ANNUAL REPORT
OF THE
JANTZEN KNITTING MILLS
For the Fiscal Year Ended
August 31, 1941
Jantzen
JANTZEN KNITTING MILLS

REPORT OF
THE BOARD OF DIRECTORS
TO THE STOCKHOLDERS

For the Fiscal Year Ended
August 31, 1941

JANTZEN CENTER
PORTLAND, OREGON
JANTZEN KNITTING MILLS

DIRECTORS

John A. Zehntbauer, Chairman
Charles R. Zehntbauer
John R. Dodson
Alfred J. Cormack
Mitchell Heinemann

Henry L. German
Irwin S. Adams
Paul M. De Koning
Edna M. Bramkr

OFFICERS

President ........ John A. Zehntbauer
Vice-President .... Charles R. Zehntbauer
Secretary ........ Irwin S. Adams
Treasurer and Vice-President .... John R. Dodson
Vice-President in Charge of Sales .... Mitchell Heinemann
Vice-President and Assistant Treasurer .... Henry L. German
Assistant Treasurer .... Alfred J. Cormack
Assistant Treasurer .... James E. Cormack
Assistant Secretary .... Edna M. Bramkr
Assistant Secretary .... G. Robert Dodson

FOR BOTH PREFERRED AND COMMON STOCK

Transfer Agents:
Jantzen Knitting Mills
Jantzen Center
Portland, Oregon

Registrars:
United States National Bank
Broadway and Sixth at Stark
Portland, Oregon

The information herein is intended solely as a report for the Stockholders to whom this Report has been addressed and is not a representation, prospectus or circular in respect to any stock or note of any corporation, and is not transmitted in connection with any sale or offer to sell or any negotiation for the sale of any stock or note.
TO THE STOCKHOLDERS:

The operations of your Company for the fiscal year ended August 31, 1941 reflected considerable improvement in turnover and profits. Sales for Jantzen Knitting Mills of Portland rose to $3,485,484 from $2,669,576, an increase of $815,908 or 31%. Net Profit of $181,977 for 1941 compares with $127,813 for the previous year. Both figures are after federal taxes, state excise tax and full provision for depreciation and all other charges.

On the preferred stock earnings are equivalent to $24.26 per share, or approximately five times the required dividend. Payment of the regular quarterly dividend on 5% Cumulative Preferred Stock involved disbursement of $37,500. The balance of earnings or $144,477 is applicable to common stock and represents $.72 per share. Throughout the year common dividends of 10c a share were paid quarterly. Taxes of all kinds amounted to $134,816 or $.67 per common share compared to $89,741 or $.45 per common share for last year.

As previously indicated the trend of sales has continued to be strongly upward. The graph on the following page shows the total volume to be at a level only exceeded three times in the Company’s history. A greater volume of swim suit business was done than in any other year since 1931 with the exception of 1937. The rate of increase on swim suit sales was 24% and the other lines, sun clothes, sweaters and foundations all ran even sharper rates of increase.

The figures indicated apply only to Jantzen Knitting Mills, Portland and do not take into account business done abroad which will be referred to elsewhere in this report.

EARNINGS

The profit history over a period of eight years is shown on page 7. In those years earnings total $1,187,953. During the same
<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>1934</td>
<td>$1,658,387</td>
</tr>
<tr>
<td>1935</td>
<td>$1,940,616</td>
</tr>
<tr>
<td>1936</td>
<td>$2,485,565</td>
</tr>
<tr>
<td>1937</td>
<td>$2,978,824</td>
</tr>
<tr>
<td>1938</td>
<td>$2,319,390</td>
</tr>
<tr>
<td>1939</td>
<td>$2,331,124</td>
</tr>
<tr>
<td>1940</td>
<td>$2,669,576</td>
</tr>
<tr>
<td>1941</td>
<td>$3,485,484*</td>
</tr>
</tbody>
</table>

*1941 sales are net after deducting cash and trade discounts of $149,447.00.
period there was a total of $406,184 paid out in preferred dividends with $589,472 paid in common dividends. The income from foreign subsidiaries is reflected herein only so far as dividends are declared and paid. In 1941 $7,602 were received in foreign royalties as

![Earnings and their Distribution 1934 - 1941](image)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Earnings</th>
<th>Carried to Surplus</th>
<th>Common Dividends</th>
<th>Preferred Dividends</th>
</tr>
</thead>
<tbody>
<tr>
<td>1934</td>
<td>$64,290</td>
<td>9,350</td>
<td>79,736</td>
<td>89,224</td>
</tr>
<tr>
<td>1935</td>
<td>154,765</td>
<td>193,147</td>
<td>79,736</td>
<td>65,679</td>
</tr>
<tr>
<td>1936</td>
<td>336,664</td>
<td>48,830</td>
<td>63,781</td>
<td>63,781</td>
</tr>
<tr>
<td>1937</td>
<td>286,330</td>
<td></td>
<td>37,500</td>
<td>37,500</td>
</tr>
<tr>
<td>1938</td>
<td>16,725</td>
<td></td>
<td>37,500</td>
<td>37,500</td>
</tr>
<tr>
<td>1939</td>
<td>19,389</td>
<td></td>
<td>37,500</td>
<td>37,500</td>
</tr>
<tr>
<td>1940</td>
<td>127,813</td>
<td></td>
<td>37,500</td>
<td>37,500</td>
</tr>
<tr>
<td>1941</td>
<td>181,977</td>
<td></td>
<td>37,500</td>
<td>37,500</td>
</tr>
</tbody>
</table>

The full height of each bar represents total profits after taxes. The solid section of each bar represents dividends paid on preferred stock. The shaded section of each bar represents common dividends paid. The top section of each bar represents amounts carried to Surplus.

Dotted line indicates dividend payments in excess of earnings.
compared with $3,106 the previous year. Dividends on investments (including dividends from subsidiaries in Australia and Argentina) were $10,977, as compared with $9,536 in 1940 and $9,544 in 1939. Earnings of Jantzen Knitting Mills Limited, amounting to £5,347 for the fiscal year ended August 31, 1941, are not included in the total earnings as herein reported.

Jantzen (Australia) Limited reported profits for the year ended March 31, 1941 of £7,847, and profit on sale of investments of £2,626.

Jantzen Sociedad Anonima Textil, our Argentine subsidiary, reported profits of 69,744 Argentine pesos.

Export markets served from the Portland plant reflected an overall increase of 33%. The territory served comprises the following: Mexico, Central America, South America (except Argentina, Uruguay and Brazil) Cuba, Curacao, Dutch West Indies, Philippine Islands, China, Hawaii and Puerto Rico.

ASSETS

As shown by the chart on page 9, the assets of the Company have shown a further growth during fiscal 1941. The figure today is higher than in any year since 1931. Of the assets at August 31, 1941 43% were Current, 32% were Other Assets and 25% were Fixed Assets. There have been increases in the various categories of assets. In respect to Current Assets they of course have increased sharply because expanding business has required larger inventories. Working capital has increased sharply, as graphically shown on page 10 and of course is being more actively employed than for the years immediately past.

NET WORTH

The equity of shareholders has increased again in 1941, as has been true for each of the three prior years. During the year a significant change was made in the capital structure of the Company whereby the stock, previously a no par value issue, was made a $1
Growth and Character of Assets 1934 - 1941

The full height of each bar represents Total Assets. The solid section of each bar represents Fixed Assets. The shaded section of each bar represents Other Assets than Fixed or Current. The top section of each bar represents Current Assets.
par issue by action of the Stockholders on August 28, 1941. Book value of the common stock at August 31, 1941 was $1,860,323, as compared with $1,795,847 in 1940 and $1,705,533 in 1939.

Amount and Composition of Current Assets
1934 - 1941

<table>
<thead>
<tr>
<th></th>
<th>1934</th>
<th>1935</th>
<th>1936</th>
<th>1937</th>
<th>1938</th>
<th>1939</th>
<th>1940</th>
<th>1941</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets...</td>
<td>$1,099,073</td>
<td>1,184,471</td>
<td>1,148,234</td>
<td>1,099,373</td>
<td>748,938</td>
<td>938,380</td>
<td>1,055,267</td>
<td>1,227,381</td>
</tr>
<tr>
<td>Cash</td>
<td>303,154</td>
<td>695,170</td>
<td>600,853</td>
<td>382,630</td>
<td>146,258</td>
<td>349,618</td>
<td>438,774</td>
<td>356,352</td>
</tr>
<tr>
<td>Receivables (net)</td>
<td>77,303</td>
<td>88,421</td>
<td>79,748</td>
<td>95,166</td>
<td>85,428</td>
<td>79,016</td>
<td>148,667</td>
<td>208,172</td>
</tr>
<tr>
<td>Inventories...</td>
<td>718,616</td>
<td>400,880</td>
<td>467,633</td>
<td>621,577</td>
<td>517,252</td>
<td>509,746</td>
<td>467,826</td>
<td>662,857</td>
</tr>
<tr>
<td>Working Capital*</td>
<td>1,060,196</td>
<td>1,097,453</td>
<td>999,629</td>
<td>961,825</td>
<td>696,531</td>
<td>866,957</td>
<td>940,721</td>
<td>1,004,432</td>
</tr>
</tbody>
</table>

The full height of each bar above represents Current Assets. The solid section of each bar represents Inventories. The shaded section of each bar represents Receivables. The top section of each bar represents Cash.

*(Excess of Current Assets over Current Liabilities)
WORLD BUSINESS

On the whole the various Jantzen plants throughout the world have experienced a satisfactory year. As previously indicated the

Growth and Composition of Net Worth
1934 - 1941

The full height of each bar represents Net Worth. The solid section of each bar represents Preferred Stock. The shaded section of each bar represents Common Stock. The top section of each bar represents Surplus.

*Stated value of Common Stock plus Surplus.
English plant has operated at a profit despite disturbed world conditions. In compliance with the requirements of the concentration of industries plan inaugurated by the British Government, we have moved our machinery and are now occupying a building jointly with another manufacturer. Our own building has been leased to a

![World-Wide Jantzen Sales — 1921 - 1941](image)

All Plants — All Countries

The above graph is necessarily an approximation because of the unsetlement in foreign exchange. In order to make later years comparable with earlier years it has been necessary to use the old par of exchange ratios. This is substantially correct irrespective of the changed dollar-pound, dollar-franc and other relationships because the sales in each country are consistently evaluated in the currency of that country. Also it has been necessary to use orders rather than sales (shipments) in arriving at some totals for the purpose of this graph. In the main, however, the charted figures may be taken as correctly indicative of the trend of Jantzen business throughout the world.
desirable tenant from whom we are receiving a good rental. Australia experienced a sharp increase in sales this past year, as did Argentina. Of licensee plants Jantzen Knitting Mills of Canada Limited experienced a constructive volume trend. Licensee plants in Germany, France and Italy have been inactive.

ORGANIZATION

This past year has been a busy one for the Jantzen organization, as follows naturally from a sharp increase in volume. This means of course that a lot of people have done a lot of good work. In recognition of their efforts a wage dividend and salary bonus was paid in August of this year, and also the Company paid up one-half of the unpaid past service premium under our Pension Plan, an intention expressed when the Plan went into effect, January 1, 1934. The new lines of merchandise offered by the Company are very appealing and prospects appear good. It is a pleasure to close this report by expressing appreciation for the cooperation and good work of those associated in the business which has given us a much improved year.

For The Directors

JOHN A. ZEHNTBAUER,

Chairman.
JANTZEN KNITTING MILLS
(An Oregon Corporation)
PORTLAND, OREGON

Balance Sheet—August 31, 1941

ASSETS

CURRENT ASSETS:
Cash on deposit and on hand .................................. $356,352.13
Customers' receivables—less reserves .................... 208,171.67
Inventories—lower of cost or market ...................... 662,856.99
Total current assets ........................................ 1,227,380.79
Miscellaneous receivables, less reserve ................. 35,136.35
Investments in subsidiary companies—cost (note 1):
Jantzen Knitting Mills Ltd., London .................. 438,962.60
Jantzen (Australia) Ltd. .................................. 66,969.82
Jantzen Soc. An. Tejil—Buenos Aires ................. 33,181.52
Hayden Island Amusement Co.—stock and secured
advances—less reserve ..................................... 135,000.00
Cash surrender value of life insurance ................. 143,307.26
Plant and equipment—cost less depreciation .......... 703,903.24
Deferred charges ......................................... 47,429.16
Patents and trademarks .................................. 1,00
$2,833,271.74

LIABILITIES

CURRENT LIABILITIES:
Trade accounts payable .................................... $68,358.29
Miscellaneous accruals .................................. 134,979.21
Other obligations ...................................... 19,611.17
Total current liabilities .............................. 222,948.67

CAPITAL AND SURPLUS:
Preferred stock 5% cumulative—$100 par.
Authorized and outstanding 7,500 shares ............. $750,000.00
Common stock—$1 par value. Authorized 300,000
shares; outstanding 200,000 shares .................. 200,000.00
Surplus: Capital ...................................... 618,844.86
Earned ........................................ 1,041,478.21
$2,610,323.07
Less: Reduction in book value of common stock . 37,500.00
$2,572,823.07
Less: Dividends on preferred stock ............. (37,500.00) (37,500.00)
Dividends on common stock ......................... (80,000.00)
Surplus—end of year ................................ 1,660,323.07 1,045,846.56

NOTE 1: See certificate attached for net profit of wholly owned English subsidiary.

NOTE 2: Operating expenses for 1941 include, in addition to regular pension payments, $44,000 extraordinary payment of annuities for prior service; also $48,782.58 wage dividend and salary bonus. Vacation pay to employees on direct payroll, amounting to $12,728.91 was provided for the first time in 1941.
To the Board of Directors,
Jantzen Knitting Mills,
Portland, Oregon.

We have examined the balance sheet of the Jantzen Knitting Mills, Portland, Oregon, as of August 31, 1941, and the statement of profit and loss and surplus for the fiscal year then ended. In this connection we have reviewed the system of internal control and the accounting procedures of the company and, without making a detailed audit of all transactions, have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

For this report, again, the figures of Jantzen Knitting Mills Ltd. of London, England, a wholly owned subsidiary, have not been consolidated with those of Portland, Oregon, hence the detail figures herein are as shown by the books of the Portland company alone. According to cabled information, the certified balance sheet of such company at August 31, 1941, will show a net worth of $434,900 converted at the then rate of exchange; and the net operating profit for the year then ended was $21,557, converted at the average exchange for the year.

A statement of financial condition of Jantzen (Australia) Ltd. at March 31, 1941, certified by our correspondents, disclosed a book value of the parent company's holdings at rate of exchange prevailing at August 31, 1941, of $111,833 (which includes a book value for "patents and trademarks" of $22,883); and an equity of $30,036 in the general reserve. The statement of Jantzen Sot. An. Textil, Buenos Aires, at March 31, 1941, disclosed a book value of about $38,750 for parent company's holdings at rate of exchange prevailing at August 31, 1941. A contingent asset exists in foreign royalties, etc., not yet collected.

In our opinion, subject to the above comments, the accompanying balance sheet and related statement of profit and loss and surplus, present fairly the position of the Jantzen Knitting Mills at August 31, 1941, and the result of its operations for the fiscal year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

(Signed) WHITFIELD, STRATFORD & CO.
Certified Public Accountants.

Portland, Oregon
October 27, 1941.