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- **payables and previous financing experience**
- **growth of income and profit**

Gobi Corporate Profile

Year established	Pilot Plant in 1976, Gobi Company in 1981
Ownership	73,47% owned by Mongolian Government
Location	Ulaanbaatar, Mongolia
Credit Ratings	AAA/Aaa
2005 Total Revenues	19,855,690 TH. MNT
2005 Operating Income	2,145,010 TH. MNT
Core Business	Manufacturers-Exporters-Importers of Cashmere, Camel and Yak wool
Total Factory Capacity	Processing: 1000t cashmere, 200t camel wool; Spinning: 480t woolen and worsted yarn; Weaving: 215,000 lineal meter for fabric, scarf, blankets and throw; Knitting: 400,000 pcs garments;
Total assets	25,388,284 TH. MNT
2005 Sales Income	19,129,693 MNT
Operating area size	129,316 square meters
Customers	121 companies with commercial contract in 25 countries in European Union, Asia and North America.

Gobi Corporate Profile

Gobi JSC's Regulatory Structure

- **Representative Governing Board:** Board members are appointed by the Government with responsibility for developing and approving long-term Business plans and annual budgets.
- **CEO and Board of Directors:** CEO is appointed by the Government for managing ongoing operation. Board members are appointed by CEO responsible for 5 management departments such as Administration, Finance, Business, Production and Gobi 2plant.

Gobi JSC's Share Structure

In 1993, by the decree of State Privatization Committee of Government of Mongolia 25.1% or 1,919,061 pcs shares of "Gobi" factory was sold on Stock Exchange.



Gobi Corporate Profile

VISION

BY ITS MANUFACTURING-EXPORTING OF SUPERB QUALITY PRODUCTS MADE FROM AN UNIQUE AND VALUABLE RAW MATERIAL OF ANIMAL ORIGIN, THE GOBI CORPORATION REMAINS AS A LEADER AMONG THE OTHERS AND SUSTAINS COMPETITIVENESS IN THE INTERNATIONAL MARKET.

STRATEGIC GOALS

Quality management / Advanced technology / Customer satisfaction



Investor Friendly Environment



World Annual Cashmere Capacity

**world goat population
classification of goat fibre**

125 mill.
cashmere
cashgora
angora

world resource of cashmere

16,500 tons, of which the biggest are:
- China 65,0 mill. 12,000tons
- Mongolia 12,5 mill. 4,500tons

QUALITY SPECS OF FIBER:	MONGOLIAN CASHMERE	CHINESE CASHMERE
LENGTH	38-43 mm	33-35 mm
FINENESS	14-16 micron	14-16 micron
CLIP PER HEAD	250-300gr	240-260gr
COLOR	80% brown	90% white



Investor Friendly Environment

- **cashmere capacity and industry export volume**
- **bank loan, interest and tax**
- **legal aspects, laws supported foreign investment**

- number of goat 12,5 mill head that produces approx. 4,500tons of raw cashmere 30% of total world capacity;*
- export 1,5mill. pcs of cashmere finished products in 2005; **
- current annual interest rate of commercial banks is 27-28%;

measures on local market:

- export prohibition for the greasy cashmere and wool;
- export tax 4000MNT for scoured cashmere and wool;
- tax-free imports of technological equipment and raw materials for the development of factories;
- other incentives, such as covering up to 50% of employee's social insurance;

measures on international market:

- GSP+ in EU market 2006-2008;
- country with a favorable environment for trade with USA;

* Resource: Statistical Bulletin 2005, MSO

** Resource: Ministry of Industry and Trade of Mongolia

World annual resource of raw cashmere

Country name	Unit	In Volume	in %
China PR	tons	12,000	75,0%
Mongolia	tons	3,000	18,8%
Iran, Russia, Central and West Asian countries	tons	1,500	6,3%
World Total:	tons	16,500	100,0%

Demanding Sales Market

– core line of business and products

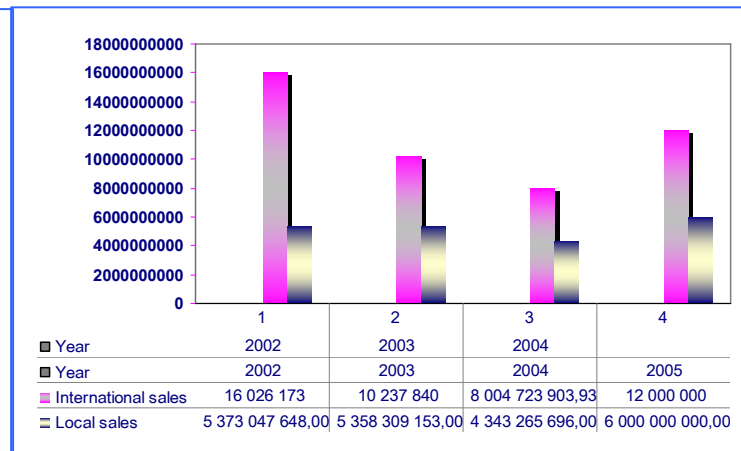
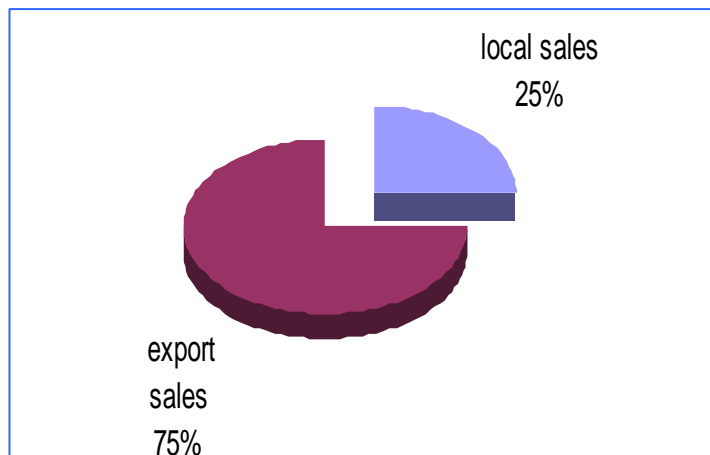
primary processing of de-haired products and top from cashmere and wool.

production of woolen yarn in count 11s/2, 11s/1, 12s/2, 12s/1, 16s/2, 16s/1, 24s/2, 26s/2, 28s/2 and worsted yarn in count 30s/2-48s/2 up to 72s/2.

production of knitted, woven and tailored goods from goat cashmere, camel, yak and sheep wool.

– sales volume in total sales

local sales 25%, international sales 75%

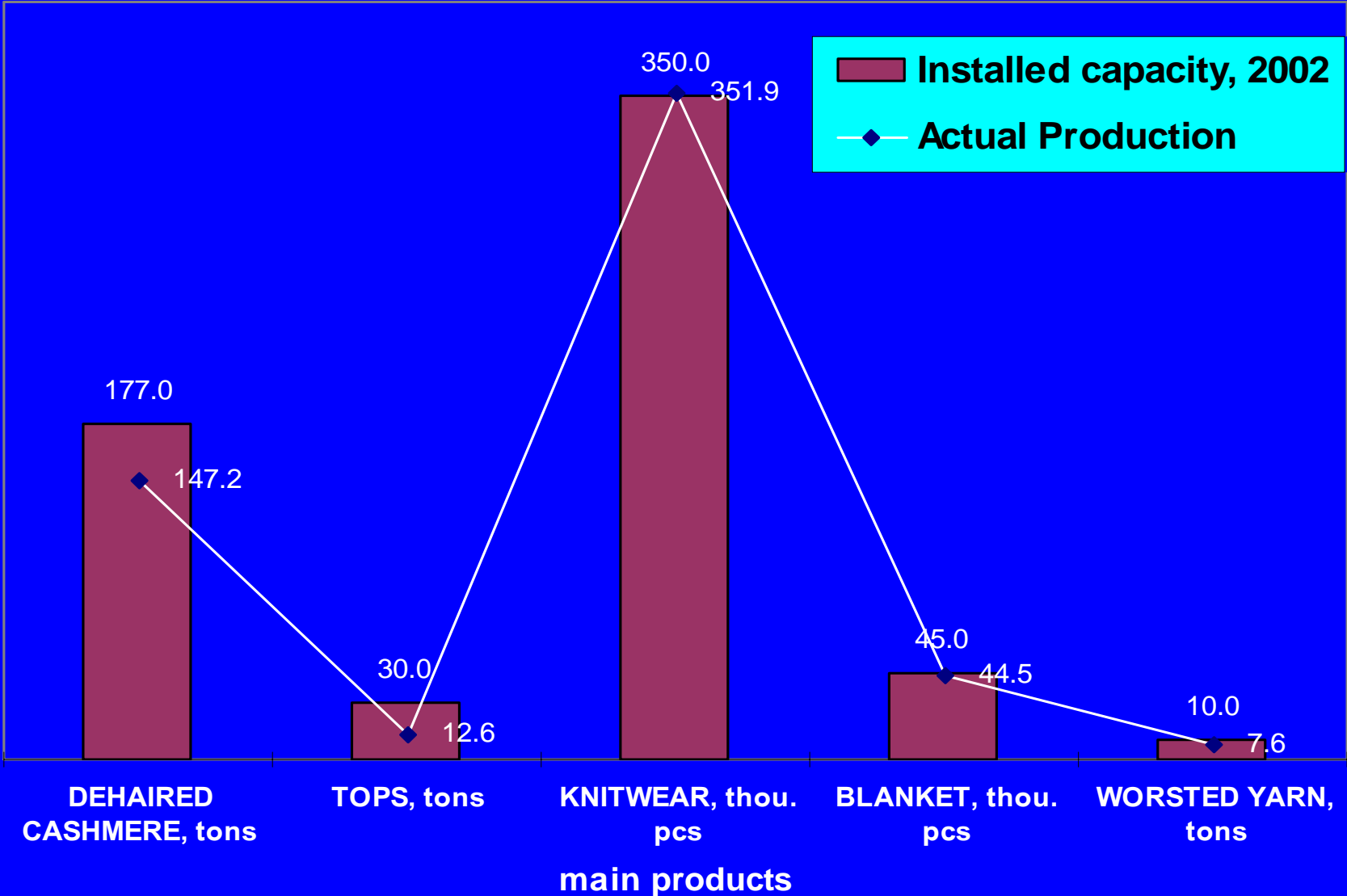


Milestones:

1981 Export of semi-finished and end goods to certain countries of socialist system.

2000 Export of both semi-finished and end goods to more than 20 countries of 4 continents

INSTALLED CAPACITY & ACTUAL PRODUCTION



QUALITY



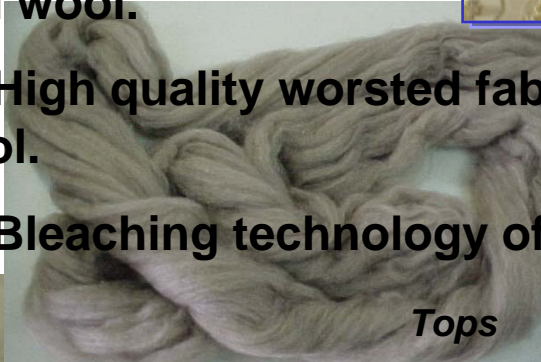
ISO-9000 STANDARD :

- 98.0% of products meet to the best quality standard.
- Strong competitiveness for knitwear and woven goods in Asian, European and American market awarded by International Quality Organisation.



TECHNOLOGY FORWARDS :

- Worsted yarn in 42-72 NM from 100% cashmere and camel wool.
- High quality worsted fabrics from 100% cashmere and camel wool.
- Bleaching technology of cashmere and camel wool.



COLOR :

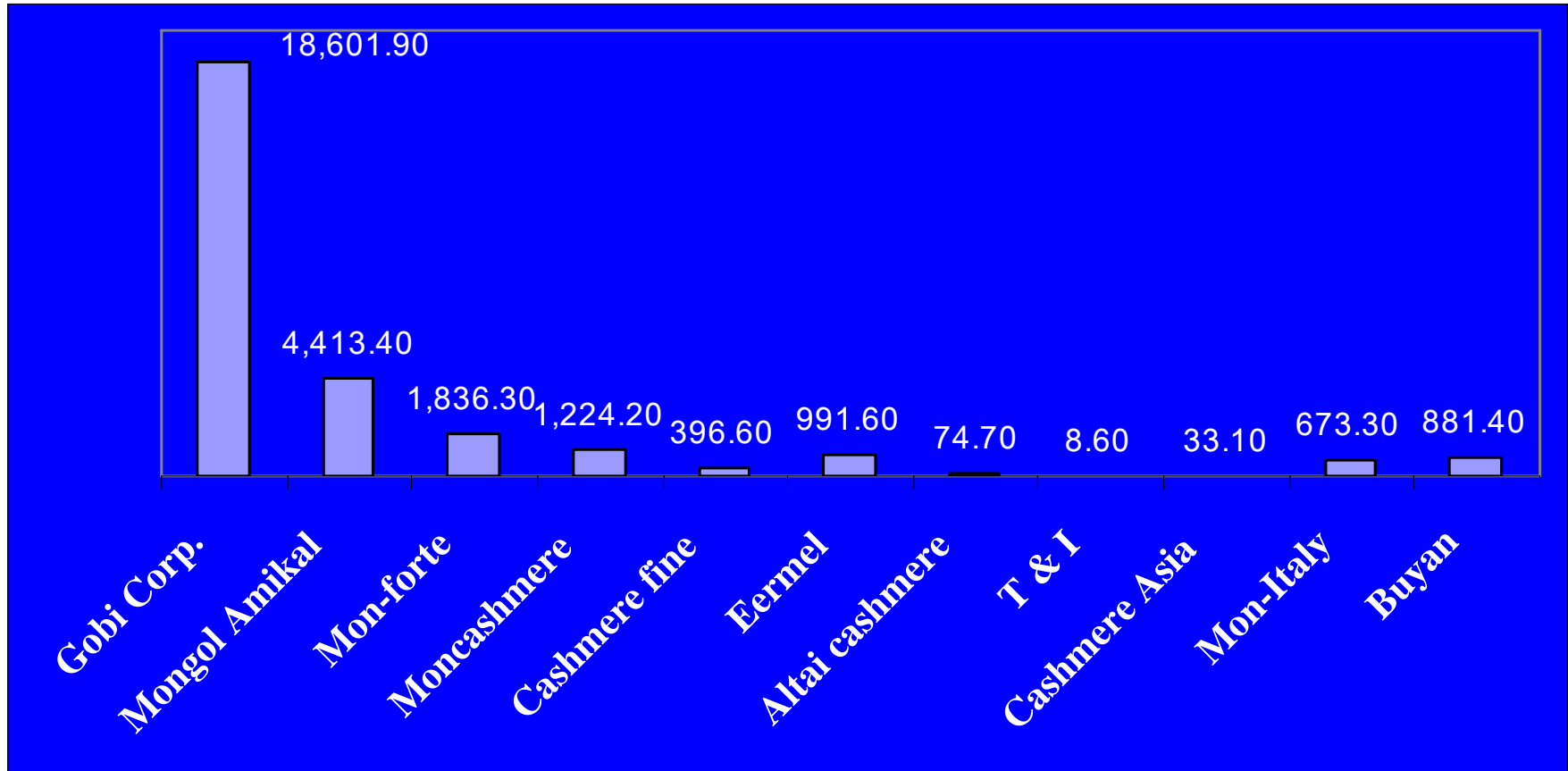
- App. 400 color shades are available

Dehaired cashmere

VOLUME of TOTAL SALES of DOMESTIC CASHMERE COMPANIES



WORKING PERIOD-2000/2001, (billon tugrug)

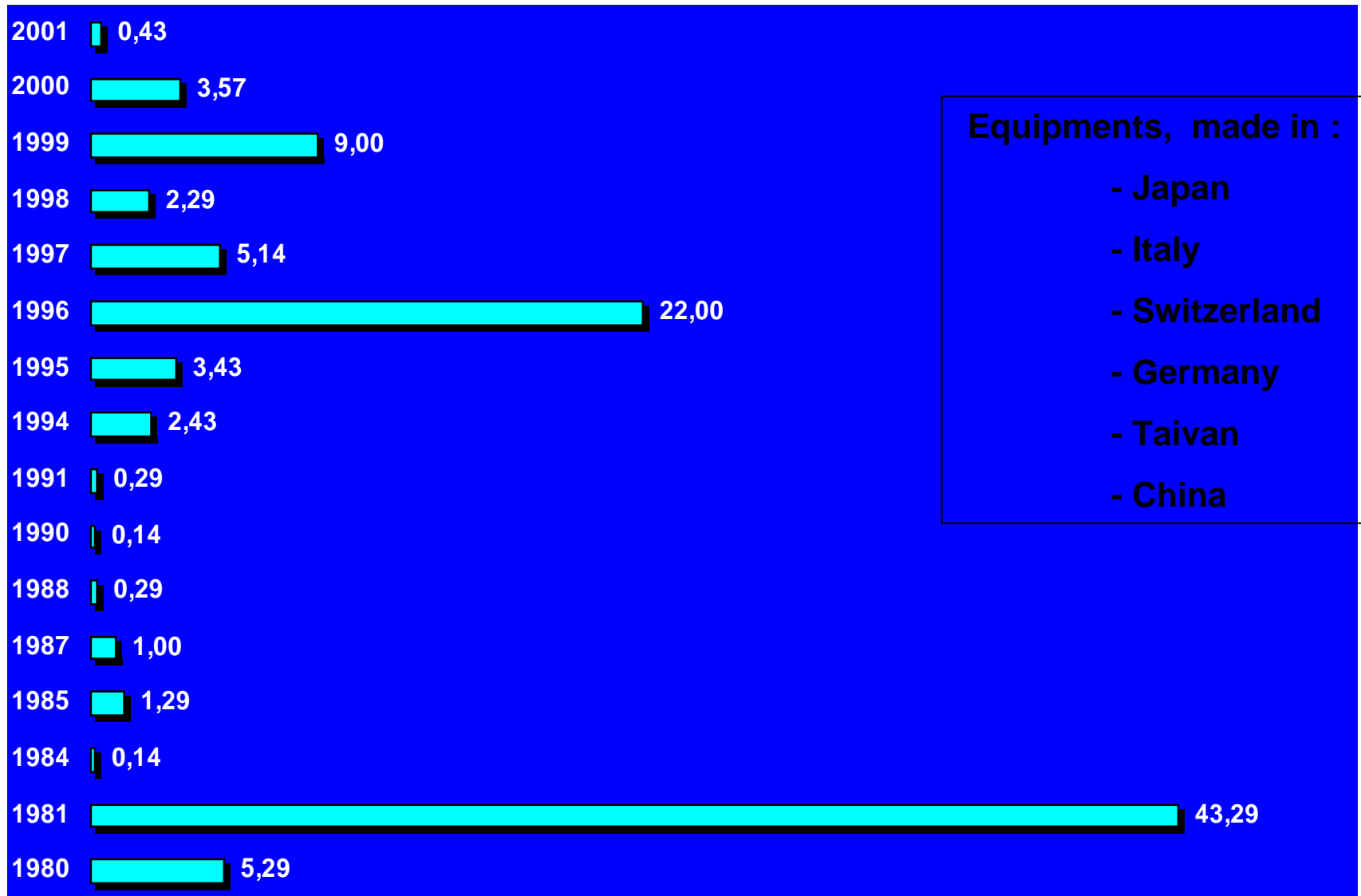


At the present GOBI Corporation stands in the first position in domestic and third in international market.

INVESTMENT FOR MACHINERY



(by year of installation, %)



CONDITION OF INFRA STRUCTURE OF COMPANY BUILDING



STEAM–Supplied from the central power station. Steam line capacity is 5t/h. In 1997 new steam equipment was installed.

HEAT – Supplied from the central line.

WATER – The clean water supply is connected to the central state`s system.

ELECTRICITY– Supplied from the central power station.

ADVANTAGES



Raw Cashmere

- national, renewable and ecologically clean
- high quality
- company-belonged raw cashmere procurement net

Technique and technology

- Modern technique and technology of leading manufacturers of Japan, Italy.
- 98% of product become a 1st place by quality classification

Staff (total numbers -1831)

- age - 84% on age between 20-40 years
- gender – male 24%, female 76%
- education - 38.3% with graduated and special degree
- constant - 85% worked from 5-20 years
- no prisoners and workers under labour age

Market

- well-known and reputable to customer
- 20 years experience on international and local markets
- number of foreign partners
- Established distribution net on local and international markets