

This amount was insufficient to provide the necessary funds to cover increased working capital requirements, improvements of buildings and equipment and the cost of new acquisitions.

Dividend Omitted

Meanwhile notice was given that usual first quarterly dividend for 1960 will be omitted. Mr. Jones said he could not give assurance that dividends will be renewed during the second quarter. All will depend on operations for the first six months of this year.

Mr. Jones added that a review of Art Metal's current activities, based on his personal observations and discussions with operating and administrative executives, is gratifying in many respects. He is also encouraged by the enthusiastic aggressive interests of the sales organization and forecasts from sales executives.

It was made known that the present domestic backlog of orders is slightly less than the backlog at the beginning of the year, and that consolidated sales for the first quarter of 1960 will be about five per cent over net sales for the fourth quarter of 1959.

In a report of the various Art Metal plants, Mr. Jones pointed out that shipments from the Jamestown plants for the first quarter in 1960 will exceed by about 30 per cent those for the last quarter of 1959.

Changes Planned

It was explained that the Jamestown plants were not reopened immediately after agreement with the union due to realignment of machinery and new installations to increase productivity. New conveyor lines, painting methods, and other changes will increase the operating efficiency and capacity in the Jamestown plants.

Production facilities at the Avenel, N.J., plant have also been improved by rearranging existing equipment, use of automatic welding equipment for certain operations and extension of conveyor equipment to reduce costs for material handling. These facilities are geared to meet increased sales forecasts. Product improvement in standardization of components and in engineering has developed a higher quality of product. The average weekly production of most product lines in Avenel has increased over the average for 1959.

Improvements have also been made in the Wabash, Ind., and in the Spartan Metal plant, resulting already this year in increased productivity over last year. Information from the London branch indicates that volume of business is approximately 15 per cent ahead of last year.

Cost Reduction

Mr. Jones also reported a potential reduction in selling expenses for 1960 as compared with

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1959 of approximately \$275,000.

Mr. Jones added that while the first quarterly reports for 1960 are not yet available, total consolidated net sales are expected to be approximately \$9 million.

He said that the corporation's future policies will be established and governed through careful analysis of financial requirements and objectives. Studies are presently being conducted to appraise the organizational structure and to realign, if necessary, to assure effective and productive employment of personnel, sound administrative, and general cost accounting methods, and to maintain plant operating performance at levels consistent with expenditures for salaries and wages.

These studies, reviews and surveys are now in process and when completed will provide the basis for development of more specific plans for overall improvement.

"The disappointing results of last year are now a matter of financial history," Mr. Jones said. "We are entering an era of business activity that is expected to bring a prosperous period to the national economy. Art Metal is destined to participate in this so-called 'Boom Period of the Sixties.'"

The Jamestown plants were closed for three months in 1959 when about 1,500 employees were out on strike.