



DQ Entertainment (International) Limited

Earnings Release – June 2015

DQ Entertainment (DQE), a leading animation, gaming, live action entertainment production and Distribution Company, today announces its financial results for the quarter ended June 30, 2015.

Standalone financial highlights for the first quarter ended 30 June 2015:

- Income from operations: INR 291.82 mn (Q1 2014: INR 142.34 mn)
- EBITDA: INR 84.30 mn (Q1 2014: INR (14.14 mn))
- Profit (Loss) before tax*: INR 52.58 mn (Q1 2014: INR (132.98) mn))
- Profit (Loss) after tax*: INR 36.80 mn (Q1 2014: INR (111.42) mn))

* Profit before tax and Profit after tax includes the exceptional item by way of notional foreign exchange of approximately INR 59.49 mn for the quarter ended 30 June 2015(#Q1 2014: INR 1.47 mn)

As previously reported, as a result of the seasonality of our business, the first and third quarters of the Company's financial year are generally lower than the second and fourth quarters.

The first quarter performance of the Company has been satisfactory and is indicative of the positive progress made in our key business areas. We continue to focus on our primary business areas of *Animation* production for television combined with *Licensing and Distribution*, whilst growing our business from *Visual Effects* and *Digital Distribution*. We are consciously attempting to consolidate our revenue potential by executing a mix of work-for-hire contracts, combined with co-production business opportunities and our own proprietary projects.

We are at an advanced stage of finalising new contracts with well-known studios from the United States and France, which, if completed, should secure our production pipeline for the next 24-36 months in the TV segment. These alliances should not only help to fortify the financial position of the Company in the coming months, but also enhance its teams' skill-sets and technology through the sharing of knowledge with these potential partners to augment our production pipeline.

We are particularly enthused by our proprietary TV series 'The Jungle Book' being extended into a third season, in association with ZDF Enterprises and ZDF TV, Germany and Canal Plus, France. This is a tremendous validation of the series' production and entertainment values and demonstrates that it is growing into a potentially multiple-franchise brand for the Company.

The second season of the *The Jungle Book* debuted in the United States on Sunday, July 11th 2015, as a result of a three year license agreement with Discovery Family channel. We believe that the airing of this series in the US will spur and help us unlock the licensing potential of the property through the appointment of high calibre licensing agents to represent our interests in this region.

The operational highlights in the first quarter of 2015 were:

A. Production

Projects in production

Peter Pan season 2 - 26 x 22' CGI TV series with ZDF-Germany, De Agostini-Italy, Method Animation-France and France TV.

Miles From Tomorrow land - 22 X 22' CGI for Disney Junior, USA.

Popples - 52 x 11' CGI for Saban Group, USA.

Ladybug - 4 x 11' CGI with Zag Toons, USA.

Sheriff Callie Wild West - 52 x 11' CGI for Disney Junior, USA.

7 Dwarfs and Me - 52 x 11' live action and CGI with ZDF-Germany, FTV-France, RAI COM-Italy and Method Animation-France.

Shabiyate Season 10 - 15 x 13' CGI TV series with Fanar Productions, UAE.

Hive Season 2 - TV series with Lupus Films, UK.

Chimpoo & Simpoo - 26 x 22' 2D TV series with ZeeQ Network, India.

Eshafan - 15 x 13' 2D series with Fanar Productions, UAE.

5 & IT - 52 x 11' CGI TV Series with Disney-Germany, Method Animation- France

Projects in pipeline

Jungle Book Season 3 - CGI TV Series with Story Board Animation and ZDF-Germany.

PegHeads - 52 x 11' CGI with Story Animation LLC, USA.

Pio the Chick – 52 x 7' 2D TV series with RAI COM-Italy and Gruppo Alcini-Italy.

Robin Hood season 2 - 52 x 11' - CGI TV series with Method Animation-France and Pink Feather Productions, UAE.

B. Licensing & distribution:

Within this quarter, the licensing division has concluded distribution and licensing deals for the titles ***The Jungle Book***, ***The new adventures of Peter Pan*** and ***Robin Hood*** across various categories of products.

C. VFX division

Within this quarter, the Company's VFX division has executed some exceptional visual effects work for the Indian feature film industry. We are proud to announce that our team played an important role in creating the visual effects for the highly successful Indian film – ***Bahubali***. The Company's highly skilled team worked closely with the film's director S.S. Rajamouli, to bring his vision of this Indian epic to life with international quality visual effects.

During the quarter, the VFX division was also involved with the visual effects sequences within an epic feature film, ***Rudrama Devi*** by Gunasekhar, which contains a significant amount of quality computer graphics work and is slated for release soon.

The division is currently engaged on certain high-end visual effects assignments for big banner feature films directed by leading directors from the Indian "Tollywood" industry.

D. Digital division

The Company's YouTube channels ***Powerkids*** and ***Tiny Toonz*** have started to gain traction among our young digital audiences. The channels have collectively received over 13 million views in the first quarter alone, with the combined total number of minutes watched on both these channels being well over 82 million.

The channels have seen steady and dedicated daily activity of over 150K views during this quarter and the numbers are expected to increase over the coming quarters as new content aimed at a wider number of regions and audiences is introduced into both these channels.

The Company intends to produce children's' content exclusively for these Digital platforms, in order to leverage its subscribers. New animated rhymes for kids have already been introduced to the Tiny Toonz channel.



Tapaas Chakravarti
CMD & CEO