

Theatrical Revenues Highlight Warner's Record Quarter

A resounding jump in theatrical film rentals and heavily increased revenues from records, tapes and music publishing operations are the prime factors behind Warner Communications' record first quarter results which saw the company's net income rise ten percent to \$16,092,000 from \$14,576,000 for the comparable quarter in 1973.

Warner's income spurt was based on gross revenues of \$175,417,000, a 25 percent increase over the \$139,624,000 registered a year ago. Fully diluted per-share earnings worked out to \$.79, jumping 30 percent from first quarter earnings of \$.61 last year.

Offsetting earnings in every other division was a sharp decline in television film rentals which fell 50 percent to \$10,444,000 versus \$20,884,000 during the first quarter of last year.

Theatrical film revenues registered at \$67,722,000 for the quarter, compared to \$36,949,000 for the like period last year. Records, tapes and music increased to \$71,206,000 from \$58,303,000 while publishing revenues rose to \$18,748,000 versus \$16,192,000 last year. Cable communications results were also up for the quarter, \$7,297,000 compared to \$6,548,000.

Warner Communications chairman Steven J. Ross told stockholders at the company's annual meeting that the increase in theatrical film rentals "reflects the strong boxoffice performances of *The Exorcist* and *Magnum Force*." Ross attributed the decline in TV film rentals to "lower network sales of feature films."

Ross also told shareholders that Warners'

Movielab Corrects JD

Following an erroneous report by the Department of Justice that Movielab, Inc. had agreed to divest itself of the professional film processing business or assets acquired from Berkey Photo, Inc. in 1969, Movielab issued an immediate clarification, stating that it has only agreed to the entry of a consent decree, pursuant to which Movielab would offer to sell selected items of equipment, which had originally been acquired from Berkey.

Movielab noted that any such sale will not adversely affect the company's present and continuing professional film processing business.

cable TV operation was its bright star on the horizon and that the company, while waiting for it to grow, does not have to depend on it for earnings.

Ted Ashley, Warner Bros. chairman, confirmed the story that 80 theatres in the New York metropolitan area would participate in the June four-wall break of *The Exorcist*.

Rembusch Hits Hanky-Panky Re: Rental Monies, Bidding

Independent exhibitor Trueman Rembusch of Indiana, speaking up at Warner Communications' recent stockholder's meeting, asked Warner board chairman Steven J. Ross about the amount of unpaid theatrical rentals in the distributor's receivable books, asserting that several of the major exhibitor circuits have been holding back monies on film rentals owed the distributor for use in financing their own investments.

Rembusch cited figures to show huge accounts payable for General Cinema circuit at \$26,000,000 and pointed out that National General Pictures, prior to the Warner takeover of its features inventory, had sued the Redstone circuit for \$420,000 in back rentals.

While Ross would not indicate what percentage of accounts receivable was unpaid and overdue film rentals, he stated that 1973 film rentals had gone up \$10,000,000 while accounts receivable had decreased by \$5,000,000. It is known in the trade that Warners has been making an intensive drive to collect unpaid film rentals from delinquents, to the point of refusing to service exhibitors in arrears with upcoming product.

Rembusch additionally inquired whether rentals collected from the circuits tallied with original contract terms, charging "hanky panky" by the larger circuits making the highest successful bids in competitive situations and failing to pay off according to terms. Rembusch was assured this was not the case at Warners.

Rembusch also urged the company to go forward with modernizing its distribution set-up and called the four-wall deals on *Billy Jack* and *Jeremiah Johnson* the most bullish thing in the industry for years.



Highlighting the annual International Film Importors and Distributors of America annual awards ceremony was the presentation by Alfred Hitchcock of the Joseph Burstyn Award for Best Foreign Film and the Best Director Award to Francois Truffaut for *Day For Night*. Best Actress and Best Actor awards went to Glenda Jackson and George Segal, respectively, for *A Touch of Class* which also took honors as Best English Language Foreign Film.

AIP's 20th Year Bash At Cannes

American International Pictures, whose *The Nine Lives Of Fritz The Cat* is an official U.S. entry at the Cannes Film Festival will celebrate its twentieth anniversary by playing host to international distributors and theatrical showmen gathered at the French resort on May 18 and 19.

A luncheon on May 18 will be followed by a product presentation centering on the fourteen films AIP currently has completed and ready for the international market. Product reel will include clips from *Golden Needles of Ecstasy*, an Oriental mystery top-lined by Joe Don Baker and Elizabeth Ashley; *Truck Turner*, action melodrama starring Isaac Hayes; *Madhouse*, a Vincent Price horror exercise; and *Born Losers*, featuring Tom Laughlin.

An international press luncheon and reception will be held the following day. Led by AIP president and board chairman Samuel Z. Arkoff, the company contingent will include Jules Stein, v.p., foreign sales, Rocco Viglietta, service manager; and Ruth Levinson, national director of advertising and publicity.

Calif. Film Commission Clears Senate Hurdle

A contingent of Hollywood management and labor representatives recently testified before California's Senate Governmental Operations Committee in Sacramento, in support of a senate bill which would establish the California Motion Picture Development Commission. Senate Bill 1823 would appropriate \$100,000 from the general fund to establish the commission for the purpose of promoting production in the state, assisting producers in securing locations and facilitating cooperation from local government agencies.

Bill was approved and now must hurdle Senate Finance Committee.



John Ashley (center), producer-star of *Ebony*, *Ivory and Jade*, an American International Pictures Release, recently signed a five year co-production deal with AIP, giving the company first refusal rights on his forthcoming product. Ashley is seen flanked by executive producer David J. Cohen (left) and co-producer and director Eddie Romero after receiving an award from the Filipino Academy of Movie Arts and Science "for his outstanding contribution to the advancement of the film industry."