

Business Report

TO ALL EMPLOYEES

FOR FISCAL YEAR ENDING

SEPTEMBER 30, 1949

CAROLINA MILLS

Incorporated

Distribution of Each Dollar of Income

Total Income.....	\$5,035,017	100.00
Cost of Raw Materials, Services and Supplies	\$3,545,095	70.41
Paid in Taxes and Donations.....	\$ 79,871	1.59
Wear and Tear on Buildings and Equip- ment. Spent for New Equipment. Kept for Future Growth.....	\$ 58,712	1.16
Cost of Wages and Salaries.....	\$1,213,712	24.11
Additional for Benefit of Employees:.....	\$ 116,994	2.32
(Pension Trust, Hospital Insurance, Employee Welfare and Vacation Pay)		
Paid in Dividends to the 42 Folks whose savings are invested in this business.....	\$ 20,633	.41
	Total \$5,035,017	100.00

TO OUR EMPLOYEES:

The textile industry has long been known for its ups and downs. Its operations have been on a "Feast or Famine" basis. In the period between the two world wars, we could look for about one good year out of three or four.

The second world war upset this cycle and created an unusual demand for textiles that required full time operation for seven years. Any production available could be sold for a high price and the market was not critical of quality. 1949 saw the end of this lush "feasting" period, and we have now returned from a wartime market to a civilian market. This means that our products are again being sold in competition with the output of other mills based on their merits as to quality and price. It naturally follows that the mill who delivers the best quality at a reasonable price will be favored with the most orders and therefore their operations will be more consistent.

There has been a great deal of money spent on our plants to get them in shape to produce a quality product on a volume basis. Further improvements have been planned for Plant No. 3 that will help to get it in a more competitive condition. However, good equipment of itself will not produce quality products. This is the responsibility of the

people running the machines. Not only must the operator produce a quality product, but he must produce it in sufficient volume to keep the cost down to a level that will permit it to be sold profitably.

In spite of the fine way you have handled your machines, your attentiveness and thoroughness; our operations last year were not profitable. We hope that market conditions will improve from what they were last year, but we cannot control the markets. Our activities must be adjusted to the market that does exist. It will require the best efforts of each one of us to produce the highest quality product in the greatest volume possible if we are to maintain reasonably full time operations in the future and we ask for your co-operation to this end.

We wish you a Merry Christmas and happy, prosperous New Year.

CAROLINA MILLS, INC.

Leonard Moretz, *Secy.-Treas.*