DQ Entertainment (International) Limited, India
Earnings Release – December 2012

DQ Entertainment (DQE), a leading animation, gaming, live action entertainment production and distribution company, today announces its consolidated financial results for the quarter ended December 31, 2012.

I. Financial Highlights:

Nine months ended December 2012:

Revenue: Rs. 141 Crores
EBIDTA: Rs. 60 Crores
PAT: Rs. 14 Crores

Quarter ended December 2012:

Revenue: Rs. 46 Crores
EBIDTA: Rs. 26 Crores
PAT: Rs. 9 Crores

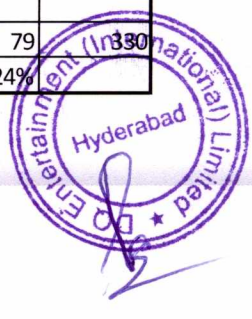
During the quarter ended December 2011, DQE had signed a licensing and merchandising contract for a period of four years. This contract was on a non-cancellable basis resulting into an upfront recognition of distribution revenue of Rs. 16.39 Crores, as per the IGAAP and IFRS guidelines. In the normal course, if it was not a non-cancellable contract the revenue would have been recognised over the license period. Though this amount is being received during the license period of four years an entry was required to be passed under deferred revenue accounting.

This had resulted into a windfall gain of Rs. 14. 40 Crores during the corresponding previous quarter ended December 2011. Barring the above windfall gain the revenue from operations for the quarter ended December 2012 is more or less on lines with the corresponding previous quarter and as per the budget.

2. As reported in the previous releases, DQE's revenue growth and realization has a clear seasonal pattern akin to the global animation industry wherein 60% of the deliveries happen during the first three quarters of the year and around 40 +% of annual revenue is achieved in the fourth quarter over the financial year.

A comparative analysis of this seasonality is as below for the last three years:

									INR Million
	2009-10			**2010-11**			**2011-12**		
	Upto Q3	**Q4**	**Total**	**Upto Q3**	**Q4**	**Total**	**Upto Q3**	**Q4**	**Total**
Revenue	1,002	753	1,755	1,298	781	2,078	1,547	725	2,272
% to total revenue	57%	43%		62%	38%		68%	32%	
PAT	136	131	267	31	247	279	252	79	330
% to total profit	51%	49%		11%	89%		76%	24%	



The Company's performance is on track as per the approved budget and it expects to meet its target for the financial year ending March 2013.

3. *Success of own Intellectual Properties (IPs):*
   The success of the 3D, CGI animated TV series *The Jungle Book Season 1*, produced by DQE, has continued with being aired in 165 countries across the globe and attracting over 100 licensees worldwide in categories of publishing, gaming, digital, apparel, accessories, home furnishings, back-to-school, Halloween and several more. Key licensees and promotional partners include Burger King, Wal-Mart, Hachette, Toys"R"Us, Universal Music among others.

   With productions of other DQE IPs namely Peter Pan, 5 & IT, Lassie and Robin Hood in TV series and Jungle Book Feature Film in process; licensing and distribution revenues are increasing and the Company is confident of achieving its targeted growth in the years to come.

4. The financial liquidity squeeze in the global market has also impacted the Company resulting in delays in recoveries of receivables. The Company has made considerable improvement in reducing the debtor's and is confident that by the financial year end 2013 and April 2013 major receivables will be received.

5. *Foreign exchange gain:*
   During the quarter ended December 2012 there is a foreign exchange gain of Rs. 82 mn as compared to a gain of Rs. 38 mn for the corresponding quarter in the previous year. This gain comprises Rs. 70 mn of realized gain and Rs. 12 mn of unrealized gain. Unrealized portion is mainly on account of restatement of foreign currency balances on December 31 2012.

Tapaas Chakravarti, CMD & CEO, said *"Investing in iconic co-productions, developing our own Intellectual Properties for television and theatricals as well as establishing the global licensing and distribution business have been conscious and strategic decisions by your Company. This has resulted in good results for extending the brand value of The Jungle Book, Peter Pan and other iconic properties with annuity of revenues. We strive to keep our business relevant by adopting fast advancing technologies for production and managing distribution of content through world markets.*

We continue to expand our portfolio of properties with the successful production and distribution of classic and iconic series such as ***Peter Pan, Charlie Chaplin, Iron Man****, and have embarked on production of* ***Little Prince - season 3, Robin Hood, New adventures of Lassie and The Jungle Book - season 2.*** *Development of* ***The Jungle Book feature film*** *is on fast track with highly acclaimed talents on board.*

A humbling and inspiring validation of our work is the high ratings received by our productions such as ***The Jungle Book*** *and* ***Peter Pan*** *on various international networks such as TF1- France, France Televisions, ZDF TV Germany, Kika Germany, Noga Israel, ABC Australia, TVO Canada and several others worldwide.*

I am particularly happy to share the recent excellent ratings and audience response to our series ***Peter Pan****, that was launched in French Language during end of December 2012 in France, on France 3. Each broadcast has attracted an average of 800.000 viewers per view for a market share ranging between 24.1% and 34.8% on the 4-10 year segment! This start is similar to that of the hugely popular series Garfield !*

Our focus continues to be on creating value for our shareholders and employees through long term success and sustainability in the business model adopted by us".

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II. Operational highlights:

A. Production Update

1. Projects completed:

- **Charlie Chaplin** – 104 x 6' CGI with Method Animation (France)
- **New Adventures of Peter Pan** - 26 x 22' CGI with ZDF Group and Method Animation supported by France Televisions, De Agostini Group, ATV and B Channel-Indonesia, JCCTV-Middle east and Noga-Israel

2. New Project – Pilot/Developments:

- **Leo & the Pisa Gang** Pilot for TV series with MPP Society for Animation Media mbH / Germany is in development.
- **Dhoom** Pilot with Yash Raj Films, Mumbai (India) based on popular Live Action Bollywood film 'Dhoom' is in development.
- **Malgudi Days** Pilot with Kolors & Motion Studio,(India) based on R.K.Narayan's classical book and Live action TV series is in development.

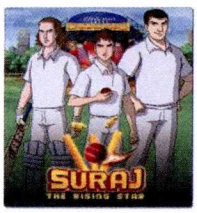
3. Ongoing projects:



- **Mickey Mouse Club House Season 5** for Walt Disney Television Animation, USA



- **The Jungle Book Season 2:** 52 x 11' 3D TV Series with ZDF Germany, Moonscoop France, TF1 France, B-Channel Indonesia, TVO Canada, BBC-UK, Disney SE Asia, ABC Australia, ATV Turkey, DeAgostini and RAI-2 Italy.



- **Rising Star:** 26 x 22' 2D TV series co-production with Kodansha and TMS Entertainment, (Japan) for Colours Channel & Nickelodeon Channel



- **Lassie & Friends:** 52 x 11' 2DTV series with Classic Media USA, Super Prod France, TF1 France, ZDF Germany and Noga Israel

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- **Robin Hood, Mischief in Sherwood:** 52 x 11 CGI TV series with Method Animation France, TF1 France, ATV Turkey, De Agostini Italy and ZDF Germany



- **Keymon Season 2:** 52 x 11'2D TV series with Nickelodeon India



- **Little Prince Season 3:** 26 x 11' CGI TV Series with Method Animation, France and France TV



- **NFL Season 2 :** 24 x 22' 2D TV series for Grand Exalted Productions Inc. and Nicktoons, (USA)



- **Lanfeust:**26 x 22' 3D TV series with Alphanim and M6 France

B. Licensing & Distribution:

DQE is now uniquely positioned as an integrated entertainment production and distribution company, focused on 360 degree monetization across all platforms.

Broadcasting deals signed during the period:

Sr. No	Name of the broadcaster	Project Name	Territories
1	Tiga	Chaplin ,Peterpan	Thailand
2	Global Perkasa	Robin Hood ,Tara Duncan, Galactic Football	Indonesia
3	JCCTV	Lassie, Charlie Chaplin & Peter Pan	Arabic Nations
4	Cheers Media	Charlie Chaplin	Vietnam
5	EBS	Peterpan	Korea
6	Workpoint Entertainment	Robinhood, Charlie Chaplin, Iron Man 2, Lassie, Peter Pan	Thailand
7	Media Corp	Peterpan, Lassie	Singapore
8	Rai TV	Peterpan	Italy
9	Sky TV	Peterpan	Italy
10	ABC	Peterpan, Casper 2	Australia

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Merchandising deals signed during the period:

S. No	Licensee	Category	Territories
1	Magic Jump Inc	Inflatable Bouncy Houses	USA & Canada
2	Cardinal Industries Inc	Board Games , Lenticular Puzzles , wood Puzzles	USA & Canada
3	Treasures LLC	Plush In sizes 7" to 11" with or without sound	North America
4	Dragon I Toys	Battery Operated Animatronics	USA & Canada, Australia, New Zealand, South Africa
5	Dynamic Displays	Helium or Cold air Balloons	North America
6	CraftStone	Plush toys, fabric sublimation printed story books, mini blankets & other plush accessories	Europe & Asia
7	Leap Frog	Leap Frog Electronic Devices	World –Wide



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C. Feature Film Update:

The 85' Mins Feature Film 'The Jungle Book' is in development as a 3D Stereoscopic production with Writer - Billy Frolick, whose credits include, Madagascar, Chicken Little, Open Season, Brother Bear etc. Well known Directors Jun Falkenstein and Kevin Johnson are onboard along with other key talent. Currently negotiations with various co-production partners are on fast track for closing the production budget and to finalize on the global distributors. DQE is targeting an early 2015 theatrical release for The Jungle Book.

D. New Media initiatives:

DQE has signed a non-exclusive agreement with Budge studios, Canada for the Jungle Book Mobile App on IOS & Android Platforms for worldwide digital market. The apps are expected to be available in the exponentially growing and potential mobile digital market very soon.

While in-house development of games for mobile – Android and IOS based on DQ IP's is underway and will be a new business vertical for monetizing it's Iconic global IPs like Jungle Book, Peter Pan , 5 & IT , Lassie etc.

E. Awards & Recognition:



DQ Entertainment received special honours at ORBIT LIVE - INDUSTRY HONOURS 2013, in recognition of showcasing Indian Animation and VFX on the Global animation arena.

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