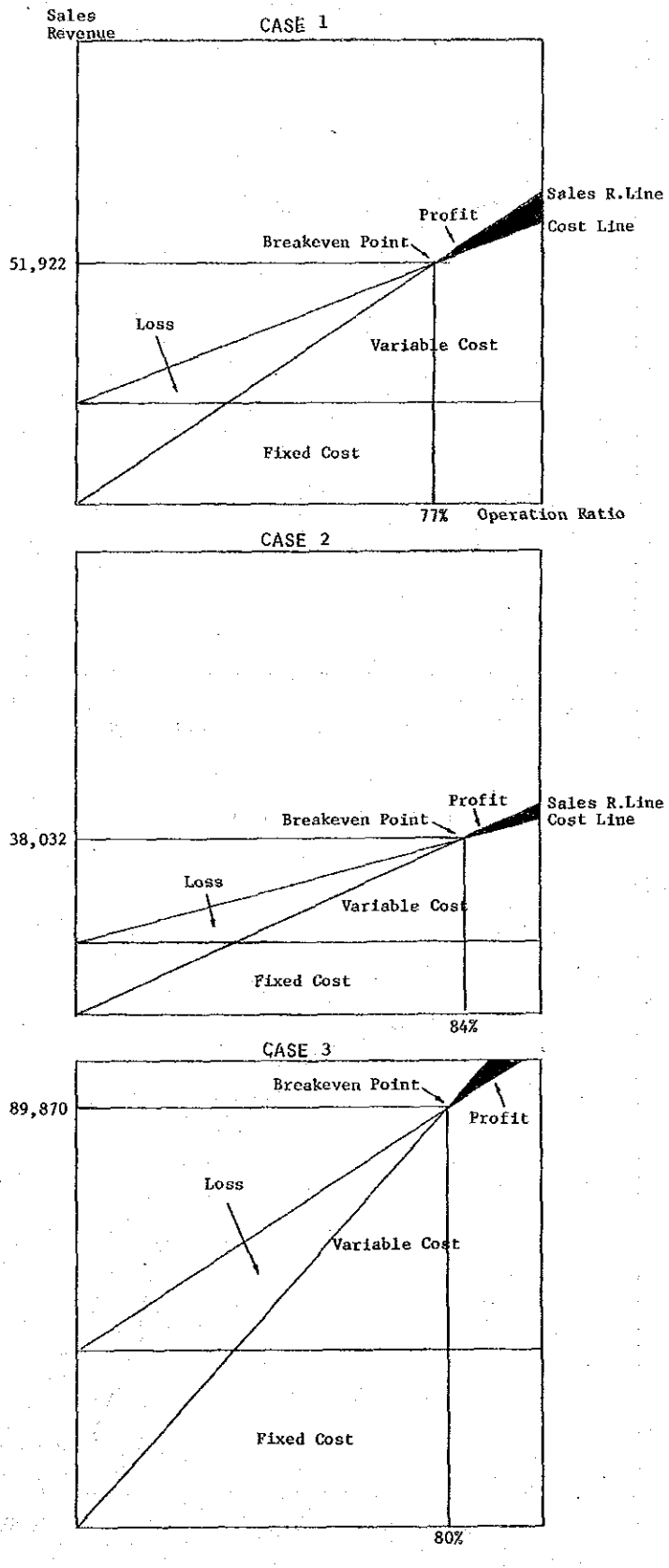
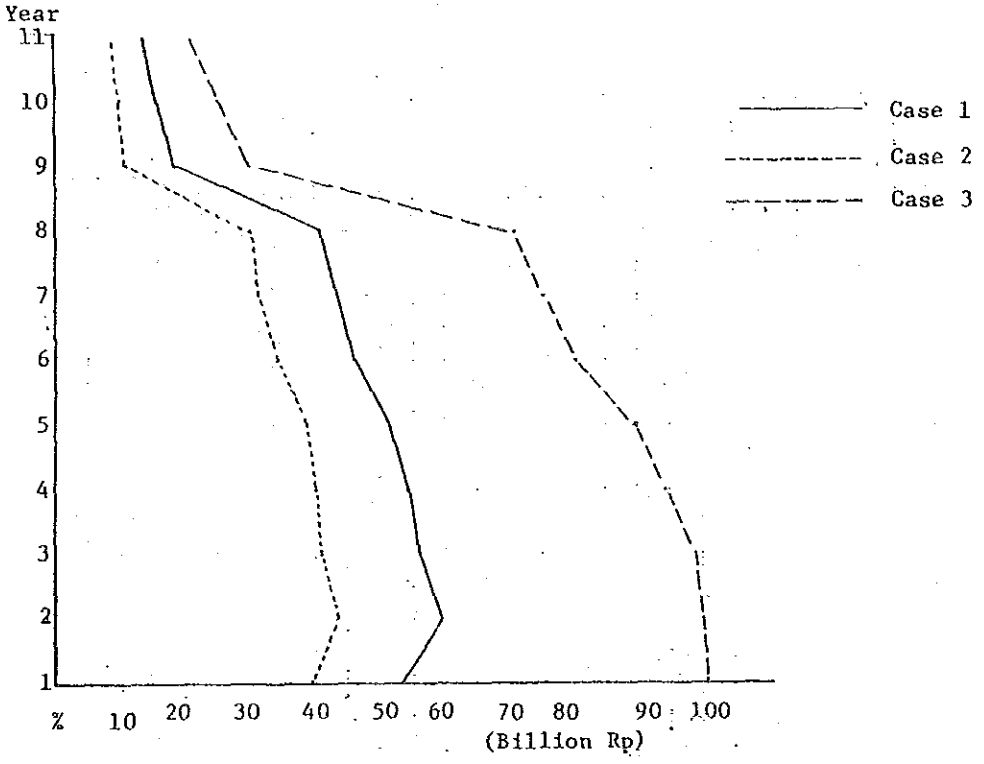
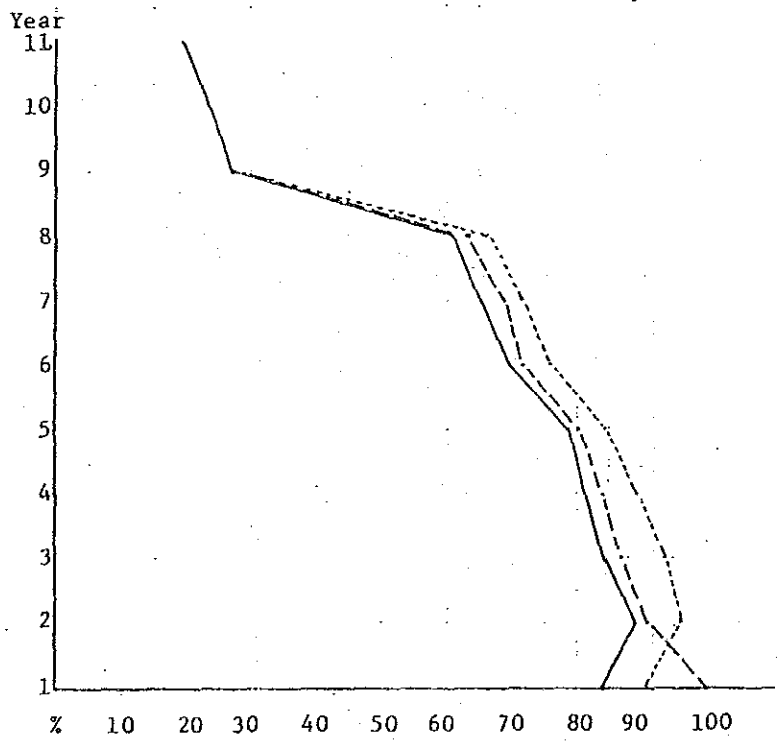


Table 9-32 Breakeven points through the project life

BREAKEVEN SALES



BREAKEVEN OPERATION RATIO



9-2-2 Sensitivity Analysis

In the previous section, we conducted the assessment of Cases1, 2, and 3 using financial indicators or in terms of profitability. In this section, we will attempt at sensitivity analysis of the following variations:

Simulation Case 1 - 1 5% higher sales revenue under Case 1 - A
1 - 2 5% lower " "
1 - 3 13% higher material cost "
1 - 4 13% lower " "
1 - 5 2% higher interest rate "
2 - 1 5% higher sales revenue under Case 2 - A
2 - 2 5% lower " "
2 - 3 13% higher material cost "
2 - 4 13% lower " "
2 - 5 2% higher interest rate "
3 - 1 5% higher sales revenue under Case 3 -A
3 - 2 5% lower " "
3 - 3 13% higher material cost "
3 - 4 13% lower " "
3 - 5 2% higher interest rate "

The Profit & Loss Plans, Cash Flow Plans, Balance Sheet Plans and Repayment Plans in the case of interest rate changes are attached to the end of this document. It is assumed that the interest rate during the construction period will remain at the level of the Basic Case.

9-2-3 Evaluation of Without Case

The following shows the financial analysis in the case of without rehabilitation or renovation during the full term of the project (11 years). Inflation is not be taken into account.

(1) Change in Production

In accordance with deterioration of operational conditions of the machines, the production will go down if they are kept as they are without rehabilitation or renovation. The estimate of production volume for the next 11 years is shown below. A normal product mix is assumed in consideration with the present condition of production though there might be some change of product mixture along with future

market trends.

Banjaran I

	C 30	C 40	C/P 20	RW20	Total	Ratio against 1990 (%)
1991	705	7, 574	1, 436	614	10, 329	95
1992	705	7, 574	1, 436	614	10, 329	95
1993	668	7, 176	1, 361	581	9, 786	90
1994	594	6, 378	1, 210	517	8, 699	80
1995	519	5, 581	1, 058	452	7, 610	70
1996	445	4, 784	907	388	6, 524	60
1997	371	3, 986	756	323	5, 436	50
1998	297	3, 189	605	258	4, 349	40
1999	223	2, 392	454	194	3, 263	30
2000	185	1, 993	378	161	2, 717	25
2001	148	1, 595	302	129	2, 174	20
2002	148	1, 595	302	129	2, 174	20

Banjaran II

	P/C 40	P/C 45	P/C 20	CB40	C/P 40	C/P 30	Total	Ratio against 1990 (%)
1991	1, 526	4, 797	335	2, 933	2, 318	645	12, 554	96
1992	1, 526	4, 797	335	2, 933	2, 318	645	12, 554	96
1993	1, 526	4, 797	335	2, 933	2, 318	645	12, 554	96
1994	1, 526	4, 797	0	2, 933	2, 318	645	12, 219	93
1995	1, 526	4, 797	0	2, 933	2, 318	645	12, 219	93
1996	1, 526	4, 797	0	2, 933	2, 318	645	12, 219	93
1997	1, 526	4, 797	0	2, 933	2, 318	0	11, 574	88
1998	1, 526	4, 797	0	2, 933	2, 318	0	11, 574	88
1999	1, 526	4, 797	0	2, 933	2, 318	0	11, 574	88
2000	1, 068	3, 358	0	2, 053	1, 623	0	8, 102	70
2001	916	2, 878	0	1, 760	1, 391	0	5, 554	60
2002	763	2, 398	0	1, 466	1, 159	0	5, 786	50

Cipadung Mill

	RW 1	OE 10	OE 20	RT 20	P/R 20	P/R 40	P/R 45	RW 21	R 20	R 30	R 40	R 40/2	Total	Ratio against 1990 (%)
1991		342	2,132	1,117	559	772	4,146	342	161	2,404	181	314	12,471	97
1992		0	2,132	1,117	559	772	4,146	342	161	2,404	181	314	11,968	93
1993		0	2,132	1,117	0	772	4,146	342	0	2,404	181	314	11,248	87
1994		0	2,132	1,117	0	772	4,146	342	0	2,404	0	0	10,753	84
1995		0	1,748	916	0	633	3,400	280	0	1,971	0	0	8,948	69
1996		0	1,748	916	0	633	3,400	280	0	1,971	0	0	8,948	69
1997		0	1,313	704	0	486	2,612	215	0	1,514	0	0	6,874	53
1998		0	1,313	704	0	486	2,612	215	0	1,514	0	0	6,874	53
1999		0	894	458	0	316	1,700	140	0	986	0	0	4,474	35
2000		0	894	458	0	316	1,700	140	0	986	0	0	4,474	35
2001		0	320	167	0	116	622	51	0	361	0	0	1,631	13
2002		0	320	167	0	116	622	51	0	361	0	0	1,631	13

(2) Sales

Sales is estimated based on the estimated production volume given in (1). The present sales prices are taken into consideration and adjusted prices are adopted because some of production items which may be the same as those after renovation will have different qualities. The sales for each mill and year are estimated as follows.

	First Mill	Second Mill	Banjaran Mill in Total	Cipadung Mill
1991	11,437	13,984	25,421	13,027
1992	11,437	13,984	25,421	12,770
1993	10,835	13,984	24,819	12,126
1994	9,631	13,667	23,298	11,397
1995	8,427	13,667	22,094	9,344
1996	7,224	13,667	20,891	9,334
1997	6,019	12,990	19,009	7,179
1998	4,815	12,990	17,805	7,179
1999	3,616	12,990	16,603	4,689
2000	3,009	9,094	12,103	4,689
2001	2,408	7,794	10,202	1,711

(3) Production Cost

1) Raw material cost

Raw material costs are estimated based on the estimated production volume given in (1). Estimated unit prices in this study are adopted for raw material price. Raw material costs for each mill and year are shown as follows.

	First Mill	Second Mill	Banjaran Mill in Total	Cipadung Mill
1991	6,165	10,663	16,828	8,194
1992	6,165	10,663	16,828	7,784
1993	5,857	10,663	16,520	7,735
1994	5,179	10,343	15,522	7,129
1995	4,562	10,343	14,905	5,818
1996	3,884	10,343	14,227	5,818
1997	3,267	9,810	13,077	4,507
1998	2,589	9,810	12,399	4,507
1999	1,973	9,810	11,783	2,950
2000	1,603	7,784	9,387	2,950
2001	1,295	6,718	8,013	1,065

2) Utility cost (power, fuel and water)

Estimated utility expenses are shown as follows.

	No.1 Mill	No.2 Mill	Banjaran Mill in Total	Cipadung Mill
1991	853	1,170	2,023	1,143
1992	853	1,170	2,023	1,110
1993	846	1,170	2,016	1,078
1994	815	1,140	1,955	1,052
1995	773	1,140	1,913	914
1996	667	1,137	1,804	914
1997	593	1,116	1,709	767
1998	517	1,116	1,633	767
1999	432	1,114	1,546	540
2000	351	906	1,257	540
2001	290	853	1,143	227

3) Miscellaneous expenses

- Maintenance expenses

They would increase every year if the present conditions remain as they are. They will start decreasing if the operation ratio (production capacity) goes down to some extent. They are calculated based on the estimates of operation ratios which are to be changed at times.

- Labor expenses

The number of personnel will duly decrease in accordance with the slow down of production capacity. The number of decreased workers is estimated based on the result of 1990.

- Packing material expenses

They are variable as same as raw materials and they vary along with the increase/decrease ratios of production size.

- Depreciation expenses

The depreciation plan of the present facilities and buildings are adopted as they are.

- Insurance fee and office expenses

They are assumed to keep the result of 1990 without any increase or decrease.

Table 9-33 shows the result of financial calculation based on the assumption above.

Table 9-33-1 PROFIT & LOSS PLAN

UNIT: Millon in Rupiah Banjaran Mill P/L

		1ST YEAR	2ND YEAR	3RD YEAR	4TH YEAR	5TH YEAR	6TH YEAR	7TH YEAR	8TH YEAR	9TH YEAR	10TH YEAR	11TH YEAR	TOTAL
SALES TURN-OVER	PRODUCTS	25.421	25.421	24.819	23.298	22.094	20.891	19.009	17.805	16.603	12.103	10.202	217.666
	PROCESSING												0
	(TOTAL)	25.421	25.421	24.819	23.298	22.094	20.891	19.009	17.805	16.603	12.103	10.202	217.666
PRODUCTION COST	RAW MATERIALS	16.828	16.828	16.520	15.522	14.905	14.227	13.077	12.399	11.783	9.387	8.013	149.489
	PACKING MATERIALS	393	393	383	357	339	320	290	271	252	203	172	3.373
	WATER, POWER & FUEL	2.023	2.023	2.016	1.955	1.913	1.804	1.709	1.633	1.546	1.257	1.143	19.022
	LABOUR EXPENSES	2.978	2.878	2.876	2.630	2.430	2.331	2.231	2.131	2.031	1.883	1.584	25.985
	MAINTENANCE EXPENSES	1.531	1.885	2.250	2.105	2.002	1.898	1.726	1.623	1.519	1.221	1.031	18.791
	DEPRECIATION	433	433	431	424	413	413	413	46				3.006
	OVERHEAD COST	114	114	114	114	114	114	114	114	114	114	114	1.254
	(TOTAL)	24.300	24.554	24.592	23.107	22.116	21.107	19.560	18.217	17.245	14.065	12.057	220.920
GROSS PROFIT		1.121	867	227	191	-22	-216	-551	-412	-642	-1.962	-1.855	-3.254
AMORTIZATION OF PRE-OPERATING EXPENSES													0
NET OPERATING INCOME		1.121	867	227	191	-22	-216	-551	-412	-642	-1.962	-1.855	-3.254
INTEREST PAYABLE	FOREIGN (LONG-TERM)												0
	LOCAL (LONG-TERM)												0
	LOCAL (SHORT-TERM)												0
	(TOTAL)	0	0	0	0	0	0	0	0	0	0	0	0
NET PROFIT BEFORE TAX		1.121	867	227	191	-22	-216	-551	-412	-642	-1.962	-1.855	-3.254
(ACCUMULATED)		1.121	1.988	2.215	2.406	2.384	2.168	1.617	1.205	563	-1.399	-3.254	
INCOME TAX (35% of Net Profit)		392	303	79	67	0	0	0	0	0	0	0	842
NET PROFIT AFTER TAX		729	564	148	124	-22	-216	-551	-412	-642	-1962	-1855	-4096
(ACCUMULATED)		729	1292	1440	1564	1542	1326	775	363	-279	-2241	-4096	

Table 9-33-2 PROFIT & LOSS PLAN

UNIT: Millon in Rupiah Cipachung Mill P/L

		1ST YEAR	2ND YEAR	3RD YEAR	4TH YEAR	5TH YEAR	6TH YEAR	7TH YEAR	8TH YEAR	9TH YEAR	10TH YEAR	11TH YEAR	TOTAL
SALES TURN-OVER	PRODUCTS	13,027	12,770	12,126	11,397	9,344	9,344	7,179	7,179	4,689	4,689	1,711	93,455
	PROCESSING												0
	(TOTAL)	13,027	12,770	12,126	11,397	9,344	9,344	7,179	7,179	4,689	4,689	1,711	93,455
PRODUCTION COST	RAW MATERIALS	8,194	7,784	7,735	7,129	5,818	5,818	4,507	4,507	2,950	2,950	1,065	58,457
	PACKING MATERIALS	144	138	129	124	102	102	78	78	52	52	19	1,018
	WATER, POWER & FUEL	1,143	1,110	1,078	1,052	914	914	767	767	540	540	227	9,052
	LABOUR EXPENSES	1,847	1,755	1,755	1,755	1,478	1,478	1,108	1,108	924	924	554	14,686
	MAINTENANCE EXPENSES	721	823	888	781	642	642	493	493	326	326	121	6,256
	DEPRECIATION	280	280	280	280	202	158	102	101				1,683
	OVERHEAD COST	124	124	124	124	124	124	124	124	124	124	124	1,364
	(TOTAL)	12,453	12,014	11,989	11,245	9,280	9,236	7,179	7,178	4,916	4,916	2,110	92,516
GROSS PROFIT		574	756	137	152	64	108	0	1	-227	-227	-399	939
AMORTIZATION OF PRE-OPERATING EXPENSES													0
NET OPERATING INCOME		574	756	137	152	64	108	0	1	-227	-227	-399	939
INTEREST PAYABLE	FOREIGN (LONG-TERM)												0
	LOCAL (LONG-TERM)												0
	LOCAL (SHORT-TERM)												0
	(TOTAL)	0	0	0	0	0	0	0	0	0	0	0	0
NET PROFIT BEFORE TAX		574	756	137	152	64	108	0	1	-227	-227	-399	939
(ACCUMULATED)		574	1,330	1,467	1,619	1,683	1,791	1,791	1,792	1,565	1,338	939	
INCOME TAX (35% of Net Profit)		201	265	48	53	22	38	0	0	0	0	0	627
NET PROFIT AFTER TAX		373	491	89	99	42	70	0	1	-227	-227	-399	312
(ACCUMULATED)		373	865	954	1052	1094	1164	1164	1165	938	711	312	

9-3 Economic and Social Evaluation

9-3-1 Economic Analysis Based on Economic Prices

In the previous chapter, we conducted financial assessment from the standpoint of a private enterprise, using market prices. In this chapter, we will appraise how this project can contribute toward the national economic development from the viewpoint of macro economy, thereby providing the basis for the judgment as to whether or not this project should be implemented. To be more specific, the subsequent work will be to convert the construction cost, operational expenses, and income, calculated in terms of market values in Chapter 9, into economic prices and to compare benefits and costs. Under the project, equipment and materials will be procured through imports or domestic purchase. As for raw materials, cotton will be imported, while polyester and rayon fibers are planned to be procured from the domestic market. Of the labor, the portion to be paid for in foreign currency is assumed to represent the work by foreign supervisors, while others will be the labor provided by skilled/unskilled domestic workers.

The order of calculation will start from the calculation of the conversion factor for each cost (or benefit) item in advance. Then, the market price-based costs (or benefits) will be multiplied by such factors to obtain the calculated prices (economic prices) for the costs/expenses.

(1) Calculation of Standard Conversion Factor (SCF)

The standard conversion factor (SCF) is used to compute the calculation prices of goods not internationally traded, and the SCF is obtained through the following formula:

$$SCF = \frac{M + X}{M\ (1 + t) \times X\ (1+s - tx)}$$

M = Total imports

X = Total exports

t = Weighted average of import tariffs

s = Weighted average of export subsidy rates

tx = Weighted average of export tariff rates

Based on export/import data of Indonesia,

Total imports in 1989 were $16,360 million, and

Total exports in 1989 were $22,159 million.

Out of these, main items are picked, and based on their percentage in the total amounts,

the weighted average values of average tariff rates and added value taxes are obtained. SCF is calculated subsequently on this basis.

[Breakdown of Main import items]

	Amount	Share	Average tariff rate	VAT (est.)
Industrial raw materials	7,407	45.3	10	10
Capital goods	3,766	23.0	10	10
Parts, accessories	2,561	15.7	15	10
Fuel, lubricant	1,148	7.0	40	10
Foods, beverages for processing	849	5.2	10	10

[Breakdown of Main export items]

	Amount	Share
Crude oil	5,142	23.2
Natural gas	2,599	11.7
Plywood	2,351	10.6
Clothing	1,169	5.3
Rubber products	1,035	4.7

Sources : Japan's International Trade with the World, 1991, JETRO

Through calculation based on above figures, the weighted average value of import tariffs was learned to be 23. If it is assumed that the export tariff averages 10%, and the average subsidy rate is 0:

$$SCF = \frac{16,360 + 22,159}{16,360 \times 1.25 + 22,159 \times 1.1} = 0.87$$

(2) Computation of Calculation Price for Each Item

Prior to computing calculation prices, costs and benefits are brokendown (see Table 9-34), and SCF for each item is obtained based on this.

Table 9-34 Breakdown of Costs and Benefits

	International trade goods			Non-international trade goods			transfer items	
	Imported goods	Exported goods	Foreign currency labor	Domestic goods	Skilled labor	Unskilled labor	Border	Domestic
1. Capital expenditures								
1. Fixed capital								
a. Construction work cost	20 - T_1 - Tt		6	40 + Tt	10	20	T_1	4
b. Procured equipment and material cost	95 - T_2 - Tt			4 + Tt			T_2	1
c. Pre-operation expenses	26 - T_3 - Tt			17 + Tt	22	27	T_3	8
d. Consulting cost			100					
e. Training cost			100					
f. Contingency			100 % of a - e					
2. Working capital								
a. Inventories of raw materials, products, etc.	Equivalent to 0.3 - 12 months portion of operating expenses a -							
2. Operating expenses								
a. Raw materials	43 - T_4 - Tt			51 + Tt			T_4	6
b. Packing materials				90				10
c. Electric power, fuel, water changes				90				10
d. Labor expenses					39	48		13
e. Repair expenses	50 - T_5 - Tt			45 + Tt			T_5	5
f. Insurance premiums, head office expenses				90				10
g. Depreciation expenses								100

(Notes) T_1 = Tariffs imposed on imported goods among goods input for construction purposes
T_2 = Tariffs imposed on imported goods among procured equipment and material expenses
T_3 = Tariffs imposed on imported goods among pre-operational expenses
T_4 = Tariffs imposed on imported goods among raw materials
T_5 = Tariffs imposed on imported goods among repair materials
Tt = Domestic transportatin expenses of imported goods

3. Benefits			
a. Direct benefits	90 - Tm	Tp	10
b. Benefits at the time of termination			

(Notes) Tm = Domestic transportation expenses from the import to the place of consumption

Tp = Domestic transportation expenses, etc. from the site to the place of consumption
(Tm ≒ Tp)

1) Conversion factors of capital expenditure items

1-a) Construction cost

Construction materials are considered to be imported goods (internationally traded goods) and non-internationally traded goods (domestic goods), procured from the domestic market. For conversion factors of domestic goods, construction conversion factors is used, but for convenience sake, the standard conversion factor is substituted. The import goods to be input are assessed by adding domestic transportation expenses to CIF prices, which are border prices. That is, the factor for conversion to calculation prices is 1.

The labor comprises foreign currency labor by foreign supervisors and labor by skilled and unskilled domestic workers. The factor for the conversion of foreign currency labor portion to calculation prices can be regarded as 1. The conversion factor for consumption is used to convert the domestic price-level assessment of domestic labor to the international price-level assessment. Since skilled labor is always in shortage within developing countries, market wages adequately reflect opportunity costs.

Accordingly, the shadow wage rate (SWR) for skilled labor is considered to be 1. For CFC, SCF mentioned earlier is substituted as it is.

$$SCF = CFC = 0.87$$

$$SWR = 1.0 \times 0.87 = 0.87$$

With regard to unskilled labor, the complete unemployment rate within Indonesia is less than 3%; in consideration of the substantial latent unemployment rate in rural areas, however, considerable difference is thought to exist between the market wage rate and the due evaluation amount; accordingly, the shadow rate is assumed to be 0.8. That is, the calculation price is:

$$0.8 \times 0.87 = 0.70$$

Conversion factors for construction work cost can be summarized as follows:

	Imported goods	Foreign currency labor	Domestic goods	Skilled labor	Unskilled labor	Transfer items
Breakdown	0.2-0.04-0.01	0.06	0.4+0.01	0.1	0.2	0.06
Conversion factor	1	1	SCF(0.87)	0.87	0.70	
Product	0.15	0.06	0.357	0.087	0.14	
Conversion factor for 1-a			0.794			

(Note) T1, namely, import-related tax is assumed to be 20% of imported goods prices. Tt, namely, domestic transportation expenses are assumed to be 5% of imported goods prices.

Hereafter, conversion factor for each item is calculated in a similar manner.

1-b) Procured equipment and material costs

	Imported goods	Domestic goods	Transfer items
Breakdown	0.95-0.095-0.048	0.04 + 0.048	0.105
Conversion factor	1	SCF (0.87)	
Product	0.807	0.077	
Conversion factor for 1-b		0.884	

(Note) T2 is assumed to be 10% of the import goods prices (T3 to T5 are the same.) Tt is assumed to be 5% of import goods prices.

1-c) Pre-operational expenses

	Imported goods	Domestic goods	Skilled labor	Unskilled labor	Transfer items
Breakdown	0.26-0.026-0.013	0.17+0.013	0.22	0.27	0.106
Conversion factor	1	SCF (0.87)	0.87	0.70	
Product	0.221	0.159	0.191	0.189	
Conversion factor for 1-c			0.760		

1-d, e) Consulting cost, training cost

	Foreign currency labor
Breakdown	1
Conversion factor	1
Product	1
Conversion factors for 1-d, c	1

1-f) Contingency

Input goods	a	b	c	d	e	Total
Share in fixed capital (%)	4.3	84.1	6.1	3.8	1.7	100
Breakdown	0.043	0.841	0.061	0.038	0.017	1.000
Conversion factor	0.794	0.884	0.760	1	1	
Product	0.034	0.743	0.046	0.038	0.017	
Conversion factor for 1-f			0.878			

2-a) Working capital

Input goods	a	b	e	Total
Share in operating expenses (%)	61.3	2.3	2.9	66.5
Breakdown	0.922	0.034	0.044	1.000
Conversion factor	0.828	0.783	0.838	
Product	0.763	0.027	0.037	
Conversion factor for 2-a		0.827		

2) Conversion factor for operating expense items

a) Raw materials

	Imported goods	Domestic goods	Transfer items
Breakdown	0.43-0.043-0.022	0.51+0.022	0.103
Conversion factor	1	SCF (0.87)	
Product	0.365	0.463	
Conversion factor for a		0.828	

b) Packing materials

	Domestic goods	Transfer items
Breakdown	0.9	0.1
Conversion factor	SCF (0.87)	
Product	0.783	
Conversion factor for b	0.783	

c) Electric power, fuel, water charges

	Domestic goods	Transfer items
Breakdown	0.9	0.1
Conversion factor	SCF (0.87)	
Product	0.783	
Conversion factor for c	0.783	

(Note) SCF is used for the electric power conversion factor.

d) Labor expenses

	Skilled labor	Unskilled labor	Transfer items
Breakdown	0.39	0.48	
Conversion factor	0.87	0.70	
Product	0.393	0.36	
Conversion factor for d		0.753	

e) Maintenance

	Imported goods	Domestic goods	Transfer items
Breakdown	0.50-0.05-0.025	0.45 + 0.025	0.1
Conversion factor	1	SCF (0.87)	
Product	0.425	0.413	
Conversion factor for e		0.838	

f) Insurance premiums, head office expenses

	Domestic goods
Breakdown	1
Conversion factor	SCF (0.87)
Product	0.870
Conversion factor for f	0.870

3) Conversion factor of benefits

	Imported goods	Domestic goods	Transfer items
Breakdown	0.9 - Tm	Tp	0.1
Conversion factor	1		
Product	0.9		
Conversion factor of benefits	0.9		

Since output products will be sold domestically as import substitute, assessment is made based on the CIF of the border price. Tm (expenses for domestic transportation from the import port to the place of consumption, etc.) is almost equal to Tp (expenses for domestic transportation from the production site to the place of consumption).

(3) Internal Economic Rate of Return

Market price-based benefits and expenses during the product life are compiled for each

case. These are multiplied by the conversion factors in (2) to be turned into economic prices. The internal economic rate of return and NVP obtained from them are shown at the end of the chapter. Their summary is as shown below:

	ERR	NVP
Case 1	38.52%	118,191 M.Rp
Case 2	30.79%	62,408 M.Rp
Case 3	35.24%	180,312 M.Rp

In all of the three cases, NPV are positive figures, and are sufficiently large. Accordingly, any case can be adopted. The order of advantages from these cases is as follows:

Case 1 > Case 3 > Case 2

9-3-2 Social Effects of Projects

Since it is difficult to quantitatively assess indirect benefits of the rehabilitation program, we would like to appraise social effects of its implementation here.

(1) Stabilization of Employment Opportunity

Generally speaking, the enforcement of this program will promote employment of local residents, raise their income, and increase consumption and investments. The working population of Indonesia increased by 11,900,000 (3.7%) reaching 74,500,000 during Repelita IV during 1984-88. This figure is expected to increase to 86,400,000 during Repelita V. Under Repelita V, it is assumed that a total of 1,150,000 jobs will be created in various industrial segments during the period. Since a total of 2 million workers are expected to newly enter the field, however, their absorption may be considerably difficult. Characteristics of the labor structure in Indonesia are that the agricultural sector, which employs a majority of Indonesia workers, has much potential unemployment and that the farming in Java Island, which currently has a largest number of people as farming population, is unable to absorb additional manpower. If new workers are to be absorbed, therefore, it will become more urgent to create new jobs in other industrial segments, such as manufacturing industries. The share of the employed include the poor people in cities, who are collectively called informal sector. Most of these people are incompletely employed, and the tendency of their further increase is another characteristic of the country's labor structure. The governmental labor policy has been putting stress on the creation and maintenance of employment

opportunities, while the labor supervisory administration is carried out under high-level labor laws. In Indonesia, where the informal sector accounts for a majority of the labor force, however, such labor guidance can be effective only for government agencies, state-operated enterprises, and foreign capital companies. For this reason, it can be rightly said that the responsibilities of Banjaran and Cipadung Mills, both of which are state-owned enterprises, in stabilizing jobs are considerable. Since the two mills are existing establishments, and if they are to survive in the Indonesian textile industry, where competition is becoming more and more fierce, rationalization and resultant cost reduction will be essential. Thus, the number of workers tends to diminish to certain extent from now on, but the employment itself will be stabilized by the presence of the two mills. Further, as stated in the section of 9-2-3 Without Case, it cannot be denied that the production capacity will gradually decline, and the number of employees will be reduced, if the renovation plan is not enforced. Now that investment centers on capital-intensive "equipment industries," the cotton spinning, which is a labor-intensive industry, must play a major role in job creation. Furthermore, under the future situation in which labor concentration in urban areas will progress, and it will become increasingly difficult to secure jobs for young labor force with high educational career and female workers who increasingly seek employment out of their homes, textile mills are one of the sectors that can accommodate such job seekers, since excellent, high-cost performance labor is the key to successful operation at these mills. In consideration of these facts, it cannot be denied that this project will represent a favorable factor for the improvement of the employment situation in Indonesia.

(2) Outward Environmental Effects

If other industries outside a mill are damaged or if environmental pollution is caused, such outward environmental or technological effects are considered to be negative benefits, and expenses required to mitigate them will be posed directly in cost items in the course of project evaluation. Now that environmental issues attract worldwide attention, any project that may be detrimental to environmental protection on earth will become difficult to execute no matter how much its financial feasibility is high. Under such a situation, the spinning-related project, whose negative factor in terms of outward environmental effects will be virtually nil, is expected to be regarded favorably from a social viewpoint. No particular problems are conceivable if some measures are taken to muffle machinery noise and noise from in-house power generation

and to treat oil discharged of negligible level.

(3) Social Mission of Sangdang Textile Mills

It is an important mission Sandang Textile Mills to secure yarn for small scale users in a stabilized manner to meet basic needs of the people. Therefore, the mills can be considered to be making great contributions to the society.

Table 9-35 Data Sheets

CASE- 1

Table 9-35 Manufacturing Cost Banjaran I Mill

UNIT : Million Rp.

	1	2	3	4	5	6	7	8	9	10	Total
Direct Cost(a)											
Cotton	14.936	16.306	16.306	16.306	16.306	16.306	16.306	16.306	16.306	16.306	161.690
Polyester	1.460	1.675	1.675	1.675	1.675	1.675	1.675	1.675	1.675	1.675	16.535
Rayon											0
Total	16.396	17.981	17.981	17.981	17.981	17.981	17.981	17.981	17.981	17.981	178.225
INDIRECT COST(b)											0
(Variable Cost)											0
Packing Material	559	559	559	559	559	559	559	559	559	559	5.590
Power	1.939	1.939	1.939	1.939	1.939	1.939	1.939	1.939	1.939	1.939	19.390
Fuel	11	11	11	11	11	11	11	11	11	11	110
Water	29	29	29	29	29	29	29	29	29	29	290
Sub-Total	2.538	2.538	2.538	2.538	2.538	2.538	2.538	2.538	2.538	2.538	25.380
(Fixed Cost)											0
Wages	1.552	1.552	1.552	1.552	1.552	1.552	1.552	1.552	1.552	1.552	15.520
Maintenance	143	305	573	837	837	837	837	837	837	837	6.880
Insurance	116	116	116	116	116	116	116	116	116	116	1.160
Overhead	65	65	65	65	65	65	65	65	65	65	650
Deprec. & Amort.											0
Case 1-A	8.361	8.361	8.349	8.334	8.336	7.286	7.286	7.283	179	179	63.954
Case 1-B	8.047	8.047	8.035	8.020	8.019	7.286	7.286	7.283	179	179	62.381
Sub-Total											0
Case 1-A	10.237	10.399	10.655	10.904	10.906	9.856	9.856	9.853	2.749	2.749	88.164
Case 1-B	9.923	10.085	10.341	10.590	10.589	9.856	9.856	9.853	2.749	2.749	86.591
Total											0
Case 1-A	12.775	12.937	13.193	13.442	13.444	12.394	12.394	12.391	5.287	5.287	113.544
Case 1-B	12.461	12.623	12.879	13.128	13.127	12.394	12.394	12.391	5.287	5.287	111.971
MANUFACTUR. COST											0
(c=a+b)											0
Case 1-A	29.171	30.918	31.174	31.423	31.425	30.375	30.375	30.372	23.268	23.268	291.769
Case 1-B	28.857	30.604	30.860	31.109	31.108	30.375	30.375	30.372	23.268	23.268	290.196

CASE- 1 MANUFACTURING COST BANJARAN 2 MILL

UNIT : Million Rp.

	1	2	3	4	5	6	7	8	9	10	Total
Direct Cost(a)											
Cotton	5.005	5.005	5.005	5.005	5.005	5.005	5.005	5.005	5.005	5.005	50.050
Polyester	5.538	5.538	5.538	5.538	5.538	5.538	5.538	5.538	5.538	5.538	55.380
Rayon											0
Total	10.543	10.543	10.543	10.543	10.543	10.543	10.543	10.543	10.543	10.543	105.430
INDIRECT COST(b)											0
(Variable Cost)											0
Packing Material	457	457	457	457	457	457	457	457	457	457	4.570
Power	1.581	1.581	1.581	1.581	1.581	1.581	1.581	1.581	1.581	1.581	15.810
Fuel	11	11	11	11	11	11	11	11	11	11	110
Water	31	31	31	31	31	31	31	31	31	31	310
Sub-Total	2.080	2.080	2.080	2.080	2.080	2.080	2.080	2.080	2.080	2.080	20.800
(Fixed Cost)											0
Wages	1.118	1.118	1.118	1.118	1.118	1.118	1.118	1.118	1.118	1.118	11.180
Maintenance	128	255	463	702	669	669	669	669	669	669	5.562
Insurance	26	26	26	26	26	26	26	26	26	26	260
Overhead	79	79	79	79	79	79	79	79	79	79	790
Deprec. & Amort.											0
Case 1-A	1.985	1.985	1.623	1.592	1.592	1.421	1.421	1.419	3	3	13.044
Case 1-B	1.934	1.934	1.572	1.541	1.540	1.421	1.421	1.419	3	3	12.788
Sub-Total											0
Case 1-A	3.336	3.463	3.309	3.517	3.484	3.313	3.313	3.311	1.895	1.895	30.836
Case 1-B	3.285	3.412	3.258	3.466	3.432	3.313	3.313	3.311	1.895	1.895	30.580
Total											0
Case 1-A	5.416	5.543	5.389	5.597	5.564	5.393	5.393	5.391	3.975	3.975	51.636
Case 1-B	5.365	5.492	5.338	5.546	5.512	5.393	5.393	5.391	3.975	3.975	51.380
MANUFACTUR. COST											0
(c=a+b)											0
Case 1-A	15.959	16.086	15.932	16.140	16.107	15.936	15.936	15.934	14.518	14.518	157.066
Case 1-B	15.908	16.035	15.881	16.089	16.055	15.936	15.936	15.934	14.518	14.518	156.810

CASE- 1 MANUFACTURING COST ALL BANJARAN MILL

UNIT : Million Rp.

	1	2	3	4	5	6	7	8	9	10	Total
Direct Cost(a)											
Cotton	19,941	21,311	21,311	21,311	21,311	21,311	21,311	21,311	21,311	21,311	211,740
Polyester	6,998	7,213	7,213	7,213	7,213	7,213	7,213	7,213	7,213	7,213	71,915
Rayon											0
Total	26,939	28,524	28,524	28,524	28,524	28,524	28,524	28,524	28,524	28,524	283,655
INDIRECT COST(b)											0
(Variable Cost)											0
Packing Material	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	10,160
Power	3,520	3,520	3,520	3,520	3,520	3,520	3,520	3,520	3,520	3,520	35,200
Fuel	22	22	22	22	22	22	22	22	22	22	220
Water	60	60	60	60	60	60	60	60	60	60	600
Sub-Total	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	46,180
(Fixed Cost)											0
Wages	2,670	2,670	2,670	2,670	2,670	2,670	2,670	2,670	2,670	2,670	26,700
Maintenance	271	560	1,036	1,539	1,506	1,506	1,506	1,506	1,506	1,506	12,442
Insurance	142	142	142	142	142	142	142	142	142	142	1,420
Overhead	144	144	144	144	144	144	144	144	144	144	1,440
Deprec. & Amort.											0
Case 1-A	10,346	10,346	9,972	9,926	9,928	8,707	8,707	8,702	182	182	76,998
Case 1-B	9,981	9,981	9,607	9,561	9,559	8,707	8,707	8,702	182	182	75,169
Sub-Total											0
Case 1-A	13,573	13,862	13,964	14,421	14,390	13,169	13,169	13,164	4,644	4,644	119,000
Case 1-B	13,208	13,497	13,599	14,056	14,021	13,169	13,169	13,164	4,644	4,644	117,171
Total											0
Case 1-A	18,191	18,480	18,582	19,039	19,008	17,787	17,787	17,782	9,262	9,262	165,180
Case 1-B	17,826	18,115	18,217	18,674	18,639	17,787	17,787	17,782	9,262	9,262	163,351
MANUFACTUR. COST											0
(c=a+b)											0
Case 1-A	45,130	47,004	47,106	47,563	47,532	46,311	46,311	46,306	37,786	37,786	448,835
Case 1-B	44,765	46,639	46,741	47,198	47,163	46,311	46,311	46,306	37,786	37,786	447,006

CASE- 2 MANUFACTURING COST CIPADUNG MILL

UNIT : Million Rp.

	1	2	3	4	5	6	7	8	9	10	Total
Direct Cost(a)											
Cotton											0
Polyester	10.059	10.496	10.496	10.496	10.496	10.496	10.496	10.496	10.496	10.496	104.523
Rayon	10.832	11.303	11.303	11.303	11.303	11.303	11.303	11.303	11.303	11.303	112.559
Total	20.891	21.799	21.799	21.799	21.799	21.799	21.799	21.799	21.799	21.799	217.082
INDIRECT COST(b)											0
(Variable Cost)											0
Packing Material	881	881	881	881	881	881	881	881	881	881	8.810
Power	1.890	1.890	1.890	1.890	1.890	1.890	1.890	1.890	1.890	1.890	18.900
Fuel											0
Water	31	31	31	31	31	31	31	31	31	31	310
Sub-Total	2.802	2.802	2.802	2.802	2.802	2.802	2.802	2.802	2.802	2.802	28.020
(Fixed Cost)											0
Wages	1.466	1.466	1.466	1.466	1.466	1.466	1.466	1.466	1.466	1.466	14.660
Maintenance	146	286	541	803	803	803	803	803	803	803	6.594
Insurance	217	217	217	217	217	217	217	217	217	217	2.170
Overhead	72	72	72	72	72	72	72	72	72	72	720
Deprec. & Amort.											0
Case 2-A	7.478	7.447	7.446	7.385	7.387	6.674	6.674	6.671	70	70	57.302
Case 2-B	7.265	7.234	7.223	7.172	7.172	6.674	6.674	6.671	70	70	56.225
Sub-Total											0
Case 2-A	9.379	9.488	9.742	9.943	9.945	9.232	9.232	9.229	2.628	2.628	81.446
Case 2-B	9.166	9.275	9.519	9.730	9.730	9.232	9.232	9.229	2.628	2.628	80.369
Total											0
Case 2-A	12.181	12.290	12.544	12.745	12.747	12.034	12.034	12.031	5.430	5.430	109.466
Case 2-B	11.968	12.077	12.321	12.532	12.532	12.034	12.034	12.031	5.430	5.430	108.389
MANUFACTUR. COST											0
(c=a+b)											0
Case 2-A	33.072	34.089	34.343	34.544	34.546	33.833	33.833	33.830	27.229	27.229	326.548
Case 2-B	32.859	33.876	34.120	34.331	34.331	33.833	33.833	33.830	27.229	27.229	325.471

CASE- 1 MANUFACTURING COST CIPADUNG MILL
BANJARAN MILL UNIT : Million Rp.

	1	2	3	4	5	6	7	8	9	10	Total
Direct Cost(a)											
Cotton	19.941	21.311	21.311	21.311	21.311	21.311	21.311	21.311	21.311	21.311	211.740
Polyester	17.057	17.709	17.709	17.709	17.709	17.709	17.709	17.709	17.709	17.709	176.438
Rayon	10.832	11.303	11.303	11.303	11.303	11.303	11.303	11.303	11.303	11.303	112.559
Total	47.830	50.323	50.323	50.323	50.323	50.323	50.323	50.323	50.323	50.323	500.737
INDIRECT COST(b)											0
(Variable Cost)											0
Packing Material	1.897	1.897	1.897	1.897	1.897	1.897	1.897	1.897	1.897	1.897	18.970
Power	5.410	5.410	5.410	5.410	5.410	5.410	5.410	5.410	5.410	5.410	54.100
Fuel	22	22	22	22	22	22	22	22	22	22	220
Water	91	91	91	91	91	91	91	91	91	91	910
Sub-Total	7.420	7.420	7.420	7.420	7.420	7.420	7.420	7.420	7.420	7.420	74.200
(Fixed Cost)											0
Wages	4.136	4.136	4.136	4.136	4.136	4.136	4.136	4.136	4.136	4.136	41.360
Maintenance	417	846	1.577	2.342	2.309	2.309	2.309	2.309	2.309	2.309	19.036
Insurance	359	359	359	359	359	359	359	359	359	359	3.590
Overhead	216	216	216	216	216	216	216	216	216	216	2.160
Deprec. & Amort.											0
Case 1-A	17.824	17.793	17.418	17.311	17.315	15.381	15.381	15.373	252	252	134.300
Case 1-B	17.246	17.215	16.830	16.733	16.731	15.381	15.381	15.373	252	252	131.394
Sub-Total											0
Case 1-A	22.952	23.350	23.706	24.364	24.335	22.401	22.401	22.393	7.272	7.272	200.446
Case 1-B	22.374	22.772	23.118	23.786	23.751	22.401	22.401	22.393	7.272	7.272	197.540
Total											0
Case 1-A	30.372	30.770	31.126	31.784	31.755	29.821	29.821	29.813	14.692	14.692	274.646
Case 1-B	29.794	30.192	30.538	31.206	31.171	29.821	29.821	29.813	14.692	14.692	271.740
MANUFACTUR. COST											0
(c=a+b)											0
Case 1-A	78.202	81.093	81.449	82.107	82.078	80.144	80.144	80.136	65.015	65.015	775.383
Case 1-B	77.624	80.515	80.861	81.529	81.494	80.144	80.144	80.136	65.015	65.015	772.477

Table 9-36 Profit & Loss Plan

UNIT: Million in Rupiah　　Case-1-A　　P/L

		1ST YEAR	2ND YEAR	3RD YEAR	4TH YEAR	5TH YEAR	6TH YEAR	7TH YEAR	8TH YEAR	9TH YEAR	10TH YEAR	11TH YEAR	TOTAL
SALES TURN-OVER	PRODUCTS	63.617	67.101	67.101	67.101	67.101	67.101	67.101	67.101	67.101	67.101	67.101	734.627
PRODUCTION COST	RAW MATERIALS	26.939	28.524	28.524	28.524	28.524	28.524	28.524	28.524	28.524	28.524	28.524	312.179
	PACKING MATERIALS	1.016	1.016	1.016	1.016	1.016	1.016	1.016	1.016	1.016	1.016	1.016	11.176
	WATER. POWER & FUEL	3.602	3.602	3.602	3.602	3.602	3.602	3.602	3.602	3.602	3.602	3.602	39.622
	LABOUR EXPENSES	2.670	2.670	2.670	2.670	2.670	2.670	2.670	2.670	2.670	2.670	2.670	29.370
	MAINTENANCE EXPENSES	271	560	1.036	1.539	1.506	1.506	1.506	1.506	1.506	1.506	1.506	13.948
	DEPRECIATION	9.127	9.127	8.753	8.707	8.707	8.707	8.707	8.702	182	182	182	71.083
	OVERHEAD COST / INS.	286	286	286	286	286	286	286	286	286	286	286	3.145
	(TOTAL)	43.911	45.785	45.887	46.344	46.311	46.311	46.311	46.306	37.786	37.786	37.786	480.524
GROSS PROFIT		19.706	21.316	21.214	20.757	20.790	20.790	20.790	20.795	29.315	29.315	29.315	254.103
AMORTIZATION OF PRE-OPERATING EXPENSES		1.219	1.219	1.219	1.219	1.221							6.097
NET OPERATING INCOME		18.487	20.097	19.995	19.538	19.569	20.790	20.790	20.795	29.315	29.315	29.315	248.006
INTEREST PAYABLE	FOREIGN (LONG-TERM)	6.201	6.046	5.426	4.806	4.186	3.566	2.946	2.326	1.705	1.085	465	38.758
	LOCAL (LONG-TERM)	2.864	5.289	4.747	4.204	3.662	3.119	2.577	2.034	1.492	949	407	31.344
	LOCAL (SHORT-TERM)												0
	(TOTAL)	9.065	11.335	10.173	9.010	7.848	6.685	5.523	4.360	3.197	2.034	872	70.102
VALUE ADDED TAX		5.032	5.303	5.261	5.217	5.220	5.220	5.220	5.220	5.220	5.220	5.220	57.353
NET PROFIT BEFORE TAX		4.390	3.459	4.561	5.311	6.501	8.885	10.047	11.215	20.898	22.061	23.223	120.551
(ACCUMULATED)		4.390	7.849	12.410	17.721	24.222	33.107	43.154	54.369	75.267	97.328	120.551	
INCOME TAX		1.537	1.211	1.596	1.859	2.275	3.110	3.516	3.925	7.314	7.721	8.128	42.193
NET PROFIT AFTER TAX		2.854	2.248	2.965	3.452	4.226	5.775	6.531	7.290	13.584	14.340	15.095	78.358
(ACCUMULATED)		2.854	5.102	8.067	11.519	15.744	21.520	28.050	35.340	48.924	63.263	78.358	
NET PROFIT RATIO BEFORE TAX		6.90	5.15	6.80	7.91	9.69	13.24	14.97	16.71	31.14	32.88	34.61	16.41
NET PROFIT RATIO AFTER TAX		4.49	3.35	4.42	5.14	6.30	8.61	9.73	10.86	20.24	21.37	22.50	10.67

PROFIT & LOSS PLAN

UNIT: Million in Rupiah Case-2-A P/L

		1ST YEAR	2ND YEAR	3RD YEAR	4TH YEAR	5TH YEAR	6TH YEAR	7TH YEAR	8TH YEAR	9TH YEAR	10TH YEAR	11TH YEAR	TOTAL
SALES TURN-OVER	PRODUCTS	43.136	45.010	45.010	45.010	45.010	45.010	45.010	45.010	45.010	45.010	45.010	493.236
PRODUCTION COST	RAW MATERIALS	20.891	21.799	21.799	21.799	21.799	21.799	21.799	21.799	21.799	21.799	21.799	238.881
	PACKING MATERIALS	881	881	881	881	881	881	881	881	881	881	881	9.691
	WATER, POWER & FUEL	1.921	1.921	1.921	1.921	1.921	1.921	1.921	1.921	1.921	1.921	1.921	21.131
	LABOUR EXPENSES	1.466	1.466	1.466	1.466	1.466	1.466	1.466	1.466	1.466	1.466	1.466	16.126
	MAINTENANCE EXPENSES	146	286	541	803	803	803	803	803	803	803	803	7.397
	DEPRECIATION	6.767	6.736	6.735	6.674	6.674	6.674	6.674	6.671	70	70	70	53.815
	OVERHEAD COST / INS.	289	289	289	289	289	289	289	289	289	289	289	3.179
	(TOTAL)	32.361	33.378	33.632	33.833	33.833	33.833	33.833	33.830	27.229	27.229	27.229	350.220
GROSS PROFIT		10.775	11.632	11.378	11.177	11.177	11.177	11.177	11.180	17.781	17.781	17.781	143.016
AMORTIZATION OF PRE-OPERATING EXPENSES		711	711	711	711	713							3.557
NET OPERATING INCOME		10.064	10.921	10.667	10.466	10.464	11.177	11.177	11.180	17.781	17.781	17.781	139.459
INTEREST PAYABLE	FOREIGN (LONG-TERM)	4.847	4.726	4.241	3.756	3.272	2.787	2.302	1.818	1.333	848	364	30.294
	LOCAL (LONG-TERM)	1.676	3.424	3.073	2.722	2.371	2.019	1.668	1.317	966	615	263	20.114
	LOCAL (SHORT-TERM)												0
	(TOTAL)	6.523	8.150	7.314	6.478	5.643	4.806	3.970	3.135	2.299	1.463	627	50.408
VALUE ADDED TAX		1.929	2.005	1.983	1.961	1.961	1.961	1.961	1.961	1.961	1.961	1.961	21.605
NET PROFIT BEFORE TAX		1.612	766	1.370	2.027	2.860	4.410	5.246	6.084	13.521	14.357	15.193	67.446
(ACCUMULATED)		1.612	2.378	3.748	5.775	8.635	13.045	18.291	24.375	37.896	52.253	67.446	
INCOME TAX		564	268	480	709	1.001	1.544	1.836	2.129	4.732	5.025	5.318	23.606
NET PROFIT AFTER TAX		1.048	498	891	1.318	1.859	2.867	3.410	3.955	8.789	9.332	9.875	43.840
(ACCUMULATED)		1.048	1.546	2.436	3.754	5.613	8.479	11.889	15.844	24.632	33.964	43.840	
NET PROFIT RATIO BEFORE TAX		3.74	1.70	3.04	4.50	6.35	9.80	11.66	13.52	30.04	31.90	33.75	13.67
NET PROFIT RATIO AFTER TAX		2.43	1.11	1.98	2.93	4.13	6.37	7.58	8.79	19.53	20.73	21.94	8.89

PROFIT & LOSS PLAN

UNIT: Million in Rupiah Case-3-A P/L

		1ST YEAR	2ND YEAR	3RD YEAR	4TH YEAR	5TH YEAR	6TH YEAR	7TH YEAR	8TH YEAR	9TH YEAR	10TH YEAR	11TH YEAR	TOTAL
SALES TURN-OVER	PRODUCTS	106.753	112.111	112.111	112.111	112.111	112.111	112.111	112.111	112.111	112.111	112.111	1.227.863
PRODUCTION COST	RAW MATERIALS	47.830	50.323	50.323	50.323	50.323	50.323	50.323	50.323	50.323	50.323	50.323	551.060
	PACKING MATERIALS	1.897	1.897	1.897	1.897	1.897	1.897	1.897	1.897	1.897	1.897	1.897	20.867
	WATER, POWER & FUEL	5.523	5.523	5.523	5.523	5.523	5.523	5.523	5.523	5.523	5.523	5.523	60.753
	LABOUR EXPENSES	4.136	4.136	4.136	4.136	4.136	4.136	4.136	4.136	4.136	4.136	4.136	45.496
	MAINTENANCE EXPENSES	417	846	1.577	2.342	2.309	2.309	2.309	2.309	2.309	2.309	2.309	21.345
	DEPRECIATION	15.894	15.863	15.488	15.381	15.381	15.381	15.381	15.373	252	252	252	124.898
	OVERHEAD COST / INS.	575	575	575	575	575	575	575	575	575	575	575	6.325
	(TOTAL)	76.272	79.163	79.519	80.177	80.144	80.144	80.144	80.136	65.015	65.015	65.015	830.744
GROSS PROFIT		30.481	32.948	32.592	31.934	31.967	31.967	31.967	31.975	47.096	47.096	47.096	397.119
AMORTIZATION OF PRE-OPERATING EXPENSES		1.930	1.930	1.930	1.930	1.934							9.654
NET OPERATING INCOME		28.551	31.018	30.662	30.004	30.033	31.967	31.967	31.975	47.096	47.096	47.096	387.465
INTEREST PAYABLE	FOREIGN (LONG-TERM)	11.048	10.772	9.667	8.562	7.458	6.353	5.248	4.144	3.038	1.933	829	69.052
	LOCAL (LONG-TERM)	4.540	8.713	7.820	6.926	6.033	5.138	4.245	3.351	2.458	1.564	670	51.458
	LOCAL (SHORT-TERM)												0
	(TOTAL)	15.588	19.485	17.487	15.488	13.491	11.491	9.493	7.495	5.496	3.497	1.499	120.510
VALUE ADDED TAX		6.961	7.308	7.244	7.178	7.181	7.181	7.181	7.181	7.181	7.181	7.181	78.958
NET PROFIT BEFORE TAX		6.002	4.225	5.931	7.338	9.361	13.295	15.293	17.299	34.419	36.418	38.416	187.997
(ACCUMULATED)		6.002	10.227	16.158	23.496	32.857	46.152	61.445	78.744	113.163	149.581	187.997	
INCOME TAX		2.101	1.479	2.076	2.568	3.276	4.653	5.353	6.055	12.047	12.746	13.446	65.799
NET PROFIT AFTER TAX		3.901	2.746	3.855	4.770	6.085	8.642	9.940	11.244	22.372	23.672	24.970	122.198
(ACCUMULATED)		3.901	6.648	10.503	15.272	21.357	29.999	39.939	51.184	73.556	97.228	122.198	
NET PROFIT RATIO BEFORE TAX		5.62	3.77	5.29	6.55	8.35	11.86	13.64	15.43	30.70	32.48	34.27	15.31
NET PROFIT RATIO AFTER TAX		3.65	2.45	3.44	4.25	5.43	7.71	8.87	10.03	19.96	21.11	22.27	9.95

PROFIT & LOSS PLAN

UNIT: Million in Rupiah Case-1-B P/L

		1ST YEAR	2ND YEAR	3RD YEAR	4TH YEAR	5TH YEAR	6TH YEAR	7TH YEAR	8TH YEAR	9TH YEAR	10TH YEAR	11TH YEAR	TOTAL
SALES TURN-OVER	PRODUCTS	63.617	67.101	67.101	67.101	67.101	67.101	67.101	67.101	67.101	67.101	67.101	734.627
PRODUCTION COST	RAW MATERIALS	26.939	28.524	28.524	28.524	28.524	28.524	28.524	28.524	28.524	28.524	28.524	312.179
	PACKING MATERIALS	1.016	1.016	1.016	1.016	1.016	1.016	1.016	1.016	1.016	1.016	1.016	11.176
	WATER, POWER & FUEL	3.602	3.602	3.602	3.602	3.602	3.602	3.602	3.602	3.602	3.602	3.602	39.622
	LABOUR EXPENSES	2.670	2.670	2.670	2.670	2.670	2.670	2.670	2.670	2.670	2.670	2.670	29.370
	MAINTENANCE EXPENSES	271	560	1.036	1.539	1.506	1.506	1.506	1.506	1.506	1.506	1.506	13.948
	DEPRECIATION	9.127	9.127	8.753	8.707	8.707	8.707	8.707	8.702	182	182	182	71.083
	OVERHEAD COST / INS.	286	286	286	286	286	286	286	286	286	286	286	3.146
	(TOTAL)	43.911	45.785	45.887	46.344	46.311	46.311	46.311	46.306	37.786	37.786	37.786	480.524
GROSS PROFIT		19.706	21.316	21.214	20.757	20.790	20.790	20.790	20.795	29.315	29.315	29.315	254.103
AMORTIZATION OF PRE-OPERATING EXPENSES		854	854	854	854	854							4.270
NET OPERATING INCOME		18.852	20.462	20.360	19.903	19.936	20.790	20.790	20.795	29.315	29.315	29.315	249.833
INTEREST PAYABLE	FOREIGN (LONG-TERM)	3.492	3.404	3.055	2.706	2.357	2.008	1.659	1.309	960	611	262	21.823
	LOCAL (LONG-TERM)	2.535	4.968	4.459	3.949	3.440	2.930	2.421	1.911	1.401	892	382	29.288
	LOCAL (SHORT-TERM)												0
	(TOTAL)	6.027	8.372	7.514	6.655	5.797	4.938	4.080	3.220	2.361	1.503	644	51.111
VALUE ADDED TAX		5.032	5.303	5.261	5.217	5.220	5.220	5.220	5.220	5.220	5.220	5.220	57.353
NET PROFIT BEFORE TAX		7.793	6.787	7.585	8.031	8.919	10.632	11.490	12.355	21.734	22.592	23.451	141.369
(ACCUMULATED)		7.793	14.580	22.165	30.196	39.115	49.747	61.237	73.592	95.326	117.918	141.369	
INCOME TAX		2.728	2.375	2.655	2.811	3.122	3.721	4.022	4.324	7.607	7.907	8.208	49.479
NET PROFIT AFTER TAX		5.065	4.412	4.930	5.220	5.797	6.911	7.469	8.031	14.127	14.685	15.243	91.890
(ACCUMULATED)		5.065	9.477	14.407	19.627	25.425	32.336	39.804	47.835	61.962	76.647	91.890	
NET PROFIT RATIO BEFORE TAX		12.25	10.11	11.30	11.97	13.29	15.84	17.12	18.41	32.39	33.67	34.95	19.24
NET PROFIT RATIO AFTER TAX		7.96	6.57	7.35	7.78	8.64	10.30	11.13	11.97	21.05	21.88	22.72	12.51

PROFIT & LOSS PLAN

UNIT: Million in Rupiah Case-2-B P/L

		1ST YEAR	2ND YEAR	3RD YEAR	4TH YEAR	5TH YEAR	6TH YEAR	7TH YEAR	8TH YEAR	9TH YEAR	10TH YEAR	11TH YEAR	TOTAL
SALES TURN-OVER	PRODUCTS	43.136	45.010	45.010	45.010	45.010	45.010	45.010	45.010	45.010	45.010	45.010	493.236
PRODUCTION COST	RAW MATERIALS	20.891	21.799	21.799	21.799	21.799	21.799	21.799	21.799	21.799	21.799	21.799	238.881
	PACKING MATERIALS	881	881	881	881	881	881	881	881	881	881	881	9.691
	WATER. POWER & FUEL	1.921	1.921	1.921	1.921	1.921	1.921	1.921	1.921	1.921	1.921	1.921	21.131
	LABOUR EXPENSES	1.466	1.466	1.466	1.466	1.466	1.466	1.466	1.466	1.466	1.466	1.466	16.126
	MAINTENANCE EXPENSES	146	286	541	803	803	803	803	803	803	803	803	7.397
	DEPRECIATION	6.767	6.736	6.735	6.674	6.674	6.674	6.674	6.671	70	70	70	53.815
	OVERHEAD COST / INS.	289	289	289	289	289	289	289	289	289	289	289	3.179
	(TOTAL)	32.361	33.378	33.632	33.833	33.833	33.833	33.833	33.830	27.229	27.229	27.229	350.220
GROSS PROFIT		10.775	11.632	11.378	11.177	11.177	11.177	11.177	11.180	17.781	17.781	17.781	143.016
AMORTIZATION OF PRE-OPERATING EXPENSES		498	498	498	498	498							2.490
NET OPERATING INCOME		10.277	11.134	10.880	10.679	10.679	11.177	11.177	11.180	17.781	17.781	17.781	140.526
INTEREST PAYABLE	FOREIGN (LONG-TERM)	2.759	2.690	2.415	2.139	1.863	1.587	1.311	1.035	759	483	207	17.248
	LOCAL (LONG-TERM)	1.629	3.378	3.031	2.685	2.339	1.992	1.646	1.299	953	606	260	19.818
	LOCAL (SHORT-TERM)												0
	(TOTAL)	4.388	6.068	5.446	4.824	4.202	3.579	2.957	2.334	1.712	1.089	467	37.066
VALUE ADDED TAX		1.929	2.005	1.983	1.961	1.961	1.961	1.961	1.961	1.961	1.961	1.961	21.605
NET PROFIT BEFORE TAX		3.960	3.061	3.451	3.894	4.516	5.637	6.259	6.885	14.108	14.731	15.353	81.855
(ACCUMULATED)		3.960	7.021	10.472	14.366	18.882	24.519	30.778	37.663	51.771	66.502	81.855	
INCOME TAX		1.386	1.071	1.208	1.363	1.581	1.973	2.191	2.410	4.938	5.156	5.374	28.649
NET PROFIT AFTER TAX		2.574	1.990	2.243	2.531	2.935	3.664	4.068	4.475	9.170	9.575	9.979	53.206
(ACCUMULATED)		2.574	4.564	6.807	9.338	12.273	15.937	20.006	24.481	33.651	43.226	53.206	
NET PROFIT RATIO BEFORE TAX		9.18	6.80	7.67	8.65	10.03	12.52	13.91	15.30	31.34	32.73	34.11	16.60
NET PROFIT RATIO AFTER TAX		5.97	4.42	4.98	5.62	6.52	8.14	9.04	9.94	20.37	21.27	22.17	10.79

PROFIT & LOSS PLAN

UNIT: Million in Rupiah Case-3-B P/L

		1ST YEAR	2ND YEAR	3RD YEAR	4TH YEAR	5TH YEAR	6TH YEAR	7TH YEAR	8TH YEAR	9TH YEAR	10TH YEAR	11TH YEAR	TOTAL
SALES TURN-OVER	PRODUCTS	106.753	112.111	112.111	112.111	112.111	112.111	112.111	112.111	112.111	112.111	112.111	1.227.863
PRODUCTION COST	RAW MATERIALS	47.830	50.323	50.323	50.323	50.323	50.323	50.323	50.323	50.323	50.323	50.323	551.060
	PACKING MATERIALS	1.897	1.897	1.897	1.897	1.897	1.897	1.897	1.897	1.897	1.897	1.897	20.867
	WATER, POWER & FUEL	5.523	5.523	5.523	5.523	5.523	5.523	5.523	5.523	5.523	5.523	5.523	60.753
	LABOUR EXPENSES	4.136	4.136	4.136	4.136	4.136	4.136	4.136	4.136	4.136	4.136	4.136	45.496
	MAINTENANCE EXPENSES	417	846	1.577	2.342	2.309	2.309	2.309	2.309	2.309	2.309	2.309	21.345
	DEPRECIATION	15.894	15.863	15.488	15.381	15.381	15.381	15.381	15.373	252	252	252	124.898
	OVERHEAD COST / INS.	433	433	433	433	433	433	433	433	433	433	433	4.763
	(TOTAL)	76.130	79.021	79.377	80.035	80.002	80.002	80.002	79.994	64.873	64.873	64.873	829.182
GROSS PROFIT		30.623	33.090	32.734	32.076	32.109	32.109	32.109	32.117	47.238	47.238	47.238	398.681
AMORTIZATION OF PRE-OPERATING EXPENSES		1.352	1.352	1.352	1.352	1.352							6.760
NET OPERATING INCOME		29.271	31.738	31.382	30.724	30.757	32.109	32.109	32.117	47.238	47.238	47.238	391.921
INTEREST PAYABLE	FOREIGN (LONG-TERM)	6.251	6.094	5.470	4.845	4.220	3.595	2.970	2.344	1.719	1.094	469	39.071
	LOCAL (LONG-TERM)	4.164	8.346	7.490	6.634	5.779	4.922	4.067	3.210	2.354	1.498	642	49.106
	LOCAL (SHORT-TERM)												0
	(TOTAL)	10.415	14.440	12.960	11.479	9.999	8.517	7.037	5.554	4.073	2.592	1.111	88.177
VALUE ADDED TAX		6.961	7.308	7.244	7.178	7.181	7.181	7.181	7.181	7.181	7.181	7.181	78.958
NET PROFIT BEFORE TAX		11.895	9.990	11.178	12.067	13.577	16.411	17.891	19.382	35.984	37.465	38.946	224.786
(ACCUMULATED)		11.895	21.885	33.063	45.130	58.707	75.118	93.009	112.391	148.375	185.840	224.786	
INCOME TAX		4.163	3.497	3.912	4.223	4.752	5.744	6.262	6.784	12.594	13.113	13.631	78.675
NET PROFIT AFTER TAX		7.732	6.494	7.266	7.844	8.825	10.667	11.629	12.598	23.390	24.352	25.315	146.111
(ACCUMULATED)		7.732	14.225	21.491	29.335	38.160	48.827	60.456	73.054	96.444	120.796	146.111	
NET PROFIT RATIO BEFORE TAX		11.14	8.91	9.97	10.76	12.11	14.64	15.96	17.29	32.10	33.42	34.74	18.31
NET PROFIT RATIO AFTER TAX		7.24	5.79	6.48	7.00	7.87	9.51	10.37	11.24	20.86	21.72	22.58	11.90

Table 9-37 Cash Flow Plan

UNIT : Million In Rupiah　Case-1-A　　C/F

			-2ND YEAR	-1.5 YEAR	1ST YEAR	2ND YEAR	3RD YEAR	4TH YEAR	5TH YEAR	6TH YEAR	7TH YEAR	8TH YEAR	9TH YEAR	10TH YEAR	11TH YEAR	TOTAL
CASH INFLOW	NET OPERATING INCOME				18.487	20.097	19.995	19.538	19.569	20.790	20.790	20.795	29.315	29.315	29.315	248.006
	WORKING CAPITAL				-14.229											-14.229
	DEPRECIATION				9.127	9.127	8.753	8.707	8.707	8.707	8.707	8.702	182	182	182	71.083
	AMORTIZATION				1.219	1.219	1.219	1.219	1.221							6.097
	LOAN	FOREIGN (L)		62.013												62.013
		LOCAL (L)		15.910	14.229											30.139
		LOCAL (S)														0
		(TOTAL)	0	77.923	14.229	0	0	0	0	0	0	0	0	0	0	92.152
	CAPITAL															
	(TOTAL)		0	77.923	28.833	30.443	29.967	29.464	29.497	29.497	29.497	29.497	29.497	29.497	29.497	403.109
CASH OUTFLOW	BLDGS., MACHINERIES			77.923												77.923
	LOAN	FOREIGN (L)				6.201	6.201	6.201	6.201	6.201	6.201	6.201	6.201	6.201	6.204	62.013
		LOCAL (L)				3.013	3.013	3.013	3.013	3.013	3.013	3.013	3.013	3.013	3.012	30.129
		LOCAL (S)														0
		(TOTAL)	0	0	0	9.214	9.214	9.214	9.214	9.214	9.214	9.214	9.214	9.214	9.216	92.142
	INTEREST	FOREIGN (L)			6.201	6.046	5.426	4.806	4.186	3.566	2.946	2.326	1.705	1.085	465	38.758
		LOCAL (L)			2.864	5.289	4.747	4.204	3.662	3.119	2.577	2.034	1.492	949	407	31.344
		LOCAL (S)														0
		(TOTAL)	0	0	9.065	11.335	10.173	9.010	7.848	6.685	5.523	4.360	3.197	2.034	872	70.102
	INCOME TAX				1.537	1.211	1.596	1.859	2.275	3.110	3.516	3.925	7.314	7.721	8.128	42.192
	OTHERS (VAT)				5.032	5.303	5.261	5.217	5.220	5.220	5.220	5.220	5.220	5.220	5.220	57.353
	(TOTAL)		0	77.923	15.634	27.063	26.244	25.300	24.557	24.229	23.473	22.719	24.945	24.189	23.436	339.712
CASH BALANCE	BEFORE INCOME TAX		0	0	14.736	4.591	5.319	6.023	7.215	8.378	9.540	10.703	11.866	13.029	14.189	105.589
	AFTER INCOME TAX		0	0	13.199	3.380	3.723	4.164	4.940	5.268	6.024	6.778	4.552	5.308	6.061	63.397
	BROUGHT FORWARD			0	0	13.199	16.579	20.302	24.466	29.406	34.674	40.698	47.476	52.028	57.336	63.397
	CARRIED FORWARD		0	0	13.199	16.579	20.302	24.466	29.406	34.674	40.698	47.476	52.028	57.336	63.397	126.794
IRR BEFORE INCOME TAX (EQUITY BASE)																
IRR BEFORE INCOME TAX (PROJECT BASE)					-81.26	-27.43	-1.71	11.69	19.36	24.00	26.95	28.89	30.19	31.09	31.73	31.73
IRR AFTER INCOME TAX (PROJECT BASE)					-83.23	-29.80	-4.29	9.07	16.73	21.31	24.23	26.15	27.31	28.12	28.69	28.69
NET PRESENT VALUE BEFORE TAX				-77.923	13.276	25.168	22.515	20.124	18.315	16.650	15.137	13.761	12.510	11.372	10.339	101.235
NET PRESENT VALUE AFTER TAX				-77.923	11.879	24.159	21.316	18.855	16.903	14.895	13.332	11.930	9.408	8.396	7.490	80.637