

# G & W takes minority position as Famous goes public

TORONTO — Canadian movie exhibition chain Famous Players Ltd. has started the process that will see 51 per cent of the company's shares offered to the public.

When the offering is complete, Gulf and Western Inc., which currently owns 100 per cent of Famous Players, will be left with 49 per cent of common shares.

A preliminary prospectus has been filed with various securities commissions across Canada, but it didn't, at press time, contain financial details of the offering such as the share price.

Although, after completion of the offering, Famous Players will only be 49 per cent owned by American-based Gulf and Western, Famous Players will still be considered a non-Canadian company under Investment Canada regulations.

As a result, if Famous Players chooses to buy or start new businesses in the "cultural heritage" area in Canada, it may be required to get Investment Canada approval, the prospectus states.

The reason Gulf and Western is giving up precisely 51 per cent of Famous Players in a public offering isn't clear at this point. However, movie industry finance experts suggest it could offer tax advantages or be a way of including the company as an investment on Gulf and Western balance sheets rather than as a subsidiary and being forced into more detailed financial statements.

Famous Players officials will not discuss the proposed public offering at this time.

The prospectus does show that Famous Players' total revenues for the year ending Oct. 31, 1987 are forecast to be \$205 million. Of that total about 73 per cent will come from ticket sales and 27 per cent from concessions.

Also for the year ending October 31, 1987 the company's net income is forecast to be \$16.3 million, which is 104 per cent more than the previous year.

Famous Players will also operate about 150 theatres with 430 screens and 168,000 seats at the year-end date, according to the prospectus.

During the past five years Famous Players estimates it has attracted more than 30 million patrons annually and further

predicts that number will exceed 34 million in fiscal 1987. It says that is the highest level since the 1950s.

The recent hiring of a new management team to respond to increased competition in the Canadian film exhibition business and plans for ongoing expansion of the Famous Players

theatre circuit are also outlined.

The prospectus notes a restructuring of the business that will result in the consolidation of various Famous Players Limited companies under the name Famous Players Inc., when the offering is complete. It also outlines that on Sept. 16, 1987 Famous Players Limited

acquired the outstanding shares of an unrelated corporation, the name of which was then changed to Famous Players Inc.

The preliminary prospectus outlines an initial public and secondary offering of common shares. The offering is being managed by a syndicate led by Wood Gundy Inc., which also includes Dominion Securities

Limited, Lévesque, Beaubien Inc. and Pemberton Houston Willoughby Bell Gouinlock Inc.

The preliminary prospectus, which is dated Sept. 28, 1987, is a document that outlines details about the company, its finances and the public offering. The preliminary document is still subject to changes before a final offering is presented to the public.

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