



YUMCO

**HOLDING COMPANY COTTON WORKS
“YUMCO” JSC, Vranje**



General Information

Full legal name	HOLDING COMPANY COTTON WORKS „YUMCO“ JSC, VRANJE
Address	No 5 Radnicka Street, 17000 Vranje
Identification Number	07105720
Core activity	Preparation and spinning of textile fibers
Foundation Year	1965
Number of Employees	1627 (total number of employees with subsidiaries: 1769)



Capital structure

Shareholders' fund	21.20 %
Pension and Disability Fund	6.49 %
Republic of Serbia	18.43 %
Development fund	16.63 %
Others	37.25 %

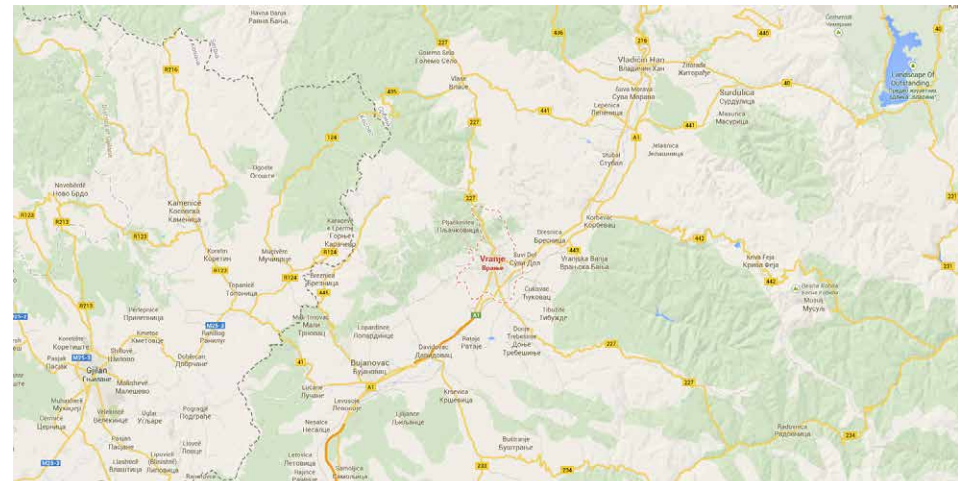
The Company has subsidiary BIVODA LLC Bujanovac (100% owned by Yumco) for production of mineral water and soft drinks.

General Information



Distance form the Company to:

Belgrade	346 km
Regional Center	0 km
Main road	1.9 km
Port	300 km
Railway	2.9 km



Location

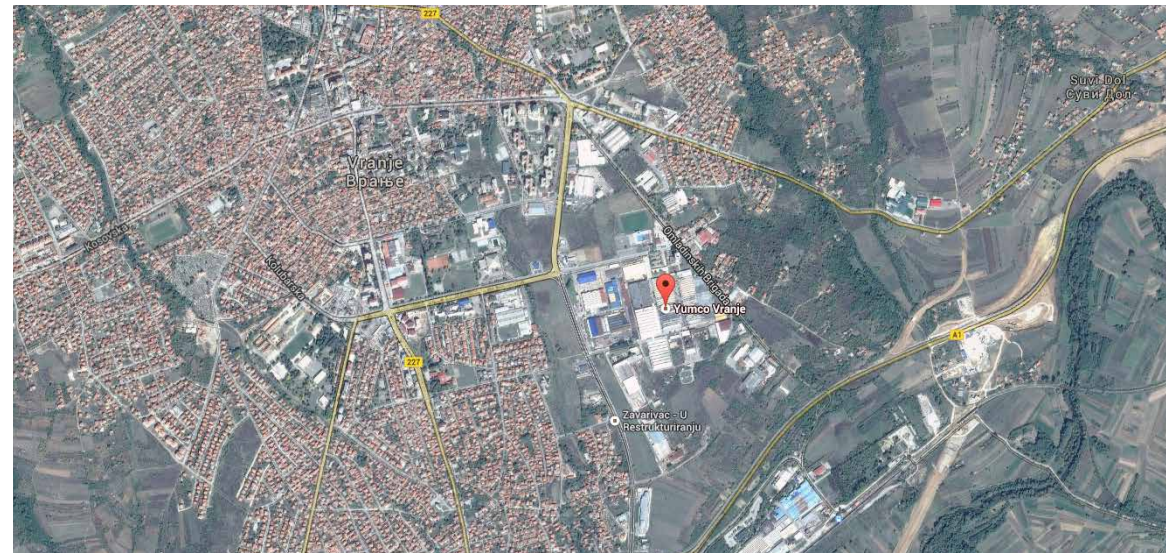


VRANJE

Pan-European Transport Corridors

Vranje is a city located in southern Serbia. The population of the city administrative area is 83,524, while the urban area has 55,138 people. It is the administrative center of the Pčinja District of Serbia and the southernmost settlement which is in an official category of a city. It is located on the Pan-European Corridor X, close to the borders with Macedonia and Bulgaria.

Geographical location of YUMCO JSC, Vranje is of strategic importance in the market area of southeast Europe and provides opportunity for intensive business cooperation.



Tradition and expertise



- Established on February 29th 1960; production had started in 1965.
- 1965 to 1975 / This is the period of primary production. It is characterized by high scores in all categories.
- 1976-1985 / In the second decade of existence PKV is entered as a renowned manufacturer of yarns and fabrics. This period begins with the production of garments and threads.
- 1986-1995 / Along with the consolidation of all the clothes, new clothes are built. 1995th years. Social Enterprise PKV Yumco Vranje is transformed into a holding company of cotton Yumco Vranje. At this stage, it creates its own retail network and developing traffic.
- 1995 -2001 / Sanctions have slowed the strong growth of the Company, but it is not stopped their production and their investments. Build a new factory, and in late 1998. year purchased a 60-date looms with without chuttle grajferima air and transferring the weft. The Law on Ownership Transformation, which was adopted July 1997. year, from 30 June 1999. The company becomes a limited company and operates under the name: Holding company of cotton , “YUMCO” AD Vranje.
- 2001 -2004 / The transition period of the whole economy of the Republic of Serbia and the most difficult period of our Company. During this period, the company allocated some of their companies located outside of the central company as independent entities (limited liability company) and makes the reorganization.
- 2004 -2008 / The company is recovering slowly and gradually returned to the old production facilities. Today, while the entire Serbian economy is stagnant, and some companies and disappear “YUMCO” operates successfully and is present on both the domestic and foreign markets.
- 2009-present / The company begins the process of restructuring. Tendency of this process is to increase productivity and production efficiency, reduce costs, renewal of machinery, and hire new workers.

Production lines



The basic production lines of “Yumco” JSC Vranje are: Yarn, Fabric, Thread, Knitwear, Clothes. Process of production is organized through production units. Production units consist of one or several organizational units which are composed of one or several production lines:

- P.U. SPINNING MILL consists of two organizational units (OE spinning mill and annular mill);
- P.U. PREPARATION is independent organizational unit with two production lines;
- P.U. WEAVING is independent organizational unit with four production lines;
- P.U. FINISHING is independent organizational unit with four production lines;
- ADJUSTING is independent organizational unit with two production lines;
- P.U. THREAD is independent organizational unit with two production lines;
- P.U. KNITWEAR consists of four organizational - technologically unit (unit for cotton; unit for wool; unit for confection; colander press);
- READY-MADE “VRANJE” consists of four organizational - technologically units (tailoring, sewing, finishing and pattern unit)

Mentioned production units are situated in Vranje. Additionally there are independent ready – made clothes production units (also organizational units), geographically isolated, and each consists of three production lines:

- READY-MADE “VLADIČIN HAN”;
- READY-MADE “RADOVNICA”;
- READY-MADE “POLJANICA”;
- READY-MADE “KOBOS”

Product portfolio



The basic production lines of “Yumco” AD Vranje are:

- MANUFACTURE OF YARNS AND THREADS
- MANUFACTURE OF TEXTILE AND KNITE
- MANUFAKTURE OF DEDICATED PROGRAME
- MANUFACTURE OF FASHION PRODUCTION

Product portfolio



YARNS AND THREADS

HK PK YUMCO ad in its own company yearly produces 1900 tons of yarn Nm 10 -80 , the composition of different raw materials: 100% cotton or blended with artificial fiber (polyester, acrylic, viscose) in different relations.

Yarn products like a combed, carded and OE. Yarn used to produce fabric, tricot-knitted fabrics and sewing and handicrafts.

Annual production is about of 1320 t and also yarn products in the different Nm and in different composition: 100% cotton (soda, mercerized), cotton-polyester and 100% synthetic fibers.

Threads, handmade products are made of cotton in all numerations. Use for crochet, knitting, embroidery and to the wide range of colors.

TEXTILE AND KNITE

From our own year HK.PK., YUMCO,, ad annually produce 2.52 million meters of fabric in a width of 150cm and weight 80-350g/m² and 144 t of 80-300g/m² weight knits.

Depending on own needs or the needs of customers , fabric is woven in a variety of different compositions, 100% cotton or mixed with artificial fiber (polyester, polyamide, viscose).

In addition to the standard finishing of textiles (softening, washing, throwing stones in the finished garment), Yumco works and for special treatment.

According to customer requirements apply to its finish on fabrics to produce special-purpose uniforms and work clothes.

Using modern technology to achieve the polishing cloth waterproof, oil resistance, acid resistance, fire resistance, antistatic properties and stabilization of the anti-crease fabric dressing and collecting.



Product portfolio



DEDICATED PROGRAM

Dedicated program involves the production of the finished product and sell a wide range of uniforms and work clothing for all conditions of work, all professions, according to the existing product range, or the specific requirements of customers. Development of dedicated models and requires the application of modern technology in fabrics from natural fibers, artificial mixtures of natural and artificial fibers. Refinement of the fabric waterproof, oil resistance, acid resistance, fire resistance, antistatic properties, Yumco is capable of creating high quality uniforms and work clothes for all occupations.

** We must mention that Yumco in 2011 did a new modern uniforms for the Army of Serbia M-10, in a digital pattern, by the developed world's armies. Serbian pattern worked experts military-technical Institute in cooperation with the expert team from Yumco. In addition to the new military uniforms, Yumco has done a complete range of medical clothing, bed linen, cooking-baking equipment and work clothing-repair.*

FASHION PROGRAM

After some time of stagnation, Yumco of 2009. started with the resurgence of fashion and re-expansion of retail network.

Today, Yumco, with not so large sales network in its product range to offer men's and women's jackets, coats, shirts, pants, sets of clothes and suits, sweaters, shirts, dresses in a knit.

Land and Buildings



The Company used the total of 48ha 89a 57m² of land. The major portion of the land is municipal construction land out of construction area and agricultural land. The Company uses the total of 212.898 m² of facilities.



BIVODA LLC Bujanovac

Certificates

Quality assurance certificate ISO 9001

Company does not own quality assurance certificate ISO 9001.

Ecology

According to applicable regulations, the requirements for environment protection are not fulfilled.

Production and Capacity



Product	Unit	Quantity			Value in EUR		
		2011	2012	2012	2011	2012	2013
Yarn	kg	1,228,222	582,273	546,447	1,664,235	1,536,094	1,470,332
Fabric	m	1,705,694	828,874	450,079	507,450	656,649	362,546
Thread	kg	260,236	132,671	246,381	309,630	303,161	544,939
Knite	kg	67,995	67,549	37,267	16,437	28,667	16,242
Clothing	piece	662,708	649,720	680,300	1,119,581	1,010,022	1,067,322

Capacity utilization

Machine (Production line)	Unit	Installed capacity	Real capacity	% of utilization		
				2011	2012	2013
Spinning mill	kg	1,848,000	4,042,500	43.00	40.00	38.00
Preparaation - rewind	kg	885,423	1,741,740	40.00	39.00	40.00
Preparation - flossing	kg	521,136	1,562,484	60.00	65.00	67.00
Waeving mill	m	4,851,000	5,554,000	20.00	25.00	18.00
Finishing knite	kg	150,150	508,200	45.00	65.00	55.00
Finishing fabric	m	5,500,000	11,000,000	20.00	45.00	40.00
Thread	kg	902,000	1,540,000	13.00	30.00	50.00
Knit - knitting facility	kg	150,150	602,910	48.00	60.00	55.00
Knit - clothing	pieces	6,754,440	8,939,700	62.00	65.00	60.00
Clothing	pieces	806,212	1,695,826	32.00	49.00	52.00

Realization



Movement in sale volume

Product/service	Unit	Quantity sold			Value in EUR		
		2011	2012	2013	2011	2012	2013
Yarn	kg	50,877	116,793	121,683	188,731	273,193	288,882
Fabric	m	574,654	612,574	141,984	562,065	549,639	453,847
Thread	kg	104,647	132,000	127,204	805,096	1,160,614	1,097,206
Clothing	pieces	294,158	586,128	505,145	3,278,097	6,009,815	4,709,439
TOTAL:					4,833,989	7,993,261	6,549,374

Sales structure

Sales structure in %	2011	2012	2013
Domestic market	85.00	96.75	100.00
Foreign market	15.00	3.25	0.00
TOTAL :	100.00	100.00	100.00

Distribution channels

Distribution channels	% of share
Direct sale	30.00
Wholesale	63.00
Retail	4.00
Intermediaries	3.00



Organization



EMPLOYEES



Number of employees

Working	1,107
Paid leave	118
Unpaid leave	5
Other (sick leave, vacation, etc.)	397
TOTAL NUMBER OF EMPLOYEES	1,627

Age structure of employees

Age	-25	25-35	35-40	40-45	45-50	50-55	55+
Number	0	80	262	372	454	331	128

Average salaries in EUR

(gross and net) in 2011, 2012 and 2013

Year	Gross	Net
2011	241	148
2012	246	151
2013	249	154

Assets Overview



	31/12/2011	31/12/2012	31/12/2013
CURRENT ASSETS	18,644,440	16,805,360	16,632,764
NON-CURRENT ASSETS	10,355,502	8,949,923	8,443,181



A) Information contain in this document is based on the data recieved from the company, and as such has not been verified by the Privatization Agency. Accordingly, the Privatization Agency shall have no liability with respect to the accuracy and validity of the information contained here in.

B) Pursuant to the law, enterprises from the Republic of Serbia were obliged as of 2004 to prepare Financial Statements in accordance with the International Standards of Financial Reports (ISFR).

SWOT Analysys

STRENGTHS:

- Fully integrated process of production and value added in field production of cotton
- Tradition in researching and experience in engineering and production
- Possibilities for expedite production in the situation of large orders

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WEAKNESS:

- Obsolete technology and equipment
- Excess of capacities
- Qualification and age structure of employees

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OPPORTUNITIES:

- Agreement between Serbia and EU about trade of textile - goods
- CEFTA agreement and export potential

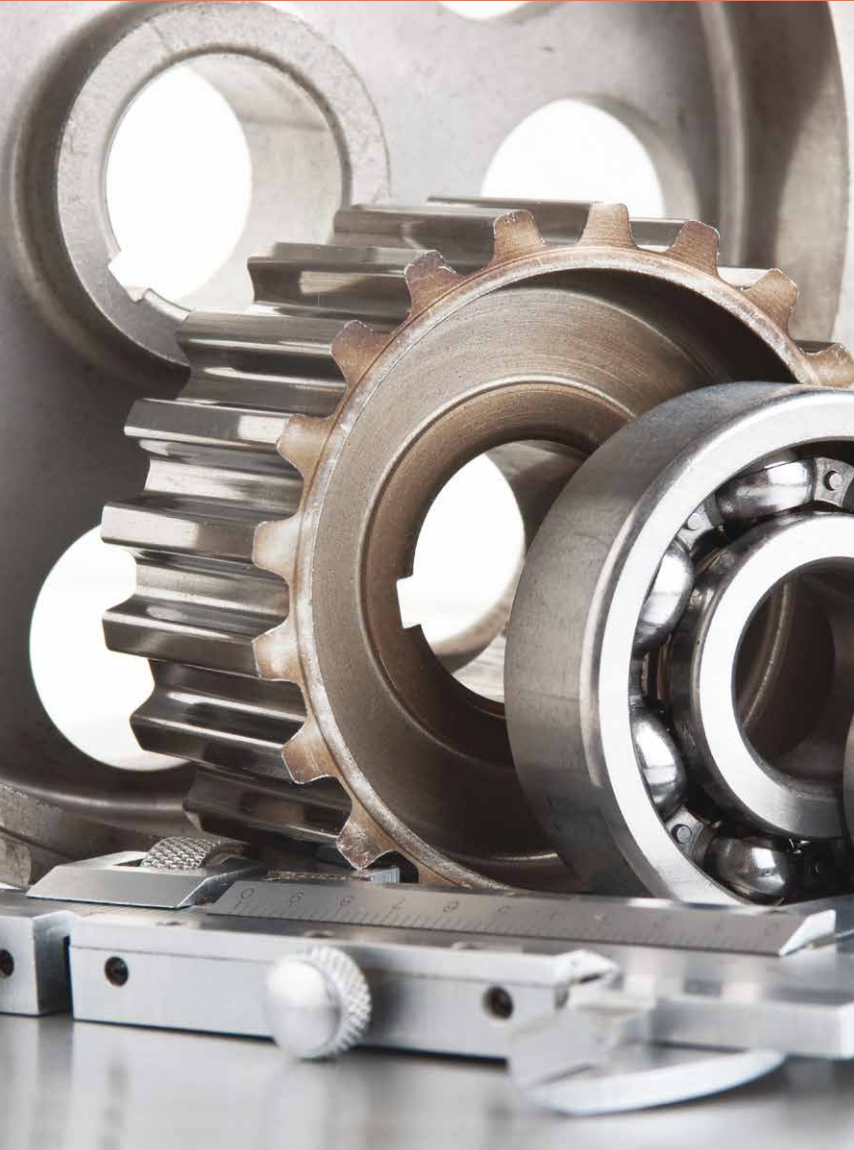
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THREATS:

- Competition in branch
- Market conditions

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Advantages of Investing in Serbia



Favorable geographic position, owing to which any shipment can reach any location in Europe within 24 hours

Highly educated and cheap labor force

Restructured and stable financial system

Simple procedures for a company start-up and registration

Simple procedures for foreign trade transactions and foreign investments

Several free trade agreements have been signed, ensuring supply of goods to nearly 800 million consumers:

- In March 2012 Serbia was granted the candidates status by the EC
- CEFTA
- Agreement with the EFTA members
- Autonomous trade preferences granted by the EU in December 2000, and implementation of the Interim Trade Agreement with the EU started in February 2010
- Agreement with the Russian Federation, Belarus and Kazakhstan
- Agreement with Turkey

Contact



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