

Three-Year Market Deployment Plan
August 2005

CINEMAGE

CINEMAGE CORPORATION (CIG-TSX.V)
“print on demand fine art to the world”

Confidential and Proprietary

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MARKET SITUATION

It is the belief of CINEMAGE Management that the Prints-On-Demand market for large format digital reproductions is poised for major market acceptance and deployment. Companies like Kodak and London Drugs have entered the market for conventional photo prints produced by self-service kiosks on demand. Some limited large format services are also available.

However, Management is not aware of any Internet-based system like the CINEMAGE system for the distribution over the Internet of digital images for reproduction using large format printers. Management therefore believes a major opportunity exists to establish a strong if not dominant position in this market, by opening world-wide consumer access to a “Virtual Art Gallery” and conveniently printing on-demand, art of original-like quality at a fraction of the cost of originals for a growing \$19.8 billion art reproductions market.

Please see The Business Plan Summary for more detailed background information.

The current status of the Gicleé art reproduction on-demand market opportunity is as follows:

- **CINEMAGE TECHNOLOGY** - The Cinemage System is a proprietary vertically integrated system for generalized Internet content distribution including e-commerce revenue collection functioning as a “Content Broker” for Content Suppliers and Content Buyers. The system has been operating continuously at the Company’s offices for over 5 years, and is quite robust and stable. The Prints-On-Demand function has been added over the past 3 years, and final changes and enhancements to the business model are currently being implemented.

- **LARGE FORMAT PRINTING TECHNOLOGY** – Large format printing technology has dropped substantially in cost in the past few years, with entry-level printers currently available in the \$2,500 Cdn. range. These are within the buying range of retailers for Prints-On-Demand applications, while larger printers designed for production printing centres are in the \$10,000 - \$20,000 range.
Also, printer manufacturers have extended UV fade-resistant inks to their lower end products, facilitating Gicleé art printing by individual producers and bypassing large commercial printers.

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- **DIGITAL IMAGING TECHNOLOGY AND MARKET** – Digital imaging has gained rapid acceptance in the past few years through the low-cost introduction of digital cameras with growing resolution. Many consumers are now familiar with the term “mega pixels”, although many don’t know the true reproduction consequences of the term. Nevertheless, this is creating growing acceptance of digital reproduction, and as cameras increase in resolution year-by-year will also open up a substantial future market for large format printing of consumers’ images.
- **MARKET ACCEPTANCE - THE NATIONAL GALLERY OF LONDON** - The National Gallery of London, with whom CINEMAGE collaborated in the 1995-1997 time period through the VISEUM project it initiated, has broken the ice on digital art reproductions produced by computer and large format printers. The Gallery has a large format Hewlett Packard printer in its Gift Shop attached to a kiosk, from which a visitor can buy a reproduction of any work in the Gallery’s collection. The Gallery provides no further distribution at this time.
- **HEWLETT PACKARD (CANADA) COMPANY & CINEMAGE** - The development at The National Gallery of London was heavily financed by Hewlett Packard in Europe, and is now a showcase for HP. HEWLETT PACKARD (CANADA) COMPANY has developed an interest in deploying its printers in museums and galleries in Canada, and has entered into a collaboration with Cinemage Corporation whereby Cinemage has prepared a Museum and Gallery Package utilizing HP large format printers and vertically upright kiosks suitable for lobby or foyer installations, for sales into that market sector in Canada.
- **HERITAGE CANADA, OTTAWA** – Heritage Canada through one of its operating departments has expressed an interest to Hewlett Packard (Canada) Company for a museum and gallery solution it can advocate for institutions in Canada. The Cinemage solution will be presented to Heritage Canada in Ottawa in the summer.

- **CURRENT MUSEUM AND GALLERY SYSTEMS SALES LEADS** – Two initiatives have arisen quite recently, namely at the Art Gallery of Edmonton, and the Royal BC Museum. The Art Gallery Of Edmonton has received major funding for a renovation of its physical premises, and is interested in art print reproduction facilities as part of its new venue. The Royal BC Museum meanwhile is issuing a specific Request For Proposals for a Prints-On-Demand system. Both are excellent opportunities for CINEMAGE.

- **CURRENT PRINTSTATION INSTALLATIONS** – CINEMAGE currently has Dealer installations at six framing and gallery sites in Western Canada. These are pilot sites from which the Company is obtaining market information. These are:
 - Emile’s Custom Framing, Kelowna, BC
 - Time Frame Gallery, Vancouver , BC
 - Fast Frames, Calgary, AB
 - Picture Perfect, Grande Prairie, AB
 - Framing and Art Centre, Medicine Hat, AB
 - Prints Galore, St. Albert, AB

- **SPLITTING THE MARKET** – The CINEMAGE Business Plan Summary identifies three major markets for artworks, name:
 - The Art Connoisseur
 - The Home Decorator
 - The Commercial SpecifierThese have not been segregated in this analysis, but are a factor in considering content acquisition to suit specific target markets.

- **ADJUNCT PRINTS-ON-DEMAND MARKETS** – The pilot installations currently in place have shown that there are two important markets adjunct to the Art Reproduction market, namely:
 - Professional Photographers and Photo Studios
Professional photographers are a source of images for the Home Decorator and Commercial Specifier markets, while they and Photo Studios are both a source of referral orders for Print & Ship services.
 - Personal Digital Imaging (Print Your Own)
Digital cameras are a rapidly developing source of customer-images for the Home Decorator market.

REFINEMENT OF THE BUSINESS MODEL

From the experience the Company has gained from its pilot installations in framing shops, Cinemage has expanded its business model to include Retail Order Entry Systems (ROES) for sites that have sales skills but not production skills, and PrintCentres for the printing of orders from Retailers for subsequent shipping. This also facilitates geographic location optimization of systems, as Retail Order Entry Systems are simply a pedestal mounted touch-screen LDC monitor and small form factor computer attached to the Internet, a small footprint ideal for high cost retail spaces. Meanwhile, PrintCentres requiring larger production space can be located in lower rent districts.

Some implications of this change are:

- The CINEMAGE pricing model is being changed from selling downloads to framers who print and mark up the piece, to selling printed pieces.
- This change and the Print & Ship function will also allow for direct Internet sales of printed pieces, shipped directly to the buyers home.

Specific products and sales revenue sources then are;

1. Sales of prints printed on site for direct pickup
2. Sales of prints printed at a PrintCentre for subsequent shipment
3. Sales of pre-printed and pre-framed works
4. Sales of Systems.
 - a. Print Stations
 - b. Imaging Stations
 - c. Retail Order Entry Stations
 - d. Retail Venue Kiosk Station
5. Sales of value-added software and services
6. Sales of substrates and accessories
7. Sales of operational contract

THE CORE PRINTS-ON-DEMAND BUSINESS MODEL

While systems sales and the sales of consumables and supplies are in themselves a business, the core business is printing reproductions on demand using large format printers. Revenue then scales based on the following three basic metrics:

$$\text{Revenue} = \text{Average Print Price} * \text{Prints Per Day / Site} * \text{Number of Sites}$$

Revenue is then disbursed to the: printer, the sales agent, Cinemage for hosting, and the Content Owner and Artist if not a personal image. ***Revenue increases can then be driven by focusing on each of the three contributors to the revenue generating formula.***

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SECTION I – THE ART REPRODUCTION MARKET

DEPLOYMENT STRATEGY

The CINEMAGE component systems are targeted to specific market sectors, and will be sold using varying sales and marketing strategies. These are:

- **RETAIL ORDER ENTRY SYSTEMS** – The Cinemage Systems Limited Partnership will “sell” these directly to Retail sites, on a lease basis. The Lessee will actually be the LP, with monthly lease costs being deducted from sales revenue due the Retailer. This will reduce sales resistance and accelerate market penetration. The LP will retain the right to relocate the unit if sales revenue does not warrant keeping the unit in the shop. The hardware cost per ROES is about \$1,250; installed on a commissioned basis of \$250 / Unit, the total cost per installation is \$1,500, or approximately \$45 / month on a leased basis.
- **MUSEUM & GALLERY KIOSK SYSTEMS** – The expectation is that these sales will involve Cinemage, Hewlett Packard (Canada) Co., HP Resellers, and Heritage Canada in a cooperative program. Details are still being worked out. Sales could be closed by any combination of the above. Sales will be “System Sales”, customized to fit into the IT environment of the institution and tailored to meet the commercial comfort level of the institution. Cost per installation will be in the \$25,000 - \$75,000 range.
- **FRAMER PRINTSTATIONS** – will be sold through the HP Reseller network. Some will be sold directly as a byproduct of ROES sales, and some ROES sites may upgrade over time by adding a printer. PrintStations will range in price from \$5,000 to \$15,000.
- **DISPLAY PIECES** Each Retail or Framer location will be provided with a sample collection of display pieces to facilitate on-line sales as well as to be sold directly. Some buyers are impulse buyers who need to walk away with the piece. Other buyers need a physical sample to relate to, before being ready to make an on-line purchase. These pieces will be provided on consignment. The cost to the LP is projected at \$50

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each for 20 printed pieces in plastic holders, and \$200 each for 5 pre-framed pieces, based only on production cost and not including sales mark-up and artist royalties which will only be paid after the sale.

- **WEB SALES** Direct web sales are also planned on a Print & Ship basis. Some buyers will find us directly on the Internet, while others will make first contact at Retailer's or Framers' sites and - wanting more search time – will leave to continue searching at home and complete the purchase there.
- **REFERRAL FEES** recognizing that the first point of contact for a buyer may be a ROES or Framers site, or a museum or gallery, and wishing to encourage these sites to provide referrals and in turn refer buyers back to the site for subsequent matting and framing, web sales will qualify for a discount if a referral code is provided. This code will be on a handout located in the ROES or Framers site, that ties the referral to the referee to whom we will pay a referral fee.
- **PRINT AND SHIP SERVICE** – in the case of tourists visiting museums and galleries, or gift shops and galleries visited while on vacation, having the piece printed near home and shipped directly to the home avoids such travel inconveniences as carrying the piece onto flights or through customs. Also, sites visited that provide a direct Internet order card to visitors can expect a referral revenue stream resulting from the site visits.

SYSTEMS DEPLOYMENT GOALS – ART GICLEE MARKET

It is the belief of Management that to establish a sustainable competitive advantage in this marketplace a rapid deployment program is required in North America over the next two years. Not unlike the deployment of cable subscriber installations, once a central system and distribution infrastructure have been established.

Once that position is secured in North America, major distribution in Europe and Asia can follow beginning in the third year.

YEAR 1 DEPLOYMENT GOALS - CANADA

- 1,000 Retail Order Entry Systems
- 50 Framers PrintStations
- 25 Public Museums & Galleries
- 5 Regional PrintCentres

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YEAR 2 DEPLOYMENT GOALS - US

- 5,000 Retail Order Entry Systems
- 250 Framers PrintStations
- 125 Public Museums & Galleries
- 25 Regional PrintCentres

YEAR 3 DEPLOYMENT GOALS – EUROPE & ASIA

- 3,000 Retail Order Entry Systems
- 150 Framers PrintStations
- 75 Public Museums & Galleries
- 15 Regional PrintCentres

Incremental growth will continue in each region after a major rapid deployment program.

CAPITAL REQUIREMENTS**YEAR 1 DEPLOYMENT COSTS - CANADA**

- **Retail Order Entry Systems**

Equipment - \$1,500 / site
Display pieces - \$2,000 / site

Total \$3,500 / site X 1,000 sites = \$3,500,000.

To be financed through 11.5% Investment Bonds, secured by inventory.

- **Framer PrintStations**

Sold through HP Resellers, or indirectly as an adjunct to ROES sales. A Start-Up budget of \$250,000 from LP sales is projected. Program will become self-financing.

- **Public Museums & Galleries**

Sold jointly by HP Resellers, Heritage Canada, and the Cinemage Systems LP. A \$250,000 sales and marketing Start-Up budget is projected for Year 1, through the LP.

- **PrintCentres**

These may be owned and operated by the Group, or be contracted to Framers with adequate resources.

A \$125,000 Start-up budget is projected for Year 1, through the LP, for sales and marketing.

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A \$50,000 budget per site is projected for equipment and supply inventory. At 5 sites, this amounts to \$250,000 in capital equipment, to be financed through 11.5% Investment Bonds.

YEAR 2 DEPLOYMENT COSTS – UNITED STATES

- **Retail Order Entry Systems**

Equipment - \$1,500 / site
Display pieces - \$2,000 / site

Total \$3,500 / site X 5,000 sites = \$17,500,000.

To be financed through 11.5% Investment Bonds, secured by inventory.

- **Framer PrintStations**

Sold through HP Resellers, or indirectly as an adjunct to ROES sales. A Start-Up budget of \$1,250,000 from LP sales is projected. Program will become self-financing.

- **Public Museums & Galleries**

Sold jointly by HP Resellers, Heritage Canada, and the Cinemage Systems LP. A \$1,250,000 sales and marketing Start-Up budget is projected for Year 2, through the LP.

- **PrintCentres**

These may be owned and operated by the Group, or be contracted to Framers with adequate resources.

A \$750,000 Start-up budget is projected for Year 2, through the LP, for sales and marketing.

A \$50,000 budget per site is projected for equipment and supply inventory. At 25 sites, this amounts to \$1,250,000 in capital equipment, to be financed through 11.5% Investment Bonds.

YEAR 3 DEPLOYMENT COSTS – EUROPE and ASIA

- **Retail Order Entry Systems**

Equipment - \$1,500 / site
Display pieces - \$2,000 / site

Total \$3,500 / site X 3,000 sites = \$10,500,000.

To be financed through 11.5% Investment Bonds, secured by inventory

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- **Framer PrintStations**

Sold through HP Resellers, or indirectly as an adjunct to ROES sales. A Start-Up budget of \$750,000 from LP sales is projected. Program will become self-financing.

- **Public Museums & Galleries**

Sold jointly by HP Resellers, Heritage Canada, and the Cinemage Systems LP. A \$750,000 sales and marketing Start-Up budget is projected for Year 3, through the LP.

- **PrintCentres**

These may be owned and operated by the Group, or be contracted to Framers with adequate resources.

A \$125,000 Start-up budget is projected for Year 3, through the LP, for sales and marketing.

A \$50,000 budget per site is projected for equipment and supply inventory. At 15 sites, this amounts to \$750,000 in capital equipment, to be financed through 11.5% Investment Bonds.

SUMMARY OF FINANCING NEEDED

	Year 1 - Canada	Year 2 - US	Year 3 – Europe/Asia
Investment Bonds	\$3,750,000	\$18,750,000	\$11,250,000
LP Units	\$1,000,000	\$3,200,000	\$1,000,000
Cinemage Hosting Private Placements	\$500,000	\$2,000,000	\$6,500,000
NeTitles (VCC) Productions Inv.	\$500,000	\$500,000	\$500,000

Note that Bonds will be sold on a 4-year rotating basis reducing actual requirements.

ALTERNATIVE FINANCING SOURCES TO BONDS

Two alternatives (or complements) to Bond financing for equipment and inventory are seen as:

- **Equipment Supplier Leasing**
- **Commercial Bank Loans At Lower Rates, Subordinating Bonds**

Successful deployment in Year 1 in Canada would likely open up these financing sources for the larger deployment stages that follow in the US, Europe and Asia.

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SECTION II – THE PHOTOGRAPHY MARKET

DEPLOYMENT STRATEGY

CINEMAGE ImageMaster systems will be sold primarily through the HP Reseller network, and through direct web-based purchasing. Some field sales may arise as an adjunct to earlier field sales activities.

SYSTEMS DEPLOYMENT GOALS

Systems will be sold on a sustained basis, and no rapid large-scale deployment is planned in addition to the ROES and PrintStation programs. Projected installations are:

	Year 1	Year 2	Year 3
Cinimage ImageMaster Systems	50	250	150

Incremental growth will continue in each region after a major ROES and PrintStation deployment program.

CAPITAL REQUIREMENTS

Systems will be sold directly to buyers, and no specific financial support will be provided to buyers. Note that individual professional photographers and photo studios will be buying lower end, personally affordable systems and referring larger orders to a PrintCentre for Print & Ship.

Therefore, no incremental capital is required for this sector. Incremental revenue is expected to reduce financing requirements slightly.

SECTION III – THE CONSUMER IMAGING MARKET

DEPLOYMENT STRATEGY

PrintStations, ImageStation, and Retail Order Entry Stations will be sold with a multifunction card reader that can read various digital formats from camera and other recording devices, including CDs. No separate sales and marketing program will be undertaken to address this market, as all installed systems will PDI Upload enabled. .

CONSOLIDATED SYSTEMS DEPLOYMENT GOALS

These are the same as those for SECTIONS I and II, and are summarized below:

	Year 1	Year 2	Year 3
PrintStations	50	322	541
ROES	1,000	6,440	10,820
ImageStations	50	300	450

Each system is capable of accepting a Consumer's Personal Digital Image and uploading it for printing in large format for subsequent shipping.

CAPITAL REQUIREMENTS

There is no incremental capital required to support Personal Digital Image upload, Print & Ship services.

SECTION IV – CONSOLIDATED PROJECTIONS

CONSOLIDATED CAPITAL REQUIREMENTS

Net Revenue from Personal Digital Imaging actually dramatically reduces the need of the Cinemage Systems Limited Partnership to raise revenue, eliminating the need past the first year.

Also, the Bond pool will be managed as a revolving fund, so that leasing revenue can be used to acquire new equipment, on the basis that new Bonds will be sold in the future to redeem maturing Bonds. Net Financing requirements for consolidated operations are:

SUMMARY OF FINANCING NEEDED

	Year 1 - Canada	Year 2 - US	Year 3 – Europe/Asia
Investment Bonds	\$3,075,000	\$15,378,000	\$4,774,500
LP Units	\$1,000,000	\$0	\$0
Cinemage Hosting Private Placements	\$500,000	\$4,137,847	\$12,915,955
NeTitles (VCC) Productions Inv.	\$500,000	\$500,000	\$500,000

CONSOLIDATED REVENUE PROJECTIONS

MAJOR CONTENT ASSUMPTIONS

An important major assumption is that Cinemage has enough content under license to sustain the level of sales projected. An aggressive licensing program must go hand-in-hand with the systems deployment program. This could include a licensing arrangement with companies like Canadian Art Prints or Art In Motion, granting rights to distribute reproductions they have under license.

NeTitles Productions will continue direct content licensing under its Tax Shelter program. System installations will contribute to licensing as follows:

- a) systems installations at museums and galleries will provide a door to licensing institutional collections, for broader distribution and greater revenue generation.
- b) framer and commercial gallery installations are points of contact with artists interested in having their works distributed.
- c) photographer installations are direct contacts with potential image contributors.
- d) Retail Order Entry installations will also attract the attention of artists interested in having their works reproduced and distributed.

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FRAMER PRINTSTATION SALES ASSUMPTIONS:

	Year 1	Year 2	Year 3
Print Sales Per PrintStation / Day	.1	.2	.2
Print Sales Per Retail Station / Day	.1	.1	.2
Large Print Referrals From Framers / Day	.03	.06	.1

PHOTOGRAPHER IMAGE STATION SALES ASSUMPTIONS:

	Year 1	Year 2	Year 3
Download Print Sales Per ImageStation / Day	.05	.05	.1
Large Print Referrals From ImageStations/Day	.03	.06	.1

CONSUMER UPLOAD SALES ASSUMPTIONS:

	Year 1	Year 2	Year 3
Uploads from Retail Order Entry Systems / Day	.1	.2	.3
Uploads From Framers / Day	.1	.2	.2
UploadsFrom ImageStations/Day	.05	.1	.1

NET DISBURSED REVENUE PROJECTIONS BEFORE TAXES

	Year 1	Year 2	Year 3
Cinimage Corporation	\$2,325,263	\$16,261,479	\$53,226,045
Cinimage Systems Limited Partner.	(\$42,624)	\$2,099,637	\$18,348,484
NeTitles Productions Corp.	\$598,331	\$4,347,284	\$14,100,143
Royalties To Artists	\$598,331	\$4,347,284	\$14,100,143

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SECURITY VALUES AT NET REVENUE / UNIT * 4

Based on the assumptions made and the financial model developed, and using the revenue projections created thereby (a copy of which can be obtained from the contact below), securities values may be conjectured based on four times net revenue generated as follows:

	Year 1	Year 2	Year 3
Cinimage Trading Common Shares	\$.28	\$1.56	\$4.18
Cinimage Systems / \$1000 LP Unit	(\$113)	\$5,599	\$48,929
Media 2000 Productions (VCC) Corp. Shares	\$.33	\$2.29	\$7.05

SCALABILITY OF THE BUSINESS MODEL

Projections are based on rapid deployment projections. The CINEMAGE business model is quite scalable, and results could vary substantially depending on funding available.

The consequence of slower deployment would likely be increased competition in North America and overseas after the second year, slowing market penetration.

ADDITIONAL MARKETS AND CAVEATS

- Web based print orders are not include here, and could become substantial.
- Projected sales per month per system are quite conservative.
- Revenue from pre-printed and pre-framed works is not included here.
- Revenue from system sales is not included here.
- Revenue from scanning customers' photos and reprinting as portraits or other large format pieces is not included here.

FOR FURTHER INFORMATION CONTACT:

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APPENDIX I

MAXIMIZING THE DIGITAL DISTRIBUTION CHANNEL

THE MALL MODEL

The Cinemage system is designed around the Shopping Mall model. Each generic “service” or store can have multiple content product suppliers. The service has an e-commerce model tailored specifically for the service. At present the following services have been implemented:

- Prints-On-Demand Service

A Prints-On-Demand service is located at www.fineartprints.ca, providing for the sale of printed reproductions from a digital image bank or “virtual art gallery” owned by NeTitles Productions Corp. currently containing about of 2,800 images contributed by dozens of artists.

- Stock Photo Service

A Stock Photo service is located at www.prophotos.ca, providing for image sales on a Stock Photo business model including rights and price negotiation, owned by NeTitles Productions Corp. with about 10,000 images contributed by hundreds of photographers.

- Virtual Museum Service

A Virtual Museum service is located at www.cinemage.com/demo_whe.html providing viewing access to museum and gallery collections on a subscription or “turnstile” basis. This is not currently in commercial operation.

Multiple invocations of the same service are possible, providing for parallel content distribution from different collections. Services for the sales of physical goods are contemplated, but implementation is currently incomplete.

THE PRINTS-ON-DEMAND DISTRIBUTION NETWORK

The distribution network of approximately 10,000 Retail Order Entry Systems planned for the next three years, and approximately 500 PrintStations, and 500 ImageStations can also be utilized to distribute more that the www.fineartprints.ca collection. Some examples are:

- Additional Prints-On-Demand Services

In addition to the www.fineartprints.ca collection, major art publishers like Canadian Art Prints, Winn Devon, or Art in Motion could be licensed to sell their collections through the same distribution network of systems but through separate portal entry points (including linking seamlessly from their corporate web site), under a direct license with Cinemage that includes a royalty to NeTitles for use of the Prints-On-Demand service it funded. In keeping with mall philosophy, only one “anchor tenant” would be licensed within a competitive market sector.

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Multiple smaller “boutique” tenants providing a diversity of niche products could however also be licensed. Collections could also be aggregated by broad market sector, such as: classical art; modern art; folk art; emerging artists; and even student art. The latter would be designed more as an advertising channel than a revenue channel, as each student artist would provide multiple referrals to the site to friends and family to view their works. Mind you, moms and pops are sure to make a certain number of purchases of their children’s works.

Other related prints-on-demand channels could be: movie posters; pop posters; travel posters; sports posters, heritage posters; etc.

- Complementary Product Channels

In addition to multiple prints-on-demand services, complementary product channels could also be introduced. For example, the purchase of framing supplies would be an ideal complement to print sales.

LEVERAGING THE INSTAL BASE TO MAXIMIZE REVENUE

There is little incremental cost to adding additional content product suppliers, services or product channels once the physical distribution network of Retail Order Entry Systems, PrintStations, and ImageStations is in place. Additional revenue falls almost directly to the bottom line.

Having established a profitable base line for market entry, profits can be increased dramatically by adding product lines to the distribution network of installed systems.

APPENDIX II

INITIATING PRINT & SHIP OPERATION THROUGH A PILOT RETAIL ORDER ENTRY SYSTEMS DEPLOYMENT PROGRAM

INITIATING PRINT & SHIP OPERATION

Implementation of the Print & Ship function in the Cinemage System and initiation of Print & Ship operation enables several new classes of print sales, namely:

- Retail Order Entry Systems Sales

Implementation of the service is a prerequisite to installing any Retail Order Entry Systems, as this is how the product is ordered for printing and then delivered.

- Direct Web Orders

Implementation of the service will also open up direct ordering across the Internet of reproductions from our collections for printing and shipping.

- Consumer's Image Upload, Print & Ship Sales

Print & Ship is also a prerequisite to implementation of the "Upload, Print & Ship" function currently planned for printing consumers' images in large format.

Print & Ship service is expected to begin in August of 2005 from the Company's Homer Street facilities in Vancouver, while Upload, Print & Ship of consumers' images is planned for October of 2005.

A 10-SITE TRIAL ROES DEPLOYMENT PROGRAM

A Retail Order Entry Systems trial deployment program is planned as soon as the Print & Ship service is in operation. 10 ROES are planned for installation in framing shops, gift shops, and commercial galleries along with preprinted samples from the Company's collection. These will be located primarily in the Vancouver area, to allow for close interaction with the trial sites.

Given the extremely positive experience with the touch screen Kiosk the Company has developed for the Hewlett Packard – Heritage Canada project, the plan now is to have all ROES touch screen enabled. Some evaluation of suppliers is required to select the most desirable and affordable candidate.

A 100-SITE PILOT ROES DEPLOYMENT PROGRAM

The trial program will move into pilot deployment through the expansion of the 10 trial sites to 100 sites, located in the Greater Vancouver, Vancouver Island, and Calgary areas.

Experience with this pilot deployment program will guide planning for the larger Year 1 deployment described in the main body of the Three-Year Market Deployment Plan.

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