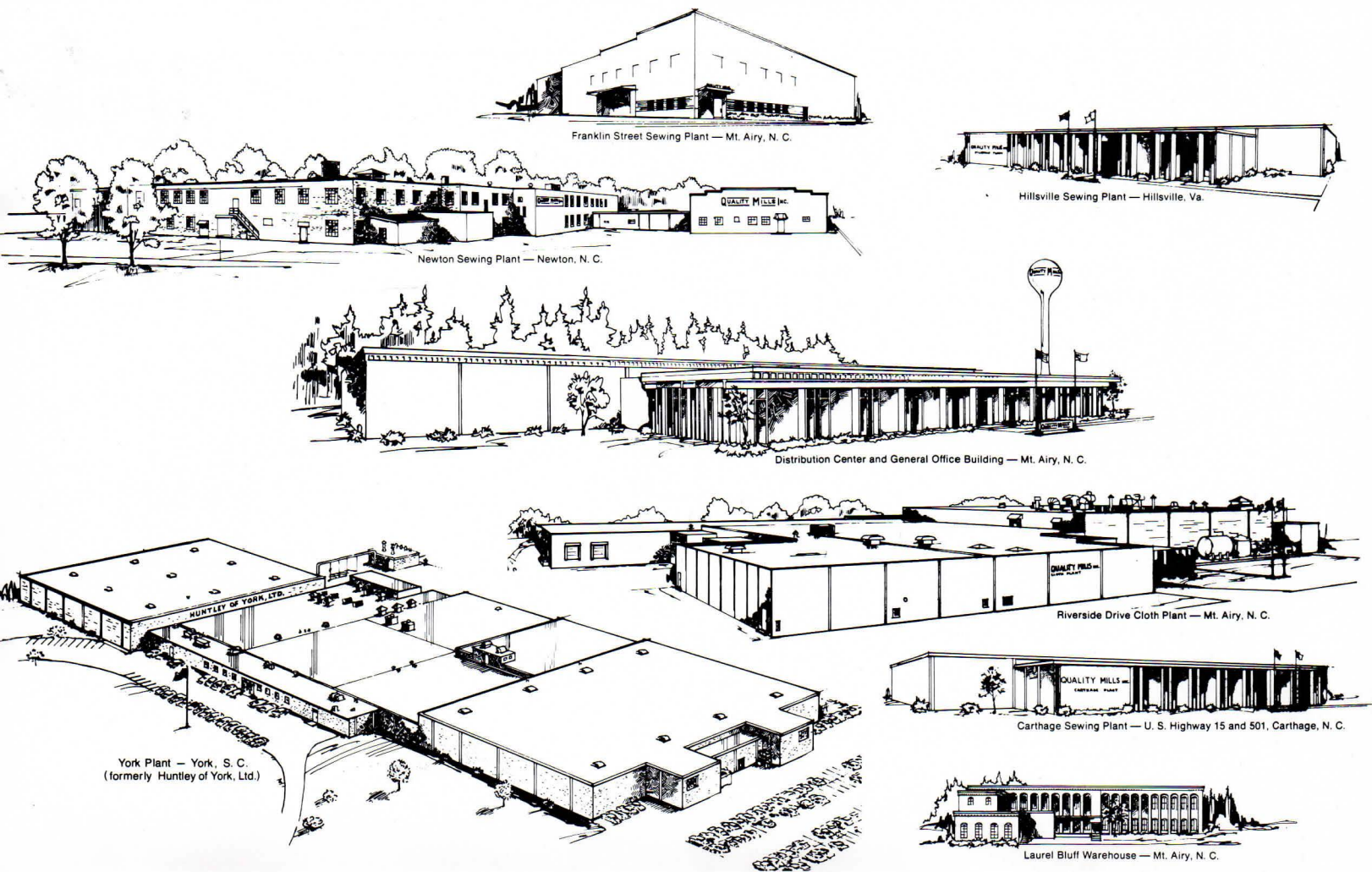


Quality Mills, Inc.





WELCOME TO THE INTERNATIONAL APPAREL FEDERATION

Welcome to Mount Airy, North Carolina, and to Quality Mills, Incorporated!

Quality Mills produces knit sportswear for men, women, and children. We start with natural yarn which we either knit into fabric and piece dye, or we yarn dye and then knit into fabric. After the fabric is knit, it is finished, cut, sewn, and packaged into the garments you see in this room. These products are representative of the lines which we manufacture.

This building houses our general offices and distribution center which we will tour this morning. We will then have lunch, after which we will tour our cloth plant and cutting department.

Our sewing plants are located in several communities where we assemble our products. After assembly, the products are transported to our distribution center for consolidation and shipment.

Inventory control is maintained throughout processing by means of our computer system which also handles production control and our payroll system.

When a bundle of product is cut, it receives a bundle number and a work ticket which includes process sequence and machine readable codes for payroll information. When an operation is performed, the operator clips a coupon which is posted to her work paper for the day. At the end of the day, the work papers are processed by a wand which reads and transmits the information to our computer system. The operators' pay and percentage of efficiency are automatically calculated and, as a by-product, our inventory is updated by stage of completion. The information is transmitted by telephone lines from each plant to our central computer system. The efficiency information is then printed out and transmitted back to the supervisor in each department. The supervisor knows each day the percentage of efficiency of each operator for the previous day.

When the product is received in our distribution center, the bundle ticket is then processed to update our inventory into the distribution center for order allocation. As orders are shipped and billing is done, our inventory is relieved by the quantities shipped.

There will be several guides accompanying the group on our tour and we will be glad to answer questions you may have concerning the system we have described.

Quality Mills, Inc.

Mount Airy, North Carolina 27030



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