

APPENDIX I-T-10

Sales Performance and Sales Ratio in DEBS Co.

(Unit: 1,000 SP)

Article Name	Unit	Base year 1995		Planned for 1995			Real 1996			Rate of variation		
		Qty	price value	Qty	Price / value		Qty	price/value		Qty	price value	
					Fixed	Running		Fixed	Running		Fixed	Running
1- Grey cotton yarn	Ton	607	67,876	1121	120,446	141,874	376	42,045	43,335	34%	35%	31%
2- Polyester yarn mixed with fibre	Ton	5	336	73	4,918	5,840	4	269	427	5%	5%	7%
3- Bleached and Dyed yarn	Ton	122	14,819	84	10,054	11,865	107	12,995	15,140	127%	129%	128%
4- Cotton Thread waste	Ton	26	1,255	41	1,886	2,075	15	724	738	37%	35%	35%
5- Total of yarn	Ton	764	84,285	1319	137,314	161,634	502	56,034	59,640	38%	41%	37%
6- Grey cotton fabrics	Ton	1,627		1396			1,909			137%		
	1000 M	9401	243,902	6803	190,484	240,947	10,013	259,753	305,722	147%	136%	127%
7- Bleached Fabrics	Ton	503	97,156	295	71,800	15,892	385	72,943	76,196	389%	618%	451%
	1000 M	1,503	101,397	1,750	115,500	146,585	1,054	62,192	92,185	79%	54%	65%
8- Dyed and coloured Fabrics	Ton	400		941			216			23%		
	1000 M	2,285	77,252	6,050	193,600	280,285	1,208	40,840	44,605	20%	21%	16%
9- Printed Fabrics	Ton	2,957		2,874			2,856			99%		
	1000 M	15,753	519,707	14,898	511,384	684,710	14,199	435,728	518,709	95%	85%	76%
11- Waste- Ralish	Ton	42	1,200	150	2,885	2,700	80	2,285	2,924	53%	79%	108%
12- Profits from preparing for others			279					15	15			
13- Selled service			163		200	200		32	32		16%	16%
14- Sub total of Internal sales			605,635		651,783	849,254		494,094	581,320		76%	68%

APPENDIX I-T-10

Sales Performance and Sales Ratio in DEBS Co.

(Unit: 1,000 SP)

Article Name	Unit	Base year 1995		Planned for 1995			Real 1996			Rate of execution		
		qty	price value	qty	Price / value		qty	price/value		qty	price value	
					Fixed	Running		Fixed	Running		Fixed	Running
1- Grey cotton yarn	Ton	607	67,876	1121	120,446	141,874	376	42,045	43,335	34%	35%	31%
2- Polyester yarn mixed with fibre	Ton	5	336	73	4,918	5,840	4	269	427	5%	5%	7%
3- Bleached and Dyed yarn	Ton	122	14,819	84	10,054	11,865	107	12,995	15,140	127%	129%	128%
4- Cotton Thread waste	Ton	26	1,255	41	1,886	2,075	15	724	738	37%	35%	35%
5- Total of yarn	Ton	764	84,285	1319	137,314	161,634	502	56,034	59,640	38%	41%	37%
6- Grey cotton fabrics	Ton	1,627	243,902	6805	190,484	240,947	1,909	259,753	305,722	137%	156%	127%
7- Bleached Fabrics	Ton	503	97,156	295	71,800	15,892	385	72,943	76,196	389%	618%	451%
8- Dyed and coloured Fabrics	Ton	427	101,397	1,750	115,500	146,585	345	62,192	92,185	79%	54%	63%
9- Printed Fabrics	Ton	400	77,252	6,050	193,600	280,285	216	40,840	44,605	23%	21%	16%
10- Total of Fabrics	Ton	2,957	519,707	2,874	511,384	684,710	2,856	435,728	518,709	99%	85%	76%
11- Waste- Ralish	Ton	42	1,200	150	2,885	2,700	80	2,285	2,924	53%	79%	108%
12- Profits from preparing for others			279					15	15			
13- Selled service			163		200	200		32	32		16%	16%
14- Sub total of internal sales			605,655		651,783	849,254		494,094	581,320		76%	68%

APPENDIX I-T-11
Balance Sheet in DEBS Co.
"ASSET"

A-1

Year 1995 SP	account No.	Title	Partial SP	Year 1996 Total, SP
		(1)- Fixed assets		
		(2)- Works in progress.		
		(3)- Stocks.		
		(4)- Debtors.		
		(5) -different Debit accounts		
		(6) -Subtotal of loss during financial cycles.		
		(7)- Debtors of capital loans		
		(8)- disposables		
		(9)- Creditors		
		(10)- Different Credit accounts		
		(11)- Regular accounts		
160,383,456.56	11	1- Fixed assets		171,754,845.53
498,737.72	111	1-i- Lands	498,737.72	
25,589,352.86	112	1-2- Bulding Construction - public Service (Civil Engineering)	25,589,352.86	
125,653,044.77	113	1-3- Machines + Equipments	135,871,549.04	
2,907,402.11	114	1-4- Transport media	2,993,402.11	
1,627,582.76	115	1-5-Tools + Moulds	1,863,223.76	
2,931,780.15	116	1-6- Furniture for offices	3,763,023.85	
1,175,556.19	118	1-7- Establishment cost.	1,175,556.19	
6,014,716.97	12	2- Works in progress		958,295.70
	122	2-1- Building construction (Civil Engineering)	813,990.05	
	123	2-2- Machine and Equipment on production centers	144,305.64	

APPENDIX I-T-11
 Balance Sheet in DEBS Co.
 "ASSET"

Year 1995 SP	account No.	Title	Partial SP	Year 1996 Total, SP
		(1)- Fixed assets		
		(2)- Works in progress		
		(3)- Stocks		
		(4)- Debtors		
		(5) -different Debit accounts		
		(6) -Subtotal of loss during financial cycles		
		(7)- Debtors of capital loans		
		(8)- disposables		
		(9)- Creditors		
		(10)- Different Credit accounts		
		(11)- Regular accounts		
160,383,456.56	11	1- Fixed assets		171,754,845.55
498,737.72	111	1-1- Lands	498,737.72	
25,589,352.86	112	1-2- Building Construction - public Service (Civil Engineering)	25,589,352.86	
125,653,044.77	113	1-3- Machines + Equipments	135,871,549.04	
2,907,402.11	114	1-4- Transport media	2,995,402.11	
1,627,582.76	115	1-5-Tools + Moulds	1,863,223.76	
2,931,780.15	116	1-6- Furniture for offices	3,763,023.85	
1,175,556.19	118	1-7- Establishment cost.	1,175,556.19	
6,014,716.97	12	2- Works in progress		958,295.70
	122	2-1- Building construction (Civil Engineering)	813,990.05	
	123	2-2- Machine and Equipment on production centers	144,305.64	

Balance Sheet in DEBS Co.
"ASSETS"

A-2

Year 1996

Year 1995 SP	account No.	Title	Partial SP	Year 1996 Total, SP
160,229,563.86	13	3- Stocks		180,615,385.48
6,996,159.95	1,311	3-1- Raw material	16,675,694.90	
70,803,361.66	1,312	3-2- Auxiliary material	68,405,910.03	
4,193,300.81	1,313	3-3-Oil stock (Lubrication)	4,614,393.34	
70,393,932.57	1,314	3-4- Spare parts stock	84,808,088.01	
1,060,225.00	1,315	3-5-packing material	909,250.00	
2,487,056.70	1,316	3-6- Production waste**	1,670,594.85	
702,203.94	1,317	3-7- Building materials	687,493.70	
3,593,323.23	1,319	3-8- Other General stock	2,843,960.65	
22,409,705.19	132	3-9- Uncomplete production	29,711,181.12	
419,291,320.20	133	3-10- Complete production	447,577,981.56	
13,602,833.86	134	3-11-Value of preparing production outside (by others)	13,836,509.60	
128,813.47	136	3-12- Documentary credits (L/C)	465,644.46	
615,807,145.09	16	4- Debtors		652,998,153.48
563,149,294.32	161	4-1- Customers	618,085,507.38	
13,300.00	162	4-2- Receiving papers (Bill note)	13,300.00	
52,644,550.77	163	4-3- Insurance (Bid Bond) and down -payment (in advance)	34,899,346.10	
338,464,508.21	17	5-Different debit accounts		405,611,883.35
161,413,557.48	172	5-1- Other debit balances	217,203,132.09	
8,296,422.50	174	5-2- Down payment specialized current expenses	8,209,171.30	
168,754,528.23	175	5-3- Depreciation specialized for GOTI	180,208,579.96	
161,132,163.09		6- Subtotal loss during financial cycles		168,100,951.37

* - Such as Dye stuffs.

** - From spinning and weaving.

Balance Sheet in DEBS Co.
"ASSETS"

A-2

Year 1996

Year 1995 SP	account No.	Title	Partial SP	Year 1996 Total SP
160,229,563.86	13	3- Stocks		180,615,385.48
6,996,159.95	1,311	3-1- Raw material	16,675,694.90	
70,803,361.66	1,312	3-2- Auxiliary material	68,405,910.03	
4,193,300.81	1,313	3-3- Oil stock (Lubrication)	4,614,393.34	
70,393,932.57	1,314	3-4- Spare parts stock	84,808,088.01	
1,060,225.00	1,315	3-5- packing material	909,250.00	
2,487,056.70	1,316	3-6- Production waste**	1,670,594.85	
702,203.94	1,317	3-7- Building materials	687,493.70	
3,593,323.23	1,319	3-8- Other General stock	2,843,960.65	
22,409,705.19	132	3-9- Uncomplete production	29,711,181.12	
419,291,320.20	133	3-10- Complete production	447,577,981.56	
13,602,833.86	134	3-11- Value of preparing production outside (by others)	13,836,509.60	
128,813.47	136	3-12- Documentary credits (L/C)	465,644.46	
615,807,145.09	16	4- Debtors		652,998,153.48
563,149,294.32	161	4-1- Customers	618,085,507.38	
13,300.00	162	4-2- Receiving papers (Bill note)	13,300.00	
52,644,550.77	163	4-3- Insurance (Bid Bond) and down -payment (in advance)	34,899,346.10	
338,464,508.21	17	5- Different debit accounts		405,611,883.35
161,413,557.48	172	5-1- Other debit balances	217,203,132.09	
8,296,422.50	174	5-2- Down payment specialized current expenses	8,200,171.30	
168,754,528.23	175	5-3- Depreciation specialized for GOTI	180,208,579.96	
161,132,163.09		6- Subtotal loss during financial cycles		168,100,951.37

* - Such as Dye stuffs.

** - From spinning and weaving.

Balance Sheet in DEBS Co
"ASSETS"

Year 1995 SP	Account No.	Title	Partial SP	Year 1996 Total, SP
		7- Debtors of capital loans (amount)		277,500,000.00
7,779,146.54	18	8- Disposable		48,754,867.30
7,138,347.44	182	8-1- Bank account	45,664,725.20	
640,799.10	185	8-2- Under-collect cheques	3,081,142.10	
10,408,645.12	26	9- Creditors		21,920,987.92
447,969.61	261	9-1- Suppliers	1,021,372.61	
9,960,675.51	263	9-2- Different Creditors	20,899,615.31	
1,013,844.37	27	10- Different Credit accounts		7,312,744.97
1,013,844.37	272	10-1- different Creditors	7,312,744.94	
107,174.85	19	11- Regular accounts		60,763.00
107,174.85	191	11-1- Value of goods to be prepared (from outside)	60,763.00	
1,916,773,037.43		Total	2,427,171,194.84	2,427,171,194.84



Balance Sheet in DEBS Co
"ASSETS"

Year 1995 SP	account No.	Title	Partial SP	Year 1996 Total, SP
		7- Debtors of capital loans (amount)		277,500,000.00
7,779,146.54	18	8- Disposable		48,754,867.30
7,138,347.44	182	8-1- Bank account	45,664,725.20	
640,799.10	185	8-2- Under-collect cheques	3,081,142.10	
10,408,645.12	26	9- Creditors		21,920,987.92
447,969.61	261	9-1- Suppliers	1,021,372.61	
9,960,675.51	263	9-2- Different Creditors	20,899,615.31	
1,013,844.37	27	10- Different Credit accounts		7,312,744.97
1,013,844.37	272	10-1- different Creditors	7,312,744.94	
107,174.85	19	11-Regular accounts		60,763.00
107,174.85	191	11-1- Value of goods to be prepared (from outside)	60,763.00	
1,916,773,097.43		Total	2,427,171,194.84	2,427,171,194.84

Balance Sheet in DEBS Co.
"REQUIREMENT"

RI

Year 1995 SP	account No.	Title	partial	Year 1996 Total, SP
		(1)-Capital		
		(2)- Reserves		
		(3)- Depreciation.		
		(4)- Provision		
		(5)- Creditors		
		(6)- Different Credit account.		
		(7)-Debitors		
		(8)- Different debit account		
199,061,667.26	21	1- Capital		496,508,667.26
125,500,000.00	211	1-1- Paid-up capital	125,500,000.00	
	212	1-2- Unpaid-up capital	277,500,000.00	
73,561,667.26	213	1-3- Investments excuting of the plan	93,508,667.26	
51,625,165.22	22	2-Reserves		69,196,855.87
1,153,115.64	221	2-1- Legal reserves*	1,153,115.64	
1,770,410.01	223	2-2- Reserve of industrial expanding.	1,770,410.01	
48,701,639.57	225	2-3- Reserve of increase of fixed assets price	54,136,500.97	
12,136,829.25	227	2-4- Accumulation of extra Balance	12,136,829.25	
132,621,739.51	23	3- Depreciations		138,640,929.84
20,341,399.92	232	3-1 Building construction depreciations.	21,041,770.71	
106,031,956.20	233	3-2 Machines and Equipments	110,888,589.22	

* 10% as per rules in force from profits us covering loss.

Balance Sheet in DEBS Co.
"REQUIREMENT"

R-2

Year 1995 SP	account No.	Title	Partial SP	Year 1996 Total SP
1,956,202.57	234	3-3- Transport media.	2,136,877.57	
1,389,651.16	235	3-4- Tools and moulds	1,499,220.35	
1,915,678.44	236	3-5- Furniture.	2,087,600.77	
986,871.22	238	3-6- Establishment Cost	986,871.22	
	24	4- Provisions		51,080,585.28
45,098,410.28	249	4-1- Other Provisions	51,080,585.28	
1,076,521,864.93	26	5- Creditors		1,217,495,133.33
1,002,896,775.73	261	5-1- Suppliers	1,132,475,883.75	
2,351,097.60	262	5-2- Payer effects	2,314,942.60	
71,208,422.00	263	5-3- Different Creditors	82,639,534.38	
65,572.60		5-4- Creditors for previous profits distribution	65,572.60	
313,664,659.94	27	6- Different Credit account		363,012,163.26
10,004,930.96	272	6-1- different Creditors	7,316,850.56	
109,553,501.93	273	6-2- Other Credit balance	147,668,506.82	
25,351,698.82	274	6-3- Due runing specialized expenditures.	25,062,298.77	
168,754,528.23	276	6-4- Accumulation of depreciations and runing accounts in the company in favour of GOT]	180,208,579.96	
1,541,161.65	279	6-5- Due unpaid	2,755,927.15	

Balance Sheet in DEBS Co.
"REQUIREMENT"

Year 1995 SP	account No.	Title	Partial SP	Year 1996 Total, SP
	16	7- Debtors		28,023,785.03
22,308,550.76	161	7-1 Customers	28,023,785.03	
107,174.85	291	7-2 The value of goods for others in our company	60,763.00	
		8- Different debit accounts		63,152,311.97
59,878,876.35	1,733	8-1- Due unpaid interests	60,151,715.29	
2,099,361.68	172	8-2- Other Credit balances for other debit account	3,000,596.68	
107,572.75	136	8-3- Documentary Credits	-	
		Buy (L/C)		
1,916,773,037.43		Total	2,427,171,194.84	2,427,171,194.84

Balance Sheet in DEBS Co.
"REQUIREMENT"

Year 1995 SP	account No.	Title	Partial SP	Year 1996 Total, SP
	16	7- Debitors		28,023,785.03
22,308,550.76	161	7-1 Customers	28,023,785.03	
107,174.85	291	7-2 The value of goods for others in our company	60,763.00	
		8- Different debit accounts		63,152,311.97
59,878,876.35	1,733	8-1- Due unpaid interest	60,151,715.29	
2,099,361.68	172	8-2- Other Credit balances for other debit account	3,000,596.68	
107,572.75	136	8-3- Documentary Credits		
		Buy (L/C)		
1,916,773,027.43		Total	2,427,171,194.84	2,427,171,194.84

APPENDIX I-T-12

Profit and Loss Statement in DEBS Co.

(Unit: SP)

1995	Title - Credit	1996	1995	Title Debit	1996
24,791,349.50	1- The profit of purchasing	9,284,658.89	2,126,373.46	1- Administrative and financial expenses	8,480,966.76
148,816.26	2- Bank interests and capitals	220,696.04	2,167,632.84	2- Last years expenses	1,999,885.91
8,974.00	3- Credit waging	7,740.00	1,841,826.92	3- Wages against end of service	1,863,275.17
16,276,222.58	4- Revenue of Previous years	128,458.02	3,806,488.00	4- Burden of provisions	9,007,755.00
105,774.94	5- Profits of Grey sales	1,110,818.63	612,556.19	5- Bank Interests and commissiing	497,778.00
1,655,908.05	6- Different Revenues	198,919.79	2,431.11	6- The loss of Farm	587,003.98
503,770.40	7- Goods and material (Smoothing)	119,559.52	59,767,703.40	7- Interests of deley of public sector payback	
562,838.30	8- waste sales- cotton - Thread	4,315,859.15	20,000.00	8- Commissions of debentures discount	
966,550.00	9- Capital profits		3,869,182.54	9- Interests of debit bin	
	10- Revenue of manufacturing for others	2,000.00			
	11- Revenue of goods transportation	79,166.50			
36,093,990.53	12- The loss of cycle (Financial one year)	6,968,788.28			
81,214,194.56	- Total	22,436,664.82	81,214,194.56	Total	22,436,664.82

APPENDIX I-T-12
Profit and Loss Statement in DEBS Co.

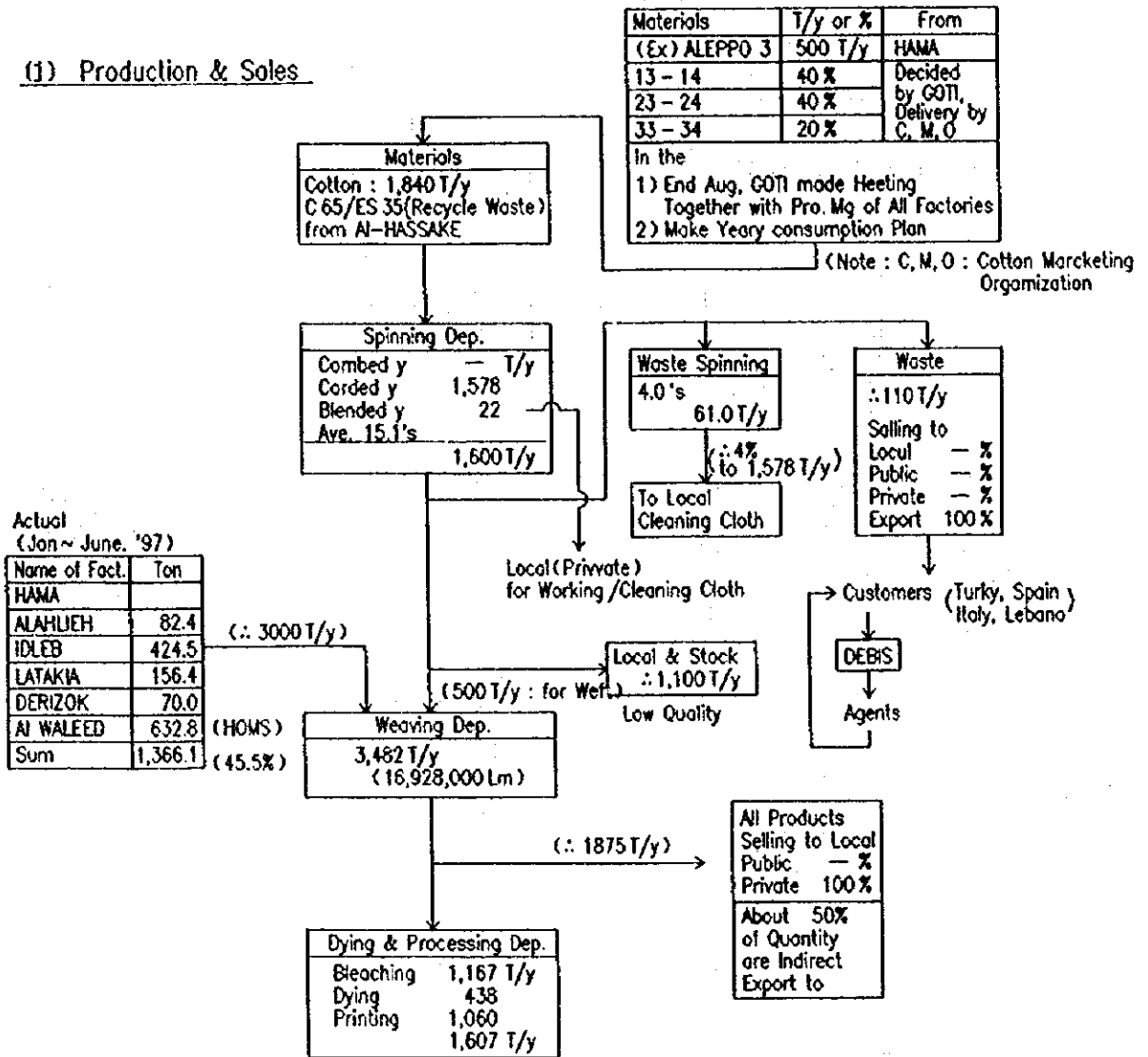
(Unit: SP)

1995	Title - Credit	1996	1995	Title Debit	1996
24,791,349.50	1- The profit of purchasing	9,284,658.89	2,126,373.46	1- Administrative and financial expenses	8,480,966.76
148,816.26	2- Bank interests and capitals	220,696.04	2,167,632.84	2- Last years expenses	1,999,885.91
8,974.00	3- Credit waging	7,740.00	1,841,826.92	3- Wages against end of service	1,863,275.17
16,276,222.58	4- Revenue of Previous years	128,458.02	3,806,488.00	4- Burden of provisions	9,007,755.00
105,774.94	5- Profits of Grey sales	1,110,818.63	612,556.19	5- Bank interests and commission	497,778.00
1,655,998.05	6- Different Revenues	198,919.79	2,431.11	6- The loss of Farm	587,003.98
503,770.40	7- Goods and material (Smoothing)	119,559.52	59,767,703.40	7- Interest of delay of public sector payback	
562,838.30	8- waste sales- cotton - Thread	4,315,859.15	20,000.00	8- Commissions of debentures discount	
966,550.00	9- Capital profits		3,869,182.54	9- Interest of debit bin	
	10- Revenue of manufacturing for others	2,000.00			
	11- Revenue of goods transportation	79,166.50			
36,095,990.53	12- The loss of cycle (Financial one year)	6,968,788.28			
51,214,194.56	- Total	22,436,664.82	81,214,194.56	Total	22,436,664.82

APPENDIX I-F-1

Production Flow Diagram

(I) Production & Sales

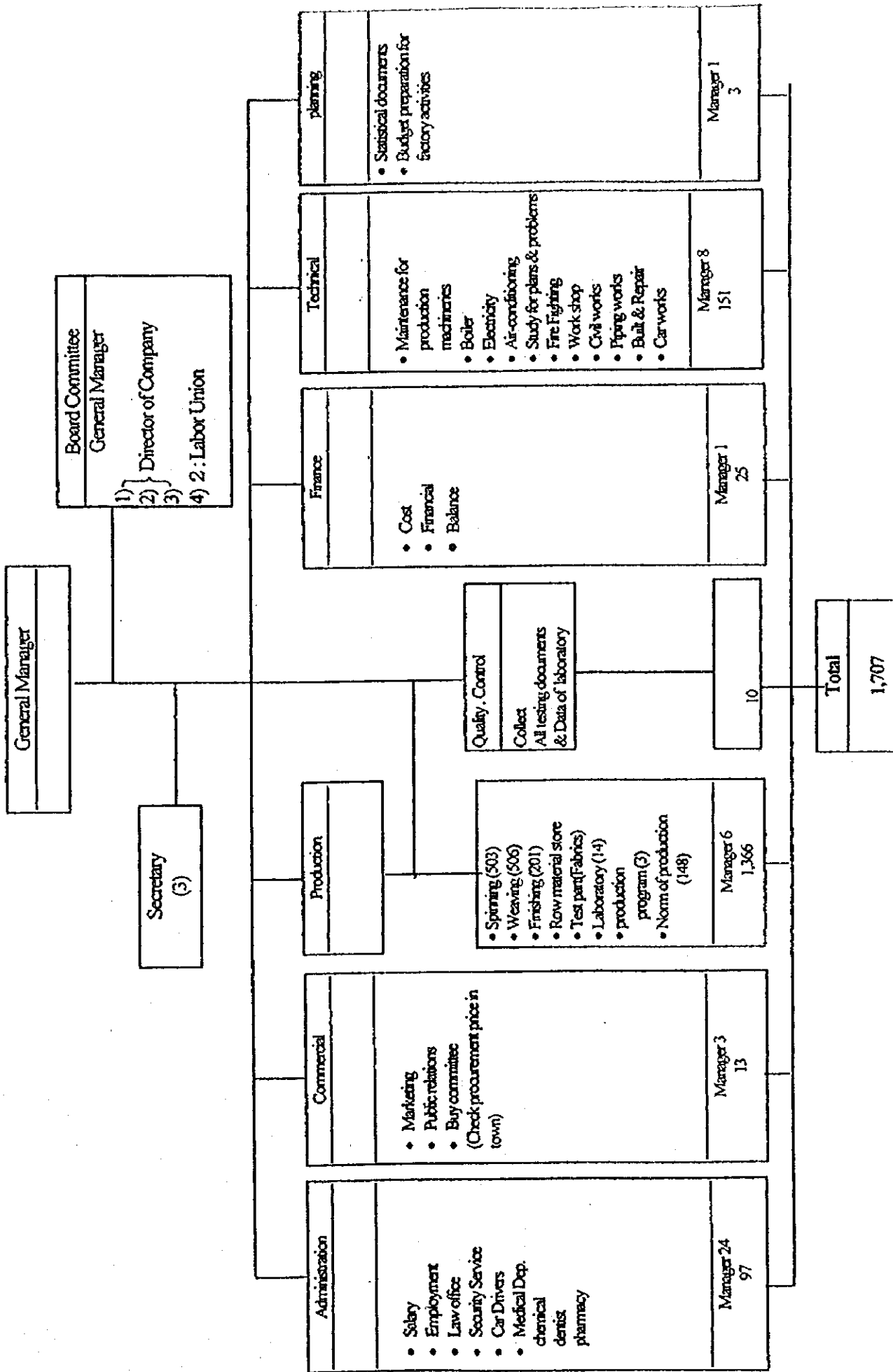


(II) Stock of Products (At present)

Rate : 43 SL/\$

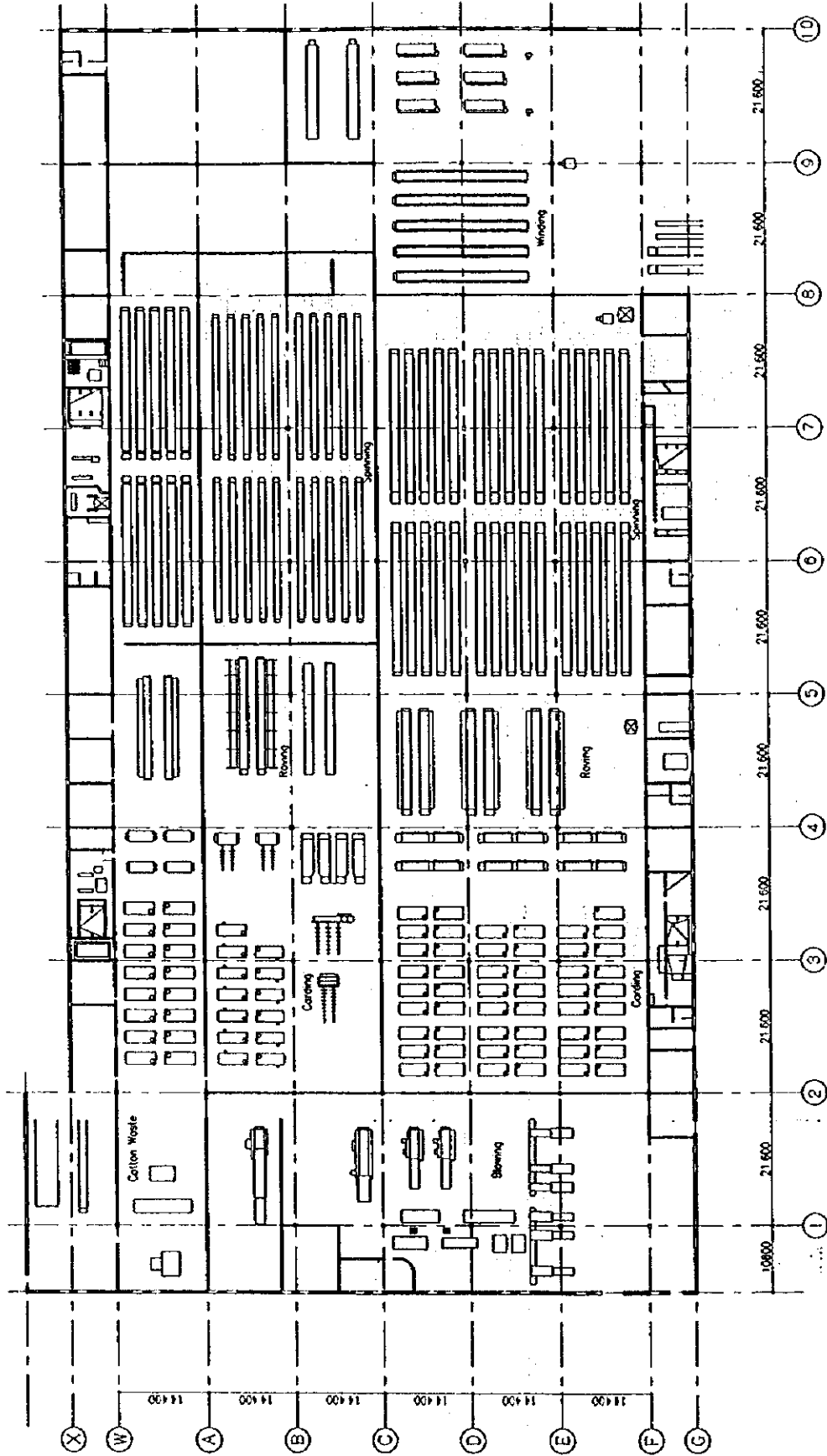
	Yarn	Grey Fabi:	Dyed/Printed	Others
Quantity	400 T	9,500,000 M	2,000,000 M	0 T
Estimate Value	1.6 Mus \$	6.9 MUS \$	2.0 MUS \$	(Total) 10.5 MUS \$
Rwmarks	due to Low Quality	due to Low Quality	due to Low Quality	

(III) ORGANIZATION of U.A.C.I

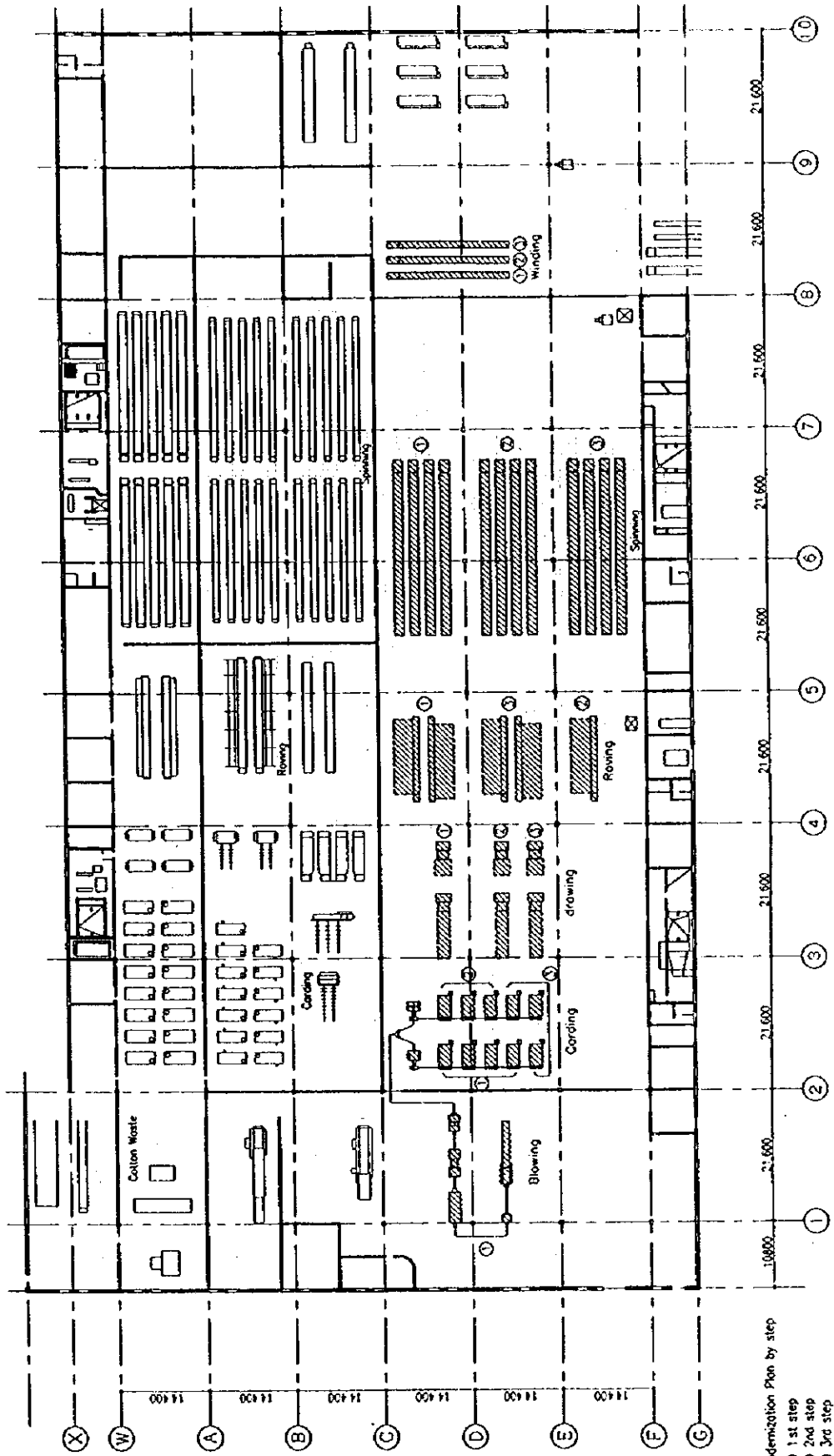


APPENDIX I-F-3

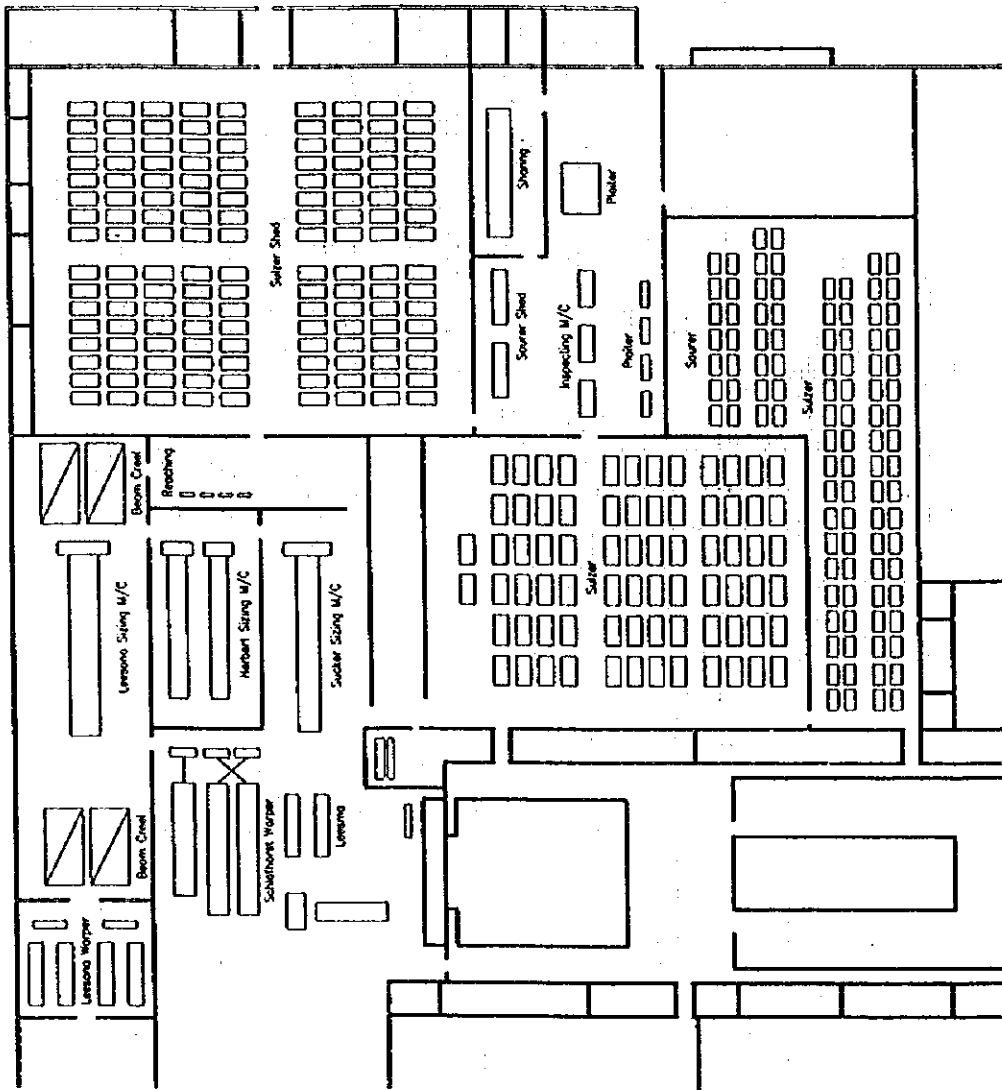
United Arab Company for Industry
Spinning Section Layout (Existing)



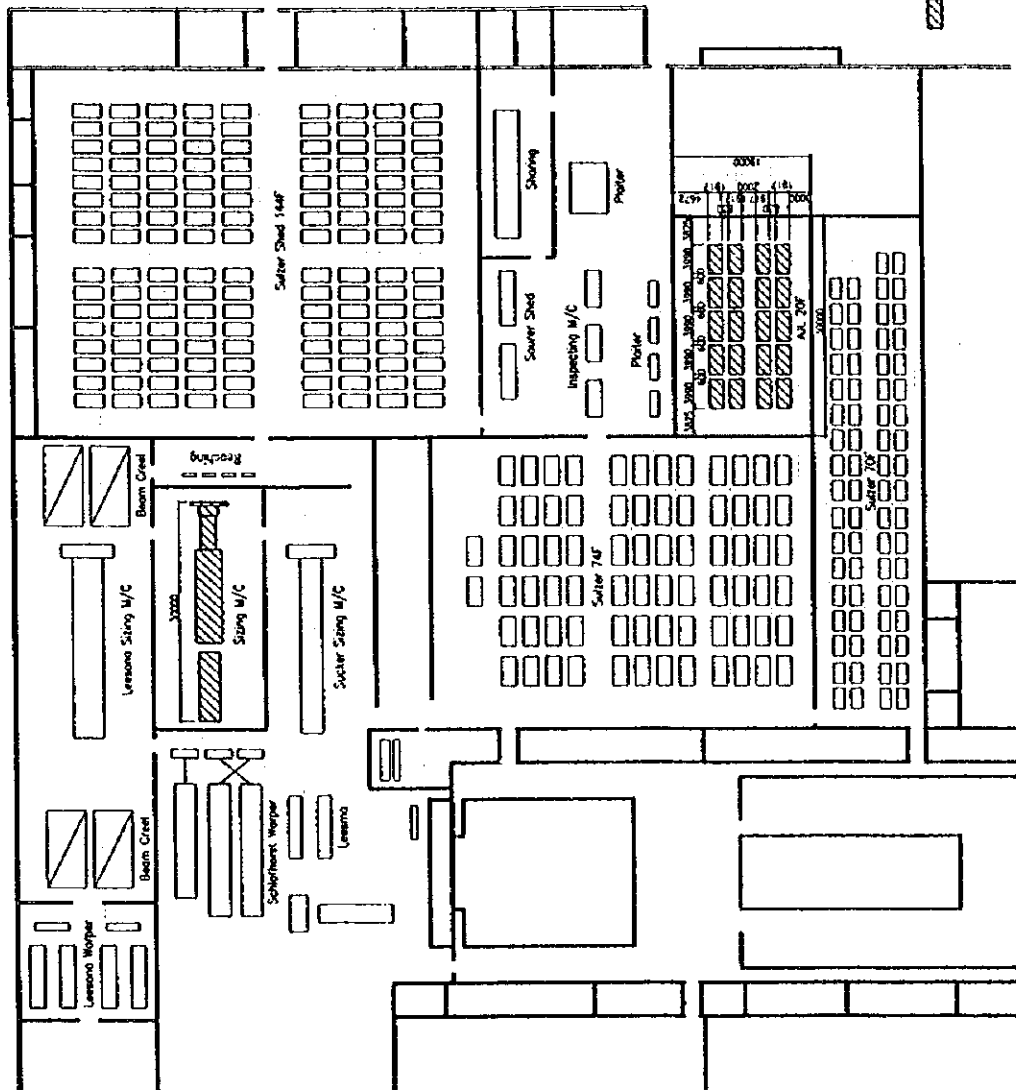
APPENDIX I-F-4
 United Arab Company Industry
 Spinning Section Layout (Modernization)



APPENDIX I-F-5
 United Arab Company for Industry
 Weaving Section Layout (Existing)



APPENDIX I-F-6
 United Arab Company for Industry
 Weaving Section Layout (Modernization Plan)



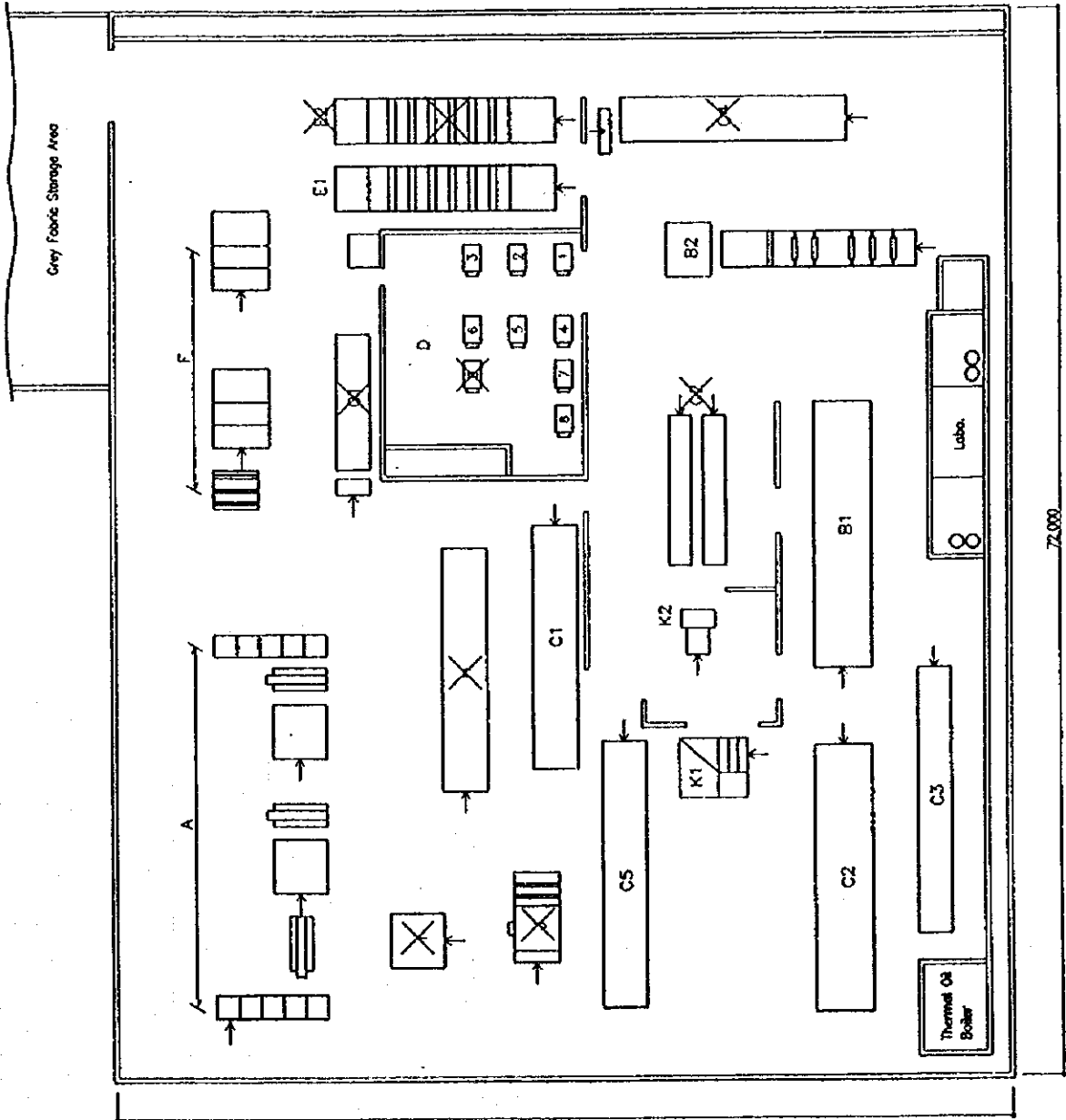
APPENDIX I-F-7

Flow Chart of Dyeing & Finishing Process

No.	Machine	Material Process	Cotton (60' w)			Cotton (100' w)	
			* White	Dye	Print	* White	Dye
1	Singeing & Desizing M/C		●	●	●	●	●
2	Jigger for Bleaching M/C		●	●	●	●	●
3	Cylinder Dryer		○	○	○	○	○
4	Mercerizing M/C		●	●	●	●	●
5	Jigger for Dyeing		○	●	○	○	○
6	Cylinder Dryer		○	○	○	○	○
7	Stenter for Pre-Printing M/C		○	○	○	○	○
8	Rotary Screen Printing M/C		○	○	○	○	○
9	Baking M/C		○	○	○	○	○
10	Finishing Stenter		○	○	●	●	●
11	Colender		○	○	○	●	●
12	Sanforizing M/C		●	●	●	●	●
13	Inspecting M/C		○	○	○	○	○
14	Doubling & Winding M/C		○	○	○	○	○
15	Packing & Shipping		○	○	○	○	○

Note : ● Newly replaced machine
 ○ A little difficult when the fabric wider than 100' will be processed.
 ○ Existing machine shall be utilized after maintenance.
 * Yarn dyed fabric process will be same as white finishing fabric.

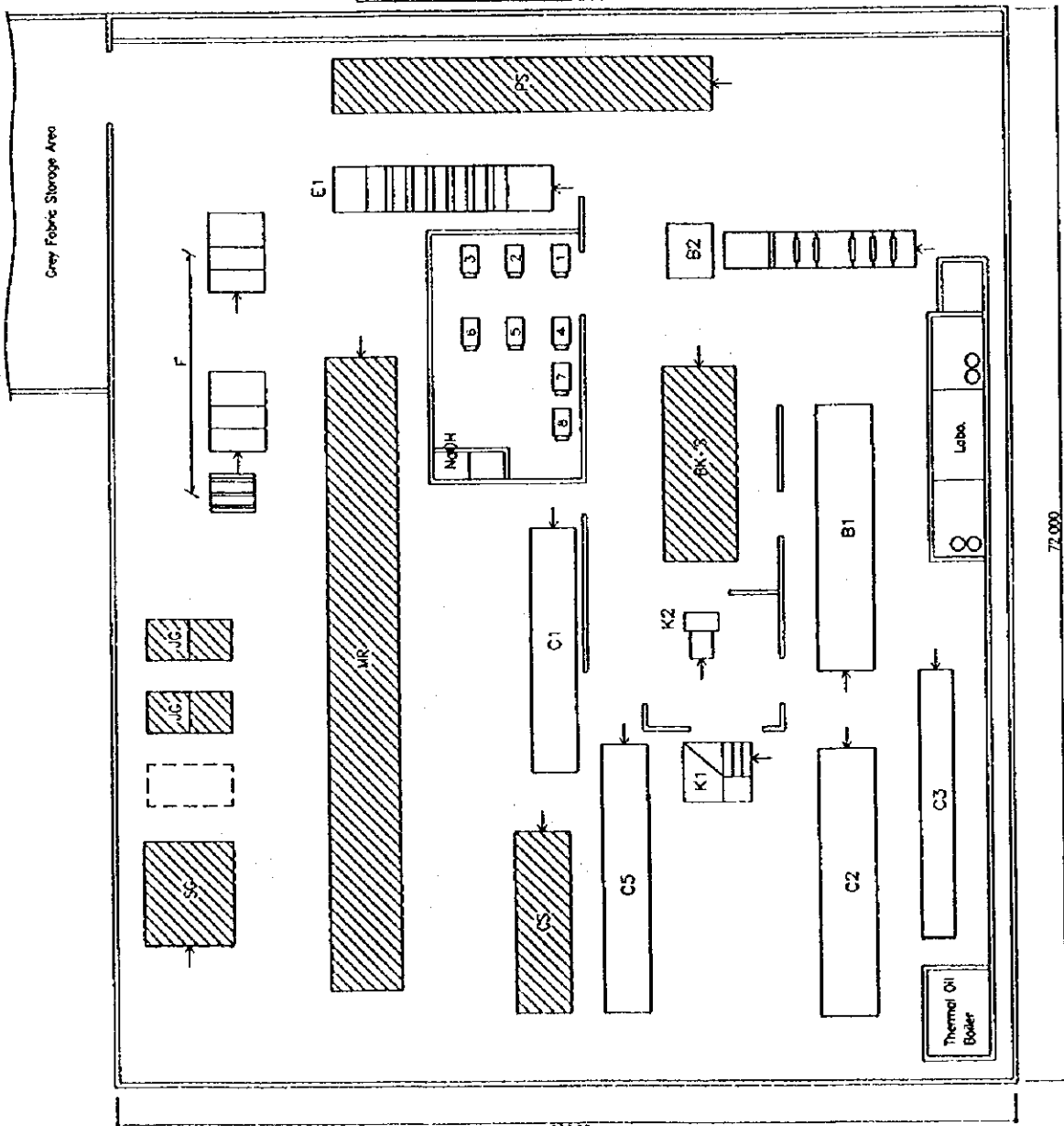
APPENDIX I-F-8
 United Arab Company for Industry
 Dyeing and Finishing Section Layout (Existing)



A	- Bleaching Line (J-Box)	Siger (Germany)	Mfg. 1958
B1	- Printing Machine	Zimmer (Dutch)	Mfg. 1969
B2	- Roller Printing Machine	(Japan)	Mfg. 1956
C1	- Stenter	Kranz (Germany)	Mfg. 1969
C2	- Stenter	Monforts (Germany)	Mfg. 1976
C3	- Stenter	Monforts (Germany)	Mfg. 1958
C4	- Stenter	Dobor (Hambold)	Mfg. 1957
C5	- Stenter	Atros (Germany)	Mfg. 1960
D1 ~ 5	- Jigger	Gerber (English)	Mfg. 1958
D6 ~ 8	- Jigger	Benger (Germany)	Mfg. 1959
D9	- Padding Machine	Monforts (Germany)	Mfg. 1958
E1	- Washing Machine	Goler ()	Mfg. 1974
E2	- Washing Machine	Clinowever (Germany)	Mfg. 1958
F	- Cylinder Dryer	Monforts (Germany)	Mfg. 1958
G1	- Colour Fixing Machine	Monforts (Germany)	Mfg. 1958
G2	- Steamer x 2	Clinowever (Germany)	Mfg. 1958
H	- Mercerizing Machine	Gerber (English)	Mfg. 1956
I	- Fire Engine	Walker (English)	Mfg. 1957
J	- Shrinking Machine	Hanter (English)	Mfg. 1959
K1	- Calender	Clinowever (English)	Mfg. 1957
K2	- Calender	Romisch (Germany)	


Note: X Sign M/C are not used at present.

APPENDIX I-F-9
 United Arab Company for Industry
 Dyeing & Finishing Section (Modernization - 1st Step)

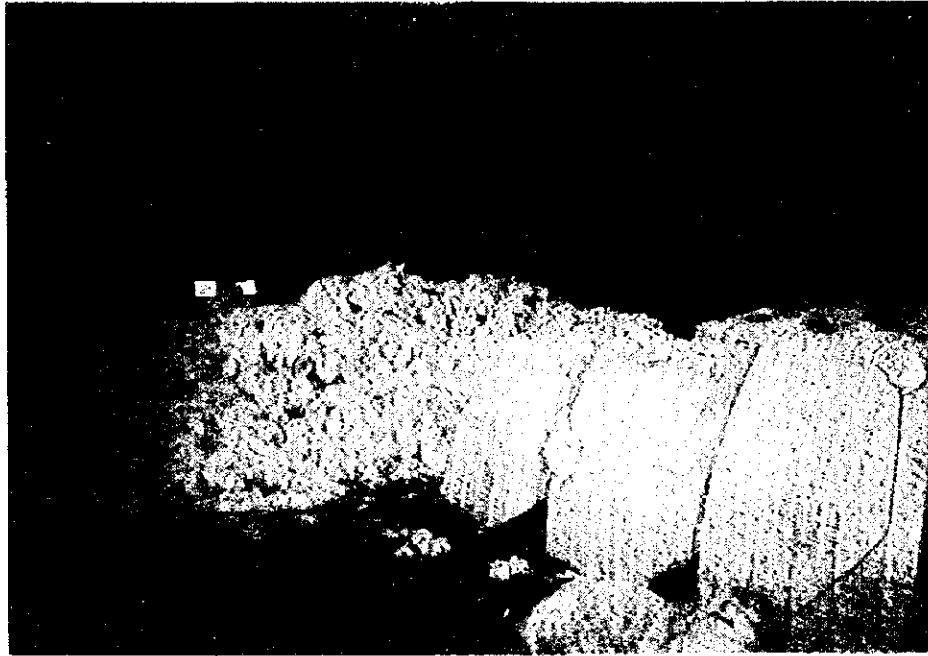


< Replaced New Machine List >

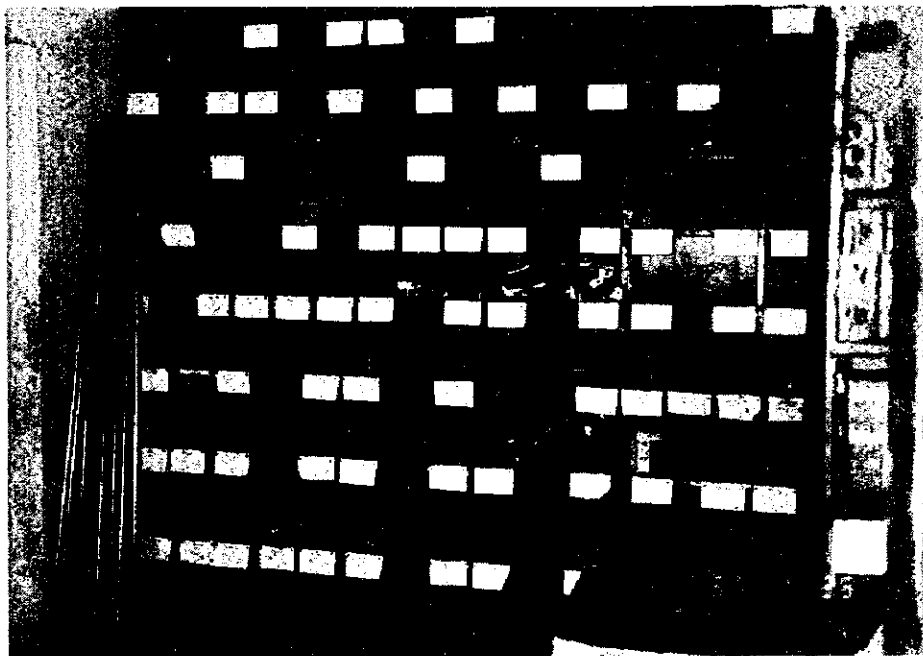
No. Index	Machine Name	Set/Width	Note
1	SC Singeing & Desizing M/C	1 3000	Batch up type
2	JG Large Batch Jigger for Bleaching	1 3000	Approx. 3000m/ Batch
3	JC Large Batch Jigger for Dyeing	1 3000	Approx. 3000m/ Batch
4	MR Macerizing M/C	1 2000	chain type
5	CS Compressive Shrimking M/C	1 2000	
6	BK-S Baking & Steaming M/C	1 2000	Cap: 140m
7	PS Pod Steam & Washing M/C	1 2000	

Note :  Sign M/C Shall be replaced at the 1st Step Modernization Plan

APPENDIX I-P-1 BAD CONDITION OF WASTE BEFORE BEING PUT INTO MACHINE



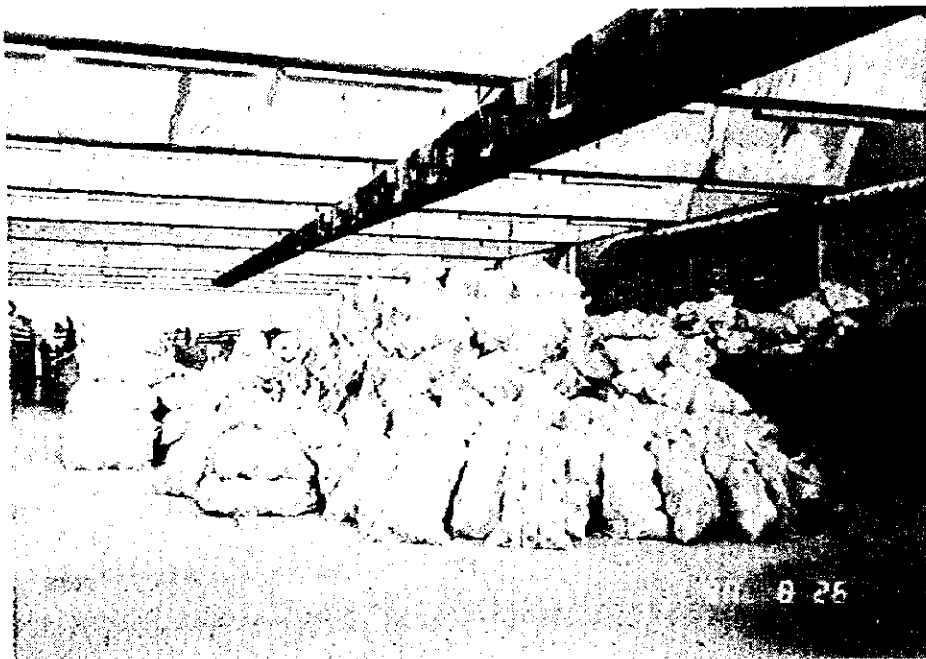
APPENDIX I-P-2 STORAGE CONDITION OF SPARE PARTS



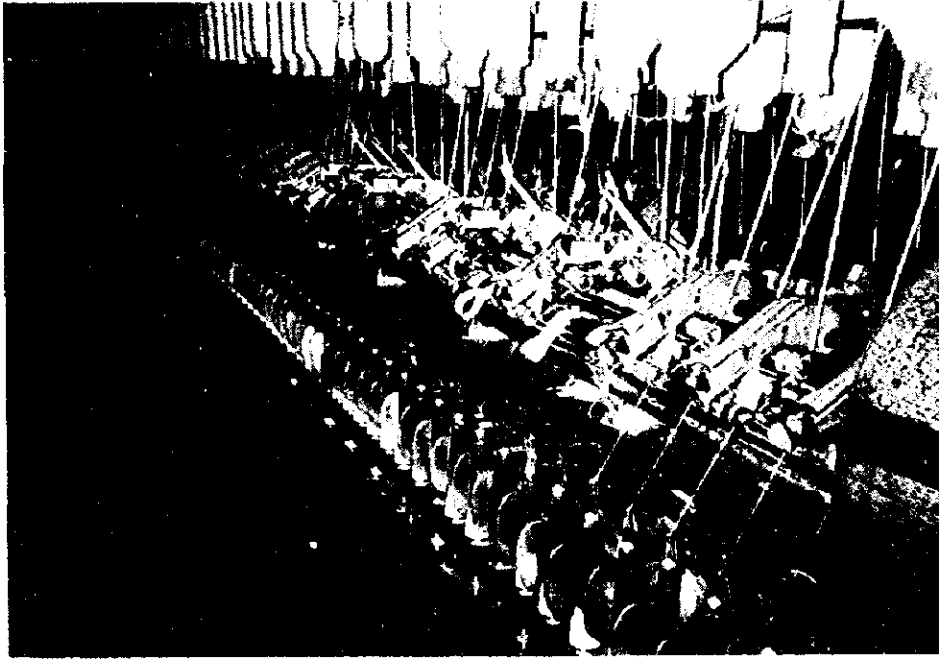
APPENDIX I-P-3 EXTRAORDINARY YARN STOCK



APPENDIX I-P-4 YARN BAGS PUT EVERYWHERE



APPENDIX I-P-5 MANY BROKEN YARNS AND EMPTY SPINDLES



APPENDIX I-P-6 CHEESE OF YARN IMPROPERLY PILED



APPENDIX I-P-7 EXTRAORDINARY GRAY FABRIC STOCK



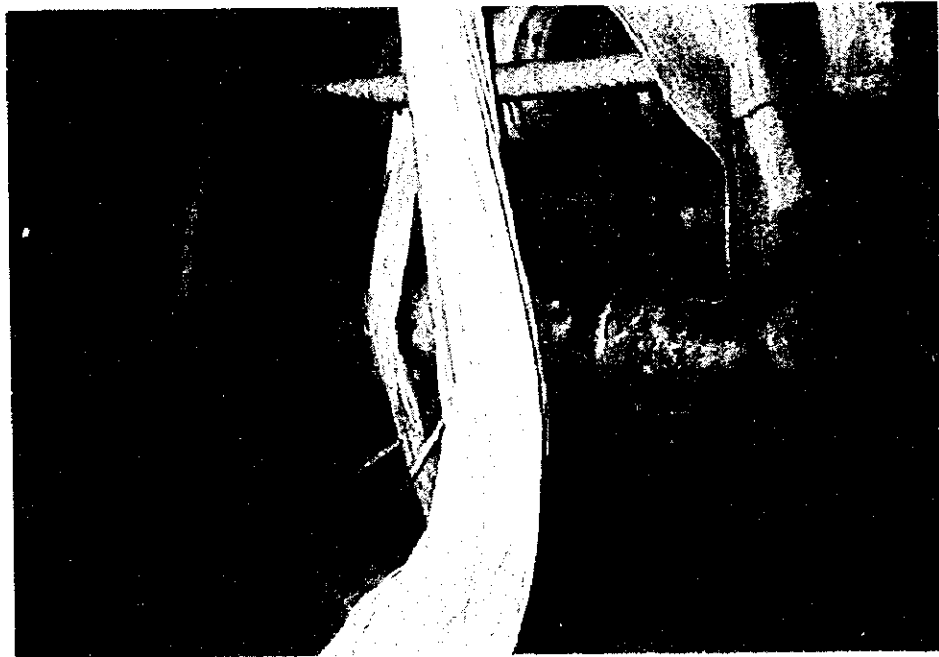
APPENDIX I-P-8 BATCH-UP ROLL ATTACHED WITH MANY OF EDGE YARN



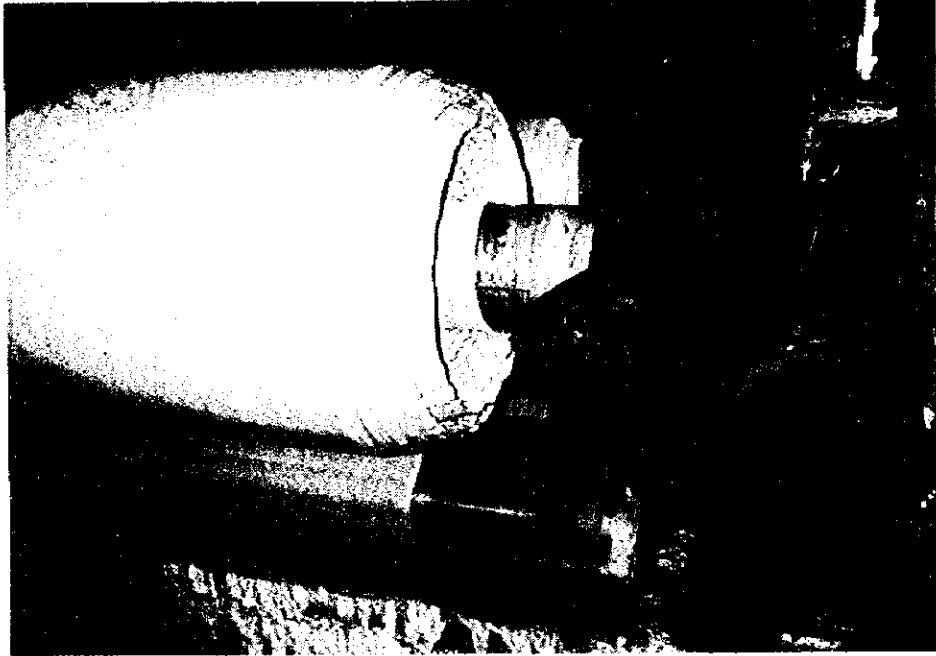
APPENDIX I-P-9 SURFACE OF RUBBER ROLL DETERIORATED AND WORNOUT



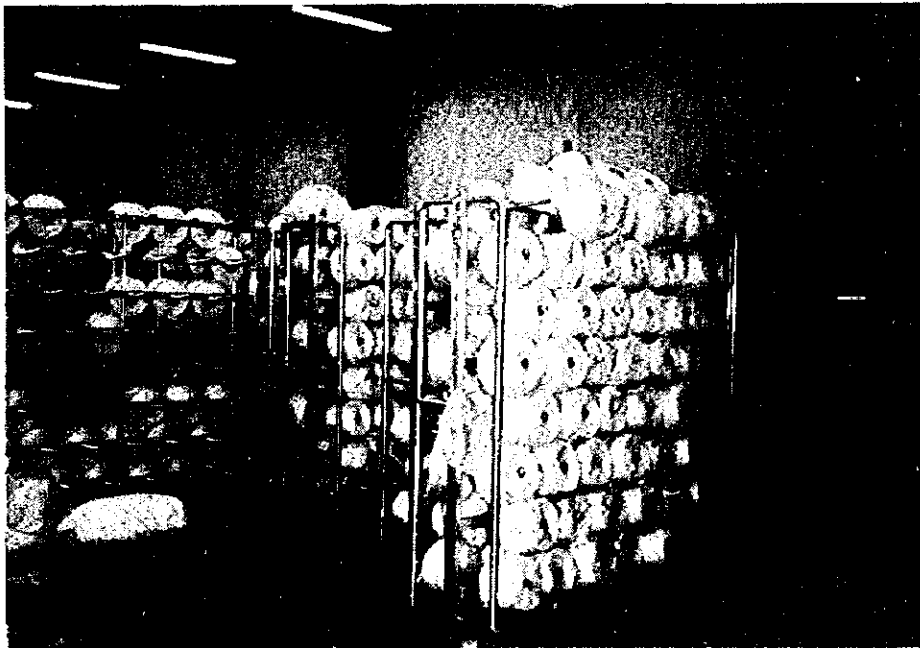
APPENDIX I-P-10 SILICON SCALE AND RUST GENERATED IN ROPE WASHER AND IMPROPER TENSION CONTROL



APPENDIX I-P-11 DEFECTIVE CENTERING OF JIGGER



APPENDIX I-P-12 CHEESE CARRIERS TO USE FOR CHEESE TRANSPORTATION AND STORAGE



Jableh Spinning Company

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TECHNICAL DIAGNOSIS FOR JABLEH SPINNING COMPANY

Date 27 August - 7 September, 1997

Person in Charge : Oshima, Ichikawa, McCorkell, Kosugi, Tsumori

1. Present Situation of the Company

1.1 Location

Jableh, facing on to the Mediterranean Sea, is located in the northwest of Syria, right to the south of and close to Lattakia City, and within 3- 4 hours by car from Damascus and Aleppo. Jableh Spinning Company is located in the eastern outskirts of the city. The company is conveniently situated because it is near the highway, the railway station and Lattakia port, which is within 15 minutes by car. There are no big companies in the neighborhood and, as there are many similar towns and villages in the vicinity, labor recruitment is not a major issue here.

1.2 Outline of the Company

(1) General Items

The company was established in 1977 as a specialist ring spinning mill with 75,000 spindles. Production is of cotton yarn of approximately 7,000 tons/year (Average yarn count Ne 24).

(2) Building, Site

The site area is about 200,000m² with the total buildings accounting for 78,900m² of this. The main buildings are as follows:

Spinning mill	23,800m ²
Storehouse for raw cotton and materials	8,400m ²
Storehouse for products	6,300m ²

Besides office, production and utility facilities, there are medical facilities, a kindergarten, a boarding house, a tomato processing factory and a bakery, etc.. Furthermore, The Jableh New Project is expected to be constructed on the site

adjacent to the existing mill. Total layout of the site is shown in Appendix J-F-1.

(3) Raw Material

The following are examples of mixing combinations of raw cotton used in Jableh Spinning Co.

- For combed yarn (Ne32/1, 24/1, etc.)

13	33%	or	13	33%
13	33%		13	33%
13	33%		13	33%
- For carded yarn (Ne30/1)

13	50%	or	13	50%
13	50%		13M	50%
- For carded yarn (Ne24/1, 20/1 etc.)

23	33%	or	14	33%
14	33%		14	33%
14	33%		24	33%

Note.- The first figure of 13, 23, 14, etc. indicates better quality cotton in terms of maturity, color, micronaire and other properties, in the order of 1, 2, 3.

The second figure relates to staple length (3 means 1-3/32 inch and 4 means 1-1/16 inch). The Annex mark indicates better quality in order of , , , and no. M means "more dirty".

Raw cotton according to producing districts, comprises 40% from Hama, 20% from Hassakeh and 40% from Aleppo.

(4) Product

The production of Jableh Spinning Company consists of :

Carded Yarn	Ne20/1, 24/1, 30/1, 20/2, 24/2
Combed Yarn	Ne20/1, 24/1, 30/1, 32/1

Waste cotton from various production processes is also sold.

(5) Sales and Stocks

Appendix J-T-1 shows the yarn selling prices of yarn of Jableh Spinning Company. Appendix J-T-2 shows sales and stocks results. The following shows the ratio between sales and production, and stocks and production;

year	sales/production %	stocks/production %
1991	95	49
1992	128	18
1993	109	8
1994	107	1
1995	101	0
1996	69	31
average	102	18

The transition of production and stocks is going well in outline. Occasionally more than 500 tons of stock have been built up, but it was cleared by production adjustment and concentrated sales activity.

(6) Production Plan and Result

The production plan and the results for the last 6 years are shown in Appendix J-T-3 and the monthly production results for 1997 are given in Appendix J-T-4. Furthermore, the production flow of the company is illustrated in Appendix J-F-2.

(7) Organization and Manpower

The organization of the company, the production department and the technical department are shown in Appendices, J-F-3, J-F-4 and J-F-5 respectively.

(8) Production Equipment

The production equipment and utility equipment are shown in Appendices J-T-5, and J-T-6 respectively.

2. Present Situation and Problems of Corporate and Financial Management

2.1 Present Situation and Problems of Corporate Management

(1) Sales Control

- ① State-owned companies under GOTI operate in direct competition with each other under the same conditions such as common selling prices, etc..
- ② GOTI's marketing concept, however, lays emphasis on production and sales (to sell things produced). In principle, the production cannot be stopped and the ratio of speculative production is higher than that for orders. Stocks, therefore, increase if orders are wrongly estimated. But, in Jableh Spinning Company, production to order is very large accounting for 90% of total production.
- ③ Although market research is very important in the case of speculative production, GOTI, as well as the companies, hardly ever carry out any. Jableh Spinning Company does, however, investigate the trend in demand for certain yarn counts by private companies because most of the company's buyers are indeed private sector companies. However, the research has never been carried out as a full-scale market research program.
- ④ Forecasting of demand and sales planning is carried out by the planning department of GOTI. However, it is not clear whether the results are fed back.
- ⑤ Details of the results, as for marketing, are prepared in outline by Jableh Spinning Company, but it is not clear whether such data are fully evaluated and applied by the company.
- ⑥ There is no framework for companies to develop marketing strategy (reinforcement of marketing organization, stepping up of promotion strategy, etc.).
- ⑦ Jableh Spinning Company produces combed yarn as a strategic product, but the quality is inferior to that of Lattakia Spinning and Hama Spinning (shown in Annex 2 and Appendices in J-F-6, 7 and 8). The company seems to be still in a position of <problem children> in the portfolio matrix.

(2) Labor Management

- ① The present recruitment control is not adequate if the company wishes to recruit able employees and then stop the job hopping.
- ② Labor mobility does not occur at all because of various social constraints and regulations. Constraints include movement between companies, cities, jobs and services etc.
- ③ Employment is ensured for life, therefore, temporary dismissal and lay offs are not allowed at all.
- ④ A job description (combined with SOP) system was established for each industry in 1992 which is not practically made the most of.
- ⑤ There is no infrastructure in place to provide education and train employees (or to develop ability) sufficiently.
- ⑥ Wage rates and systems in public sector companies include many issues.
- ⑦ Safety and health are not satisfactorily controlled.
- ⑧ Labor and management relations need to be improved.

(3) Cash Flow Control

- ① Collection of bills from public sector companies tends to be behind schedule in most cases.
- ② Dealings between public sector companies show a tendency of mutual dependence. Therefore, cash flow is not properly controlled and the emphasis is not placed on avoidance of insolvency risk, etc.

(4) Project Planning

Middle and long term project plans are the responsibility of GOTI and short term divisional project plans are the responsibility of each company. If a self-supporting system is adopted in a free competition environment, whole project plans including strategic plans will be the entire responsibility of each company.

2.2 Present Situation and Problems of Financial Management

Based on the major financial statements obtained from Jableh Spinning Company during the second on-site survey, financial analyses were made in order to understand the current financial status in the company.

(1) Production

The following table shows the planned and actual production of cotton yarn since 1995.

Planned/Actual Production In Jableh Spinning - Cotton Yarn -

Year	Unit	Production Capacity (tons)	Planned Capacity (tons)	Actual Production (tons)	Actual to Planned (%)
1995	Ton 1,000 km	- -	- -	4,912 ^{*1} -	- -
1996	Ton 1,000 km	6,844 279,244	6,844 279,244	6,603 262,224	96.0 94.0
1997	Ton 1,000 km	6,844 279,244	6,844 279,244	2,976 ^{*2} 121,249 ^{*2}	43.0 43.0

Source : Planning department, Jableh Spinning

*1 : Production cost statement in 1995

*2 : From 01/01/97 to 30/06/97

From the above table, the actual production of cotton yarn in 1996 was 6,603 tons, an increase of 34% over the previous year, while reaching 96% of the planned capacity in the same year. Actual production of cotton yarn up to June 1997 is increasing steadily.

(2) Production Costs

The details of production costs in 1996 are shown in Appendix J-T-9.

In terms of the types of products, carded yarn accounted for 87.2% of total production cost, combed yarn 12.6% and waste yarn 0.2%. The major products of the company were counts Ne 22 and Ne 24 carded yarn.

In the composition of production costs, raw material is the largest cost factor, accounting for 66.7% of the total, followed by labor at 17.4% and then energy costs at 7.1%.

For comparison analysis between 1995 and 1996, refer to the Table below which shows production, raw material cost and total production cost by yarn count.

**Comparison of Production and Raw Materials
between 1995 and 1996**

Type Yarn Count (Ne)	Combed Yarn		Carded Yarn			
	32	30,36&24	20	22	24	30
Production (t/y)						
1995	1,080	84	1,422	-	2,314	6
1996	838	-	52	2,568	3,181	-
Raw Material (SP/kg)						
1995(a)	87.0	87.0	84.0	85.4 ^{*1}	85.4	86.0
1996(b)	100.8	100.8	92.8	92.8	92.8	92.8
Difference(b-a)	13.8	13.8	8.8	7.4	7.4	6.8
Change(b/a,%)	15.8	15.8	10.4	8.6	8.6	7.9
Total Cost (SP/kg)						
1995(c)	148.5	143.7 ^{*2}	121.8	-	130.8	142.7
1996(d)	176.1	-	140.0	128.3	135.8	-
Processing Cost (SP/kg)						
1995(c-a)	61.5	56.7	37.8	-	45.4	56.7
1996(d-b)	75.3	-	47.2	35.5	43.0	-

Note : *1 Estimated cost

*2 Average cost

The above table indicates that the production of combed yarn decreased from 1,164 tons in 1995 to 838 tons in 1996, while that of carded yarn increased from 3,742 tons to 5,801 tons.

Due to the above shift, it can be seen that the raw material cost of combed yarn sharply increased by 15.8%, while that of carded yarn (Ne 22 and 24 yarn counts) rose by 8.6%.

With the rise in raw material cost, total production cost also increased compared to that in 1995.

However, it is noteworthy that the processing cost, which is total production costs minus raw material cost, of Ne 24 yarn in 1996 were 2.4 SP/kg less than that in 1995.

Finally, the annual production cost in 1996 was 933.79 million SP.

(3) Sales

Referring to Appendix J-T-10, it is shown that the sales revenue in 1996 was 689.08 million SP which consisted of sales of yarn of 640.04 million SP, sales of waste yarn of 14.62 million SP and other sales of 34.42 million SP.

In this Appendix, the value of stocks of finished products (product inventory) was approximately 0.32 million in 1995 and 284.46 million in 1996, respectively.

(4) Profit and Loss

Employing the above-mentioned amounts such as annual production cost, annual sales revenue and stocks of finished products, gross profit on sales is calculated by using the following formula.

$$ST96+SR96=PC96+ST95+GP96$$

where;

SR96 : Annual sales revenue in 1996

PC96 : Annual production cost in 1996

ST96 : Value of stock of finished products in 1996

ST95 : Value of stock of finished products in 1995

GP96 : Gross profit on sales in 1996

Consequently, gross profit to sales in 1996 is 39.43 million SP.

There is the difference between the above profit and the profit of purchasing of Appendix J-T-11, however, the both profits are regarded as a same level.

According to the profit and loss statement in Appendix J-T-11, net profit after tax in 1996 was 8.10 million SP.

(5) Balance Sheet

The balance sheet consisting of assets and liabilities is shown in Appendix J-T-12.

For the analysis, fixed assets and stocks are regarded as items related to the production and show a big change from 1995 to 1996.

The main reason for this is the large increase in stocks of finished products, as described in item (3).

(6) Conclusion

Though having a higher raw material cost component than in 1995, the increase in production in 1996 resulted in an improvement in company performance.

However, equivalent to the increase in production was the increase in stocks of finished products.

It is considered that the issue is whether such stocks are fully sold or not after 1997.

3. Present Situation and Problems of Production Process

The company established in 1975, has 165 sets of ring spinning machines with 75,528 spindles in total including 30,240 spindles for combed yarn and 45,288 spindles for carded yarn, all of which are installed in one factory. All processes are operated on a 3-shift basis and total operation per year reaches 284 days. (every Friday is a holiday). Details of yarn production as at the investigation date are combed yarn Ne20/1 and carded yarn Ne24/1, 30/1, 24/2. Total production is estimated at 500tons/month and 6,000 tons/year.

Factory management is fully controlled under an effective system. The factory is divided into different sections, in which a responsible person is appointed, as shown in the organization of production management as per Appendix J-F-4. Machinery have been handled roughly since installation in 1975, especially the combing machines, lap winders and roving frames, which are in awful condition. It may be said that even the present maintenance capacity is not sufficient to restore the machinery to good working order (refer to Appendix J-P-1-3). As a modernization plan, all drawing frames were replaced with 28 sets of Hara draw frames (shown in Appendix J-P-4) and some of the winding machines were replaced with 7 sets of Schlafhorst winding machines (shown in Appendix J-P-5).

Combed yarn quality is extremely poor. Many combing machines are stopped because they cannot process yarn adequately for sale. Only 4 machines are running producing Ne20's yarn. Inquiries to overseas machinery manufacturers have been made regarding repair or improvement of machines since Platt Saco Lowell no longer exists. It is expected that these 20 machines can finally be repaired and operated.

Also 14 sets (14 x 444 spindles =6,212 spindles) of spinning machines are stopped for maintenance reasons, therefore the present working spindleage is 69,312 or 151 sets.

4. Present Situation and Problems of Production Management

4.1 Procurement Control

(1) Raw Material

- ① Raw cotton is supplied by CMO. All bales are inspected on acceptance by the quality control group and classified and stored in a warehouse at the west end of the factory. Relatively good quality cotton is used for spinning yarns Ne24's - Ne34's.
- ② Cotton is forwarded to the cotton opening room according to the mixing ratio stipulated by management. Quality inspection of cotton is not carried out at this stage. Bales, 12 to 13 at a time, are opened in advance before placing them into the blow room machinery (weight of bale is 200kg). Ageing is not carried out (examples of cotton mixing are to be referred to 1),2),3)).

- ③ Under the present cotton supply system, the company cannot choose the raw cotton seed optionally, therefore, it is difficult to manufacture various types of yarn with special features.
- ④ Quality inspection each day when the raw cotton is fed to the production line is desirable.
- ⑤ It is suggested that raw cotton ageing, for which cotton bales are opened 24 hours before being placed into the process machinery, be practiced. There is enough space for ageing the cotton in the factory.

(2) Spare Parts

- ① The spare parts are procured, according to their precision and special properties, as follows;
 - Special spare parts with high precision are procured directly from the machine manufacturers.
 - Normal parts with high precision, such as gears and bearings, etc. are purchased from local work shops.
 - Other general parts are procured in the local market.
- ② Delivery time of parts to be ordered from machinery manufacturers is more than 6 months and the parts are very expensive.
- ③ Spare parts for the machinery not in the manufacturing line of makers are more expensive and require longer delivery time.
- ④ Each division of shelves for spare parts is classified by a card showing the part's name and reference number. An inventory note book of spare parts is provided and the inventory control is good. Refer to Appendix J-P-6.

4.2 Inventory Control

- ① Doffed spinning cops are packed into bags, weighed on a weighing scale located in the passage of the winding room, and forwarded to the winding department for processing. The total weight measured is the total spinning production of the day.
- ② Yarn packages wound by winders are packed into bags (about 24kg/bag) and weighed. The total weight measured is the total production of the day, and the bags forwarded to the storehouse are classified according to articles and yarn counts. The stock in the storehouse as at August, 1997 was 1,612 tons for carded yarn and 2,266 tons for combed yarn, which corresponded to the

production for 3.5 months. Stock which overflowed the product warehouse is stored in the raw cotton warehouse.

- ③ The present stock should be disposed to proper customers accepting the quality as it is. 16 combers out of 20 are stopped at present, because the combed yarn quality is so poor due to defective machines that it is not selling well. Improvements in finished yarn quality could lead to a no or minimum stock situation.
- ④ Stock control of yarn by lot is practiced by use of a slip to identify it. However, yarn stored by packing it in bags damages the quality. Refer to Appendix J-P-7,8.
- ⑤ A typhoon in 1995 destroyed the product warehouse and the products are now stored in the waste and raw cotton warehouses, as well. As of September, 1997, a new product warehouse (of 8,820 capacity) has been under construction in the east of the site (Foundation work is now complete).

4.3 Process Control

- ① The Production department comprises: a preparatory section (blow room-card-drawing-rovings); a spinning section and a winding section for control purposes. The job of each section is subdivided and the scope of responsibility is allocated, e.g. in the spinning section, a detailed control system is adopted; 151 sets of spinning machines are divided into 3 groups, to each of which a responsible and qualified person-in-charge is appointed.
- ② In the preparatory section, besides the operational shift group, a press group (consisting of 1 chief and 5 workers /shift on a 3 shift basis) collects, selects and packs cotton waste, etc. Under such tasks, the recycled cotton (for the company's own use) and waste cotton (for sales) is separated and the latter is pressed and baled. In the spinning section, the cleaning group (consisting of 1 chief and 68 workers on day shift basis) cleans spinning machines and controls waste generated by the machines. In the winding section, the packaging group (consisting of 1 chief and 34 workers on day shift basis) packages and weighs the products and forwards them to the warehouse.
- ③ The factory is cleaned, but ring cops and bobbins are in evidence on the floor, as the places to store or keep such operational goods are not in good order.
- ④ Recycled cotton waste (maximum 5 % - 7 %) introduced into the production process are as follows;

Sliver waste (from card, comber and draw frame)

Lap waste (from comber and lap former)

Suction waste (from pneumatic suction duct)

Roving waste (from roving frame)

⑤ Waste qualities for sale are as follows;

Waste fallen from the blow room condenser (0.17 %)

Other waste from the blow room (1.9%)

Flat waste (from comber line 0.95% and from card line 0.85%)

Waste from under the card cylinder (4.5% from comber line and 4.3% from card line)

Waste gathered from cleaning (4.5% from comber line and 4.3% from card line)

Yarn waste from the ring frames, winders and doublers (1.25% from comber and card line)

Comber noil (14% to 17 %)

Waste accumulated in the air conditioning equipment (very little)

Total from comber line about 25 %

Total from card line about 10 %

⑥ Temperature and humidity of the factory is controlled under a dry condition of 30°C and RH45%. Therefore, the moisture content of one yarn package is around 5% which is less than the normal condition (7.5%). This condition affects the yarn quality, generating much fluff and results in a loss in the weight based transaction.

⑦ Current conditions and problems of each process are as follows;

[BLOW ROOM]

Many doors are unhinged. Through the openings, cotton is overflowing. In some machines the collection of waste was delayed. The operation, however, is generally stable.

[CARDING]

Of the 96 cards installed, most were operating normally, except for 7 sets which were stopped. Noticeable holes were seen in the webs because of defective metallic wire on the doffers. The number of neps amounted to 30 pieces in a 25mm x 25mm area, which was extraordinary.

[COMBING]

Needles on the combing cylinders are badly damaged and therefore machines are operated with needles gathering short fibers. Besides, some needles on the top combs have fallen off, therefore, the combing action is very poor. Generally, because of insufficient cleaning of the combs, neps remain in the web (Refer to Appendix J-P-9). It was said that the combers in operation at that time had been fully adjusted and maintained. But, no improvement was seen in the main points of the machines. Linking of feeding laps was also observed. The CV% of combed sliver reached 11.4%. Thus, every indicator showed the bad operating condition of the combing machines.

[DRAWING]

All 28 draw frames are Hara, purchased new in 1996 and efficiently operated under proper spinning conditions. Though the CV% of comber sliver after finish draw frame was fluctuating between 3.9%~4.6%, across the board the machine condition was good.

[ROVING]

The operation condition was the worst among all processes. Vacant spindles, numbering 3 to 4 on average, were found in every machine. Machines are vibrating with noise. The pneumatic suction device is not working well due to defective suction fans. In some spindles, clearers defectively fixed on the roller are lacking in cleaning function. Roving packages wound with one presser turn only become soft and collapse at the shoulder. Three to four such roving are found per machine. Defective roving packages and bobbins are scattered around the machines.

[RING SPINNING]

14 sets of spinning frame were stopped out of 165 frames, awaiting maintenance. Frames to spin carded yarn had many vacant spindles waiting for roving packages. Yarn breakages were recorded at around 100 pcs/100 spindle-hours for carded yarn Ne 20/1's, which was a bit high considering spindle speeds of 8,000 to 9,000 rpm. Actual instant yarn breakages were 6-15 pcs/frame, which was also higher than normal. Considerable numbers of yarn breakages are generally attributable to the ability of the operator. One Jableh Spinning operator assumes responsibility for two frames and this

number is not a particularly high work load. Doffing is carried out by four male workers per machine, two for each side. Doffed spinning cops are packed in bags and forwarded to the winding section, but they are roughly handled. The spinning section is well cleaned, but the operational goods are not placed in good order. Plastic bobbins and spinning cops are scattered on the floor.

[WINDING]

Old Leesona winding machines have been replaced with new Schlafhorst Auto Winders step by step. At present seven sets of new Auto Winder have been introduced. The new winding machines are running with a yarn delivery speed of 1,400 m/min and are efficiently operated under suitable conditions. Although cleaning is carried out, there are winding bobbins and inferior packages scattered on the floor. This environment is not suitable or acceptable for the operation of new machines.

Comparison of CV% and IPI values of respective yarn counts

Yarn	U%	CV%	Thin-50%	Thick50%	Neps200%
Combed 20/1's	8.96	11.39	6	29	99
Carded 20/1's	12.56	16.07	16	371	315
Carded 24/2's	12.70	16.25	11	376	399
Carded 30/1's	13.29	17.32	42	598	552
	14.44	18.66	149	854	774

Carded yarn 24/2's shows comparatively good values. This is reflected in that there is no stock for this yarn. The value of carded yarn 30/1's shows considerable fluctuation between two spinning cops.

4.4 Equipment Control

- ① Combing machines normally eliminate short fibers, pin leaf and nep, etc., but

- ② As stated in 3.1, the roving machines are running in an awful condition. Machines installed in 1975 have been handled so roughly that even maintenance cannot restore them to their proper working function.
- ③ The modernization or replacement of machinery "process by process" does not show beneficial effects in line with expectation. For example, modernized draw frames can produce good sliver as a middle product, but this good sliver is offset when it is processed by the following roving frame if it is in poor condition. The good sliver produced at the draw frame does not successively show favorable effects until final product. Replacement of machinery on a "process by process" basis requires much time and money to show the improvements in the final product intended.

4.5 Quality Control

- ① In the laboratory, necessary testing and inspection equipment are provided for the time being (Refer to Appendix J-P-9-16). About forty workers in 3 shifts make it a rule to inspect raw material, midway product and yarn off each process, summarize such data and clarify problems. On receipt of such data, the quality control group consisting of ten employees identifies problems and takes action for solving them.
- ② The quality control group, together with the maintenance group, carries out quality checks on each product processed by machines, for which maintenance was completed, and also checks the function of machines including auto leveler control mechanisms confirming the final quality. If the result does not reach a certain standard or level, the maintenance work is repeated.
- ③ The above quality control management system is very functional. In general, the laboratory is likely to become only a place to collect data, but here in Jableh data are efficiently applied to actual production. However, this control is limited to try to maintain current quality levels which are not absolutely high. In order to improve the quality level, not only the improvement of machinery and equipment should be targeted, but also employees' awareness of quality should be heightened and improved.

4.6 Education and Training

- ① The former training center in the factory is now used to house scrap machines. Machines installed for training purposes are now unable to be used.
- ② In fact, there is no job hopping nor poaching of workers in this company and training and education of fresh workers are not so much required. When many workers come in, a special training course is given for two or three months by skilled engineers or workers acting as trainers in the work site not using special facilities, on the subjects of quality, safety and SOP, etc.. No retraining and reeducation system exists for normal workers. No full-time trainers are provided.

4.7 Environmental Preservation

- ① The company does not provoke any environmental pollution.
- ② Air-conditioning and dust collecting systems are provided for both preparatory and ring spinning/winding section, removing fly and dust in the air. However, the factory is kept over-dry.
- ③ There are occasions where no safety covers are provided for the dangerous parts of some machines.

5. Modernization Plan

5.1 Modernization of the Management

(1) Sales Management

The following proposals to be carried out by GOTI are for the sales management and the commercial departments of GOTI companies. The concept for the proposals is based on free markets and free competition. As Jableh Spinning and other state-owned spinning companies are monopolizing the cotton spinning business in Syria, there may be opinions that such a situation is neither required nor healthy. However, the number of state-owned spinning companies is now 13 (soon it will become 15) and the companies must win market share competing with each other. Furthermore, a new concept for sales management is important for the companies just in case the monopolization of state-owned companies collapses some time in the future.

1) Establishment of the Marketing Concept

Market-oriented marketing in compliance with the current marketing environment is to harmonize the company's profit pursuit with the users' satisfaction pursuit. It is necessary to start by understanding such marketing concepts and social tendencies and making these concepts into the company's ideology.

In the former era when productivity was low and demand was always bigger than supply, management were more interested in manufacturing issues rather than market issues (production-oriented). Thereafter, when the age of mass production came, the managers' interest was still on the manufacture of products without considering the satisfaction of consumers and how to sell products to the consumers (sales-oriented). Now is the market-oriented age in which all decision making by companies' management starts from customer requirements.

Nevertheless, the marketing concepts of GOTH and the state-owned companies still lay emphasis on the production and sales-oriented activities, in spite of economic and social changes in the world. This is obvious because speculative production is always dominant, as the production cannot be suspended and it is not based on any scientific market research, in many cases, thus resulting in stock build up due to lack of demand and/or wrong estimates.

Also in the company organization of Jableh Spinning, the commercial department is placed in parallel with other financial, general affairs, labor, planning and production departments. The commercial department does not have its subsidiary organization like market planning, market research, advertising and sales promotion groups. This is also evidence of a rather production-oriented organization.

2) Establishment and Implementation of the Micro-Marketing Concept

If the marketing concept of the company is established, Jableh should clearly declare to the government, GOTI and GOTI companies that Jableh will conduct marketing activities on its own, that is, Jableh takes responsibility for micro-marketing -- it can be asserted that in the state-owned companies only the sales (*) concept currently exists and that the marketing (**) concept does not exist. It should establish and implement the system to be managed by the general manager. Of course, it is necessary to revise the already existing laws and regulations for marketing in order to enable it to revise the articles of association and business rules, etc..

* Idea on the basis of sellers' interests that sales is to sell produced goods, the future demands lie on the extension line of past demands and the after-service to customers is stressed.)

** The marketing is to serve customers' interests, based on the principle for demand creation that the future demands should be positively exploited. The service to customers is based on entire marketing that not only the after-service, but also the before-service to anticipated customers are stressed, thereby positively conducting communication services to customers including sales activities.

3) New Marketing Strategy to be required in the era of drastic change in management environment

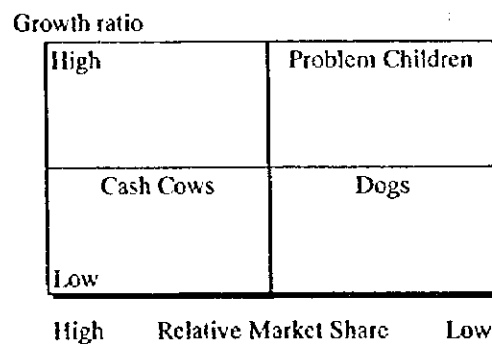
Below are some of the environmental changes in the business background in which new marketing strategies will have to be devised and carried out.

- The severe competition between enterprises has caused a market oligopoly. Under such circumstances, each enterprise has been compelled to predict the trend of its competitors, anticipate the entire market and restudy the business field.
- The progress in technological innovation has required a huge amount of investment for equipment and management plans based on long term business prospects.

- The tendency to be rapidly outdated technologically has been accelerated and the life cycle of merchandise has become shorter.
- The sudden change in the management environment mentioned-above has made it necessary to precisely analyze and predict the external environment, integrate all management resources in the company and unify all the functions in order to implement marketing in the directions of the strategic plans. Methodology of detailed marketing strategies are found in the marketing reference books. Here, a few representative methods shall be introduced.

a) Port Folio Strategy

The representative model Port Folio is that of the Boston Consulting Group. The market growth ratio is put on the vertical axis and the relative market share on the horizontal axis, then the strategy business unit (SBU) is divided into four (4) strategy divisions.



SBU changes the position on Port Folio matrix along with the time lapse. The best way is said to invest in the [PROBLEM CHILDREN], rear it to [STARS], then retain and harvest [CASH COWS] and at the final stage, make a retreat as [DOGS].

For example, combed yarns produced by Jableh are still positioned in [PROBLEM CHILDREN]. Cotton combed yarns generally have much possibility as raw material for high grade cotton products and are positioned in a high growth ratio market. But, the low quality combed yarns of Jableh

places Jableh behind Lattakia Spinning and Hama Cotton Yarns Company that are producing combed yarns of superior quality. In order to sublime them to [STARS], a huge amount of funds is required for purchasing new equipment for improvement of the qualities. Its achievement will improve the yarns from [STARS] to [CASH COWS].

b) Competitive Market Strategy

This is an approach in which to expect the maximum fruit from the marketing and selection of an optimum strategy in compliance with the position in which a company is situated. Companies can be divided into four prototypes from the viewpoints of their relative scales, positions and marketing strategies. The approach envisages the features of each prototype and its strategy to adopt, as follows ;

Market leader = Entire weather type strategy

Market challenger = Discrimination strategy

Market follower = Imitation strategy

Market nicher = Specific marketing strategy

Jableh is a large scale spinning company which positions itself in 3rd or 4th place in the field of the spinning business in Syria and it features as a company which is going to catch up with Lattakia Spinning and Hama Cotton Yarns Companies, the market leaders. Thus, it can be positioned as a market challenger.

The strategies to be adopted shall be, among others, cost lowering, cheaper products, product innovation, improvements in service and manufacturing cost reduction, etc.. Also important is the market nicher's strategy to find niche markets other companies have missed or ignored and acquire big achievements in those markets. Combed yarns of coarse count (i.e., Ne20's now in production) specialized for standard type cotton products (such as underwear) may be interesting.

Like this, it is important to judge clearly in what position a company is placed in the competitive markets and to what type out of the four prototypes it belongs to, and to decide strategies for the development of its products and markets.

4) Market Research

It is important to clarify the properties of the markets and collect important information for marketing activities. The qualitative analysis on consumers' action in the target market is conducted through market research. It is said that at present neither GOTI nor its companies are conducting any market research. However, it is better for GOTI to put into practice market research for them to know their self-market occupancy ratio and their self-market potential. The number of personnel in the existing commercial department is insufficient, so personnel requirements should be studied and revised. The methods of market research are, among others, investigation by inquiry and market observation requiring organized personnel.

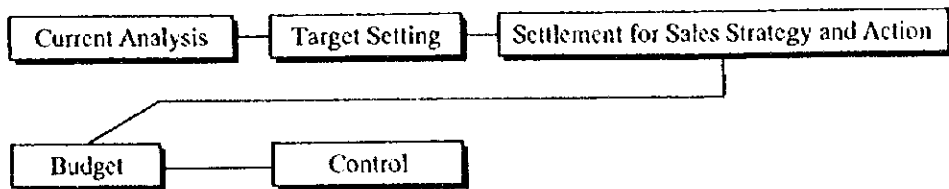
5) Demand Estimate and Sales Plan

Qualitative marketing information collection is made by the market research team and the quantitative information on demand is gathered by demand estimating methods. It was said that demand estimates are carried out by the planning department of GOTI but it is not clear whether their results are fed back to each company or not. Now that each company faces free sales competition, this methodology should be conducted by each company. The following are the main methods;

- By discussion and approval by managers of production, commercial, financial and other departments
- Opinion polling methods of the sales department personnel
- Monitoring of anticipated purchasers.
- Analysis of time series
- Statistical demographic demand analysis.

When carrying out demand estimates, it is necessary to take into consideration seasonal variations of sales and stocks, the position of the company and price elasticity of demand, etc.

Planning of a "sales plan" is better done at the company level. The following is the procedure for its execution.



The settlement of the sales strategy is done by deciding target markets and the optimum marketing mix (combination of products, prices, channels and promotions). Action programs are expressed by SWII, specifying contents, procedure, persons in charge, organization, timing and budget, etc. for action.

“Sales analysis” is an effective control method. This is a process in which sales revenue is classified according to sales price, quantity, customers, distribution channels, sales men, territories and types of products for analysis, interpretation and evaluation purposes. This method should be practiced by all means.

6) Price Strategy

At present, the cost plus method (price decided by cost added to by profit) is adopted for price setting of products of state-owned textile companies. This method ensures a profit, but does not consider the price of competitors. And it is not knowing whether the price is good in the market. At present, the cotton yarns are monopolized by the government and such price problems have not been actualized but a more flexible price setting method should be adopted against the future liberalization of cotton yarn production, that is, from the cost-oriented price to the demand and competition oriented price.

The yarns of Jableh are sold to distributors or dealers in greater quantity than to consumers (knitters and weavers). Therefore, it is better to consider a policy of price discounting in the case of large quantities and cash payment transactions, and sales promotion by rebate policy.

In developed countries, price busting is common practice. Textile transactions in Syria will be exposed to completely free competition sooner or later. In this case, it will be necessary to secure certain profit out of a low

price strategy. For that purpose, it is necessary to revise drastically the conventional price setting and introduce a low cost operation structure, which allows for a business under low cost management. Such a structure is that which can be sustained constantly at low levels, ie. purchase cost, manufacturing cost, sales and administrative cost, profit, etc..

7) Promotion Strategy

State-owned textile companies should positively carry out man power sales strategies as one of the promotion mixes. The manpower sales promotion is an oral presentation for sales to customers by salesmen and a bilateral communication activity with customers. It aims at order maintaining activities (order addition and route sales) as well as order acquiring activities (development of new customers). As sales promotion activities to support the manpower sales, there are missionary activities conducted by companies (preparation for merchandise display and promotion tools, education and training of employees, patrolling service, etc.) and technical sales activities conducted by sales engineers.

Further, promotion strategies like advertising, sales promotions, publicities and public relations, etc. should be prepared from now for the future.

8) Other Improvement Plans

a) Product Discrimination Strategies

Jableh Spinning Company is a company specializing in yarn manufacture. So, it is expected to manufacture yarns which may have special features competitors' yarns may not have and enables it to stress its difference, thus acquiring discriminative priorities. Discrimination factors possible for Jableh could be materials, packaging, quality and brands. It is important to stress a very slight psychological advantage of Jableh by means of advertising and promotions.

b) Establishment of Management Strategies led by Marketing Strategy

This means to raise the existing commercial department to a higher rank of marketing department and introduce many sub-groups, in order to enable it to implement many of the above suggested proposals.

c) Revision of Laws and Regulations for Marketing Activity

Legal constraints exist in the external environment which influence marketing activities and it contains factors uncontrollable by state-owned companies (for instance, deciding selling prices). It is necessary to revise the current marketing-related laws and regulations in order to allow the state-owned companies to practice free marketing activities.

d) Development of Marketing Strategies In the International Markets

For Syrian state-owned textile companies to advance in the international markets, a strategy to further develop exports and foreign trade already partially developed should be adopted.

- Promotion of indirect exports which have been conducted via domestic agents and private sector enterprises.
- Trials of direct exports. It could take two forms: direct exports to users or consignment sales through agents in customers' countries. The establishment of a foreign trade department in the company is a prerequisite.

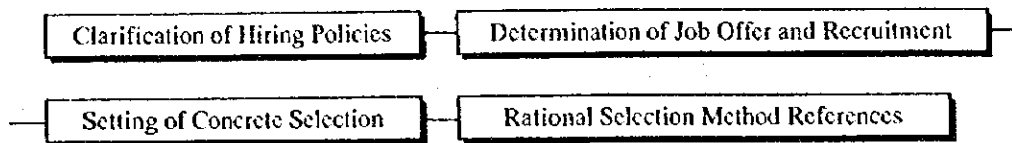
(2) Labor Management

1) Employment Management

Employment management involves taking a series of management actions for manpower recruitment, selection, hiring, placement, turnover, promotion and retirement. In state-owned companies like Jableh Spinning, such management activity is carried out in principle, but inadequately.

a) Hiring Management

This is an organized activity to employ manpower logically and systematically.



- Every time a shortage of employees occurs, only procedures to fill the vacancies are carried out and there is no policy on how to carry out employment management. Qualifications and properties required for newcomers, as to job type, duty, class, capability, experience, character, career development potential, should be predetermined and stipulated.
- At present job vacancies are only advertised through newspapers. However, since it is important to employ personnel of the highest quality, wide-ranging recruitment methods such as recruitment through personnel connections, consigned recruitment, direct recruitment or by auxiliary means should also be studied. Employment of experienced personnel should be considered whenever possible.
- Selection methods, on the basis of required experience, perusal of qualifications, trial terms and tests are well designed, but it is recommended that they intensify the test method, introducing vocational aptitude tests, etc..

b) Placement Management

This is to create a system for welcoming newcomers as members of the organization and to promote suitable placement of employees in order to foster talented employees.

c) Turnover

- One of the purposes for turnover is a replenishment of vacancies or shortage of employees caused by revision in the organization, etc.. If state-owned textile companies under GOTI will face streamlining or

reorganization in the future, i.e. employees will have to reshuffle between companies and cities and such reshuffles will be very effective against the difficulties in recruiting seen in Aleppo. Currently, such reshuffling is not carried out because of problems deriving from the provision of accommodation and separation from family, etc. which are not provided for. But, it will be required to prepare for the implementation of this system, analyzing the means to introduce the provision of company residences or providing separate allowances, etc..

- Job change or reshuffling of employees of middle and advanced age produces friction. However, it is necessary to abandon paternalism and cope with this issue by introducing aptitude tests and training. And the structure of employees should be converted into that composed of the younger generation in order to be able to survive in an era of severe competition.

d) Employment Adjustment

Under the life-time employment system no temporary firing and layoff is allowed. However, the adjustment of numbers employed in compliance with business fluctuations is unavoidable in an enterprise. Revisions in the law will be required to allow this.

2) Personnel Management

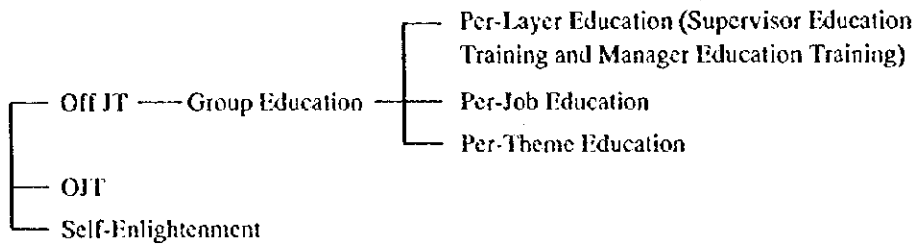
a) Job Analysis

Each company had individual job descriptions prepared for it in 1992. They now only seem to be utilized for job evaluation such as setting of pay according to function. Further use should be made of the system for personnel assessment, reasonable hiring, suitable placement and training.

b) Education and Training (Development of ability)

In Syria, education and training is indispensable if difficulties in recruiting able personnel is to be overcome and job hopping is to be avoided. However, state-owned textile companies like Jableh Spinning lack, first of all, the infrastructure to carry out education and training aimed at improving the ability of employees so as to enable them to deal with their jobs effectively

and smoothly and master the knowledge and techniques required for dealing with higher level jobs. Systems for systematic training enabling the following training within companies should be established.



- Construction of classrooms and training centers to do off-JT.
- Fostering of full-time instructors.
- Atmospheric creation for promotion of self-enlightenment (Establishment of small group activities and various step-up circles).
- Funding assistance and information provision for self-enlightenment (Purchase of books, aids to step-up circles, assistance for expenses to participate in various seminars, subsidy for acquisition of official qualifications).

3) Wage Management

a) Restudy of the Wage System

The wage setting theory adopted in state-owned companies seems to be based on the wage for survival cost theory and not on supply and demand relationships of the labor force in the labor markets as seen in the private sector. This does not lead to securing a good and stable labor force. It is necessary to restudy the wage system and rectify low level wages.

- The present wage systems are relatively low wage systems, thus not functioning to attract talented persons and stop them job hopping. It is no exaggeration to say that the good talents leave and non-talents stay.

- The wage levels are greatly apart from the social levels, thus being contrary to social justice.
- In the present era of equalized wage rates in which labor force shortfalls and high wages are offered only in the private sector (in the case of Syria) the Syrian state-owned companies should adopt a wage system based on labor compensation principles because, the current wage system is unable to promote labor mobility, rearing of multi-talented personnel and job enrichment.

b) Restudy of Wage Payment Method

- As the ability of a company to pay wages depends on its labor productivity, it is necessary to adopt the following:-

Wage per employee = Value added amount/Number of employees

Labor distribution ratio

*Value added amount/Number of employees = Value added produced
by one employee

Labor distribution ratio = Total wage amount/Value added amount

- It is necessary to compare with the market quotation (level of business circle and wage level of the area).

4) Safety and Health Management

The management of safety and health in the work site, to protect workers from disaster and disease, is one of the most fundamental in labor management. Responsibilities to inhibit labor disasters lie in management's use of labor. The following points should be followed for the improvement in safety and health management.

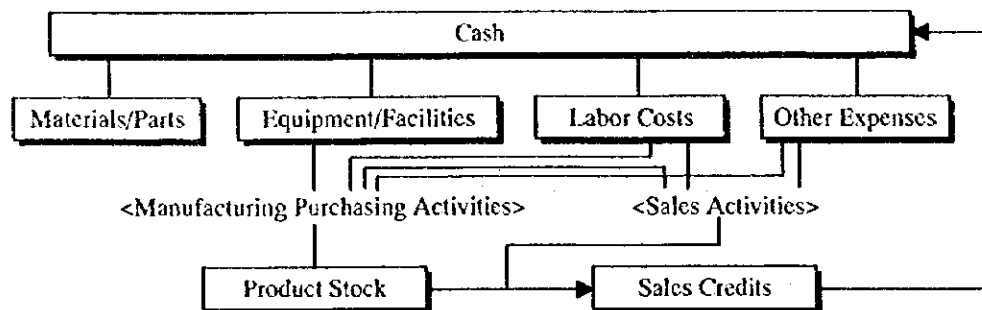
- To set safety measures against equipment. Most factories are negligent in this (installation of risk-proof covers and fences)
- Encouragement of safety inspections.
- Promotion of orderliness and cleanliness in the work site - original points for safety and production.
- Implementation of safety and health education at the initial training sessions.

5) Labor-Management Relations

The labor union has been participating in management. However, in order to achieve “live and let-live” of labor-management, the labor union must play its role to give vitality to the company and promote its modernization. Even if factory restructuring plans are proposed, the labor union should exert its position to collaborate with the company and take measures really desired by it, without rejecting it out of hand immediately.

(3) Fund Management

The fund management aims at managing “ordinary fund circulating processes”. That is, the cash is used not only for procuring various assets such as materials, parts, equipment and facilities (goods), but also to pay for labor costs, sales expenditures and administrative costs (labor and services). Management resources (goods, labor and services) thus acquired enables the company to develop activities for production, sales and management, creating and selling products, withdrawing the credits as accounts receivable or bills and convert them back to cash. The flow of management activities expressed in terms of funds is the “fund circulating process”. See the figure below.



It is necessary to manage this process on the basis of two different concepts (flow and stock), that is,

- to make smooth the circulation of funds (priority on safety of flow)
- to minimize total funds circulating (priority on saving of stock)

Under the present financial management, as the payment insolvency leads to bankruptcy in the black or problems of confidence for the company, to manage flow to get stability of cash stock level is regarded as the primary purpose of fund management.

In Jableh, ordinary cash flow management is practiced. However, management should put, as a first priority, the safety of its funds. Under the actual circumstances in which it is difficult to collect bills from the sale of goods to other state-owned companies, cash flow management cannot be neglected even in the state-owned companies. Countermeasures for cash flow problems are ;

- ① In the cash inflow aspect, the following two points should be aimed at;
- To withdraw cash with security and rapidity.
 - Smooth flow of cash.

In the cash outflow aspect, the following two points should be aimed at;

- Saving and adjustment of cash expenditure.
 - Countermeasures and allowances for shortage in cash
- ② It is necessary to consider how to maintain a proper cash balance which enables the company to avoid payment insolvency and pursue economization of cash stock. This is obtained by the following formula.

Product Cash Balance Standards	=	Amount Required for Ordinary Transaction	+	Amount Required for Unforeseen Affairs	+	Amount Corresponding to Investment Chances
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③ **Utilization of Fund Raising Table**

This table can be utilized for detailed and minute planning, investigation and management relating to cash funds, as countermeasures for deteriorated fund raising such as payment insolvency in the future.

(4) Business Plan

The business plan (management plan) aims to connect the business strategies to the business activities. The qualitative level-up and quantitative enlargement of business activities have compelled the company to envisage very long term plans. However, as nowadays the business environment has remarkably changed, a long-term profit plan established on the line extended

from the past cannot cope with the reality, thereby allowing the introduction of strategic managing plans.

It is very common nowadays that a mid-term business plan and a short-term business plan are established, from which an overall business plan containing research and development plans and equipment investment plans, and sectional management plans, setting budget and controlling daily business activities, are made.

At present, GOTT assumes the responsibility to set up the mid-term and long-term business plans and the short-term and sectional business plans are in the hands of the state-owned textile companies. However, in the event that the state-owned company is self-supporting, it should be responsible for its own strategic plans in order for it to perform as a living business management.

5.2 Modernization of Production Management

(1) Process control

① The present over-dry air conditions of 30°C and 45% humidity is apparently following the manual prepared by the USSR 40 years ago. Machines are run under dry condition, since too much humidity tends to cause wrapping of sliver around rollers. However, the high speed machines of today generate high heat and therefore, products in the process tend to become dry. Air conditioning should be set at 27°C and 60-65% to get the relevant moisture content in the yarn packages.

② It is suggested as follows for the process control of each process;

[BLOW ROOM]

The unhinged doors or such minor defects can be easily prevented by the attention of operators and careful maintenance work.

[CARDING]

It is necessary to replace the metallic wire on all cards.

[COMBING]

There is no possibility to improve these machines by means of maintenance and control only.

[ROVING]

Successive checks should be made at each spindle to see whether the clearers are properly fixed or show proper function, and if the replacement of defective clearers is necessary. These routine jobs should become a rule or a practice for all workers.

[RING SPINNING]

As a countermeasure to running out of roving yarn, the duty of workers to transport roving and production balance between the roving frames and spinning frames should be checked. As the product approaches the final stage in the spinning process, it is necessary to give the relevant instructions for the handling of products to the workers operating in this section.

- ③ All processes are cleaned well, but orderliness and arrangement of things are not good because these practices are not set forth in the Job Descriptions. It is recommended to revise the job descriptions prior to the development of 5S activity.

(2) Equipment Control

- ① Basically it is difficult to carry out process control for the combing machines and roving frames, unless they are renewed.
- ② It is better to replace all machines in the production flow of one production line than to replace all machines of the same type crossing different production lines. In Jableh Spinning, production processes can be divided into 5 blocks consisting of 2 combed yarn lines and 3 carded yarn lines. It is more effective with smaller investment in the shorter term to change all machines from the blow room to winders of one block. Vertical processes are easy to control because of the clear scope of responsibility.

(3) Quality Control

- ① The quality control group is directly controlled by the general manager and has powerful authority. But, what is basically important is that every employee should try to handle carefully midway and final products with awareness and in this respect re-training is necessary.

- ② Cooperation between the quality control group and laboratory should point to further improvements in quality.
- ③ Inspection instruments for raw cotton except for the Shirley analyzer are all broken or out of order. As quality checks of the raw cotton are important, the instruments should be repaired or replaced as soon as possible.

(4) Education and Training

Please refer to 5.1 (2) 2) b).

(5) Environmental Preservation

For environmental preservation, safety countermeasures are very important. A safety group is provided and patrols the factory periodically to prevent and cope with accidents. However, many of the machines were seen to be without protecting covers. The safety group should cope with such situations, preparing the necessary covers manufactured in the in-house workshop. Danger marks or indications of danger are required in many places.

5.3 Modernization of Production Process

As stated in 4.4 and 5.2, the drawing frames and winding machines replaced represent only one part of the production line, not contributing to the overall improvement of quality. It is suggested to renew all the machine of one production line for combed yarn.

5.4 Modernization of Production Equipment

In accordance with the former chapter, the existing equipment for 1 combed yarn line should be transferred or scrapped, except for the drawing frames, and replaced by new machines.

(1) Main machinery to be introduced

Blowing machinery: Blow room machinery with automatic cotton bale opener
1 line

Carding machine: High production with auto leveler 10 sets
 Combing machine: High production, high quality 2del.x10 20deliveries
 Roving frame: High production, high quality 96spx4sets 384spindles
 Ring spinning machine: High production, high quality 14,400spindles
 480spx30sets
 Winding machine: High production with splicer 50drumx4 200drums
 High lap machine; High production, high quality 1set
 Remarks: As for drawing frame, 9 sets of HARA D600 are expected to be in
 this new process line, out of the existing 18 sets.

(2) Capacity Calculation

The capacity calculation is shown in Appendix J-T-7.

(3) Layout Plan

The present layout and the layout plan for modernization are shown respectively in Appendix J-F-9 and Appendix J-F10. The existing 36 sets of spinning machines (36 sets x 480 sp=17,280sp) will be replaced with new spinning machines (30setsx 480sp=14,400sp). The new production will be 6,435kg/day (Ne24's), 7.25% up, compared with old production 6,000kg/day.

(4) Auxillary and Utility Equipment

Can :36" 120 pcs, 24" 900pcs
 Roving bobbin :60,000 pcs
 Spinning bobbin :60,000 pcs

(5) Erection Plan

Machines installation : 3 months
 Machine adjustment : 1 month

(6) Manpower Allocation (operational workers)

Blow Room	2 persons x 3 shifts	6 persons
Card	2 persons x 3 shifts	6 persons
Comber	5 persons x 3 shifts	15 persons
Draw Frame	2 persons x 3 shifts	6 persons

Roving	4 persons x 3 shifts	12 persons	
Ring Spinning	16 persons x 3 shifts	48 persons	
Winding	3 persons x 3 shifts		9 persons
Total	34 persons x 3 shifts		102 persons

(7) Estimated Investment Cost

Refer to Appendix J-T-8.

(8) Subsequent Modernization Plan

A second combed yarn line should eventually be installed next to the first modernized line.

APPENDIX J-T-1

Price List of Products
(JABLEH SPINNING COMPANY)

1. Spun Yarn

Count	Price without package sp/kg
20/1 carded	127.20
24/1 carded	134.80
30/1 carded	162.45
20/1 combed	142.35
24/1 combed	153.65
32/1 combed	176.35

2. Waste

Price of 1 ton (FOB) US \$	
Comber noils	1100
Flats waste	700
Under cylinder waste (extra + filters)	580
Filter waste	320
Thread waste	750
Cleaning waste	360
Under carding and blowing	430
Jute waste	100

APPENDIX J-T-2

Production, Sales and Stock

Year	Products	Unit	Production	Sales for Domestic Market		Sales for Export		Stock Ton
				Ton	1,000sp	Ton	1,000sp	
1991	Yarn	Ton	3,673	3,079	302,714	425	37,240	1,784
1992	Yarn	Ton	3,872	4,348	428,135	621	61,060	687
1993	Yarn	Ton	3,982	4,324	438,585	12	524	333
1994	Yarn	Ton	4,185	4,331	502,901	153	18,081	34
1995	Yarn	Ton	4,913	4,922	649,268	22	2,250	3
1996	Yarn	Ton	6,603	4,566	625,395	15	810	2,025
Total of 6 years	Yarn	Ton	27,228	25,570	2,946,998	1,248	119,965	-

APPENDIX J-T-3

Planned and Actual Production

In the Production Case :

Year	Products	Unit	Maximum Capacity	Planned Production	Actual Production	Capacity Utilization	Actual / Plan %
1991	Yarn	Ton	6,844	5,840	3,673	54	63
1992	Yarn	Ton	6,844	4,991	3,872	57	78
1993	Yarn	Ton	6,844	4,990	3,982	58	80
1994	Yarn	Ton	6,844	4,991	4,185	61	84
1995	Yarn	Ton	6,844	6,255	4,913	72	79
1996	Yarn	Ton	6,844	6,844	6,603	96	96

APPENDIX J-T-4

Actual Output per month (Jan ~ Aug/1997)

Yarn Count (Ne) / Month	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug
CM 32/1's	111.7	74.3	113.0	106.1	104.7	66.1	-	-
CM 24/1's	18.1	22.2	16.4	-	-	-	-	-
CM 24/1's	-	-	-	-	-	11.7	-	-
CM 20/1's	-	-	-	-	-	-	4.2	7.1
CD 30/1's	-	-	-	-	-	35.1	77.3	47.9
CD 24/1's	202.3	155.3	189.9	161.4	182.8	225.7	236.9	245.4
CD 22/1's	-	-	-	-	-	-	17.5	13.6
CD 20/1's	186.3	224.0	235.2	214.0	195.2	104.9	138.6	129.0
CD 24/1's	-	-	14.6	19.6	4.9	13.1	1.7	-
CD 20/1's	-	-	11.7	-	5.8	-	34.4	32.1
Total	518.4	475.8	580.8	501.1	493.4	456.6	510.6	475.1

APPENDIX J-T-5

List for Machinery of Spinning Machine List

Process : Jableh Spinning Co.,

M/C No.	Origin	Name of Manu.	Model	Year of Manu.	Remarks
Blow Room	3 (set)	TRIZICHELER	1975		
Card M/C	96	Platt Saco Lowell	1975		
Ply Draw Frame	6	Hara Shoki	1996	DX 600 Tipe	3 sets Stop
Lap Homer	3	Platt Saco Lowell	1975		2 sets Stop
Comber M/C	20	Platt Saco Lowell	1975		16 sets Stop
Draw Frame	10	Hara Shoki	1996	DX 600	6 sets Stop
Draw Frame	12	Hara Shoki	1996	DX 800	
Roving Frame	12x104sp	Platt Saco Lowell	1975		4 sets Stop
Ring Frame	63x480sp	Platt Saco Lowell	1975	30,240sp	
Ring Frame	102x444sp	Platt Saco Lowell	1975	45,288sp	14 sets Stop
Winding Frame	5x50 D	Schlafhorst	1994	Auto Coner 238	
Winding Frame	2x40 D	Schlafhorst	1994	Auto Coner 238	
Winding Frame	14x108 D	Leessona	1975		8 sets Stop
Doubling M/C	2	Gilbos	1975		
Twisting M/C	18	Platt Saco Lowell	1975		10 sets Stop
Utility Equipment					
1. Power Supply		Main	1 x 10MVA	1 x 8MVA	66KV - 20KV
		Distribution	6 x 1600KVA		20KV - 0.4KV
		Lighting	1 x 1000KVA		20KV
2. Dicsel Generator			15000KVA	1000KVA	
3. Water Supply Equip.			3 x 8m ³ /H		for Air Condition
4. Air Conditioning Equip.			8 x stdge		
5. Chiller		(Carrier 1983)	2 x 2500KVA		for Air Condition
6. Air Compressor			4 units		
7. Fire Protection			1 set Complete		Hydrant for Sprinkler
8. Work Shop			Lather, Milling, Shoper		etc

APPENDIX J-T-6

Mechanical Workshop Machinery

Machine tool	Nos.	Swing (mm)	Bed length (m)	Make or Country	Year
Lathe	1	140	1	USSR	1975
Lathe	1	400	1½	USSR	1974
Lathe	1	540	3	USSR	1974
Lathe	1	300	2	Hungary	1992
Shaper	1			SEBA	-
Milling machine	1			ARNO/Italy	-
Milling/drilling M.	1			Aja/Spain	-
Surface grinder	1			Russia	1994
Roller grinder	1			Russia	1994
Radial arm drill	1			UK	1974
Vertical drill	1			Local	-

Source : Jableh Spinning Co.

APPENDIX J-T-7

Calculation Table

< CM : Cotton 100% Ne 26's >											
		Blowing	Carding	Ply Drawing	High Lap	Combing	Drawing	2nd Drawing	Roving	Spinning	Winding
1	Count									26	26
2	Fed Grain		14 OZ/1	380/6	380/6	750/1	380/6	380/6	380/6	250/30	38.46/120
3	Produced Grain	14 OZ/1	380/6	380/6	750/1	380/6	380/6	380/6	250/30	38.46/120	38.46/120
4	Twist								1.25	19.88	
5	Twist Multiplier								1.25	3.9	
6	Speed		130 m	300 m	60 m	53.8 m (230nip/min)	300 m	300 m	1,000 R	11,000 R	1,100 R
7	Calculated Production	350	35	80.8	191.4	15.15	80.8	80.8	0.900	0.01916	1.498
8	Efficiency		85	80	85	85	80	80	85	90	90
9	Actual Production	8,400	714	3,103	3,905	618	3,103	3,103	1,763	198	1,618
10	Total No. of M/C	1	10	3	2	10	3	3	4X96=384sp	30X480=14,400sp	4
11	Total Production	8,400	7,140	9,303	7,809	6,180	9,303	9,309	7,052	5,940	6,472

APPENDIX J-T-8

The Investment for Modernization Plan

Name of Machine	Q' ty	Price (Exgodown)
① Blowing M/C	1 line (set)	
② Carding M/C	10	
③ Sliver Lap M/C	2	
④ Combing M/C	10	
⑤ Roving M/C	4	
⑥ Ring Spinning M/C	30	
⑦ Auto Winding M/C	4	
Ⓐ S. Total		¥ 1,400,000
Accessories		
① Cons 36" φ	120pcs	
② Cons 24" φ	900pcs	
③ Roving Bobin	60,000pcs	
④ Ring Bobin	60,000pcs	
⑤ Spare Parts	1 set	
Ⓑ S. Total		¥ 250,000
Ⓐ + Ⓑ Total Investment		¥ 1,650,000

APPENDIX J-T-9
Production Cost in 1996 at Jableh Spinning

Total Cost of 1-Kg	cost of 1kg winding	Total cost of winding	cost of kg count winding	total cost of 1kg finish spinning	production cost of kg	total cost of other factors (production cost)	Total cost of Raw material	cost of 1kg Raw material	kg count	Real production kg	Yarn count
176.14	13.44	11,267,114.88	26,826,464	162.70	61.95	51,934,357.65	84,462,050.06	100.75	26,826,464	838,327	32 combed
128.30	8.38	21,529,668.00	51,359,900	119.92	27.12	70,823,880.13	238,309,936.00	92.80	51,359,900	2,567,995	22 carded
135.80	10.08	32,059,883.52	716,333,056	125.72	32.92	119,143,178.00	295,154,483.20	92.80	76,333,056	3,180,544	24 carded
140.00	12.60	650,651.40	1,549,170	127.40	34.60	1,786,709.40	4,792,099.20	92.80	1,549,170	51,639	20 carded
150.43	7.98	115,334.49	274,607	122.45	29.65	428,531.45	1,341,238.40	92.80	274,607	14,453	waste yarn
-	-	65,622,652.72	156,343,197	-	-	244,116,656.63	-	-	156,343,197	6,652,958	Total

APPENDIX J-T-10

Sales Performance in Jableh Spinning

1995	Title of Credit	1996	1995	Title of Debit	1996
315,975.14	1. Real Production as of 31/12/96	284,458,597.00	4,709,496.77	1. Real Production as of 01/01/96	315,975.14
	- Yarn (2,025 ton)			-Yarn (3149 ton)	
	-Waste (589 ton)			- Waste (592 ton)	
10,805,302.00	2. Sales of waste yarn	14,623,551.40	662,396,910.79	2. Total Production cost	958,166,694.46
666,426,746.75	3. Sales of yarn	640,043,353.00	5,954,233.14	3. Administrative and financial expenses	4,044,480.83
26,797.30	4. Sales of transportation	-	24,774,844.57	4. The Profit on the company	11,017,469.45
20,260,659.98	5. Other Sales	43,419,118.48			
697,835,481.17	Total	973,544,619.88	697,835,481.17	Total	973,544,619.88

APPENDIX J-T-11
Profit and loss Statement in Jableh Spinning

1995	Title of Credit	1996	1995	Title of Debit	1996
18,065,565.87	1. The Profit of purchasing	19,667,608.11	35,308,693.65	1. Administrative and financial expense	60,827,864.50
	2. Delivery profit	38,246,884.00	8,487,541.76	1-1 wages	9,926,823.10
24,774,884.57	3. Total commercial profit	11,017,469.45	1,058,089.22	1-2 welfare	1,514,666.52
			1,194,234.03	1-3 consumer goods	1,245,128.76
			1,411,576.96	1-4 Service goods	2,681,194.40
			744,439.95	1-5 Tax and depreciation	4,407,280.88
			22,412,811.73	1-6 Carried over cost From past years	41,042,770.87
			7,531,716.79	2. The Profit of cycle (Financial one year)	8,104,097.06
42,840,410.44	Total	68,931,961.50	42,840,410.44	Total	68,931,961.56

APPENDIX J-T-12
 Balance Sheet in Jablch Spinning
 "ASSETS"

Year, 1995 SP	account No.	Title	Partial SP	Year, 1996 Total, SP
		(1)- Fixed assets		
		(2)- Stocks		
		(3)- Debtors.		
		(4)- Debit accounts		
		(5) - Disposables		
		(6) - Creditors		
		(7)- Credit account		
400,043,016.91	11	1- Fixed assets	-	432,084,963.68
6,956,634.79	111	1-1- Lands	6,956,634.79	
45,170,288.97	112	1-2- Building Construction	60,106,195.95	
246,933,729.60	113	1-3- Machines + Equipments	263,947,608.32	
15,242,949.26	114	1-4- Transport media	15,242,949.26	
4,849,288.42	115	1-5- Tools + Moulds	4,849,288.42	
2,987,259.96	116	1-6- Furniture for offices	3,079,521.03	
36,965,812.91	118	1-7- Establishment cost.	36,965,812.91	
40,936,953.00		1-8- Specialized cost	40,936,953.00	
211,081,420.57	13	2- Stocks		516,482,953.07
54,350,198.97	1311	2-1- raw materials	34,297,467.46	
2,229,935.70	1312	2-2- Stationary	4,845,658.70	
907,671.24	1313	2-3- Oil	667,626.02	
73,399,114.37	1314	2-4- Spare parts	86,044,900.44	
11,099,941.41	1316	2-5- Production waste	20,389,717.86	
10,805,302.00	1315	2-6- Packing materials	14,623,551.40	
15,425,114.95	133	2-7- Uncompleted production	15,956,637.00	
315,975.14	132	2-8- Complete production	284,458,597.00	
42,548,166.79	136	2-9- Documentary crdts (L/C)	55,198,797.19	

A-2

Balance Sheet in Jableh Spinning
"ASSETS"

Year 1995 SP	account No.	Title	Partial SP	Year 1996 Total, SP
505,630,686.82	16	3- Debtors		907,329,238.60
277,953,780.48		3-1- Customers	860,888,463.11	
227,283,339.54		3-2- Benefit to financial minister	220,375,167.74	
393,666.70		3-3- Insurance (Bid Bond) down- payment (in advance)	353,527.27	
476,045,004.27	17	4- Debit account		48,090,594.12
969,067.15	171	4-1- defferent Debit account	702,875.15	
231,103,093.15	1751	4-2- Deprecations for GOTI	237,575,262.40	
43,332,045.00	1752	4-3- Reserves loans against high prices fixed asset	50,091,100.16	
200,640,799.02	179	4-4- Subtotal of loss during financial cycles	192,536,701.96	
69,654,051.73	18	5- Disposables	-	27,870,701.44
337,722.80	26	6- Creditors	-	398,750.74
		6-1- Debit accounts	398,750.74	
2,691,965.29	27	7- Credit accounts	-	7,770,024.19
		7-1- Different account	7,770,024.19	
1,665,483,868.29		TOTAL ASSETS	2,372,842,571.84	2,372,842,571.84

Balance Sheet in Jableh Spinning
"REQUIREMENT"

Year 1995 SP	Account No.	Title	Partial SP	Year 1996 Total, SP
		(1)-Capital		
		(2)- Resources		
		(3)- Depreciation.		
		(4)- Debtors		
		(5)- Provision		
		(6)- Creditors		
		(7)- Different Credit accountant.		
225,000,000.00	21	1- Capital		225,000,000.00
225,000,000.00		1-1- Paid-up capital	225,000,000.00	
43,332,045.00	22	2-Reserves		50,084,100.61
42,994,162.83		2-1- Reserve of fixed assts prices.	49,741,918.44	
337,882.17		2-2- Reserve of increase trans port media prices	342,182.17	
231,103,093.11	23	3- Depreciations		237,575,263.41
29,643,978.86	232	3-1 Building construction	31,253,384.34	
157,077,735.30	233	3-2 Machines and Equipments	160,373,719.79	
3,699,826.22	234	3-3- Transport media	4,748,089.70	
2,823,020.28	235	3-4- Tools and moulds	3,072,881.17	
892,719.54	236	3-5- Furniture for offices	1,161,274.53	
36,965,812.91	238	3-6- Establishment Cost	36,965,812.91	

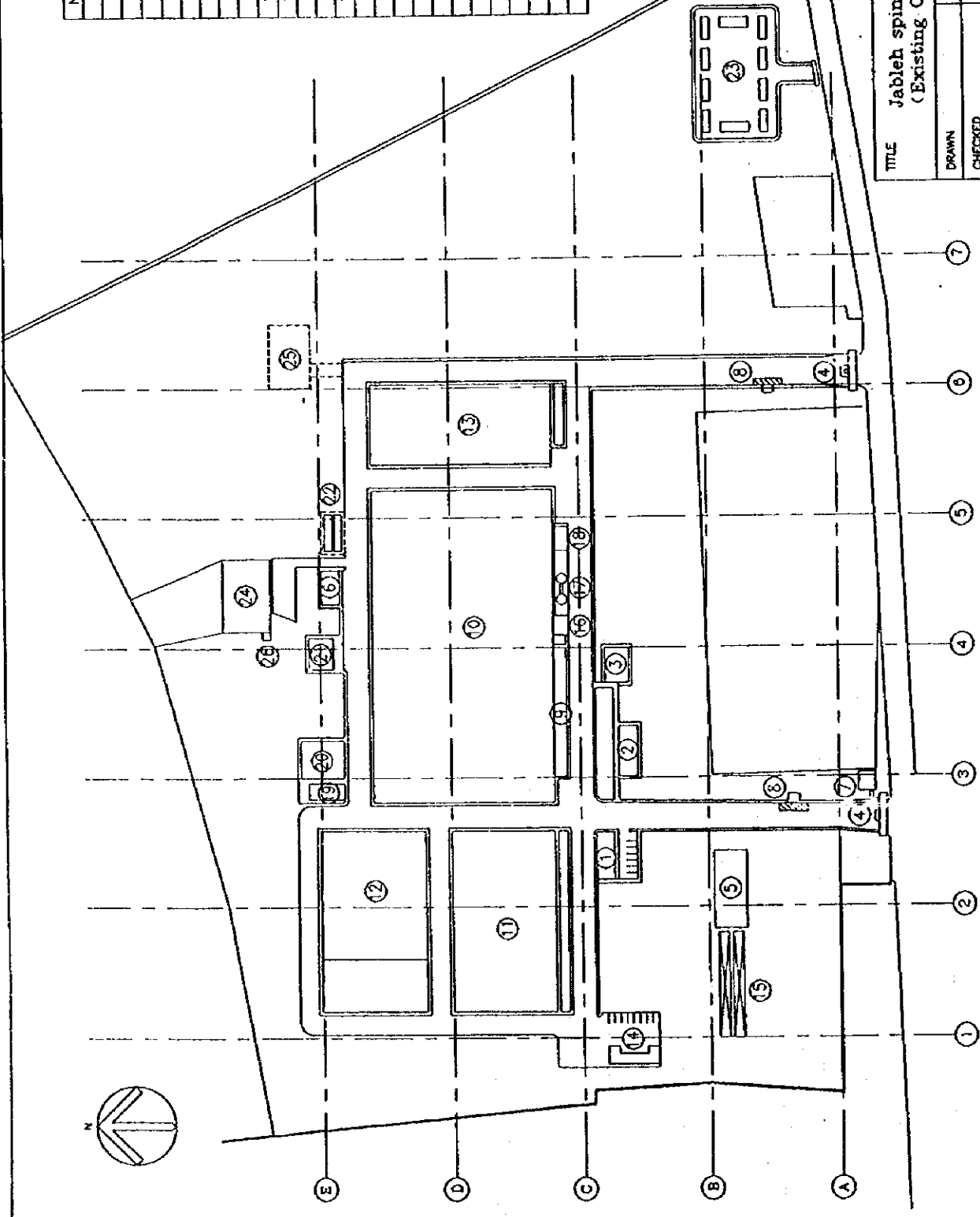
Balance Sheet in Jableh Spinning
"REQUIREMENT"

Year 1995 SP	account No.	Title	Partial SP	Year 1996 Total SP
		(1)-Capital		
		(2)- Resources		
		(3)- Depreciation.		
		(4)- Debtors		
		(5)- Provision		
		(6)- Creditors		
		(7)- Different Credit accountant.		
225,000,000.00	21	1- Capital		225,000,000.00
225,000,000.00		1-1- Paid-up capital	225,000,000.00	
43,332,045.00	22	2-Reserves		50,084,100.61
42,994,162.83		2-1- Reserve of fixed assets prices.	49,741,918.44	
337,882.17		2-2- Reserve of increase trans port media prices	342,182.17	
231,103,093.11	23	3- Depreciations		237,575,263.41
29,643,978.86	232	3-1 Building construction	31,253,384.34	
157,077,735.30	233	3-2 Machines and Equipments	160,373,719.79	
3,699,826.22	234	3-3- Transport media	4,748,089.70	
2,823,020.28	235	3-4- Tools and moulds	3,072,881.17	
892,719.54	236	3-5- Furniture for offices	1,161,274.53	
36,965,812.91	238	3-6-Establishment Cost	36,965,812.91	

Balance Sheet in Jableh Spinning
"REQUIREMENT"

Year 1995 SP	account No.	Title	Partial SP	Year 1996	
				Total, SP	
43,878,596.66	16	4- Debtors		52,772,096.70	
43,870,515.57		4-1- Customers	52,744,008.29		
8,081.01		4-2- Insurance (Bid Boind) and down - payment (in advance)	28,088.41		
189,206,153.20	24	5- Provisions		227,453,037.20	
189,128,783.20	241	5-1- Provisions against benefit financial minister	227,375,167.20		
77,870.00	-	5-2- Other Provisions	77,870.00		
480,959,896.88	26	6- Creditors		1,114,842,550.31	
8,162,671.89		6-1- Different credit accounts	11,476,340.76		
		6-2- Unpaid - up capital	301,000,000.00		
472,798,224.49		6-3- Suppliers of organization of cotton (Government)	802,366,201.55		
450,483,046.84	27	7- Different Credit account		465,108,524.61	
168,128,675.74	277	7-1- During account to GOTI	168,605,611.67		
2,291,030.93	276	7-2- Deprecations loans for GOTI	235,575,262.40		
43,337,045.01		7-3- Reserve for against to high prices	50,091,100.62		
9,919,233.49		7-4- Other different credit	10,836,549.92		
1,665,483,868.29		Total Requirement	2,372,842,571.84	2,372,842,571.84	

No.	ITEM
1	Administration
2	PMC
3	Flinders
4	Fire Pump
5	Boiler House
6	Shop
7	Weigh Bridge
8	Technical Room
9	Production Mill
10	Cotton Storage
11	Cotton Storage-Yarn Store
12	Yarn Store
13	Garage
14	Wash House
15	Chiller
16	Cooling Tower
17	Trans Former for Chiller
18	Waste Boilers
19	Mechanic Workshop
20	Fire Pump
21	Empty
22	Dormitory
23	Trans Former Station
24	Under Ground Shelter
25	Store for 2

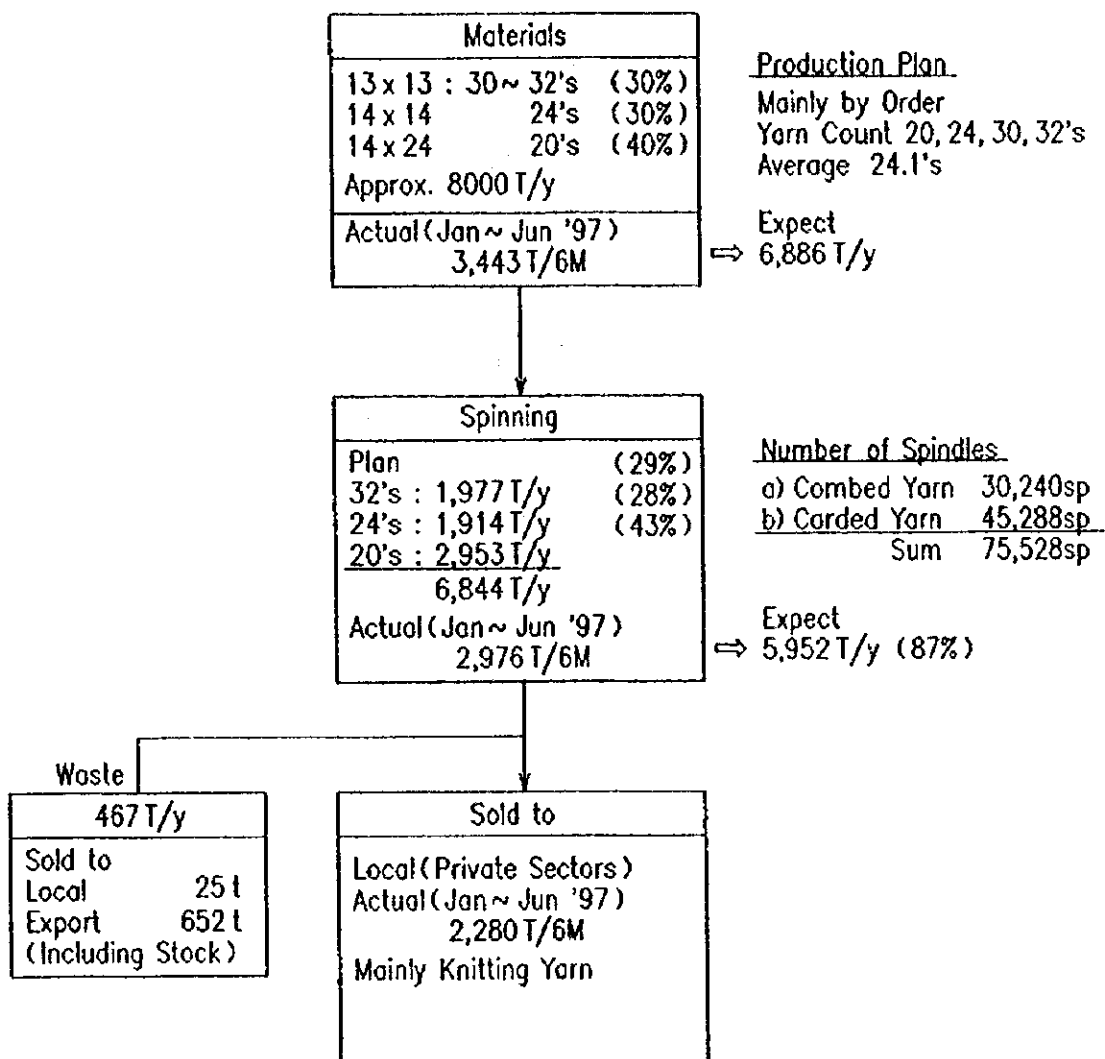


TITLE Jableh spinning Company
(Existing Company General Layout)

DRAWN	DATE 1997.10.6	SCALE 1/3000
CHECKED	OWC NO.	
APPROVED	APPENDIX J-F-1	

APPENDIX J-F-2

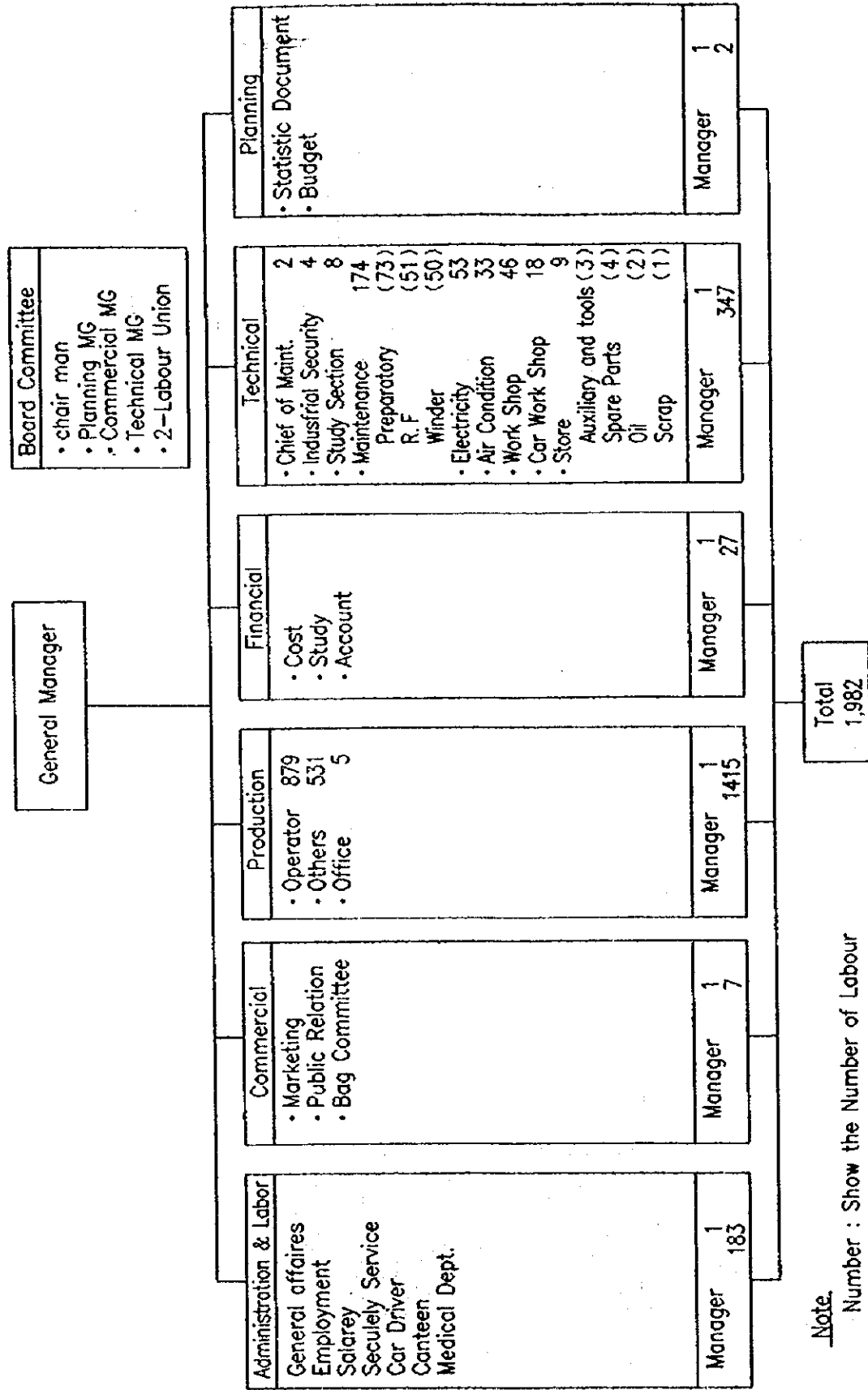
1. Production Flow Diagram



2. Stock of Products (at present)

	Yarn	Waste
Quantity	2616 T	265 T
Estimate Value	337.3 MSP	8.41 MSP

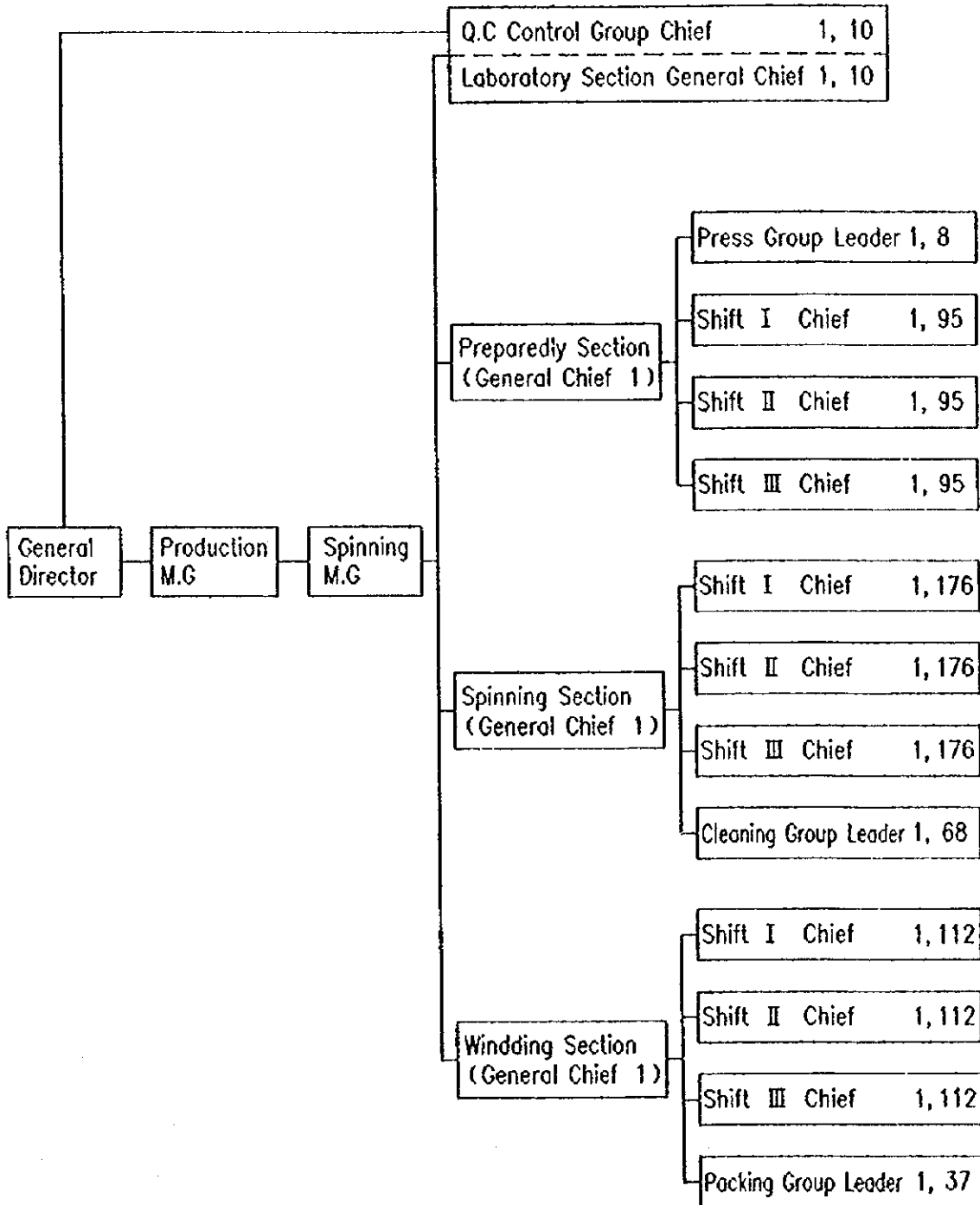
Organization of Jableh Spinning Co.



Note: Number : Show the Number of Labour

APPENDIX J-F-4

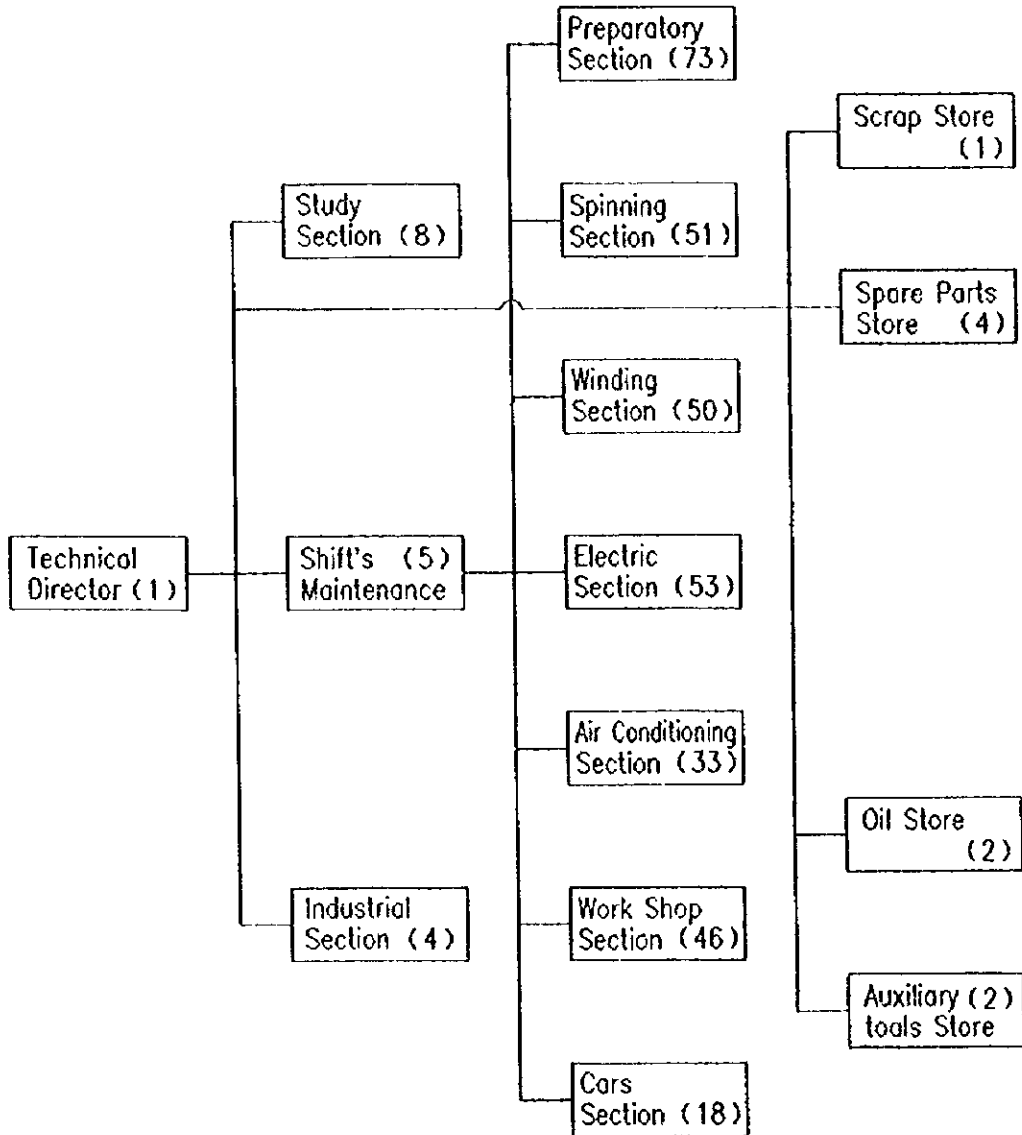
1. Production Control - Organization



Note
Number : Show the Number of Labour

APPENDIX J-F-5

2. Technical Maintenance – Organization



Note

() Number : Show the Number of Labour