

Vienna, May 2012

Voluntary VPF Model of the Film and Cinema Industry

I. General Fact Sheet

As you are aware, the model was launched on 01.03.2012. Registered cinemas may enroll their films with the Film and Cinema Working Group (AFK) for a VPF settlement as of this date. The tax consultant office Grant Thornton Unitreu Ltd. is in charge of VPF registrations and settlements on behalf of AFK.

The cornerstones of the model are:

- **No limitations** with regard to the number of screens.
- The VPF model is also valid **retroactively** for cinemas which have already switched to **digitalized systems before 01.03.2012** with corresponding reductions (reduction in the duration of refinancing, the refinancing share is reduced on a pro rata basis).
- Only the **actual investment costs** for the digital hardware and financing costs up to a maximum amount of €70,000 per screen in addition to a €10,000 financing flat-rate will be approved.
- Only the actual investment costs minus the contribution of the cinemas minus the public sector aid will be refinanced!!
- The **contribution of the cinemas consists of 25%** of the refinancing share. A maximum of 50% of the contribution can be covered by public sector aid.
- The **maximum duration of refinancing is 7 years, or rather until the refinancing share has been reached.**
- The **application deadline is 31.12.2012**
- **VPF rate:**
 - Depending on the film release week, **€ 1 per visitor up to a maximum of € 500 plus 10% (max. € 50) for administrative costs.**
 - **Degrressive model:** As of the 3rd week the VPF decreases in a degressive manner until the 7th week as follows:

	Max. Percent	Amount in €	Per Visitor
1. wk.	100%	500	1,00
2. wk.	100%	500	1,00
3. wk.	80%	400	0,80
4. wk.	60%	300	0,60
5. wk.	40%	200	0,40
6. wk.	20%	100	0,20
7. wk.	10%	50	0,10

- **Several locations / programming networks:**

- The VPF is calculated per location and per the number of screens (that have been digitalized).
- Cinema owners with several locations in a city or a region can consolidate them for settlement purposes. As a result, when taking over from one location network to the next, the VPF amount will only be payable once. The investment will then be refinanced within the network and not according to locations.
- The cinema owners have to register the networks with the AFK which in turn has to examine and approve them for their credibility.
- Only cinemas operated in the same city, or cinemas which have regional proximity can belong to the same network. Any other consolidation of cinemas without a regional connection is not permitted.

Additional information:

Registration office:

Mag. Michael DIETRICH, Grant Thornton Unitreu GmbH
tel: +43 (0) 1 26262 - 431, email: kinodigital@at.gt.com

Registration application: <http://www.filmundkino.at/online-registrierung.html>

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II. Registration details

- In the course of the registration process, Grant Thornton Unitreu Ltd. will examine whether a cinema is eligible to participate in the VPF.
- Cinemas which have already switched to digitalized systems can be registered at any time for the VPF model at kinodigital@at.gt.com .
- **Individual registration modalities:**
 - Every cinema owner will receive an email with a personal **CircuitID** and **CenterID** of his cinema locations. In the registration data, these IDs are to be included in every single data set, so that the registration data can be assigned correctly.
 - **Investment amount or proof:**
The investment amount for screens registered for the VPF model should be documented with appropriate receipts as soon as possible. Only investments that are closely linked to the digitalization process can be considered as such (see separate information). The accounting center (kinodigital@at.gt.com) should be informed about applicable public sector aid by June 30th, 2013.
 - That depends on the total investment amount financed by the VPF model. VPF payments to cinema owners can only be made afterwards.
- **Registration data:**
 - **Competitive Reports:**

The registration data of the cinemas will be matched to the Competitive Report (also known as the RENTRAK List). Any data which can not be automatically matched, will be sent back for correction to the respective cinema owner. In order to facilitate an automatic comparison of the registration data, the owners will be provided with a RENTRAK List for the corresponding accounting period in a timely fashion, so that the distributors can deposit the titles in the cinema accounting software accordingly.

- **Excel file:**

Every cinema owner will receive an Excel file per email, which shows the exact input structure of the registration data and also contains additional information data.

Attention:

The cinema owner is responsible for providing an Excel file with complete and accurate registration data. The registration data have to be filled out completely. Incomplete data sets cannot be used for VPF billing due to large data quantities and high automation levels!!! (See details in the Annex „Sample Registration Data Form“).

- Only after the digitalization process has taken place (starting with the first screening), can screenings be registered. If the digitalization has taken place before 01.03.2012, the screenings are to be registered before the first accounting period (01.03.2012).
- The registration data are generally to be transmitted within **one week** (5 business days) after the end of the respective accounting period by email to kinodigital@at.gt.com as an Excel file in the predefined input structure.
- If a cinema owner has failed to present the registration data by the 15th of the **second consecutive month** of the accounting period, the VPF cannot be taken into consideration and this period will be deducted from the total reinvestment period of the cinema owner (example: final deadline for the transmission of the registration data for the month of JULY is SEPTEMBER 15th).
- According to the relevant privacy regulations, the registration data will be treated confidentially and will not be forwarded to third parties by the accounting center.
- **Cinema owners using the box office software „SITEC“:**

The SITEC software directly transforms the registration data into a so-called „XML-file“ (the SITEC software is not compatible with Excel). This XML-file can be opened, edited and saved in an Excel format using Excel software (as of version 2003).

The following steps should be taken to get to the Excel file in the predefined structure:

- Start Excel program
- Click on „File/Open“ and select the recent XML-file. If prompted → choose the option „as XML-table“ and click „OK“.
- The registration data file will now open and can be edited.
- Save the file in Excel format (ending in XLS or XLSX) and send.
- **Attention: the predefined structure of the table may not be changed, especially not the column specifications and the order in which columns appear (see Annex).**

- **Cinema owners using a different box office software:**

Please contact the software producer to determine to which extent the registration data output is compatible with Excel. The registration data should be sent in Excel format using the given input structure.

- **Accounting periods:**

- The VPF model comprises films with an official release date after 01.03.2012 in Austria. A VPF is not possible retroactively for earlier releases, even if they are screened after 01.03.
- The billing for film releases begins as of 01.03.2012. The first accounting period comprises 2 months starting on 01.03.2012 and ending on 25.04.2012.
- The subsequent billing will follow on a monthly basis.
- The billing is based on the monthly calendar, where the last day of the respective accounting period corresponds to the last Wednesday of the month.
- If the billing period of a film goes beyond the last day of the accounting period, the outstanding VPF amounts will be billed to the weeks in the following accounting period.
- After the accounting of a period has been completed, the cinema owners will receive a list of all transactions as well as a statement with regard to their present VPF balance.

- **Billing and payment:**

- The VPF amounts will be calculated by the accounting system and invoiced at the end of each accounting period (plus VAT) by the AFK to the distributors on the basis of film releases in Austria and the transmitted registration data from cinema owners.
- After the payment of the distributors has been completed, the corresponding credit items (plus VAT) will be issued to the cinema owners and the accounted gross amount will be transferred to the cinema's account.
- **The cinema owners are responsible for transferring the VAT to the competent tax authority on the basis of the amount credited!!!**

- **Administrative costs:**

The administrative costs amount to a total of 10% of the VPF and are financed fifty-fifty by the cinema owners and the film distributors.

The costs are calculated as follows:

- The distributors have to account for the VPF plus an additional 5% for administrative costs.
- The cinema owners are credited a maximum of €500 plus VAT (VPF)
- The cinema owners will also receive separate invoices amounting to 5% of the administrative costs in longer intervals (probably on a quarterly basis).
- The administrative costs will be balanced upon payment of the VPF (i.e. for a €500 VPF credit for a film, there will be an actual payment of €475).

Further information:

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email: kino-kultur-vergnuegen@wko.at

Dr. Werner Müller, ARGE Film und Kino
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email: mueller@fama.or.at

Administrative contact person:

Mag. Michael DIETRICH, Grant Thornton Unitreu GmbH
tel: +43 (0) 1 26262 - 431, email: kinodigital@at.gt.com

Annex I. Sample Registration Form for Film Data (according to SITEC)

CircuitID	CenterID	date	screen	visitors	visitors_1623	visitors_other	title	id	edi	imdb	mediatype	contenttype
123	456	10.11.2011	2	266	200		Star Wars: 66 Episode III	102344	19089	121766	1	0
123	456	11.11.2011	2	295	220		Star Wars: 75 Episode III	102344	19089	121766	1	0

Annex II. Sample Registration Form for Film Data (table format)

CircuitID	MANDATORY FIELD This will be / has been given to you by the VPF accounting office.
CenterID	MANDATORY FIELD This will be / has been given to you by the VPF accounting office.
date	dd.mm.yyyy date format – MANDATORY FIELD
screen	Screen number – MANDATORY FIELD
visitors	Number of visitors / total number of visitors – MANDATORY FIELD
visitors_1623	Number of visitors for all screenings between 4 pm and 11 pm - MANDATORY FIELD
visitors_other	Number of visitors for all screenings beginning before 4 pm or after 11 pm – MANDATORY FIELD
title	Film title – MANDATORY FIELD Please use the exact same wording for film titles, as they are specified on the film list provided by kinodigital@at.gt.com. Only an exact wording can ensure an automated comparison and correct VPF accounting.
id	Film ID used by the accounting software of each cinema. Can be left blank.
edi	Edi number of the film. Allows for additional comparison/control. Can be left blank.
imdb	IMDB number of the film. Allows for additional comparison/control. Can be left blank.
mediatype	MANDATORY FIELD. List: (the relevant alternatives are shaded in gray) 0 = ANALOG 1 = DIGITAL 2D 2 = CINEMAGNUM 3 = IMAX 3D 4 = ANALOG 3D 5 = DIGITAL 3D 6 = IMAX 2D 7 = SATELLITE
contenttype	MANDATORY FIELD. List: (the relevant alternatives are shaded in gray) 0 = FILM 1 = OPERA 2 = BALLETT 3 = OTHER

IMPORTANT INFORMATION

ALWAYS fill out the MANDATORY FIELDS in every single row of the data registration form. Only a complete form can lead to the correct allocation of the data in the accounting system.

Use the exact same wording for film titles, as they are specified on the film list provided by kinodigital@at.gt.com. Without a correct allocation to the film release lists, a correct VPF billing will not be possible.

The registration data should be emailed to kinodigital@at.gt.com.

Cinema owners, who have to fill out their registration data **manually** due to a lack of support from their box office software will have to proceed as follows:

As soon as a film has reached 500 visitors, it is not required to hand in further data for the concerned film.

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III. CHECK LIST FOR INVESTMENTS

The nature and scope of investments:

Only investments that are directly linked to digitalization can be recognized as investments.

Investment costs:

Maximum permitted investment amount: €70,000. This includes:

- Digital projector including optics
- Corresponding server + control software for the projector
- Central server: proof of investment (receipt) OR
€ 700 flat-rate per screen, if an alternative solution has been implemented
- TMS (Theatre Management System - central control system for program flow):
The full amount will be recognized if at least 5 screens have been registered for VPF
A pro rata system will be used if less than 5 screens are registered (e.g. 2 screens → 2/5 of the investment amount will be recognized by TMS)

Financing costs:

An additional flat-rate of €10,000 for financing costs will be added to the investment sum (for used equipment: an additional €5000 flat-rate will be calculated).

General framework:

The digital projection equipment should correspond to DCI standard.

Investment proof:

Proof of the investments (copies are sufficient) must be made as soon as possible. Preferably, the receipts could be scanned and emailed to kinodigital@at.gt.com.

Public sector aid in connection with digitalization: All public sector aid which has actually been received must be announced by latest 30.06.2013 and has to be documented with receipts (copies are sufficient). Preferably, the receipts could be scanned and emailed to kinodigital@at.gt.com. The cinema owner is liable for the accuracy and validity of the information and evidence.

Approved investment amount: The AFK will examine and determine accordingly, if and to which extent, cinema screen digitalization investments will be recognized.

Payment: The payment of VPF amounts to the cinema owners can only be made after the approval of the investment costs.

Further information:

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