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FILM AND TELEVISION RIGHTS

FilmFour reviews what movie rights it takes to keep abreast of digital TV windows

By Tim Adler

FilmFour is reviewing what rights it takes to independent British films to keep up with the fast-changing media landscape.

"The broadcaster is mulling its rights position," said one source familiar with FilmFour.

Historically, FilmFour has taken all television rights in perpetuity, blocking films it was involved with having a pay-television window on BSkyB. Its position led to a row with government financier British Screen Finance when it cut a deal for its films to be shown on satellite television in the mid-1990s. Channel 4, which was British Screen's largest shareholder, was unhappy with the deal – it wanted to keep British television premieres of films it co-financed with British Screen for itself. But FilmFour has become more relaxed about pay-television premieres on BSkyB for films since that time.

"The landscape is changing so rapidly it's not a simple equation. It's being driven by what rights Channel 4 needs in the new media landscape. Each film will be assessed on a film-by-film basis to give the broadcaster the future-proofing it needs to build a viable business," said the source.

FilmFour's mulling its rights position comes as the Communications Act has liberated independent television producers to handle their own international rights. Previously, Channel 4 would expect to take all television rights in exchange for fully-funding an independent commission. Its terms of trade were drawn up by Channel 4 executive Colin Leventhal prior to the channel's launch in 1982. But FilmFour has argued that unlike independent television production, it is not the primary financier when it comes to investing in features. And unlike television programmes, Channel 4 is at the end of the value chain after theatrical, home-video and pay-television windows have opened and closed.

FilmFour may be reviewing its rights position, but some producers claim that the broadcaster has not increased the amount it pays for a television licence since the

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SALES AGENTS

Sellers sceptical about Toronto sales market

By Tim Adler

Sales agents have poured cold water on the idea of the Toronto film festival becoming more of a market.

Despite many sellers at the American Film Market grumbling about empty corridors and sparsely-attended screenings, the consensus is that Toronto will – and should – remain an auteur-led festival with a secondary market in the background.

Toronto International Film Festival has announced that an estimated C$52 million-worth of business (£26 million) was generated at this year's event. An estimated C$28.7 million of North American deals happened and C$22.8 million of international deals.

TIFF co-director Noah Cowan has said that the results confirm Toronto's status as a top-tier festival for international business and deal-making.

Cowan said: "International buyers clearly recognise Toronto as one of the world's premiere festivals to discover and buy the best cinema from around the globe."

Despite this, Cowan has frowned on sales agents screening titles for buyers at Toronto on the periphery of the festival.

The head of sales of one small sales agency said: "Toronto is primarily a festival and secondarily a market. I don't think the organisers of Toronto have any intention

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FilmFour reviews what movie rights it takes

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late 1980s.

Then, as now, the average licence fee paid by FilmFour is about £500,000.

One film finance lawyer said: "Our experience has been that the FilmFour licence fee has been about £500,000 since the early 1990s."

Allowing for retail inflation alone – without factoring in inflation in film costs – this should have risen to £850,000 per film to keep pace with inflation.

"We are kicking up a fuss but we don't have any market power," said one producer.

One former FilmFour executive who used to work at the broadcaster in the 1990s said: "We couldn't believe how lightly we were being let off about the licence fee."

Value eroded

One source conceded that the average FilmFour licence fee may be unchanged at £500,000, but pointed out that the free-television value of independent British films has eroded since the 1990s.

Now there are so many more ways viewers can watch films – DVD rental, pay-per-view and now video-on-demand and so forth.

"It could be argued that FilmFour has actually been generous in *not reducing* the licence fee," said the source.

And FilmFour will also bump up its licence fee with equity – historically in exchange for selling international rights through its defunct FilmFour International sales arm – to about £750,000.

On top of this the broadcaster would argue that it is one of the places that cash-flows pre-production and recently announced it was carving out a 10 per cent recoupment corridor for producers out of its equity position. The move will help producers to move closer to net profits, said the broadcaster (*Screen Finance* November 2 2005).

Historically, the BBC also used to take all television rights in perpetuity for £450,000 but this has now changed. The BBC now takes an individual approach with each film.

"In general, we have become much more flexible about the way things work – there's no set rule," said one BBC executive.

Former head of British Screen and newly-appointed chief executive of the Irish Film Board Simon Perry said: "The problem is the oldest problem of all: the broadcasters are entrenched and powerful, while independent producers are frail and feeble."

FILM FINANCE UK

Sillwood launches micro-budget EIS

By Tim Adler

Sillwood Films is launching a micro-budget Enterprise Investment Scheme to finance its urban thriller *Saxon.*

Unusually, Sillwood has already completed principal photography on the film. Half an hour of footage has finished rough assembly with the final edit due to be completed by March 2006. The EIS will be used to give a tax incentive to individuals who have already put money into the film – they will be able to claim a tax rebate of 20 per cent of their investment through EIS – as well as raise additional post-production finance.

Islington-based lawyers Bolt Burdon have structured the EIS alongside specialist film and television lawyers Drew & Co. Chartered accountant Derek Rothera & Co is handling the accounting side.

Sillwood originally offered private investors £500 shares in *Saxon*, which began shooting on August 8 for four-and-a-half weeks. In exchange, investors were offered an invitation to watch the film being made, an invitation to preview screenings and their name in the credits.

As usual with these kinds of micro-budget productions, cast and crew deferred their fees in exchange for a share of later profits.

Producer Elise Valmorbida said: "It's very much a collaborative process."

Valmorbida and writer/director Greg Loftin also arranged a second mortgage on their house to help raise production finance. Valmorbida admitted they started shooting without a sales agent or UK distributor on board because she had become so frustrated waiting for a green light.

"There was a kind of impatience about it," said Valmorbida.

Saxon follows an ex-convict, Fast Eddie, who returns to the corrupt housing estate where he grew up to investigate the disappearance of a local television quiz champion. Sillwood pitches the thriller as "*Unforgiven* meets *Trainspotting*."

The film's lead is played by Sean Harris, who played Joy Division's Ian Curtis in *24-Hour Party People* and will play murderer Ian Brady in a Granada docudrama about the infamous 1960s Moors Murders.

Writer/director Greg Loftin teaches broadcast post-production at Ravensbourne College of Communication.

FILM FINANCE GERMANY

Germany to launch film tax incentive by July 2006

By Tim Adler

Germany plans to launch a new tax incentive to attract private investment into local film production by July 2006.

The new German centre-right coalition closed down the €1.5 billion (£1 billion) media fund industry at its first cabinet meeting on November 24. The cabinet also closed down funds for investment in video games, shipping and renewable energy sources.

But Chancellor Merkel emphasised her support for a new and better instrument for the German film industry to attract private investment at the same meeting.

Producer Marco Mehlitz of Lago Film said: "The local industry will not survive without some serious economic support by private investors – in return, they will require a tax incentive to do that."

The German industry has welcomed the appointment of Bernd Neumann as culture minister. Neumannn has been the media policy specialist of conservative parties CDU and CSU for many years. He is also a board member of federal film agency Filmfoerderung Anstalt.

Siegmar Pohl, head of media at Berlin-based lawyers Hammonds, said: "Most industry representatives respect Neumann and he is familiar with specific film finance issues."

Mehlitz said that Neumann is not only very knowledgeable about the German film industry, but he has also promised to solve the problem of the 2001 Media Decree making international German co-production impossible with its insistence that the foreign co-producer be based in Germany for taxation purposes. Neumann has said he will amend the decree "with the single stroke of a pen". Mehlitz said: "This should open the door for co-productions in Germany again."

Film 20 secretary general Georgia Tornow said: "Neumann is an excellent authority on the problems of German film. The man who was involved in drawing up the promise in the coalition treaty to improve our conditions of competition to meet the European standard within half a year will not disappoint us."

Some financiers are disappointed that the government did not allow media funds to carry on marketing to investors until the end of November or even January 1. Instead, the government has insisted on backdating the cancellation of the funds to November 11 – a move which created some resistance in the CDU and SPD political parties, according to newspaper reports. Investors who have applied to the funds after November 11 will now be left in the cold. The government did not allow an extension so as to avoid a last-minute rush of people putting money into the funds. Neumann told his cabinet colleagues that he was happy with the decision to shut down the funds immediately.

The previous socialist government made clear it wanted to abolish media funds a long time ago. First, the previous government tried to tighten the rules to prevent wealthy individuals or companies simply using the funds as tax-saving vehicles. But media fund legislation has always been drafted so poorly and inconsistently that the funds always found ways around loophole tightening.

"Both the old and new governments have caused irritation and chaos within the industry by constantly announcing different dates for the abolition of the funds," said Pohl.

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to supplant AFM."

Intandem Films director Andrew Brown added: "Toronto is unlikely to move away from being an auteur-led festival. The occasional company may take the odd office but, like San Sebastian, it will stay a festival.

Rather, the European Film Market (EFM), due to take place in Berlin between February 9-19 2006, is set to become increasingly important now that it is moving into the Martin-Gropius-Bau. The EFM has registered 240 companies from 45 countries to date, with increasing interest from US and Asian companies. Big US companies including The Weinstein Company, Focus Features and Lakeshore Entertainment will be taking stands at the EFM for the first time. Several smaller Asian companies are coming to Berlin under their national Korean and Japanese group umbrella organisations.

Capitol Films head of sales Simon Crowe said: "Berlin has replaced Mifed in the calendar as the place to sell high-end films of theatrical quality."

But many sellers have complained about poorly attended screenings – which is a problem not just afflicting AFM but Berlin and Cannes as well. One sales agent admitted that its three market premiere screenings were poorly attended. It is a truism that a sales agent can only be as good as the quality of its product. But there is a structural problem as well – many distributors are not taking enough people with them to cover screenings.

Capitol Films head of sales Simon Crowe said: "These days it's seriously hard to get buyers into screenings. It depends on the film."

It's a cost issue, added one sales agent, who suggested that AFM might want to offer buyers discounts dependant on their bringing large numbers of staff with them to the market.

Crowe said the market is dividing between large American movies or auteur directors. It is the middle-ground, mid-budget film which is being squeezed the hardest, said Crowe.

Given that one of the reasons for moving AFM to November was to simplify the sales calendar into two main events each year – AFM and Cannes – the opposite seems to have happened. Buyers seemingly hurry from Berlin to Cannes to Toronto to AFM. Given that it costs about $20,000 for a sales company to attend AFM alone, this is an expensive business to be in.

"It's gone to the other extreme," said Crowe, "with people having to be everywhere."

FILM STATISTICS INDIA

Indian box office to grow by 30% over next five years

By Tim Adler

India's box office is expected to grow by 30 per cent over the next five years, according to a new report by Dodona Research.

The box office in India is expected to reach Rs114.3 billion (£1.45 billion) by 2009 compared with Rs90.9 billion (£1.12 billion) today (see Fig. 1).

India is widely regarded as having a cinema market with huge potential. However, while there are major cities with a growing, affluent middle class prepared to spend on leisure, India also has a large and poor rural population.

Dodona says that India is still in the early stages of revamping its cinema infrastructure, but it is clear there are two separate markets being catered for based on geography and class. High-quality multiplexes opening in major cities can charge higher ticket prices and attract the affluent middle and upper classes, while an emerging e-cinema network brings a more modern cinema experience to the countryside and less-wealthy cinemagoers.

Both strategies are being led by large corporations and new entrants tend to be similarly long-established conglomerates that can raise the necessary finance.

According to Dodona, the trends in the market are clear: it is likely that the number of screens will remain broadly stable as new multiplexes replace old, rundown single-screen sites. Admissions are set to continue on a downward path as auditorium capacities decline and ticket process inflate, excluding poorer cinemagoers from attending as frequently. The average number of visits will fall to two per year by 2008, but this will be offset by the higher ticket prices.

For distribution purposes, India is divided into seven territories and distributors bid for territory rights. However, few distributors have a pan-regional presence. High print costs mean that only a small number of each film is printed and subsequently the distribution is staggered starting with the major cities. The introduction of digital cinema is now changing this as the technology means cinemas in "B" and "C" distribution centres are now able to show good quality films, at the same time they are released in A centres. This is also helping to reduce piracy; exhibitors with digital systems have reported much higher occupancy rates as a result.

Most international awareness of the Indian film industry is through Bollywood, but this only refers to the Hindi film industry, which produces 25 per cent of India's total film output each year carving out an estimated 40 per cent market share. In 2002 Rs 21 billion was invested in Indian films (see Fig. 2). Foreign sales can account for up to 20 per cent of a Bollywood film's revenues as films are watched by Asian communities in the UK, Singapore and elsewhere.

Dodona research director Katherine Wright said: "The Indian market is like an elephant in the room. It's too big to ignore, but all too often the hype takes the place of solid, accurate information and analysis.

"India is still in the preliminary stages of transforming its cinema infrastructure, but with a successful home-grown film industry, investment into multiplexes and digital technology and an increasing middle class population, it is an industry with a bright future."

Cinemagoing India by Katherine Wright, published by Dodona Research, £400. Contact: customer.service@dodona.co.uk.

Fig. 1: India forecasts 1995-2009

	Population (m)	Screens	Average ticket price (Rs)	Gross box office (Rs m)	Population per screen
1995	923.97	12,942	9.48	36,040	71,393
1996	943.39	12,902	12.04	40,688	73,120
1997	962.81	12,769	14.8	52,992	75,402
1998	982.22	12,691	17.48	50,000	77,395
1999	998.06	12,548	20.86	68,000	79,539
2000	1013.66	12,387	24.19	75,000	81,833
2001	1027.82	11,272	26	78,000	91,112
2002	1042.63	11,000	28	81,200	94,785
2003	1,058.48	11,000	30	84,000	96,225
2004	1074.57	11,000	32.4	87,480	97,686
2005	1090.9	11,000	34.99	90,979	99,173
2006	1107.5	11,000	37.79	94,478	100,680
2007	1124.32	11,000	40.81	97,955	102,211
2008	1141.41	11,000	44.08	101,384	103,764
2009	1158.76	11,000	47.61	114,255	105,341

Source: Dodona Research

Fig. 2: Indian film production investment 1995-2004

	Productions certified	Average film budget (Rs m)	Total investment (Rs b)
1995	795	10.54	8.38
1996	683	13.5	9.22
1997	697	14.55	10.14
1998	693	16.1	11.16
1999	764	16.06	12.27
2000	855	15.79	13.5
2001	825	18.18	15
2002	n/a	18.4	20.5
2003	880	n/a	n/a
2004	934	n/a	n/a

Source: Central Board of Film Classification, Dodona Research

FILM DISTRIBUTION

Theatrical window shrinks by 11 days year-on-year

By Simon Dyson

The average length of time between a movie's theatrical premiere and its DVD release shrank by 11 days in 2004.

On average, studio movies ran for an average of four months and 16 days between theatrical and DVD release. A decade ago, the window was slightly more than six months.

The gap between theatrical release and DVD is under pressure to shorten. This then effectively reduces the window between theatrical release and video-on-demand, assuming the window between DVD and VOD remains unchanged. Increasingly, the majority of revenues generated from a theatrical release are coming in the first few weeks. Because of this, most movies have long-since disappeared from cinema listings before they appear on DVD.

The evolving nature of movie-going suggests that DVD – and subsequently video-on-demand –release windows will shorten. However, there remains debate at to how much they should shorten by to maximise revenues across release windows.

Some have argued it is unlikely that movie studios would lose revenues by closing the gap between theatrical and DVD release. A more recent theatrical marketing effort could benefit a move being released to DVD or VOD, runs the argument, it being fresher in the public's mind.

But some Hollywood studios counter that marketing a DVD is quite different to releasing a film theatrically. In some cases, for example, the reaction to a film at the cinema governs how the studio markets the DVD – meaning the marketing message may be entirely different.

Movie studios have seen a steady increase in the share of revenues generated by a movie through DVD sales. The DVD is now worth about 50 per cent of how much a movie earns. By 2010, DVD retail will account for nearly three quarters of what a film earns via video, rental having shrunk to 26 per cent (see fig. 2). The total home-video market will be worth $57.2 million by 2010 (see fig. 3).

One consideration for producers and distributors is the impact that VOD will have on sell-through DVD revenues. Even though the DVD sector is well on the way to maturity, movie studios remain positive about the format. Fox considers the sector strong even though growth has slowed.

Some see VOD as a way to generate new revenues that will replace the DVD fall-off, while others believe it will be cannibalistic.

By 2010, 349 million homes will take VOD or near-video-on-demand services – or approaching one-third of the world's total TV households. These homes will generate revenues of $10.7 billion. This compares with 126 million homes and $3.2 billion movie revenues this year.

North America and Europe will account for a combined 86 per cent of global on-demand revenues by 2010 – with North America leading the way with a 44 per cent share. Asia Pacific will have 125 million on-demand homes by 2010 (having overtaken North America as market leader by 2010) (see fig. 1).

In the short-term, pay-per-view and near-video-on-demand will satisfy digital cable and satellite viewers. NVOD revenues in North America are predicted to reach $4.3 billion by 2010. In five years' time North America will account for 46 per cent of global NVOD revenues. Europe will account for another 40 per cent of global revenue.

True VOD revenues are expected to reach $893 million in 2010, up from only $37 million in 2004.

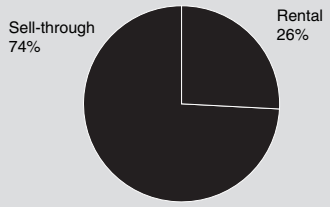
Informa's latest report On-Demand TV by Simon Dyson is available to buy from Anthony.balogun@informa.com, priced £595.

Fig. 1: On-demand TV: global forecasts by region

	2004	2005	2010
VOD/NVOD households (000s)			
Asia Pacific	11,593	18,090	125,421
Europe	32,436	39,422	98,104
North America	54,806	629,932	112,560
Latin America	4,756	5,590	12,770
Total	**103,591**	**126,035**	**348,856**
Revenues ($m)			
Asia Pacific	202	262	1,123
Europe	1,014	1,275	4,497
North America	1,308	1,532	4,735
Latin America	102	128	387
Total	**2,625**	**3,197**	**10,743**

Source: Informa Telecoms & Media

Fig. 2: Share of VHS/DVD retail revenues by source in 2010



Source: Informa Telecoms & Media

Fig. 3: Total VHS/DVD retail ($m)

	2005	2010
Sell-through	45,552	43,384
Rental	14,602	13,817
Total	**57,154**	**57,201**

Source: Informa Telecoms & Media

TV private-equity boom could falter soon

By Tristan O'Carroll

Private equity has become a major feature of the television industry. Flush with cash from eager investors, many are chasing what they hope will be bigger and better deals in the television space. Deals in the past year or so include a private-equity move for children's distributor Hit Entertainment. And lots of new deals are expected soon. Private-equity giant Permira estimates that private equity accounts for about a fifth of all European mergers-and-acquisition deals. The value of shares in ITV has risen 20 per cent this year on speculation that Apax Partners plans to bid for the UK commercial broadcaster.

But the spread of private-equity media buyers raises some questions about the future of the industry. Consolidation is likely to be accelerated as investors look to rapidly achieve economies of scale. And the centre of content production is likely to shift away from local businesses to pan-regional groups. Other important questions are also posed by this trend: are private-equity firms better at running media businesses than media managers? And how long will the boom in private equity last?

Private-equity firms – the companies which manage big pools of money from various investors – believe they can bring better financial discipline to the business. But, understandably, media managers often feel they have limited understanding of what it takes to engineer good content.

One criticism often leveled at private-equity firms is that they leave behind naked companies with costs stripped out and few non-core assets left. "Private-equity people do not understand the content business," one banker told our sister title *TV International*. "All they can do is play tricks with financial leverage." The criticism isn't totally without foundation, since the television business depends on managing talent, an area arguably alien to private investors.

But Michael Sanzone, director of European Media Banking at investment bank CIBC, disagrees. "Do private investors strip companies down to their bare bones?" he asks. "I do not agree they do, because what private investors can do is that they can invest in areas that may take time to develop. On the other hand, public companies are under pressure to show constant growth."

Historically, the independent production sector – and, more widely, Hollywood – hasn't been popular with private investors. Private buyers have tended to prefer operations with hard assets that produce steady profits. But that is changing. To make a deal acceptable to its cash-strapped Japanese parent, Sony Pictures Entertainment teamed up with Providence Equity Partners and Texas Pacific Group to buy MGM last year.

New ways of distributing content beyond the cinema are enticing private investors. In addition, they are not facing huge competition from media conglomerates for new assets. Time Warner, still coming to terms with the merger with AOL, does not appear to be in the hunt. Meanwhile, Viacom is reportedly set to divest Blockbuster and is reorganising itself internally.

The production sector also holds appeal for smaller investors – notably venture capitalists and business angels. Changes in UK media legislation have given many UK producers more power and mean they retain their secondary rights. And moves are afoot to usher in similar rights on a European level. "The independent-production sector is appealing," says Andrew Hartley, managing director at leading venture-capital outfit Kleinwort Capital. "The BBC is now commissioning more shows from beyond its own quarters, and ITV has had a merger to deal with, and they are looking for more indie content."

He says there are opportunities in the content sector because of the scope for consolidation. But he cautions against thinking money alone is the answer. "As investors in creative companies, you do not want to swamp creative people," he says. "You cannot create hit factories from financial management alone. Ultimately, the growth has to come from the creative side."

The television sector is appealing for several reasons, but the bottom line is that there is more private capital in circulation. "Largely thanks to a period of low interest rates, the cost of borrowing is low right now, which is making it easier for investors to access capital," explains Sanzone. And thanks to the low interest rates, private-equity houses are also enjoying bumper returns, with many having been able to cash out much of their original investment at a handsome profit.

But the big question is how long the boom in private equity will last. While borrowing costs remain low, private investors are able to finance large amounts of debt relatively cheaply. And while profits remain buoyant, it is possible to reduce the debt. But if interest rates were to rise – as they look set to do – the private-equity boom could end. And that would alter the television landscape considerably.

Checklist 1

UK film

Former William Morris agent Charles Finch has resurfaced with a new production company backed by Civilian Content financier Richard Thompson. Finch's new production company **Pink Sands** hopes to make nine films over the next three years. Thompson is putting up £500,000 of development funding for the new company, whose slate includes an adaptation of George Orwell's *Down and Out in Paris and London*.

Shed, the television production company behind *Footballers' Wives*, is buying *Supernanny* producer **Ricochet** for £30 million. The *Footballers' Wives* producer is paying £25 million up front through a mixture of cash, shares and debt. Another £5 million will be paid to Ricochet's owners providing they meet performance targets between now and April 30 2007.

Producer Grant Kier of **Inspiral** has criticised fellow British film producers for ineffective political lobbying. "Producers in the UK have been absolutely hopeless in lobbying for their own interests," Kier told the Northern Lights Film Festival Industry Summit in Newcastle upon Tyne.

UK Film Council has announced a completion fund for short films through its New Cinema Fund arm. Filmmakers can apply to the £50,000 post-production fund for help finishing rough cuts of shorts.

Television producer **Granada** is developing a new version of classic 1960s paranoia thriller *The Prisoner*, probably for Sky One.

UK Film Council has launched a new initiative aimed at black and other ethnic minority filmmakers. The government film agency has teamed up with not-for-profit arts organisation b3 media to find the next generation of black filmmakers. The Blank Slate scheme will fund up to eight short films to be made in spring 2006. Each film can cost up to £9,000 and be up to 10 minutes long.

UIP has re-released *Pride and Prejudice* in the UK and Ireland with the slicker romantic ending the film ended with in America.

Former Icon Entertainment chief executive Nick Hill will become joint managing director of sales agent **Capitol Films** in January. Sharon Herel is stepping back from the company, although she will remain co-chairman of the board.

David Quli has joined **Bird & Bird's** film and television production finance team from rival lawyer Richards Butler. Bird & Bird has worked on the legal side of the two most recent Woody Allen movies, *Match Point* and *Scoop*.

US film

DreamWorks Animation has written off $4 million (£2 million) because of *Wallace & Grommit* despite the cartoon grossing $150 million so far worldwide just in cinemas. The company said it was already clear that *Wallace & Grommit* was not going to perform as well as hoped for in North America, affecting knock-on ancillary revenue. DreamWorks Animation lost $700,000 on $87.1 million in its last financial quarter.

The writers of *Sideways*, Alexander Payne and Jim Taylor, have signed a three-year first-look deal with **Fox Searchlight**. Producer Jim Burke has become the third partner of Ad Hominem Enterprises.

Comedy creatives Trey Parker and Matt Stone (*Team America* have signed a three-year first-look deal with **Paramount Pictures**.

Sacramento-based **Green Flash Pictures** plans to make four movies per year with "high-concept, morally-grounded" outlooks. GFP co-head Ryan McKinney said that his company wants to more wholesome projects in a world where "teens and young adults are bombarded with messages in the media that promote sexual promiscuity, drug and alcohol use and instant gratification". The company's first project will be a horror movie about a couple who unleash evil spirits when using an Ouija board.

HBO Films has signed former Fox executive Elysa Koplovitz to create low-budget comedies for New Line joint venture Picturehouse.

International film

Italian exhibitors have derailed plans for mobile phone users to watch the latest Hollywood movies over their mobile phones. Mobile phone operator **3 Italia** had planned to allow subscribers to watch *The Interpreter* on their mobiles as many times as they like for €9 just one week after its theatrical opening. Cinema operators protested and yanked *The Interpreter* from 161 of the 200 screens it was showing on in Italy. But distributor Eagle Pictures, which licensed the Nicole Kidman film to the mobile operator, said it was undeterred by the protests and still hopes to release films on mobile phones in the near future.

France is to increase the amount earmarked for **Sofica** film investments by 22 per cent next year to €56 million (£38 million). Private investors are allowed to set the whole of their investment against tax, while corporate investors can get a 50 per cent tax rebate. Twenty per cent of Sofica funding is reserved for international French co-productions that may not be shot in the French language.

London-based **Buena Onda** has created a $250,000 (£125,000) joint development fund with the Puerto Rican Film Commission. The fund will inject $50,000 each into five projects each year budgeted up to $1.5 million apiece. It has already selected its first five projects: comedy *Mal de amores*, surfing movie *Santo e palo*, *Cabo y Platon* and two "reggaeton" musicals, *Cabo y Platon* and *Julito y la Calle*, which is being co-financed by Michael Jackson's producer Quincy Jones.

Checklist 2

Macedonia is to launch a film fund worth up to €1.7 million (£1.2 million) by the beginning of 2007. The Macedonian Film Fund will be raised through a levy on film distribution and exhibition as well as a home-video tax.

German film company **Internationalmedia** is raising €10.7 million (£7.3 million) through offering new shares to existing shareholders. The company is also offering shareholders a five-year convertible bond for €10.7 million. Internationalmedia is offering bonds priced at $25.80 each that it will then repay in 2010 for $37.54. The company recently announced an 80 per cent drop in revenue to €16.1 million but also scraped a €598,282 profit compared with a €23.1 million loss year-on-year. Internationalmedia is producing the new Basic Instinct movie, *Basic Instinct 2: Risk Addiction.*

German company **Constantin Film** expects to make €200 million (£137 million) of sales by the end of its current financial year. But the producer/distributor was €26.7 million adrift of its 2004 sales figure by the end of the third quarter. The company made a €1.8 million profit compared with €5.9 million year-on-year. This is because Constantin had a particularly successful 2004 with *Dreamship Surprise* and *Downfall* on its books.

French and German filmmakers have called for their €3 million (£2 million) co-production fund to have its funding increased. Producers and distributors want the co-production fund extended to distribution. Filmmakers made the call at the French-German Cinema Rendez-Vous in Cologne. But **German Federal Film Board** chief executive Peter Dignes has admitted the real problem is that the fund has enough problems finding suitable co-productions. A more realistic proposal, said Dignes, might be to use existing funds to support distribution of projects already selected.

Belgrade International Film Festival is to host a co-production session with the two best projects eligible to win €10,000 (£6,845) each. The next Belgrade festival will take place March 3-5 2006. Producers from 18 countries have until mid-January to submit up to 10 projects altogether to the festival. Eight projects will be selected from Croatia, Bosnia & Herzegovina, Macedonia, Albania, Turkey, Israel, Russia, Moldova, Ukraine, Belarus, Georgia, Azerbaijan, Armenia, Tajikistan, Uzbekistan, Kazakhstan, Kirighistan and Turkmenistan. Two more projects will be selected from Serbia & Montenegro.

European Film Promotion has claimed success for its film sales scheme, with 35 per cent of projects supported finding distribution. EFP has worked with about 60 sales agents helping defray costs of subtitling or dubbing prints, publicity and travel expenses on 143 films. Sales agents have sold EFP-backed films at festivals in Asia, Latin America and North America. The scheme has €400,000 (£274,000) to spend each year, contributed by the Media Programme and Spanish film organisation ICAA.

The amount of film shooting in and around Paris increased by 25 per cent in 2004. Last year, productions shot for 611 weeks in the capital and the surrounding area. This figure includes 29 weeks of foreign productions, including **MGM's** *The Birth of the Pink Panther.* Foreign productions shooting around Paris so far in 2005 include Sofia Coppola's *Marie-Antoinette* and *The Da Vinci Code.*

German company **Kinowelt** has acquired Epsilon Motion Pictures, the film financing and production arm of the former Kirch Group. The acquisition gives Kinowelt selected rights to Epsilon co-productions including *Unfaithful*, *Runaway Jury* and *High Crimes.* It also plugs Kinowelt into Epsilon's distribution deals with Regency Enterprises and Hyde Park Entertainment.

Odile Quintin has been appointed head of the European Commission department in charge of film and television. Quintin, a French national, is now responsible for the culture and education directorate.

The Flemish Audiovisual Fund has let go its managing director Luckas vander Taelen. The reason for Vander Taelen's dismissal is unclear but it is assumed it is because of his speaking out against government plans to restructure state media funding.

Flemish Audiovisual Fund executive Jan Vandierendonck will replace Renate Roginas as executive secretary of tripartite co-production fund **Eurimages** in January.