

X PAND

b e y o n d | c i n e m a

SOLUTIONS FOR 3D DIGITAL ENTERTAINMENT TECHNOLOGY



The Dawning of 3D Digital Entertainment Technology

Introducing XPAND, an energetic, inventive and creative company that delivers high impact 3D Digital Cinema experiences. With an expansive library of diverse 2D/3D films and strong relationships with major and independent distributors, we're confident we can amaze and inspire your audiences!

XPAND digital systems are available for theatres and environments of every size. Whether creating a new build or retrofitting an existing venue, we can create all sorts of exhibitions in both the large and small formats that will deliver a cinema experience to remember and bring audiences back for more.

XPAND's turnkey solution supports you through every step of your project, including design evaluation and engineering, equipment selection, financial packages, marketing strategies, content procurement, 24/7 technical support, promotions and much more.

Our winning combination is our dedicated teams of industry professionals and technical experts who have made a commitment to live up to both your expectations and goals. We're positive that we can prove to be a reliable, effective and cost-efficient choice that will stand through the next age of technology.

XPAND is a company that grows with our mission. Striving to entertain audiences of all ages worldwide, we offer talents that will put our **expertise** and your **vision** to work. The rewards will produce qualified and exciting projects, forming a bond of trust in what we hope will become a long and formidable partnership as we envelop the future of 3D cinema experiences that will generate a new era of entertainment.

This is the perfect opportunity to collaboratively work in tandem with our combined sets of professionals, to set in motion the creation of a wonderful experience.

Turnkey System Solution

Operational 3D Systems

XPAND's 3D technology works from the *active glasses* approach, which are designed from the most intricate technologies to deliver the demands of 3D Digital Cinema. This technology provides the optimal experience and is proven to have an extremely adaptive system to most any projection, server and digital delivery system.

Offering turnkey packages of all kinds, our XPAND team can provide a wide variety of services to include audio and lighting design/integration, special EFX, signage/fabrication and has an unlimited resource pool to create dynamic full production teams.

With the diversity of digital cinemas, every show will be guaranteed to look as amazing as the first and it also provides all types of media usage from Blue-ray DVD, live broadcast feed, internet and computer-based presentations, making for a mixed-use environment of every kind.

A Full Service Program

- Theater and technology feasibility
- Project management
- Installation and client training
- 24/7 technical service
- Programming and marketing
- Theater operation support
- Design process
- System integration and programming
- Preventative maintenance
- Expansive library/distribution network of 2D and 3D content
- Leasing and partnership packages

Key Benefits of Digital 3D Cinema

- **Scalable and Customizable** Your existing building and/or new design criteria determines the theater size and equipment used.
- **ROI Success** Adds and creates new revenue value whether venue enhancement or fully integrated cinema as separate admission attraction.
- **The Ultimate 3D** An out-of-home entertainment event that can be easily experienced with repeat visitations at affordable prices.
- **Differentiated** A revolutionary new technology with high marketing appeal and diversity to keep up with the rebirth of 3D cinema.



Behind the Company

XPAND was developed by Kolosej, a consortium of entertainment specialists, content providers and technology developers.

Kolosej is the entertainment division of a large European financial company, KD Group (a public company), with interests in theatrical exhibition, film distribution (Warner Bros. and independent titles) and leisure centers (FEC/LBE) to include sophisticated/themed bowling, billiards, casinos, nightclubs, bars, restaurants, fast-food, patisseries, interactive gaming/ arcades, complimentary retail and multi-purpose environments.

XPAND has developed strong relationships with the most recognized brands in the world in the world including Barco, NEC, Doremi, GDC Technology, Harkness Screen, Stewart, QSC, Peavey, Bi Amp, Franklin Designs and more. We work with each company's team of designers and engineers to ensure that the technology behind XPAND leads the industry in quality, innovation and reliability.

At the heart of XPAND's digital cinema solution is access to an expansive and growing 2D and 3D content library. XPAND has established strategic relationships with a number of majors, specialty/independent production and distribution companies such as nWave and K2 Communications. These groups provide a variety of 3D impact experiences, including the digital large format presentations that specialize in documentaries and educational content.

Cinema Systems

Three XPAND solutions are available for your theater or venue:

- **X3D**: the basic solution includes a 3D digital system and related services
- **X4D**: the enhanced sensory solution adds multiple in-theater efx to the basic system
- **X6D**: the full solution adds sensation movement & full interactivity to the 3D Digital Cinema experience

	X3D	X4D	X6D
Equipment <ul style="list-style-type: none"> • 2K DCI Compliant Projector • 5.1 – 7.1 Digital Sound • DCI Compliant Server System (JPEG2000) • Medium Gain Matte Screen • Automated Show Control 	X	X	X
In-Theater Special EFX <ul style="list-style-type: none"> • Multiple sensory effects, including wind, air blasts, mist/rain, fog/smoke, aroma, climate control, ticklers • Lighting, lasers, strobe and bubbles 		X	X
SFX Motion Seats (3-axis) <ul style="list-style-type: none"> • Sensation of movement using state-of-the-art, plush seating for comfort, isoprogrammed appropriately for every audience • Interactive controls for gaming (optional) 			X

Competitive Pricing

XPAND has one of the most cost-effective and competitive pricing structures among our leading competitors due to our technology advancements, investment in R&D/quality management programs and our streamlined system's adaptability.

Partnership Programs Available

To facilitate the growth of XPAND 3D Digital Cinema network, XPAND will invest in your success. XPAND offers financial programs to qualified operators by supplying fully integrated, turnkey 3D digital systems and services in return for a share in your theater's box office revenues or as a lease package.

3D Solutions - Comparative Analysis

Solution	Regular screen solutions				Special silver screen solutions					
	XPAND/Active 3D		Dolby		RealD		MasterImage		Christy EZ3D	
	Now	Mid 2008	Now	Mid 2008	Now	Mid 2008	Now	Mid 2008	Now	Mid 2008
USA screens	4	50	10	50	1000	1300	0	0	0	-
International screens	100	300	5	300	60	70	20	30	0	-
Total screens	104	350	15	350	1060	1370	20	30	0	-
Technology Formats										
Technology	Active polarization		Wavelength triplets		Circular polarization		-		-	
Eyewear	Active		Passive		Passive		-		-	
Hardware	Infrared system, Glasses tester		Integral filter in projector, processing in server unit		External active polarizing filter		-		-	
Screen	Matte White		Matte White		Silver		-		-	
In-theater operations	Manage sensation/ rotation of glasses, quality control issues, testing		Manage sensation/ rotation of glasses		Provides new set of glasses		-		-	
Features										
Movement from screen to screen	10 minutes		1 day		1 day		1 day		1 day	
Transition from 2D to 3D to 2D	1 second		5 minutes		5 minutes		5 minutes		5 minutes	
Regular screen usage	Yes		Yes		No		No		No	
Ghosting	No		Low		High		High		High	
Brightness	Good		Bad		Medium		Medium		Medium	
Light efficiency	17%		9%		15%		15%		15%	
Maximal screen size	20M		14M		16M		16M		16M	

Company Technical Qualifications

XPAND offers complete turnkey expertise qualified to serve every facet of your project. XPAND's Technical President of US Operations and Corporate Development, Mohammad Ahmadi, coupled with his support teams are proud to distinguish the following relevant capabilities:

Competence

XPAND's creative implementation team collectively brings over 50 years of highly technical expertise including complex theater attraction experience, design and development for every cinematic attraction experience. You can feel confident that the same craftsmanship and capability that has delivered some of the most exciting environments around the world will be doing the same for your unique and elaborate project.

Authorized Dealership

XPAND's US Technical Division, located in El Segundo, California is as an authorized dealer for over 200 different manufacturers so that we may have direct access to their products and technical proficiency. XPAND is authorized to sell, install and service all of the products specified (as deemed by manufacturing partnership and vendor relationships of XPAND.)

Specialized Training and Capability

Our highly skilled designers, engineers, programmers, installation technicians and project managers, each have a specific level of qualification as it relates to their position. Each of our control programmers is qualified in a variety of PLC components including certification in Touch-panel Design and Installation. Each of our designers and design technicians have received formal CAD training at respected institutions, and the project team has received factory training at Peavey, Alcorn McBride, Martin/Mach and QSC, collectively – to name just a few.

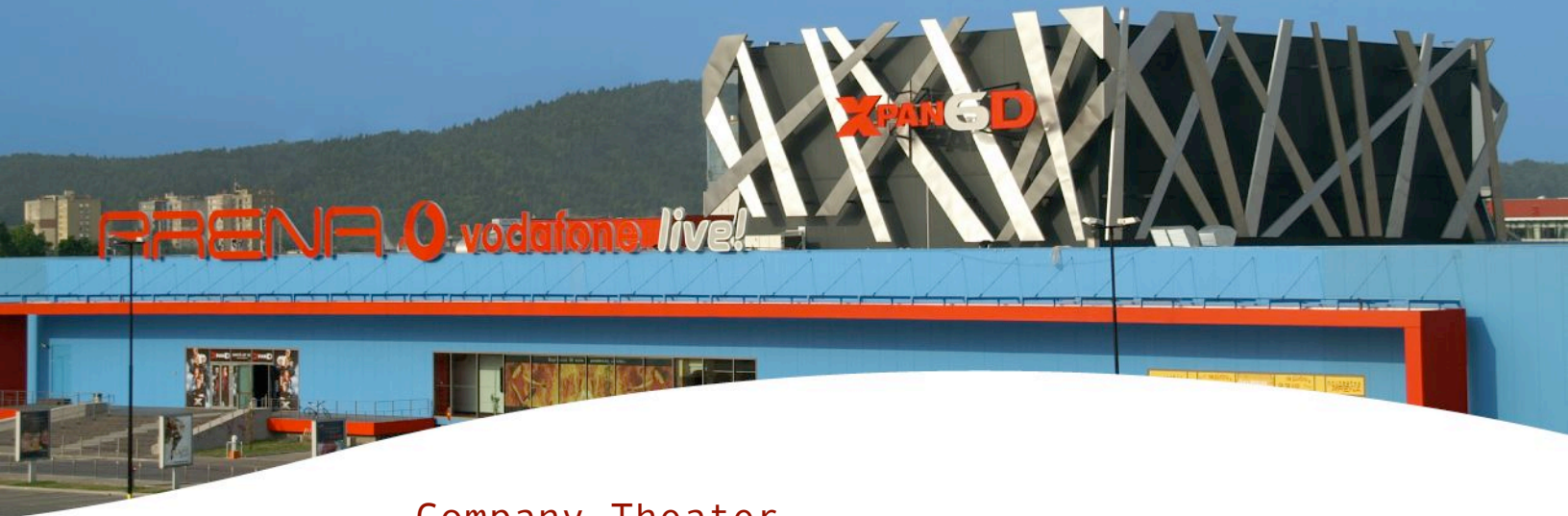
Documentation and Certification

XPAND's technical executive staff make it their personal responsibility to deliberate with each of our primary vendors in order to secure current training documentation and company-wide certification. As a result, each fabrication and installation technician receives comprehensive in-house and onsite training in addition to weekly seminars on current and new product installation standards and service improvements.

Quality Assurance and Management

XPAND's Quality Assurance and Management program is currently in the process to obtain ISO 9001:2001 certification, resulting in excelled QA standards that are set equal to, and in some instances, greater than, published guidelines with regard to our industry.

Global Locations



Company Theater Locations - Global

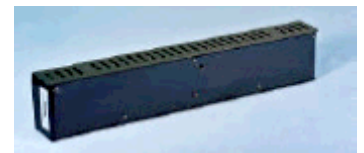
O'Neil Theaters of New England (4 theaters)	USA
US Space & Rocket Center (Opening January 2008)	USA
UA Cinemas	Hong Kong
Golden Harvest	Hong Kong
Array's Technology, Pagasa Village, Quezon	Philippines
Planet of Entertainment – SAMARA	Russia
Planet of Entertainment – KAZAN	Russia
*Palace Cinemas + 20 Various Sites	France
Kolosej (Ljubljana and Maribor Cities)	Slovenia
Yelmo Vecidario	Spain
Yelmo Tres Aguas Alcorcon	Spain
Yelmo Jarez	Spain
Carcaserna - Murcia	Spain
Multicines El Punt – Alzira	Spain
FTT (multiple sites)	Germany

Targeted locations for the USA currently in negotiations for opening by the first quarter of 2008: Four sites in the Institutional market; eight sites in the Theatrical market.

*Palace is the largest exhibitor chain in France

The Product - List of Equipment

- A. 3D Cinema Active Glasses (XPAND glasses)** - 3D active glasses are designed from the ground up to meet the demands of 3D Digital Cinema. They provide the ultimate 3D experience in a stylish, comfortable and rugged package. Battery life is from 700-800 hours and/or 400 2-hour shows.
- B. 3D Cinema Emitter** - This unit transmits the infrared (IR) signal that synchronizes the switching of the glasses to the projector. It is a compact unit designed to be mounted in the projection window and/or on the rear wall of the theater and aimed at the screen.
- C. 3D Cinema Sync Distribution Module** - This unit plugs into the digital projector and provides the power and sync signal for up to four (4) emitters. It also monitors the emitter performance and provides set-up signals to allow the IR emitters to be installed and tested even if the projector is not available.
- D. 3D Cinema Active Glasses Tester** - This unit generates a low power IR signal, which will cause the lenses on the glasses to blink at a low rate.
- E. 3D-Cinema Glasses Washer** - Recommended Model: Fisher & Paykel Double DishDrawers (#DD603 - Stainless Steel). A sanitation/cleaning process is required prior to each individual guest usage. The Exhibitor is responsible for all plumbing, electrical, installation and infrastructural placement of the dishwasher. XPAND will purchase the dishwasher on behalf of the Exhibitor and arrange for delivery only. All onsite installation will be done in accordance with vendor and Exhibitor. XPAND is not responsible for any or all parts of the dishwasher once received by Exhibitor and is removed from any liabilities, maintenance, repairs and/or replacement if the dishwasher is defective or inoperable at any time.
- F. 3D-Cinema Distribution Rack** - Portable rack providing storage for up to 400 pairs of glasses. Each tray will hold one storage/washing basket to minimize the handling of the individual glasses.
- G. All required Cables** for the above installation.



The Product - 3D Cinema Active Glasses

Primary Features

XPAND 3D glasses are uniquely designed and engineered for use in today's digital cinema world.



- A stylish, quality product – one exhibitors will be proud to provide their patrons
 - Superior 3D performance without ghosts
 - Lenses optimized for viewing the Giant Screen
 - One size fits all (a smaller size for children under eight will be available)
 - Light weight and comfortable
 - Fits over prescription glasses
 - Rugged and fully sealed – washable in an ordinary kitchen dishwasher
 - Quick and easy installation
 - Easily moved from screen to screen to optimize theater utilization
 - Works with any screen - superb 3D on a standard matte screen
 - Can be used in very large and very wide theaters
 - Does not affect the use of the theater of 2D movies
 - Cost effective – lowest life cycle cost
 - Does not require the projector to run at reduced resolution
 - Does not require a special projection lens
 - Does not require the projector to run at excessive frame rates
 - Does not require remedial preprocessing of the video stream.
- Ghost suppression is inherent in the design of the glasses



Put XPAND to Work for You Let Us XCEED Your Expectations

We look forward to exploring how you can XPAND and:

- Create a marketing and PR impact
- Differentiate your venue from the rest
- Increase utilization time
- Heighten attendance levels
- Increase revenues
- Provide the niche market attraction through a variety of specialty content for educational, corporate and private sector programs (including large-format)
- Present quickly emerging 3D commercial films

Our teams are eager to meet your every expectation to help you develop, create and operate a successful 3D Digital Cinema experience. Covering each avenue from: feasibility and market analysis, theatre design, engineering and implementation, financing and purchase packages, rental programs for traveling exhibits, marketing, sponsorships and promotional ideas to ongoing operational and technical support.

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We look forward to the opportunities of discussing our unique systems to create an experience that will take your audiences ***Beyond Cinema...***

XPAND is an environmentally-conscious company. We produce our sales and marketing materials electronically to work towards saving our earth's resources.