

was sold in Belgium at a price which was in keeping with world parity but greatly in excess of the prices ruling in New Zealand. Endeavours are being made to explore this market.

The contract for the purchase of meal expired on 31st October, 1948, and two new contracts were let at satisfactory prices. Fortunately the new contractors are in the South Island, which will obviate the problems of storage and shipping.

EMPLOYMENT

The maximum number of workers employed during the year was 316, and £102,638 was paid in wages and salaries.

FINANCIAL RESULTS, 1948

The Corporation's financial year coincides with the calendar year and the audited accounts for 1948 now submitted disclose a net loss of £9,381. (A substantial portion of this loss was the loss by fire of fibre in store at Methven.) The preponderance of poor crop processed, the loss by fire of substantial quantity of fibre in the Methven factory, the adverse effect of altered exchange-rates on export markets for fibre and seed, and inadequacy of crop, forcing factories below economic levels of throughput, these are the chief factors underlying the financial reverses suffered in 1948.

The operating losses have been heaviest at factories working below normal capacity, and there has been an accentuation of losses where factory fibre yields have not approximated percentages obtained at the Research Station.

Work in progress has been valued consistently and conservatively at the open and close of the financial year, but the marked shrinkage in volume of work in progress has had the desirable effect of absorbing some of the operating losses in 1948.

The industry has survived a very bad year in which diseased crop, economic hazards, and fire damage have obliterated hope of financial profit. The New Year has opened with brighter prospects, and with better fortunes in 1949 the Corporation will endeavour to recoup the losses sustained in 1948.

GENERAL MANAGER

During the year, Mr. Hadfield tendered his resignation as General Manager. The Directors very reluctantly decided to accept it, as they realized that Mr. Hadfield was actuated by national interests in accepting his former position as Director of the Agronomy Division at Lincoln. It is fitting to place on record the valuable and outstanding service rendered by Mr. Hadfield, first as Director of Linen Flax Development as a wartime industry in 1940.

Due to a large measure to Mr. Hadfield's untiring efforts and initiative, New Zealand was successful in making a very practical contribution to Great Britain of approximately 7,000 tons of linen-flax fibre, which was a critical war material.

Mr. Hadfield was offered and accepted the position as Director and Deputy Chairman of the Corporation, and in this capacity the Corporation is assured of the continuation of his experience and valued advice.

In order to find a successor to Mr. Hadfield as General Manager, the position was advertised in the four main centres, forty applications being received. After careful consideration it was decided to appoint Mr. H. D. McCrostie, who had been associated with the industry since its inception in 1940, first as Manager at Oxford, and at the date of Mr. Hadfield's resignation he was the Factory Supervisor. The Directors have full confidence that the sound foundation laid by Mr. Hadfield will be carried on successfully by his successor.

F. JOHNSON, Chairman of Directors.
H. D. MCCROSTIE, General Manager.