Published Every Friday
by
The Monetary Times
Printing Company
of Canada, Limited

Publishers also of
"The Canadian Engineer"

Monetary Times

Trade Review and Insurance Chronicle
of Canada

Established 1867 — Old as Confederation

JAS. J. SALMOND
Managing Director

FRED. W. FIELD
Managing Editor

A. E. JENNINGS
Advertising Manager

Financing Moving Pictures is a Big Task

FILMS COST HEAVILY BUT BIG DIVIDENDS HAVE BEEN PAID — NECESSITY OF CAPITAL RESERVE

CONSIDERING the rapid growth of the moving picture theatre as a factor in amusement, the investor has not been asked, yet, to subscribe to the securities issued in connection with very many of the companies interested. There are apparently considerable profits in the business, and, although competition has become keen, large dividends still appear to be paid. The cost of obtaining attractive films is high. From $250,000 to $350,000 may be invested in making a first picture film. "Quo Vadis," it is said, cost $280,000. Then it was manifolded into 400 copies of 8,000 feet each and sold at 25 cents a foot, or $800,000. A moving picture is good without translation in every language, and has just as good a market in South America and Australia as in France and Germany. To put the drama of "Atlantis" into moving pictures, the makers chartered a steamer of 12,000 tons and sent it to Iceland with a crew and a company of 400 to produce the picture at a cost of $225,000. To put Forbes-Robertson as Hamlet on the film cost at least ten times what it ever cost to stage any Hamlet that was ever presented. The makers thereof paid $75,000 for the use of a castle and costumed about 400 people therein, making the manufacturing cost $250,000, but they sold 3,000,000 feet of that film for 25 cents a foot.

Early this year were noticed the first signs of the process of interesting the investor to a greater extent in the moving picture industry. The Associated Provincial Picture Houses made a public issue in England; the Mutual Film Corporation was financed by members of the New York Stock Exchange; an offering of preferred stock with a bonus of common of the Reliance Company was sold privately by a Wall Street house; and Canada followed suit with an offering of $300,000 7 per cent. cumulative preference shares at par with a bonus of 100 per cent. in common stock, of the United Motion Picture Theatres, Limited. The object of the Associated Provincial Houses, with capital of £500,000, and which offered to the British investor 400,000 ordinary shares and 100,000 non-cumulative, non-participating 6 per cent. preference shares at par, was to acquire properties in Great Britain, and to erect thereon and operate cinematograph theatres and cafés, and to purchase from a parent company one freehold property and options to buy and lease eight other properties, for which the vendors receive £54,467 in cash and shares. The new company also secured other options, and intends to open at least 25 theatres. The Provincial Company, which in three years has paid dividends aggregating 50 per cent. on its ordinary shares, will direct and manage the new company, and in addition to its payment for administration, it will receive remuneration of 10 per cent. on the net profits after providing for preference dividends.

Commenting on this issue, the London Statist said: "Though the capital is said to be safely invested in real estate, many of the properties are mortgaged, and the company will start out on its ambitious career with nothing substantial on which to fall back for raising money, if need arises. If the Provincial directors wished to expand their business, it is a pity they did not increase their capital, instead of floating another company. It would have been a surer guarantee of their confidence in cinematographs if they had pursued their policy of forming a single large organization whereby, as they pointed out, the cost of operation would be reduced to a minimum. The estimated profits on the ordinary shares are put at 25 per cent., and this, backed by the past success of the parent company, will, no doubt, offer a pleasant bait to those speculators who like to gamble in unproductive ventures which cater for fleeting popular crazes. If the directors' hopes are realized and big dividends are paid, shareholders would be well advised to build up a capital reserve with their profits against rainy days, or possibly, in this case against fine days with empty cinematograph houses."

The Mutual Film Corporation was organized under Virginia laws in April, 1912, with $1,700,000 common and $800,000 7 per cent. cumulative preferred stock authorized. Of the former, about $1,550,000 is outstanding and of the latter, $650,000. The preferred, selling at about 75, has paid its 7 per cent. since organization, and six months after incorporation the common, which was bonus stock, began dividends of 1 per cent. monthly. This is still being paid in the form of ½ per cent. regular and ½ per cent. extra. The common dividend for the next three months has just been declared in advance. The junior shares are quoted at 80 notwithstanding the 12 per cent. annual dividend.

The Reliance Company has $200,000 7 per cent. cumulative preferred and $800,000 common. It was intended to make a public offering of the preferred with a bonus of common, but all of the issue was disposed of at private sale by Livingston & Company. J. P. Dunning, formerly vice-president of the Corn Exchange Bank, is treasurer of the Reliance Company. The New York Motion Picture Company has $1,000,000 of stock