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Business Report

TO ALL EMPLOYEES

For Fiscal Year Ending

SEPTEMBER 30, 1952

CAROLINA MILLS

INCORPORATED

Distribution of Each Dollar of Income

Total Income	\$10,377,940	100.00
Cost of Raw Materials, Services and Supplies	\$ 7,246,008	69.82
Paid in Taxes and Donations.....	\$ 258,791	2.49
Wear and Tear on Buildings and Equipment. Spent for New Equip- ment. Kept for Future Growth.....	\$ 311,476	3.00
Cost of Wages and Salaries.....	\$ 2,234,099	21.53
Additional for Benefit of Employees.... (Pension Trust, Hospital Insurance, Employee Welfare, Vacation Pay, and Bonuses)	\$ 231,566	2.23
Paid in Dividends to the 81 Folks whose savings are invested in this business..	\$ 96,000	.93
Total	\$10,377,940	100.00

<i>Additional cents per hour benefits for those covered under Pension Trust</i>	11¢
<i>Pension Trust</i>	9¢
<i>Additional cents per hour benefits for those covered under Pension Trust</i>	11¢
<i>Average cost to mill in cents per hour for extras</i>	12¢

TO OUR EMPLOYEES :

Our operations are very uncertain at present due to the fact that our customers are not willing to place orders for delivery far ahead. They are buying on a "hand to mouth" basis and book orders with us only after they have made sales requiring our products. This results in our having to run small lots of special descriptions, and our customers are usually pressing us for deliveries as soon as the order is taken. We realize this makes your work more difficult but hope you will not lose patience.

Not only are our customers buying in small quantities, but they are also very price conscious. The price we can get for our products leaves very little after making our pay-rolls, paying for our raw materials, power and other operating expenses. This has been the condition of the market for the past year, and it looks as though we will have to operate in this kind of market for some time to come. In order to maintain the highest rate of operations possible, your management has undertaken an improvement program.

During the past year new drawing was installed in all four spinning units. The narrow gauge filling spinning at Plant No. 3 has been replaced with wide gauge spinning and new automatic winders and quillers installed. Dyeing equipment and additional knitting and sewing machines have been added at plant No. 4. At Plant No. 5, we have begun installing the 17 new SG-1 spinning frames that are on order. Each of these moves represents progress in our program of improving our quality and at the same time, reducing the cost of production, thereby enabling us to run more constantly.

These improvements were so important to our continued operations that we felt it would be unwise to wait until they could be paid for out of earnings before installing them.

The program was undertaken even though it meant selling additional stock in the company in order to pay for it. Some of our present stockholders have waived their right to purchase a portion of this stock so all employees of the Company could be offered the opportunity to buy some stock in the company for which they work if they care to do so.

The textile business today is more competitive than ever-many mills making the same type of merchandise we manufacture have modernized their plants and by producing high quality merchandise at a reduced cost they have a distinct advantage over us. We believe the changes we have made and are making will enable us to meet this new challenge and will enable us to keep our plants running as well or better than others making our same type of goods. Today the customers are demanding lower prices and higher quality merchandise. This can only be accomplished by all of us working together and doing our best. We believe you will agree with us that with the exception our Plant No. 3, we have provided employment equal to, and in most instances, more regularly than other mills in our section. We pledge to you we will do our best to continue to give you the fullest employment possible in the year ahead.

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

CAROLINA MILLS, Inc.