

Business Report

TO ALL EMPLOYEES

For Fiscal Year Ending
SEPTEMBER 30, 1955

CAROLINA MILLS
INCORPORATED

Distribution of Each Dollar of Income

Total Income	\$ 7,496,888	100.00
Cost of Raw Materials, Services and Supplies	\$ 5,281,832	70.45
Paid in Taxes and Donations.....	\$ 212,005	2.83
Wear and Tear on Buildings and Equipment, and Kept for Future Growth	\$ 232,994	3.11
Cost of Wages and Salaries.....	\$ 1,578,843	21.06
Additional for Benefit of Employees..... (Pension Trust, Hospital Insurance, Employee Welfare, Vacation Pay, and Bonuses)	\$ 157,387	2.10
Paid in dividends to the 85 people	\$ 33,827	.45
whose savings are invested in this business		
Total	\$ 7,496,888	100.00

<i>Additional Cents per hour benefits for each employee, not including pension trust benefits</i>	10¢
<i>Additional Cents per hour benefits for those covered under Pension Trust plan</i>	11¢
<i>Average cost to mill in cents per hour for extra benefits</i>	15¢

Our original purpose in preparing these annual statements was to let you become familiar with what happens to the dollars we receive in exchange for the products you help us make. In looking over a number of the past years' statements, I find that the message contained in this space gives a good record of the important changes that have taken place in your company as well as comments on market conditions at the time. I would like to recommend that you keep these statements for future reference.

Since we are discontinuing our adult Christmas party as announced at our fish fry on October 1st, we are distributing our Christmas present along with this statement through the same channels your weekly pay checks are distributed.

By comparing this year's statement with last year's, you will find that the *average cost to mill in cents per hour for extra benefits* has almost doubled, going from 8¢ to 15¢. This figure includes the cost of our Christmas presents being distributed now. These additional benefits paid to employees amounted to \$4.65 for each \$1.00 paid to the owners who furnish our plants, equipment and working capital. This is not right and should be corrected next year by increasing payments to the owners (stockholders). Incidentally, our owners went almost two years without receiving any rentals (dividends) and we should catch up on this back rent as soon as possible.

In our plants we have now reached the stage where our operating machinery is in good running condition. Our repair program which was started several years ago has now been completed.

We are highly pleased with the results obtained to date. Our over-all manufacturing costs have been reduced. At the same time, your hourly rates of earnings have been increased. Including the pay increase given in September, our average hourly pay has advanced from \$1.16 to \$1.26 during the past year. For some time we have been looking forward to the time when we would be able to operate on a \$1.00 per hour minimum pay scale. This was realized in our last pay adjustment.

Throughout this program we have been very waste conscious. Substantial savings have been realized in the reduction of waste produced, but there is still room for further improvements in this field. All plants are still making more waste than they should based on the calculations of our Standards Department.

A good part of our cost reduction has been the results of increased production from each of the plants. This increased production has been realized without sacrificing any of our quality. This is of utmost importance as our customers are not particularly concerned about how much it costs us to produce a given item, but they are vitally concerned about the quality of the shipments they receive from us. We are having few if any complaints on the quality of our flannel, but there is a great deal of room for improvements in the quality of our sales yarns.

We are now working on the second phase of our program which consists of further modernization by adding new cleaning devices and replacing some of our equipment with new or improved machinery. Our efforts are now being concentrated on Plant No. 2 where a great deal of new equipment is being installed.

Our markets have improved greatly over the past six to eight months. All of our plants have operated full time recently, and it now appears that our markets will continue firm and active for at least six months more.

We wish to thank each of you for the splendid cooperation you have given in helping work out our new programs. It has really been wonderful working with you.

Wishing you a Merry Christmas and a Happy Prosperous New Year.

CAROLINA MILLS, INC.

LEONARD MORETZ
Secretary-Treasurer