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High-score to Ontario for its game-winning incentives on offer to expanding digital entertainment companies

Ontario's Technology Corridor is attending the world's largest gaming gathering to showcase the province's talent and incentives for the global gaming industry

Cologne, Germany – August 17, 2011 – GamesCom 2011 – Despite various global economic challenges, the digital media and video game industries continue to thrive. People like to play games - especially in tough times. Over the past two years, Canada's gaming industry has expanded 11 per cent annually and is forecasted to grow 17 per cent in each of the next two years. Executives from the Ontario Technology Corridor are at GamesCom to demonstrate the province's "winning combination" of talent and tax credits. Canada is one of the world's top three game producing nations.

Larry MacKinnon, Director of Business Development for Technology in London Ontario and member of the Ontario Technology Corridor, says "Ontario continues to offer the talent and the financial incentives that make this region such a strong part of the digital entertainment industry. Our job at GamesCom is to add to our tremendous home-grown crop of companies and help demonstrate that Ontario is a prime destination in North America for gaming investments."

Federal and Ontario provincial research and development tax credits combine to give Canada the most favourable tax treatment among G-8 countries — giving Ontario innovation companies the ability to cut R&D expenditures by up to 63%.

In 2011 Ontario's gaming advantage has scored several wins:

- **Arkadium Inc.**
On July 19, 2011, this global leader in online games opened a Toronto, Ontario, office to focus on mobile gaming titles. Company executives stated "key factors" in the move were assistance from the Ontario government and the Digital Media Tax Credit, plus help from the Greater Toronto Marketing Alliance. Arkadium's Toronto office has a goal of producing ten new games to introduce to the market within the next 12 month.

- Gameloft Inc.
This France-based company has started hiring 205 people for a new Toronto office that will be a state-of-the-art gaming studio. The company also confirms the key role played by the provincial tax credit. The company's General Manager for Canada, Mario Poulin says, "We remain at the top of our game by partnering with jurisdictions like Ontario where there is a real interest backed by sound policies to make the gaming sector a strong contributor to the economy and the creation of jobs." Gameloft posted 15 per cent revenue growth in the first part of 2011.
- Silicon Knights Inc.
Also in July, this St. Catharines, Ontario, company announced it will nearly double its staff by adding 80 new jobs. Ontario government tax credits combined with the company's own investment will allow Silicon Knights to improve its technology, create new products and become a self-publishing company.
- Morro Images Inc.
Morro is working with Silicon Knights as Morro Images expands their current visual effects operation in St. Catharines. Morro is a sister firm to Morro Images of Potsdam-Babelsberg, Germany, and is also a supporter of nGen, the Niagara Interactive Media Generator, a hub for business development of digital media companies. nGen hosts the Generator at One motion capture facility which will serve as headquarters for the new Ontario Augmented Reality Network. Brock University recently received funding from the Ontario Media Development Corporation to develop the Network.

Ontario's lead agency for provincial incentives in digital media is the Ontario Media Development Corporation (OMDC). Darius Basarab, Senior Business Development Specialist with the Ontario Ministry of Economic Development and Trade is headed to GamesCom and says, "Ontario is well positioned to compete with other jurisdictions who are trying to attract gaming firms and we have a lot to offer – that will be one of my message at the conference." To date the OMDC IDM Fund has contributed \$7.7 million to 76 projects with budgets totaling \$32.7 million – and continues to offer the following incentives:

- Ontario Interactive Digital Media Tax Credit – refunds 35-40 per cent of eligible production costs
- Ontario Computer Animation and Special Effects Tax Credit – refunds 20 per cent of labour costs
- OMDC Interactive Digital Media Fund – up to \$150,000 in project production funding, up to a maximum of 50% of the project budget.

Ontario's fast-growing entertainment and creative cluster employs nearly 300,000 while contributing \$12.2 billion to the province's GDP. In addition, 22 Ontario colleges and universities produce 18,000 graduates per year from 174 specialized digital media programs including 3D animation, film studies, advanced computer programming, math, and hardware engineering.

The C.D. Howe Institute, which studies social and economic policies, notes Canada's international reputation as a destination for capital and investment is better than it has been for a generation.

Canada's federal corporate income tax rate will fall from 18 per cent in 2010 to 15 per cent by 2012 — less than half of the top U.S. federal marginal corporate income tax rate, and the lowest in the G7 plus the lowest R&D costs in the G7, with a 12.9 per cent advantage over the U.S. Canada also has the world's soundest banking system according to the World Economic Forum.

About the Ontario Technology Corridor:

Employing nearly 260,000 people among 6,400 Information and Communication Technology (ICT) companies in the Greater Toronto area, Ottawa region, Waterloo region, city of London and the Niagara region. The Corridor also welcomes in partnership the province of Ontario's Ministry of Economic Development and Trade as well as the federal government's Department of Foreign Affairs and International Trade Canada. The Ontario Technology Corridor offers a highly educated workforce, excellent growth opportunities, a low-risk business environment, and generous R&D tax credits.

The Corridor is supported by the Greater Toronto Marketing Alliance (GTMA), the Ottawa Centre for Regional Innovation (OCRI), Canada's Technology Triangle, the London Economic Development Corporation and the Niagara Economic Development Corporation. For more information, go to www.ontariotechnologycorridor.com

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