

# Encouragement Seen In Message To Shareholders

Art Metal's improvement program to set the wheel's spinning for a profitable organization were announced today by the president, Falconer Jones.

In the first semi-annual report ever prepared for shareholders, Mr. Jones sounded a note of encouragement in spite of "current depressed state of business."

Mr. Jones said that "with the group of competent and experienced management and other key employes" now associated with him, he is confident that they will "build and produce profits for Art Metal."

The new management of Art Metal, Inc., manufacturer of office furniture and equipment, broke a tradition today by issuing the first interim report to its shareholders in the company's 73 year history.

The Report which will reach most of the 5,300 shareholders today, covers operations for the six months, last ended Nov. 30, the first half of its new fiscal year. The company's fiscal year was changed to a May 31 closing in 1960, and audited figures for the first five months of 1960 are also included.

Highlights of the report include:

Increased sales volume and significance of reduction of operating losses.

Chaotic conditions encountered by the new management in all phases of the Company's operations when it took over last year.

Completion of realignment of management and corporate lineup into a simplified organizational structure with clear out lines of responsibility and authority.

Completion of staffing of all top management and other key positions with experienced personnel, after extensive searching inside and outside the Company.

Completion of management consolidation in Jamestown in December, 1960.

Profitable sub-letting of the expensive executive offices occupied in New York City prior to the move to Jamestown.

Completion of favorable long term financing arrangements to replace 90 day bank borrowings.

Introduction of a new product line—a fully new coordinated new series of contemporary metal desks, files, chairs, and credenzas, known as the "500 Group."

Summary of the specific rebuilding programs. The new management is pushing to restore profitable operations at the earliest possible time.

Frank comments by the president on general business conditions, the decline in the backlog of unfilled orders and the immediate outlook for the Company.

## Gives Frank Report

Mr. Jones, who became president and chief executive officer last spring, makes no words about

the "extent of disorganization of the Company's records" when he took over and the "chaotic conditions" encountered "in all phases of the Company's operations."

Mr. Jones points out that,

"The net effect has been a severe loss to stockholders, both in terms of the realized loss reflected in the financial statements, as well as the loss of profits that would have been earned had the affairs of the Company been properly ad-

of the Company's new fiscal year; but he indicated that "the dollar amount of this effect, though substantial, cannot be specifically determined."

He said that in addition, operations for the six months absorbed the non-recurring cost of plant rearrangements for improvements in manufacturing methods. Mr. Jones said, "It was also necessary to complete many sales orders on an over-time basis, because production had been long delayed by the 1959 strike and general confusion resulting from transfers in 1959 of product manufacture between plants. Launching costs for getting into production on our new "500 Group" of office furniture were also incurred during this period. Headquarters here

Mr. Jones reported "the successful completion in December, 1960, of the move from the company's rented New York City offices to its own administration building in Jamestown, and the subletting of the New York premises effective Feb. 1, 1961. As a result, the Company will gain a direct cash savings over the remaining 14 year lease period in occupancy, communications, and travel expenses alone of well over \$1,000,000. Many other savings will also result from this move.

Mr. Jones emphasized that the corporate personnel, product engineering, manufacturing, sales, and finance and accounting staffs are now working together under his direction in Jamestown, where the company was originally founded and attained its prominent position in the metal furniture industry.

The President's message said, "Construction of the new plant of Knoll Associates, Inc. at East Greenville, Pa., which was authorized by the board in August, 1960, is progressing on schedule, and when completed in June, 1961, will combine several operations of the subsidiary into a completely modern and highly efficient manufacturing unit. Sales and earnings of this consolidated subsidiary continue at satisfactory levels".

In commenting on financing Mr.