

After providing interest at 4 per cent. on loan capital, representing a payment of £6,092, the accounts show a net profit of £329. This small profit is due to the conservative policy of the Directors in having work in progress valued at the lowest possible figure.

LIQUIDATION OF CAPITAL ASSETS

The liquidation of factories other than those retained by the Corporation (six) is nearing completion. The agreement with the British Government is that the capital loss will be shared in the relation of total fibre sold to local spinners and the value exported to the United Kingdom. The ratio will be approximately 85 per cent. to 15 per cent., the latter being the liability of the New Zealand Government.

SELLING-PRICE

The average selling-price fixed by the British Board of Trade for the supply of fibre is approximately £247 10s., and a small quantity of 15 tons will complete the agreement with the British Government. Irish growers are receiving £(N.Z.)324 12s. for their 1948 crop. The average selling-price of fibre by the Corporation to the local spinners is £294 6s. At this price the local company can supply seaming-twine, ham cords, &c., at prices lower than can be imported for similar grades.

SALES OVERSEAS

The Corporation has appointed Messrs. Malcolm and Co. as selling agents in the United Kingdom and the Continent of Europe, and various parcels of tow have been disposed of at satisfactory prices. In addition, the Corporation recently shipped 50 tons of machine-scutched tow to Oregon (U.S.A.) Flax Textiles, Inc.

The following is an extract of a letter recently received from Oregon Textiles (Inc.), U.S.A. :—

This shipment (50 tons of tow) finally reached our hands and we found it very satisfactory. We are deeply interested in your product and hope to be able to purchase more of it in successive crops.

The growing and processing of linen-flax fibre in New Zealand can be described as a "natural" industry as it combines a primary with a secondary industry and is providing an essential requirement for primary industries at lower prices than can be obtained under present conditions from overseas.

The establishment of the industry in New Zealand in 1940 on behalf of the British Government has demonstrated the possibility of this industry being carried on on a permanent basis. Of the sixteen factories which were erected during the war period, six have been retained to supply New Zealand's requirements of fibre for the production of spun products, such as seaming-twine, ham cords and heavier type of sewing threads, &c. All these products are being produced by Messrs. Donaghy's Rope and Twine Co., Ltd., who have met the position by the installation of further spinning machinery at a substantial capital cost, and the company is now able to meet all the requirements of the Dominion in the above products, which are, in the main, used by the farming community.

A further development of the industry lies along the lines of weaving suitable yarn into canvas, fire hose, and other woven products, and the Directors propose to give this further development careful consideration in the future as an extension of the present spinning activities.

F. JOHNSON, Chairman of Directors.

J. W. HADFIELD, General Manager.