



DQ Entertainment (International) Ltd

Results for the quarter ended on 30 September 2014

DQ Entertainment (International) Ltd (Company), a leading animation, gaming, live action entertainment production and distribution company, today announces its consolidated un-audited financial results for the quarter ended on September 30, 2014.

1. Financial Highlights for the quarter ending September 2014:

- Revenue: INR 526.41 mn (Sept 2013: INR 565.76 mn)
 - From Production : INR 399.35 mn (Sept 2013: INR 415.71 mn)
 - From Distribution : INR 127.06 mn (Sept 2013: INR 150.05 mn)
- EBITDA: INR 353.82 mn (Sept 2013: INR 390.17 mn)
- Adjusted Profit before tax* : INR 200.81 mn (Sept 2013: INR 88.12 mn)
- Adjusted Profit after Tax* : INR 217.49 mn (Sept 2013: INR 83.48mn)

* the adjusted profit before and after tax is after elimination of the notional foreign exchange loss for the quarter ended September 2014 of INR 73.17 mn. (Sept 2013: Foreign exchange gain of INR 143.73 mn) arisen on foreign exchange fluctuation calculated on translation of monetary items as per Accounting Standard -11)

As reported in the previous quarter, we have commissioned new productions only in July and early August and the revenues from these projects are expected to come in from this quarter onwards. These include Seven Dwarfs & Me, lady Bug, Delicious Valley and Popples. In regard to the Company's own IP, it has commenced the production of the second season of the Peter Pan TV series and a third season of the Jungle Book TV series, is in development. In addition, the productions of Lassie and Robin Hood are ongoing. The market generally remains buoyant, however, the delay in the commencement of productions will mean we are unlikely to meet market expectations for the year to 31 March 2015 with regard to our revenue forecasts from production, but with expectation of a good



performance from licencing and distribution, we remain on track to meet market expectations of profit before tax for the year to 31 March 2015.

The distribution revenue of INR 107.08 mn in the previous corresponding quarter has increased to INR 127.06 mn in the current quarter under review. The Company has now commenced the production of the second season of the Peter Pan TV series and a third season of the Jungle Book TV series is in development. In addition the productions of Lassie and Robin Hood are ongoing.

The Company has concluded its discussions for financing the development and production of its properties and is completing the documentation process. However, working capital remains under pressure in the meantime.

2. Operating Highlights

As reported previously and keeping in pace with the current trends in the global animation industry, the Company has formulated its digital platform strategy to exploit its substantial library of over 700 hours of children's animated content produced by the company. This will encompass all platforms such as apps, tablets, smartphones, social media and You Tube with the intent to develop a strong and sustainable digital content strategy. The Company has launched two You Tube Channels - Power Kids and Tiny Toonz. Our plans are also underway to launch content and games on other popular digital platforms such as Google play store, Amazon, iTunes etc.

Our VFX teams has successfully completed several projects for locally produced Live Action feature film and have now more projects in the pipeline. With the increasing demand for Visual Effects (VFX) content for animated feature films, Live Action thrillers and action films and sci-fi films from Hollywood, Europe and Japan, DQE is all set to leverage its core strengths and capitalize on this opportunity.



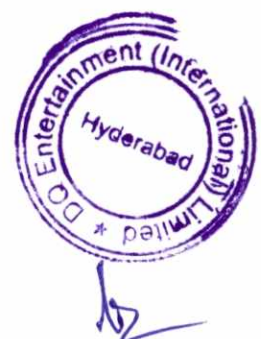
Our licensing and distribution teams continue to monetize our IP's through different platforms such VOD and SVOD, merchandise, publications, home video, promotional deals and other avenues and new deals are being closed for our IPs in various territories such as Latin America, South East Asia, USA and parts of Europe. During the 6 months period over 20 major licensing agreements and a number of smaller deals have been executed and signed. Among the major agreements are licensing agreement with CIWEN Kids China for multiple DQ properties, with Netflix Latin America for Iron Man TV series, with Phase 4 for Peter Pan TV series, with Sky Italia for Robin Hood Stereoscopic broadcast and several others.

Completed projects:

- **Motion books-** ebooks with circle of confusion
- **Jungle Book Christmas Special** –30' TV Feature

On- going projects:

- **Peter Pan Season 2** – 26 x 22' CGI TV series with ZDF Germany, De Agostini Italy and Method Animation and France TV.
- **Robin Hood, Mischief in Sherwood** – 52 x 11' - CGI TV series with Method Animation and TF1 France, ZDF Germany, ATV Turkey, DeA Kids Italy.
- **Lassie & Friends** – 52 x 11' 2D HD TV series with Dreamworks Classic Media USA, Super Prod & TF1 France, ZDF Germany.
- **Little Prince – 3** -26 x 22' CGI TV series with Method Animation and France TV & RAI.
- **Miles from tomorrow land**-22 X 22' CGI from Wild Canary,USA.
- **Seven Dwarfs and Me** - 26 x 22 Hybrid with Method Animation
- **Lady Bug** -52X 11 CGI with Zag Toons
- **Delicious Valley-** 30'Min DVD Team Entertainment.
- **Popples-** 52 x 11' CGI TV series with Saban Entertainment and Zag toons.



Projects to start:

- **Escape Hockey-** 52 x 11' CGI TV series IMIRA(Spain)
- **5 Children & It** – 52 x 11' CGI TV Series – Disney / Method
- **Leo and the Pisa Gang-** 52 x 11' CGI TV series with MPP(Germany)
- **Shabiyate** – Season 10- Fanar Productions,UAE.
- **Hive – Season II-** 69X7 & 3X21, The HIVE Enterprises Ltd,UK.

The Total contract value for the service/co-production projects signed is INR 3780 Mn to be executed over the next 18 months.

Licensing and Distribution:

Our licensing and distribution efforts have proven increasingly successful on a global scale and are helping to create long term and sustained value for DQE.

Licensing and Merchandising

SERIAL	LICENSEE	PROPERTY	TERRITORIES	CATEGORIES
1	Kenny & Co (Renewal agreement)	Jungle Book	South Korea	All Categories
2	Buffalo Grill	Jungle Book	France, Switzerland, Luxembourg	QSR Promotion
3	Showtime Attractions (Renewal agreement)	Peter Pan	Australia, New Zealand	Costume Character Appearances



TV & HV Deals

SERIAL	Broadcaster	Property	Territory	Rights
1	E-Vision	IM2	Middle East, North Africa and Pakistan	SVOD
2	DLA	IM2	Latin America	SVOD
3	Telequebec	Jungle Book Christmas Special	Canada	TV
4	Discovery Asia	JB Safari	Asia Pacific	TV
5	Discovery LatAm	JB Christmas Special	Latin America	TV
6	SUN Network	Lassie & Lanfeust Quest	India and Sri Lanka	TV
7	Ciwen Kids	Iron Man, Robin Hood, Casper, Jungle Book, Lassie, Lanfeust Quest	China, Hong Kong & Taiwan	TV, HV and VOD

The Total contract value for the licensing and distribution deals signed is INR 720 mn

