DQ ENTERTAINMENT (INTERNATIONAL) LIMITED

644, Aurora colony, Road No.3, Banjara Hills, Hyderabad -500 034. INDIA
Tel : +91-40-23553726 & 27 Fax : +91-40-23552594
URL : www.dqentertainment.com CIN :- L92113AP2007PLC053585

May 30, 2014

The Department of Listing,
National Stock Exchange of India Limited,
Mumbai.

Dear Sir/Madam,

Sub: - Outcome of the Board Meeting held on May 30, 2014

(i) Kindly note that the Board of Directors of the Company in their meeting held on May 30, 2014 have *interalia,* approved the audited financial results for the year ended March 31, 2014 alongwith all the reports related thereto.

Kindly find attached herewith the above mentioned **financials** in the format prescribed under the listing agreement alongwith the **Audit report** and a copy of the **Chairman's Statement.**

(ii) Mr. V. Santhanaraman is appointed as Additional (Independent) Director to hold the office up to the date of ensuing Annual General Meeting with effect from May 30, 2014.

(iii) Ms. Anita Nair has tendered her resignation from the post of the 'Company Secretary' of the Company. The Board has accepted her decision and has placed on record its sincere regards and appreciation for the valuable services rendered by Ms. Anita Nair during her association as a Company Secretary of the Company.

(iv) Ms. Sindhu M.S. (ACS 21510) is appointed as the new Company Secretary of the Company w.e.f. 30th May, 2014. The Board welcomed her to the Company.

Kindly take the above on record and do the needful.

Thanking you
Yours truly,

For DQ Entertainment (International) Limited

DQ Entertainment (International) Limited Hyderabad

Sindhu M.S.
Company Secretary

MZSK
& Associates
Chartered Accountants

Mumbai
Pune
New Delhi
Aurangabad
Hyderabad

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INDEPENDENT AUDITORS' REPORT

ON THE CONSOLIDATED FINANCIAL STATEMENTS OF DQ ENTERTAINMENT (INTERNATIONAL) LIMITED

To the Board of Directors of DQ Entertainment (International) Limited

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of **DQ Entertainment (International) Limited** ("the Company") and its subsidiaries (the Company, its subsidiaries constitute "the Group") which comprise the consolidated balance sheet as at March 31, 2014, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements on the basis of separate financial statements and other financial information regarding components that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness

of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated financial statements", Accounting Standards (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of DQ Entertainment (International) Limited, its subsidiaries, associates and joint ventures.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, associates and joint ventures as mentioned in the 'Other Matter' paragraph below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
(b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of

1. DQ Entertainment (Ireland) Limited (subsidiary), whose financial statements reflect total assets (net of elimination) of Rs. 5,270,721,141 (PY Rs. 2,843,154,585) as at March 31, 2014, total revenues of Rs. 984,513,903 (PY Rs. 755,819,074) and net cash inflow amounting to Rs. 2,114,522 (PY Net Cash outflow Rs. 25,533,664) for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors.

MZSK
& Associates
Chartered Accountants

Mumbai
Pune
New Delhi
Aurangabad
Hyderabad

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2. DQ Entertainment (International) Films Limited (Joint Venture), whose financial statements reflect total assets (net of elimination) as at March 31, 2014 of Rs. 222,686, no revenues and net cash inflow amounting to Rs. 222,686 for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of these matters.

For MZSK & Associates
Chartered Accountants
Firm Registration No.105047W

Ananthakrishnan G
Partner
Membership No.205226

Hyderabad, May 30, 2014

Hyderabad | Suite 211, Block II, White House, Begumpet,
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DQ ENTERTAINMENT (INTERNATIONAL) LIMITED
644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad - 500034
Audited Consolidated Financial Results for the quarter and year ended 31 March 2014

(Rs in million)

Sl. No	Particulars	For Quarter ended 31 March 2014	For Quarter ended 31 December 2013	For Quarter ended 31 March 2013	For Year ended 31 March 2014	For Year ended 31 March 2013
		(Un-audited)	(Un-audited)	(Un-audited)	(Audited)	(Audited)
1	Net Income from Operations	1,018.27	508.51	885.43	2,396.79	2,294.08
2	Expenditure					
a	Production Expenses	156.92	15.50	65.33	192.50	178.61
b	Employee Expenses	133.49	186.41	203.75	719.56	875.83
c	Other Expenses	217.22	82.60	74.57	481.54	250.24
d	Depreciation, Amortisation and Impairment	263.34	100.45	241.55	552.99	526.99
e	Foreign exchange (gain) / loss	92.12	0.95	42.97	(234.62)	(17.97)
f	Expenses transferred to Capital Account	(0.35)	-	(35.60)	(0.35)	(125.44)
	Total Expenses [2a to 2f)]	**862.74**	**385.91**	**592.57**	**1,711.62**	**1,688.26**
3	Profit from Operations before Other Income, Interest and Finance expense and Exceptional Items [1 -2]	155.53	122.60	292.86	685.17	605.82
4	Other Income	3.30	5.61	1.93	14.47	16.29
5	Profit before Interest and Finance expense and Exceptional Items [3+ 4]	**158.83**	**128.21**	**294.79**	**699.64**	**622.11**
6	Interest and Finance Expenses	66.64	71.79	60.75	251.65	209.44
7	Profit after Interest and Finance expense but before Exceptional Items. [5 - 6]	**92.19**	**56.42**	**234.04**	**447.99**	**412.67**
8	Exceptional items	-	-	-	-	-
9	Profit from Ordinary Activities before tax	**92.19**	**56.42**	**234.04**	**447.99**	**412.67**
10	Less: Tax expense (net off MAT credit entitlement)	(54.38)	68.81	1.10	20.29	39.62
11	(Loss) / Profit from Ordinary Activities after tax [9 - 10]	**146.57**	**(12.39)**	**232.94**	**427.70**	**373.05**
12	Extraordinary Item	-	-	-	-	-
13	(Loss) / Profit for the period [11-12]	**146.57**	**(12.39)**	**232.94**	**427.70**	**373.05**
14	Paid-up equity share capital [Face value Rs.10 per share]	792.83	792.83	792.83	792.83	792.83
15	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	-	3,528.32
16	Earnings Per Share [Face value Rs.10 per share] (not annualised/ in `)					
	a) Basic	1.85	(0.15)	2.94	5.39	4.71
	b) Diluted	1.85	(0.15)	2.94	5.39	4.71
17	Public Shareholding					
	a) Number of Shares	19,820,782	19,820,782	19,820,782	19,820,782	19,820,782
	b) Percentage of shareholding	25%	25%	25%	25%	25%
	c) Shares held by custodians against depository receipts	-	-	-	-	-
18	Promoters and Promoter group Shareholding					
	a) Pledged / Encumbered - No. of Shares	-	-	-	-	-
	Percentage of shares (as a % of the total share holding of promoter and promoter group)	-	-	-	-	-
	Percentage of shareholding (as a % of the total share capital of the company)	-	-	-	-	-
	b) Non encumbered - No. of Shares	59,462,218	59,462,218	59,462,218	59,462,218	59,462,218
	Percentage of shares (as a % of the total share holding of promoter and promoter group)	100%	100%	100%	100%	100%
	Percentage of shares (as a % of the total share capital of the company)	75%	75%	75%	75%	75%
	c) Shares held by custodians against depository receipts	-	-	-	-	-

DQ Entertainment (International) Limited Hyderabad

DQ Entertainment (International) Limited Hyderabad

DO ENTERTAINMENT (INTERNATIONAL) LIMITED
644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad - 500034

Consolidated Segment Revenue and Results

(Rs in million)

Particulars	For Quarter ended 31 March 2014	For Quarter ended 31 December 2013	For Quarter ended 31 March 2013	For Year ended 31 March 2014	For Year ended 31 March 2013
	(Un-audited)	(Un-audited)	(Un-audited)	(Audited)	(Audited)
Segment Revenue					
Animation	803.15	378.83	782.83	1,873.42	1,820.10
Distribution	215.12	129.68	102.60	523.37	473.98
Net Income from Operations	**1,018.27**	**508.51**	**885.43**	**2,396.79**	**2,294.08**
Segment Results					
Animation	517.70	205.60	566.06	1,111.09	986.91
Distribution	12.49	64.89	(94.82)	153.20	120.00
Unallocated income / (expense)	(371.36)	(142.28)	(176.45)	(564.65)	(484.80)
Segment Results before Interest and Finance Expense and Tax Expenses	**158.83**	**128.21**	**294.79**	**699.64**	**622.11**
Interest and Finance Expense	(66.64)	(71.79)	(60.75)	(251.65)	(209.44)
Profit before tax	**92.19**	**56.42**	**234.04**	**447.99**	**412.67**
Tax expense	(54.38)	68.81	1.10	20.29	39.62
(Loss) / Profit for the period	**146.57**	**(12.39)**	**232.94**	**427.70**	**373.05**
Capital Employed					
Animation	2,100.67	1,958.95	1,640.45	2,100.67	1,640.45
Distribution	6,031.86	7,011.43	5,473.99	6,031.86	5,473.99
Unallocated	(3,096.35)	(3,986.90)	(2,793.29)	(3,096.35)	(2,793.29)
Total	**5,036.18**	**4,983.48**	**4,321.15**	**5,036.18**	**4,321.15**

DO Entertainment (International) Limited Hyderabad

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DQ ENTERTAINMENT (INTERNATIONAL) LIMITED
644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad - 500034

Notes:

1)Audited Consolidated Statement of Assets and Liabilities as at 31 March 2014

(Rs in million)

Particulars	as at 31 March 2014	as at 31 March 2013
	(Audited)	(Audited)
I. EQUITY AND LIABILITIES		
(1) Shareholders' Funds		
(a) Share capital	792.83	792.83
(b) Reserves and surplus	4,243.35	3,528.32
	5,036.18	**4,321.15**
(2) Non-Current Liabilities		
(a) Long-term borrowings	1,389.55	1,095.04
(b) Deferred tax liabilities (Net)	74.86	139.23
(c) Other long term liabilities	363.06	203.38
(d) Long term provisions	116.14	133.43
	1,943.61	**1,571.08**
(3) Current Liabilities		
(a) Short term borrowings	889.31	678.95
(b) Trade payables	444.09	253.66
(c) Other current liabilities:		
(i) Current maturity of long term borrowings	383.40	379.04
(ii) Others	355.11	254.61
(d) Short term provisions	206.92	87.56
	2,278.83	**1,653.82**
Total	**9,258.62**	**7,546.05**
II. ASSETS		
(1) Non-Current Assets		
(a) Fixed assets		
(i) Tangible assets	147.00	263.26
(ii) Intangible assets	1,332.35	1,558.83
(iii) Capital work-in-progress	1.17	1.17
(iv) Intangible asset under construction	4,386.54	3,058.81
(b) Long-term loans and advances	322.97	233.10
(c) Other non-current assets	91.37	100.31
	6,281.40	**5,215.48**
(2) Current Assets		
(a) Trade receivables	2,598.00	1,624.29
(b) Cash and bank balances	10.90	24.46
(c) Short-term loans and advances	48.02	39.05
(d) Other Current Assets - Unbilled revenue	320.30	642.77
	2,977.22	**2,330.57**
Total	**9,258.62**	**7,546.05**

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2) The consolidated financial statements for the quarter and year ended March 31, 2014 have been taken on record by the Board of Directors at meeting held on 30 May 2014. The statutory auditors have expressed an unqualified audit opinion on the consolidated financial statement for the year ended 31 March 2014.

3) The figures of last quarters are the balance in figures between audited figures in respect of full financial year and the published year to date figures up to the third quarter of the current financial year.

4) The financial results are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as set out in the Accounting Standard on "Consolidated Financial Statements" mandated by Rule 3 of the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.

5) Pursuant to Clause 41 of the Listing Agreement, the Company opted to publish only the Consolidated Results of the Company. Investor can view the Standalone results of the Company on the Company's website "www.dqentertainment.com" as well as the website of BSE (www.bseindia.com) and NSE (www.nseindia.com).

6) Certain Standalone Information of the Company.

(Rs in million)

Particulars	**For Quarter ended 31 March 2014**	**For Quarter ended 31 December 2013**	**For Quarter ended 31 March 2013**	**For Year ended 31 March 2014**	**For Year ended 31 March 2013**
	(Un-audited)	(Un-audited)	(Un-audited)	(Audited)	(Audited)
Income from Operations	663.32	308.05	881.28	1,798.10	1,988.07
(Loss) / Profit before tax	117.56	(73.98)	294.01	377.38	290.10
(Loss) / Profit after tax	178.41	(142.79)	289.27	363.56	270.59

7) Information on investor complaints pursuant to Clause 41 of the Listing Agreement for the quarter and year ended March 31, 2014.

Nature of complaints	Opening Balance	Received during the quarter	Disposed during the quarter	Closing Balance
Investor complaints	-	2	2	-

8) The other expenses include a provision for bad and doubtful debts to the tune of INR 230 mn of which INR 55 mn was due from Moonscoop SA who has filed for bankrupcy and INR 175 mn is due from SMC Corp USA who has breached the terms of its contract with the Company,as a result we have terminated the contract.The Company has filed a suit of recovery against SMC Corp.

9) The foreign exchange gain of INR 235 mn is offset against the write off of INR 230 mn as stated above.

10) Corresponding year end figures have been regrouped / reclassified wherever necessary.

DQ ENTERTAINMENT (INTERNATIONAL) LIMITED
644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad - 500034
Audited Standalone Financial Results for the quarter and year ended 31 March 2014

(Rs in million, except share and per equity share data)

Sl. No	Particulars	For Quarter ended 31 March 2014	For Quarter ended 31 December 2013	For Quarter ended 31 March 2013	For Year ended 31 March 2014	For Year ended 31 March 2013
		(Un-Audited)	(Un-Audited)	(Un-Audited)	(Audited)	(Audited)
1	Net Income from Operations	663.32	308.05	881.28	1,798.10	1,988.07
2	Expenditure					
a	Production Expenses	5.22	12.11	31.19	37.40	71.10
b	Employee Expenses	132.61	185.55	203.25	716.23	873.94
c	Other Expenses	26.28	34.35	49.00	181.43	160.37
d	Depreciation, Amortisation and Impairment	251.53	82.56	227.37	509.14	486.63
e	Foreign exchange (gain) / loss	89.11	22.25	32.87	(180.18)	(19.93)
f	Expenses transferred to Capital Account	-	-	-	-	(4.59)
	Total Expenses [2a to 2f)]	**504.75**	**336.82**	**543.68**	**1,264.02**	**1,567.52**
3	(Loss) / Profit from Operations before Other Income, Interest and Finance expense and Exceptional Items [1 -2]	158.57	(28.77)	337.60	534.08	420.55
4	Other Income	8.34	11.29	8.64	39.54	44.26
5	(Loss) / Profit before Interest and Finance expense and Exceptional Items [3+ 4]	**166.91**	**(17.48)**	**346.24**	**573.62**	**464.81**
6	Interest and Finance Expenses	49.35	56.50	52.23	196.24	174.71
7	(Loss) / Profit after Interest and Finance expense but before Exceptional Items. [5 - 6]	**117.56**	**(73.98)**	**294.01**	**377.38**	**290.10**
8	Exceptional items	-	-	-	-	-
9	(Loss) / Profit from Ordinary Activities before tax	**117.56**	**(73.98)**	**294.01**	**377.38**	**290.10**
10	Less: Tax expense (net off MAT credit entitlement)	(60.85)	68.81	4.74	13.82	19.51
11	(Loss) / Profit from Ordinary Activities after tax [9 - 10]	**178.41**	**(142.79)**	**289.27**	**363.56**	**270.59**
12	Extraordinary Item	-	-	-	-	-
13	(Loss) / Profit for the period [11-12]	**178.41**	**(142.79)**	**289.27**	**363.56**	**270.59**
14	Paid-up equity share capital [Face value Rs.10 per share]	792.83	792.83	792.83	792.83	792.83
15	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	-	3,080.87
16	Earnings Per Share [Face value Rs.10 per share] (not annualised/ in Rs.)					
	a) Basic	2.25	(1.80)	3.65	4.59	3.41
	b) Diluted	2.25	(1.80)	3.65	4.59	3.41
17	Public Shareholding					
	a) Number of Shares	19,820,782	19,820,782	19,820,782	19,820,782	19,820,782
	b) Percentage of shareholding	25%	25%	25%	25%	25%
	c) Shares held by custodians against depository receipts	-	-	-	-	-
18	Promoters and Promoter group Shareholding					
	a) Pledged / Encumbered - No. of Shares	-	-	-	-	-
	Percentage of shares (as a % of the total share holding of promoter and promoter group)	-	-	-	-	-
	Percentage of shareholding (as a % of the total share capital of the company)	-	-	-	-	-
	b) Non encumbered - No. of Shares	59,462,218	59,462,218	59,462,218	59,462,218	59,462,218
	Percentage of shares (as a % of the total share holding of promoter and promoter group)	100%	100%	100%	100%	100%
	Percentage of shares (as a % of the total share capital of the company)	75%	75%	75%	75%	75%
	c) Shares held by custodians against depository receipts	-	-	-	-	-

DQ Entertainment (International) Limited * Hyderabad

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DQ ENTERTAINMENT (INTERNATIONAL) LIMITED

644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad - 500034

Standalone Segment Revenue and Results

(Rs in million)

Particulars	For Quarter ended 31 March 2014	For Quarter ended 31 December 2013	For Quarter ended 31 March 2013	For Year ended 31 March 2014	For Year ended 31 March 2013
	(Un-audited)	(Un-audited)	(Un-audited)	(Audited)	(Audited)
Segment Revenue					
Animation	656.45	301.12	772.51	1,638.28	1,700.90
Distribution	6.87	6.93	108.77	159.82	287.17
Net Income from Operations	**663.32**	**308.05**	**881.28**	**1,798.10**	**1,988.07**
Segment Results					
Animation	522.71	137.85	588.46	1,031.06	975.19
Distribution	(215.69)	(39.92)	(74.44)	(198.23)	(26.42)
Unallocated income / (expense)	(140.11)	(115.41)	(167.78)	(259.21)	(483.96)
Segment Results before Interest and Finance Expense and Tax Expenses	**166.91**	**(17.48)**	**346.24**	**573.62**	**464.81**
Interest and Finance Expense	(49.35)	(56.50)	(52.23)	(196.24)	(174.71)
(Loss) / Profit before tax	**117.56**	**(73.98)**	**294.01**	**377.38**	**290.10**
Tax expense	(60.85)	68.81	4.74	13.82	19.51
(Loss) / Profit for the period	**178.41**	**(142.79)**	**289.27**	**363.56**	**270.59**
Capital Employed					
Animation	2,557.94	2,238.40	1,861.61	2,557.94	1,861.61
Distribution	1,605.35	1,962.12	1,735.96	1,605.35	1,735.96
Unallocated	73.96	(141.66)	276.13	73.96	276.13
Total	**4,237.25**	**4,058.86**	**3,873.70**	**4,237.25**	**3,873.70**

DQ Entertainment (International) Limited * Hyderabad

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DQ ENTERTAINMENT (INTERNATIONAL) LIMITED
644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad - 500034

Notes:

1) Audited Standalone Statement of Assets and Liabilities as at 31 March 2014

(Rs in million)

Particulars	as at 31 March 2014	as at 31 March 2013
	(Audited)	(Audited)
I. EQUITY AND LIABILITIES		
(1) Shareholders' Funds		
(a) Share capital	792.83	792.83
(b) Reserves and surplus	3,444.42	3,080.87
	4,237.25	**3,873.70**
(2) Non-Current Liabilities		
(a) Long-term borrowings	583.67	541.75
(b) Deferred tax liabilities (Net)	74.85	139.23
(c) Long term provisions	116.14	133.43
	774.66	**814.41**
(3) Current Liabilities		
(a) Short term borrowings	574.88	411.98
(b) Trade payables	61.44	40.66
(c) Other current liabilities:		
(i) Current maturity of long term borrowings	189.01	379.04
(ii) Others	302.27	226.93
(d) Short term provisions	207.69	72.37
	1,335.29	**1,130.98**
Total	**6,347.20**	**5,819.09**
II. ASSETS		
(1) Non-Current Assets		
(a) Fixed assets		
(i) Tangible assets	147.00	263.26
(ii) Intangible assets	980.16	1,241.90
(iii) Capital work-in-progress	1.17	1.17
(iv) Intangible asset under construction	417.90	284.95
(b) Non-current investments	1,256.94	1,113.20
(c) Long-term loans and advances	537.24	548.17
(d) Other non-current assets	91.37	100.31
	3,431.78	**3,552.96**
(2) Current Assets		
(a) Trade receivables	2,673.18	1,829.86
(b) Cash and bank balances	2.13	22.41
(c) Short-term loans and advances	7.00	8.80
(d) Other Current Assets - Unbilled revenue	233.11	405.06
	2,915.42	**2,266.13**
Total	**6,347.20**	**5,819.09**

DQ Entertainment (International) Limited * Hyderabad

DQ Entertainment (International) Limited * Hyderabad

DQ ENTERTAINMENT (INTERNATIONAL) LIMITED
644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad - 500034

2) The financial statements for the quarter and year ended March 31, 2014 have been taken on record by the Board of Directors at its meeting held on 30 May 2014. The statutory auditors have expressed an unqualified audit opinion on the financial statement for year ended 31 March 2014.

3) The figures of last quarters are the balance in figures between audited figures in respect of full financial year and the published year to date figures up to the third quarter of the current financial year.

4) Information on investor complaints pursuant to Clause 41 of the Listing Agreement for the quarter ended March 31, 2014.

Nature of complaints	Opening Balance	Received during the quarter	Disposed during the quarter	Closing Balance
Investor complaints	-	2	2	-

5) Corresponding year and quarter end figures have been regrouped / reclassified wherever necessary.

DQ Entertainment (International) Limited

Audited results for the year ended 31 March 2014

DQ Entertainment plc (AIM: DQE), a leading animation, gaming, live action, entertainment production and distribution company, today announces its results for the year ended 31 March 2014.

FINANCIAL HIGHLIGHTS:

	31 March 2014	*31 March 2013*
Income Statement		
Revenue	2,397	2,294
EBIDTA	1260	1126
Profit before tax	448	413
Profit after tax	428	373
Order book**	5,634	6,588

** Includes contracted forward production revenues and signed licensing and distribution deals for the period over the next thirty months.

CHAIRMAN'S STATEMENT:

We are happy to place before you our annual results for the year ended 31 March 2014

During the last couple of years, DQE has remained focused on building its own television content production and distribution business while also leveraging its resources to benefit from alternate channels and platforms.

Furthermore, we continue to develop and progress on our feature film production which will complement our existing production pipeline and also adding several new intellectual properties to our portfolio that comprise the foundation of our business.

Our licensing and distribution group has performed well as we have been able to tap newer markets namely Latin America, Africa, South East and other Middle Eastern territories for concluding new agreements with international broadcast partners as well as several licensees for a variety of merchandise products.

The business of entertainment has evolved into a highly dynamic industry, interconnected by varied global digital platforms. The demand for good quality content is growing due to the availability of digital platforms for exploitation and distribution. Broadband Internet connections across all major markets are on the rise due to the increased use of alternate screens such as the tablet and

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Smartphone. There are currently an estimated 2.1 billion mobile broadband users, growing at a rate of 30%, annually and projected to touch 7 billion subscribers by 2018. DQE is well positioned to take advantage of this mass market requirement of content in addition to the normal revenue streams currently being generated [by entering into distribution of its own properties through global digital distributors such as Netflix, Hulu, Vudu, Amazon and You tube].

`Financial review

Over the year revenues increased by 4.36% demonstrating a sustained performance. The production revenue has increased marginally by 3.02% as compared to the previous year from INR 1819 mn to INR 1874 Mn while revenue from distribution has increased by 10.11% from INR 474 for the FY 2013 to 523 for FY 2014.

Geographically 21% of revenue for FY 14 are from the USA, 37% from Europe and 42% from rest of the world.

With the US market now opening up, we have engaged an independent marketing and business development professional having over 15 years of experience in the entertainment industry for strengthening Company's business in North America. Currently we are focusing our sale efforts in the US with success demonstrated by over 52% of our order pipeline being projects from US.

The Company has a Net foreign exchange gain of INR 235 m for the year 2013-14 (grouped under other operating income and financing cost). Out of the total sum, an amount of INR 170 mn is unrealised gain and the balance of INR 65 m is realised gain.

During the year the company has made provision for bad and doubtful debts to the extent of INR 230 Mn as stated below, and in spite of this provision the company was able to achieve operational efficiency by significant reduction in personal costs by INR 156 Mn (18%) from INR 876 Mn in FY13 to INR 720 in FY14. This reduction has not impacted the deliveries as during the year the company witnessed increased productivity from the employees.

As stated above, of the total for bad and doubtful debts of INR 230 m, an amount of INR 55 m is the amount due from Moonscoop SA, France, as the said company has filed for administration and INR 175 m has been provided for receivables from SMC International Group Inc. (SMC). SMC was appointed as the DQE's licensing agent for Jungle Book Season 1 TV series for North American territory have committed serious and material breach of the terms of its contract with DQE. DQE terminated the contract with SMC and also filed a legal claim against SMC for recovery of the dues. The legal council is confident that the verdict will be in our favour of the company. Advanced negotiations are on with experienced licensing and merchandising agents in US to replace SMC.

While the net cash flow from the operating activities after working capital changes is positive, the overall cash and cash equivalent is negative because of the continual investment by the Company in the development of Intellectual properties as part of its business plan. The banks have been supportive in extending the facilities for carrying out its business activities. The cash available at year end was INR 11 mn and the main reason for the low cash position was on account of the slow recovery of its receivables.

The total outstanding Trade Receivables of the Company is INR 2,598 mn out of which INR 1,322 mn is outstanding for more than 180 days. The Company has confirmations from its customers of their dues to the Company. The monies are being received on regular basis from most of the customers, though in small values, thus confirming their commitment to pay and honour their liabilities.

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The debtor position has inevitably put pressure on our cash flow and working capital which of course we are monitoring closely and our banks have been supportive. However whilst debtors are gradually repaying, it has not come at a rate we expected and so we have been exploring options for a longer term funding solution for the Company to crystalize the large and growing pipeline of orders as quickly as possible. In this regard we are in active discussions with strategic / financial investors to refinance the business.

OPERATING HIGHLIGHTS:

Most notable amongst this year's achievement is the success launch of our 2nd IP "The New adventures of Peter Pan". The first season has done exceedingly well and our Broadcast partners – ZDF Group Germany, Tele Quebec Canada, and De Agostini Group, Italy, France Television, France have already given their approval for the 2nd season

Productions successfully completed and delivered during 2013-14:

- **NFL2** 20 x 22' CGI / 2D TV Series with Rollman Entertainment (USA) for Nick Toons (USA)
- **Iesodo** – 10x13' CGI TV series with Rollman Entertainment (USA)
- **Lanfeust Quest** – 26 x 22' 3D TV series coproduced with Gaumont Alphanim (France)
- **The Rising Star** – 26 x 22' 2D TV series coproduced with TMS Entertainment (Japan) and Kodansha (Japan)
- **Peter Pan (Season 1)** – 52 x 11' 3D TV series co-produced with Method Animation, (France)
- **Turok DVD** - 4 Mts DVD 3D with Bright Action Entertainment (Hongkong)
- **Ethel & Ernest** 4 Mts 3D with Real Heart (Hongkong)
- **Court update and GSoccer** – 7 Mts and 3 Mtc 3D HD with Coral Reef productions (USA)
- **Popples** 30 Mn TV Feature with Smart Silver (Hongkong)
- **Tut the tiny Tug Boat** 60 Mns DVD - Impressive Digitals (Australia)
- **Rotomation** - 90 Mns DVD 3D HD – Oyster Blue Media Corporation (USA)
- **Lancer man home video movie** – 3D 88 mns – Oyster Blue Media Corporation (USA)

New projects concluded in the year 2013-14

We have concluded new co-productions/work-for hire contracts with international partners for delivery over the next 18-24 months as follows:

- **Leo & Pisa gang** – 52 x 11' CGI TV series with MPP (Germany)
- **Shabiyate 2 – 15x13 CGI TV series** with Fanar productions (UAE)
- **Miles from Tomorrow Land** – 22 x 26' CGI TV series for Disney with Wild Canary (USA)
- **Project Pop** – _52x11' CGI TV series with Zag Toons, (USA)
- **Seven Dwarfs and Me** – 26 x22' Hybrid TV series with Method Animation (France)
- **Escape Hockey 52 x11' TV Series w**ith Imira (Spain)

Projects in production:

Our production pipeline continues to be robust optimizing the utilization of man and machine resources. The under mentioned are currently in production to be progressively completed for delivery in 2013-14.

- **The Jungle Book Season 2** – 52 x 11 3D TV series being coproduced with ZDF TV (Germany), TF1 TV (France), Moonscoop (France), ZDF-E (Germany)

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- **Jungle Book Christmas Special** – CGI TV Feature coproduced with ZDF TV (Germany) and Moonscoop (France)

- Jungle Book Safari – 26 x12' – Documentary Hybrid YV Series with ZDF TV (Germany)

- **Lassie & Friends** – 52 x 11' 2D TV series being coproduced series with DreamWorks Classics (USA), TF1 (France), ZDF (Germany) and Noga (Israel)

- **Robin Hood, Mischief in Sherwood** – 52 x 11' 3D TV series being coproduced with Method Animation (France), TF1 (France),ATV (Turkey), De Agostini (Italy) and ZDF (Germany)

- **Manav** – 65' 2D TV Feature with Disney (India)

- **Little Prince Season 3** – 26 x 22' CGI TV series – third season of this iconic series with Method Animation (France), France Televisions and RAI (Italy)

- **NFL Season 3** 20 x 22' CGI / 2D TV Series with Rollman Entertainment, USA for Nick Toons (USA)

- **Shabiyate – 15x13 CGI TV series** with Fanar productions (UAE)

- **Pocket World** - 60 Mns DVD 3D HD - Real Heart **Motion Maker** - 45 Mns TV Feature 3D HD - Smart Silver (Hongkong)

- **Wyland's Universe** - 90 mins DVD - Jayna Mid East (UAE)

- **The Zula Man** - 70 mins DVD - Smart Silver (Hong Kong)

- **Tigger tales Inside** – 90 mins DVD - Real Heart (Hong Kong)

- **Witch wonders** - 90 mins DVD - Bright Action (Hong Kong)

IP's currently in development:

5 & IT - 52 x 11' 3D HD TV series to be coproduced with ZDF Enterprises (Germany)

The Adventures of Pinnochio - 52 x 11' TV Series

The Jungle Book Feature Film – 90' 3D stereoscopic feature film –(the screenplay has been finalized by Billy Frolick and other writers. The final output of the stereoscopic trailer has also been generated. P & A and distribution deals are under advanced negotiations).

Wind in the Willows – 52 x 11' TV Series

Story of Amulet – 52 x 11' TV Series

Black Beauty – 52 x 11' TV Series

Yonagunies – 52 x 11' TV Series to be coproduced with Seaworld and Rollman Entertainment, USA.

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Licensing and Distribution

Our licensing and distribution efforts help us to monetize our IP's across international markets. The deals signed during the year are as under:

BROADCAST & HOME VIDEO DEALS SIGNED IN 2013-14

SERIAL	PROPERTY	BROADCASTER	TERRITORIES
1	JUNGLE BOOK 1	UNIVISION	USA & Puerto Rico
2		KNOWLEDGE NETWORK	British Columbia
3		VIACOM 18 MEDIA PRIVATE LIMITED	Indian Sub Continent
4	JUNGLE BOOK 2	VIACOM 18 MEDIA PRIVATE LIMITED	Indian Sub Continent
5		THE EDUCATIONAL BROADCASTING SYSTEM	Korea
6		ABC BROADCASTING	Australia
7		GREEN NARAE MEDIA	Korea
8		WORKPOINT	Thailand
9	JUNGLE BOOK SAFARI	WORKPOINT	Thailand
10	PETER PAN	MES	UAE, Bahrain, Omar, Qatar, Lebanon, Egypt, Iran
11		RAI CINEMA	Italy
12		SKY ITALIA	Italy
13		GREEN NARAE MEDIA	Korea
14	ROBINHOOD	DE AGOSTINI	Italy & Italian speaking Europe
15		ZDF	Germany & German speaking Europe
16	IRON MAN 2	2 X 2	Russia
17		CLEAR VISION	UK
18		A PARENT MEDIA CO	Canada
19		SOUTH AFRICAN BROADCASTING CORPORATION	South Africa
20		RTM	Malaysia

LICENSING & MERCHANDISING DEALS SIGNED IN 2013-14

SERIAL	PROPERTY	LICENSEE	TERRITORIES
1	JUNGLE BOOK	Showtime Attractions Extension	Australia & New Zealand
2		BBS S.p.a	Italy, San Marino, Vatican City
3		Seri Systems (for Europe, Russia Turkey) exclusive	
4		Technoplast	Chile & Peru
5		New Co International	US & Canada
6		Kellytoy USA, Inc.	
7		Inkology	
8		Milestone	
9		Playrific	Worldwide
10		Craftstone Group Ltd.	All of Europe excluding Germany and German Speaking Europe including Austria and Switzerland) and Asia
11		Gruppo Cartorama	Italy

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12		Wimpy Marketing	South Africa, Swaziland, Botswana, Mauritius, Namibia
13		Dragon-I Toys Limited	Global excluding U.S., Canada, SA, AUS & New Zealand
14		Harlequinn International Group Pty Ltd	Australia
15		Jilcroft Pty Ltd (MJM Australia Imports)	Australia
16		Brand Licensing South Africa CC	Africa & S. Africa
17		Synergy IT	EMEA, North America, South America, Australia
18		Spafax Airline Network	Inflight Entertainment only
19		Universal Music for JB 2	Worldwide
20		King Trade Limited (A unit of King Animation)	Latin America excluding Argentina, Uruguay, Bolivia, Mexico, China, south Korea and Japan , Philippines , Malaysia , Thailand, Singapore, Vietnam, Hong Kong, Taiwan
21		Great Chance Limited	Middle east + Northern Africa
22		Jayna Mid East FZE	East Europe, CIS including Russia
23		22D Music Group	Worldwide
24	PETER PAN	RanocchioRe	Italy, San Marino, Vatican City
25		Nestle	
26		Tendenze srl	
27		22D Music Group	Worldwide
28	Feluda TV Special – L & M	Smart Silver Limited	UAE, Bahrain, Oman, Qatar, Kuwait, Saudi Arabia, Iran, Lebanon, Jordan & Egypt.
29	Feluda TV Special - The detective series Television rights and Home video rights		UAE, Bahrain, Oman, Qatar, Kuwait, Saudi Arabia, Iran, Lebanon, Jordan & Egypt.
30	Surya putra - "The star Boy" - (L& M)	King Trade Limited	USA and EUROPE
31	Surya putra - "The star Boy" - Television rights and Home video rights		USA and EUROPE

Our key strategic priorities for the forthcoming year include:

- ❖ VFX for Hollywood live action movies
- ❖ Digital distribution content for YouTube, Amazon, Hulu etc for exploiting existing library of content.
- ❖ Mobile gaming for IOS and Android platforms
- ❖ Accelerate distribution in untapped markets such as Eastern Europe and Latin America

Outlook :

Our focus markets are primarily in Europe, USA and Canada followed by Asia, Middle East and Latin America. US surely has moved forward from subdued conditions while Europe is still under recessionary conditions though production improvements have been seen in France, Germany, UK and Italy. We remain optimistic with US and Canada leading the growth path for TV and animated feature film markets which your company is taking full advantage of.

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We have concluded several licensing and distribution deals for our own properties Jungle Book Season-1 and season-2, Peter Pan-1 while second season is in production. While Robin Hood and Lassie delivery have begun to add to our portfolio. Several other service and co-production deals have been concluded as mentioned above which will yield good results for your company.

Appreciation :

I sincerely thank our valued stakeholders and board members, as well as our partners' worldwide and valued clients, business associates, bankers and government authorities for their continuous support and trust.

Tapaas Chakravarti
CMD & CEO

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Hyderabad

30 May 2014