DQ ENTERTAINMENT (INTERNATIONAL) LIMITED, INDIA
EARNINGS RELEASE-DECEMBER 2013

DQ Entertainment (DQE) a leading global animation, gaming, live action, entertainment production and distribution company, today announces its results for the period ended 31 December 2013

FINANCIAL HIGHLIGHTS FOR THE NINE MONTHS ENDED 31.12.13:

- Revenue: INR 1,378.52 mn (2012: INR 1,408.65 mn)
- EBIDTA: INR 819.29 mn (2012: INR 598.40 mn)
- Profit before tax: INR 355.80 mn (2012: INR 178.63 mn)
- Profit after tax: INR 281.13 mn (2012: INR 140.11 mn)

  - As reported earlier, due to the seasonality of our business, the first and third quarter is generally lower than the second and fourth quarter

  - Although the Company had completed deliveries of some of the projects before 31 December 2013, the invoicing was done only in the fourth Quarter. This was due to delay in receipt of approvals from client/partners on account of the holiday season for Christmas and New Year

  - EBIDTA has increased by 37%, Profit Before Tax has increased by 99.7%, Profit After Tax has increased by over 100%. The higher profits are on account of better efficiencies and foreign exchange gains

  - The current order book stands at Rs. 4100 mn

  - The administrative costs have been impacted on account of a provision of Rs. 57mn due from one of our customers; which has gone into bankruptcy

  - The Company's focussed efforts to reduce its receivables have resulted in the collection of an amount of Rs. 447 mn from October 2013.

  - Below is the table that indicates the adjusted Profit before tax after eliminating the foreign exchange gain/loss and the extraordinary items. As per the table below, the adjusted PBT has increased substantially for the quarter as well as nine months ended December 2013 as compared to the previous corresponding period:

					Rs. Mn
Adjusted PBT	**Nine months ended**			**Quarter ended**	
	Dec-13	Dec-12		Dec-13	Dec-12
Profit before Tax	355.8	178.63		56.42	103.22
Less foreign Exchange gain	326.74	60.94		-0.95	81.43
Extraordinary Items					
Add Provision of Doubtful debt	56.98				
Less transferred to Capital account		89.84			38.47
Adjusted PBT	**86.04**	**27.85**		**57.37**	**-16.68**

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CHAIRMAN'S STATEMENT:

There is clear upsurge in the economy of North America, however the economic slowdown in Europe still continues. DQE is now making all efforts in North America to take benefit of the increased demand for TV and movie content in animation, hybrid presentations as well as pure live action. This is visible from some of our advanced negotiations with productions houses in the USA.

With the eruption of newer delivery formats, such as the VOD & SVOD platforms, there is an increased demand for animated children's content as can be seen from announcements of deals made by Netflix, Hulu, DreamWorks and several other major studios in the US.

DQE with it's track record of international high quality productions such as Little Prince, Iron Man, Fantastic Four, Jungle Book, Peter Pan, The Penguins of Madagascar etc. should benefit from this renewed demand.

The industry is also witnessing an increase in demand for Visual Effects (VFX) content for animated feature films, live Action thrillers & action films and Sci-fi films from Hollywood, Europe and Japan. This will enable DQE to take advantage of its capabilities and trusted name for CGI/VFX production in USA and Europe.

Our intellectual properties are gathering momentum worldwide. We have successfully completed the deliveries of 'The Jungle Book Season 2'. Based on the strong demand from the broadcasters and producers worldwide we have green lit the production of second season of 'The New Adventures of Peter Pan'. With a substantial evolvement of distribution technologies and delivery platforms, our licensing and distribution team is continuously exploring avenues for 360 degree monetisation of our content library.

An update on some of our major projects and licensing/distribution activities, and the operating highlights for the quarter ended December 2013 are as follows:

I. Production Update:

(a) Some of the Ongoing projects:

- **Peter Pan Season 2** – 26 x 22' CGI TV series with ZDF Germany, De Agostini Italy and Method Animation and France TV
- **Jungle Book Christmas Special** – 42' - CGI TV Feature with ZDF and Disney Channel
- **Robin Hood, Mischief in Sherwood** – 39 x 11' - CGI TV series with Method Animation and TF1 France, ZDF Germany, ATV Turkey, DeA Kids Italy
- **Lassie & Friends** – 13 x 22' 2D HD TV series with Dreamworks Classic Media USA, Super Prod & TF1 France, ZDF Germany
- **NFL Rush Zone Season 3** – 24 x 22' – CGI & 2D TV Series with Rollman Entertainment, USA for Nicktoons

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- **Little Prince Season 3** – 26 x 22' - CGI TV series with Method Animation, WDR Germany, France Television, RAI TV Italy
- **Manav** - 1 x 60' - 2D TV feature for Disney, India
- **Miles from Tomorrow :** 22 x 22- CGI TV series with Wild Canary, USA for Disney Channel USA.
- **Lancer Man Home:** for Oysterblue Media Corp, USA
- **Lanfeust Quest:** 8 x 22' – CGI TVseries with Gaumont Animation, France M6 TV France
- **Iesodo 2nd Season -** 10 x 13' – CGI TV Series with Zaya Toonz LLC, USA

(b) Completed projects:

- **Jungle Book Season 2** - 52 x 11'- CGI TV series with ZDF Germany and TF1 France
- **Iesodo 1st Season** – 10 x 13' – CGI TV Series with Zaya Toonz LLC, USA
- **Lassie & Friends –** 13 x 22' a series with Dreamworks, USA Super Prod, France, TF1 France, ZDF, Germany
- **Robin Hood, Mischief in Sherwood –** 13 x 11' with TF1 France, ZDF Germany, ATV Turkey, DIA Kids, Italy.
- **Lanfeust Quest –** 18 x 22' CGI Series with Gaumont Animation & M6 TV France

(c) New projects signed/in development:

- **7 Dwarfs & Me** - 52 x 11 CGI & Live Action Hybrid Series with Method Animation, France
- **5 & IT** – 52 x 11' – CGI TV Series with ZDF Enterprises – Germany
- **NFL Rush Zone Season 4** – 24 x 22' – CGI & 2D TV Series with Rollman Entertainment, USA for Nicktoons
- **Leo & The Pisa Gang** – 52 x 11' – CGI TV Series with MPP Production and Penta TV, Germany
- **The Yonagonies** – 52 x 11' CGI project with Rollman Entertainment and Seaworld Entertainment USA.

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II. Licensing & Distribution:

(a) New broadcasting agreements:

S. No	Broadcast Partner	Rights	Territory
1	Workpoint	Jungle Book 2 & Jungle Book Safari	Thailand
2	SABC	Iron Man 2	South Africa
3	Compact Collections	Jungle Book 2 & Jungle Book TV Special	Worldwide
4	De Agostini	Robin Hood	Italy and Italian speaking territories
5	ZDF	Robin Hood	Germany and German speaking territories

(b) New merchandising agreements:

S No	Name of licensee	Category	Territory
1	Spafax Airline Network	In-flight Entertainment	In-flight Entertainment - Alrcalin Only
2	Playrific Inc	Jungle Book App.	Worldwide
3	Milestone Productions & Events	Costume Rentals; Character Meet & Greets; Non Ticketed Stage	North America; UAE; Qatar; Oman; Saudi Arabia
4	Harlequinn International Group Pty Ltd	Back to School	Australia
5	Jilcroft Pty Ltd (MJM Australia Imports)	Puzzles and Games	Australia

