DQ ENTERTAINMENT (INTERNATIONAL) LIMITED
644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad - 500034
Un-Audited Consolidated Financial Results for the quarter ended 30 June 2014

(Rs in million)

Sl. No	Particulars	For Quarter ended 30 June 2014	For Quarter ended 31 March 2014	For Quarter ended 30 June 2013	For Year ended 31 March 2014
		(Un-Audited)	(Un-Audited)	(Un-audited)	(Audited)
1	Net Income from Operations	206.37	1,018.27	304.25	2,396.79
2	Expenditure				
a	Production Expenses	21.51	156.92	16.49	192.50
b	Employee Expenses	166.39	133.49	202.22	719.56
c	Other Expenses	50.85	217.22	63.43	481.54
d	Depreciation, Amortisation and Impairment	76.25	263.34	90.85	552.99
e	Foreign exchange loss / (gain)	3.92	92.12	(183.96)	(234.62)
f	Expenses transferred to Capital Account	(41.72)	(0.35)	-	(0.35)
	Total Expenses [2a to 2f)]	**277.20**	**862.74**	**189.03**	**1,711.62**
3	(Loss) / Profit from Operations before Other Income, Interest and Finance expense and Exceptional Items [1 -2]	(70.83)	155.53	115.22	685.17
4	Other Income	4.16	3.30	2.50	14.47
5	(Loss) / Profit before Interest and Finance expense and Exceptional Items [3+ 4]	**(66.67)**	**158.83**	**117.72**	**699.64**
6	Interest and Finance Expenses	75.46	66.64	50.19	251.65
7	(Loss) / Profit after Interest and Finance expense but before Exceptional Items. [5 - 6]	**(142.13)**	**92.19**	**67.53**	**447.99**
8	Exceptional items	-	-	-	-
9	(Loss) / Profit from Ordinary Activities before tax	**(142.13)**	**92.19**	**67.53**	**447.99**
10	Less: Tax expense	(21.56)	(54.38)	1.21	20.29
11	(Loss) / Profit from Ordinary Activities after tax [9 - 10]	**(120.57)**	**146.57**	**66.32**	**427.70**
12	Extraordinary Item	-	-	-	-
13	(Loss) / Profit for the period [11-12]	**(120.57)**	**146.57**	**66.32**	**427.70**
14	Paid-up equity share capital [Face value Rs.10 per share]	792.83	792.83	792.83	792.83
15	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	4,249.16
16	Earnings Per Share [Face value Rs.10 per share] (not annualised/ in `)				
	a) Basic	(1.52)	1.85	0.84	5.39
	b) Diluted	(1.52)	1.85	0.84	5.39
17	Public Shareholding				
	a) Number of Shares	19,820,782	19,820,782	19,820,782	19,820,782
	b) Percentage of shareholding	25%	25%	25%	25%
	c) Shares held by custodians against depository receipts	-	-	-	-
18	Promoters and Promoter group Shareholding				
	a) Pledged / Encumbered - No. of Shares	17,838,000	-	-	-
	Percentage of shares (as a % of the total share holding of promoter and promoter group)	30.00%	-	-	-
	Percentage of shareholding (as a % of the total share capital of the company)	22.50%	-	-	-
	b) Non encumbered - No. of Shares	41,624,218	59,462,218	59,462,218	59,462,218
	Percentage of shares (as a % of the total share holding of promoter and promoter group)	70.00%	100%	100%	100%
	Percentage of shares (as a % of the total share capital of the company)	52.50%	75%	75%	75%
	c) Shares held by custodians against depository receipts	-	-	-	-

DQ Entertainment (International) Limited * Hyderabad

DQ 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 30 June 2014	For Quarter ended 31 March 2014	For Quarter ended 30 June 2013	For Year ended 31 March 2014
	(Un-audited)	(Un-audited)	(Un-audited)	(Audited)
Segment Revenue				
Animation	99.29	803.15	275.73	1,873.42
Distribution	107.08	215.12	28.52	523.37
Net Income from Operations	**206.37**	**1,018.27**	**304.25**	**2,396.79**
Segment Results				
Animation	(10.68)	517.70	114.61	1,111.09
Distribution (expense) / income	(11.92)	12.49	(18.59)	153.20
Unallocated (expense) / income	(44.07)	(371.36)	21.70	(564.65)
Segment Results before Interest and Finance Expense and Tax Expenses	**(66.67)**	**158.83**	**117.72**	**699.64**
Interest and Finance Expense	(75.46)	(66.64)	(50.19)	(251.65)
Profit before tax	**(142.13)**	**92.19**	**67.53**	**447.99**
Tax expense	(21.56)	(54.38)	1.21	20.29
Profit for the period	**(120.57)**	**146.57**	**66.32**	**427.70**
Capital Employed				
Animation	2,165.11	2,100.67	1,927.99	2,100.67
Distribution	6,880.30	6,031.86	2,445.62	6,031.86
Unallocated	(4,190.21)	(3,090.54)	205.34	(3,090.54)
Total	**4,855.20**	**5,041.99**	**4,578.95**	**5,041.99**

DQ Entertainment (International) Limited * Hyderabad

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

1) The un-audited consolidated financial results for the quarter ended June 30, 2014 have been taken on record by the Board of Directors at i meeting held on 14th August 2014. The "Un-audited Consolidated Financial Results" have been subjected to the limited review by statutory audito of the company.

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

3) Certain Standalone Information of the Company.

(Rs in million)

Particulars	For quarter ended 30 June 2014	For quarter ended 31 March 2014	For quarter ended 30 June 2013	For Year ended 31 March 2014
	(Un-audited)	(Un-audited)	(Un-audited)	(Audited)
Net Income from Operations	142.34	663.32	272.80	1,798.10
Profit / (Loss) before tax	(132.98)	117.56	79.95	377.38
Profit / (Loss) after tax	(111.42)	178.41	78.74	363.56

4) Information on investor complaints pursuant to Clause 41 of the Listing Agreement for the quarter ended June 30, 2014.

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

5) Effective from April 1, 2014 the company has revised the useful life of the fixed asset based on the schedule II to the companies act 2013, for th purposes of providing depreciation on fixed asset. Accordingly the carrying amount of the assets as on April 1 2014 has been depreciated ov remaining revised useful life of the fixed assets. Consequently, the depreciation for the quarter ending 30 June 2014 is lower and the Loss before ta is lower to the extent of Rs. 10.75 mn. Further an amount of Rs. 44.79 mn (Net of Deferred taxes Rs 30.25 mn)representing the carrying amount the asset with revised useful life as NIL has been charged to the opening balance of retained earnings as on April 1, 2014.

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

DQ Entertainment (International) Limited * Hyderabad

DQ ENTERTAINMENT (INTERNATIONAL) LIMITED
644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad - 500034
Un-Audited Standalone Financial Results for the quarter ended 30 June 2014

(Rs in million)

Sl. No	Particulars	For Quarter ended 30 June 2014	For Quarter ended 31 March 2014	For Quarter ended 30 June 2013	For Year ended 31 March 2014
		(Un-Audited)	(Un-Audited)	(Un-audited)	(Audited)
1	Net Income from Operations	142.34	663.32	272.80	1,798.10
2	Expenditure				
a	Production Expenses	8.24	5.22	12.34	37.40
b	Employee Expenses	165.55	132.61	201.47	716.23
c	Other Expenses	33.93	26.28	35.60	181.43
d	Depreciation, Amortisation and Impairment	64.76	251.53	87.36	509.14
e	Foreign exchange (gain) / loss	(1.47)	89.11	(174.73)	(180.18)
f	Expenses transferred to Capital Account	(41.72)	-	-	-
	Total Expenses [2a to 2f)]	**229.29**	**504.75**	**162.04**	**1,264.02**
3	(Loss) / Profit from Operations before Other Income, Interest and Finance expense and Exceptional Items [1 -2]	(86.95)	158.57	110.76	534.08
4	Other Income	9.52	8.34	9.53	39.54
5	(Loss) / Profit before Interest and Finance expense and Exceptional Items [3+ 4]	**(77.43)**	**166.91**	**120.29**	**573.62**
6	Interest and Finance Expenses	55.55	49.35	40.34	196.24
7	(Loss) / Profit after Interest and Finance expense but before Exceptional Items. [5 - 6]	**(132.98)**	**117.56**	**79.95**	**377.38**
8	Exceptional items	-	-	-	-
9	(Loss) / Profit from Ordinary Activities before tax	**(132.98)**	**117.56**	**79.95**	**377.38**
10	Less: Tax expense	(21.56)	(60.85)	1.21	13.82
11	(Loss) / Profit from Ordinary Activities after tax [9 - 10]	**(111.42)**	**178.41**	**78.74**	**363.56**
12	Extraordinary Item	-	-	-	-
13	(Loss) / Profit for the period [11-12]	**(111.42)**	**178.41**	**78.74**	**363.56**
14	Paid-up equity share capital [Face value Rs.10 per share]	792.83	792.83	792.83	792.83
15	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	3,444.43
16	Earnings Per Share [Face value Rs.10 per share] (not annualised/ in `)				
	a) Basic	(1.41)	2.25	0.99	4.59
	b) Diluted	(1.41)	2.25	0.99	4.59
17	Public Shareholding				
	a) Number of Shares	19,820,782	19,820,782	19,820,782	19,820,782
	b) Percentage of shareholding	25%	25%	25%	25%
	c) Shares held by custodians against depository receipts	-	-	-	-
18	Promoters and Promoter group Shareholding				
	a) Pledged / Encumbered - No. of Shares	17,838,000	-	-	-
	Percentage of shares (as a % of the total share holding of promoter and promoter group)	30.00%	-	-	-
	Percentage of shareholding (as a % of the total share capital of the company)	22.50%	-	-	-
	b) Non encumbered - No. of Shares	41,624,218	59,462,218	59,462,218	59,462,218
	Percentage of shares (as a % of the total share holding of promoter and promoter group)	70.00%	100%	100%	100%
	Percentage of shares (as a % of the total share capital of the company)	52.50%	75%	75%	75%
	c) Shares held by custodians against depository receipts	-	-	-	-



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 30 June 2014	For Quarter ended 31 March 2014	For Quarter ended 30 June 2013	For Year ended 31 March 2014
	(Un-audited)	(Un-audited)	(Un-audited)	(Audited)
Segment Revenue				
Animation	98.07	656.45	263.03	1,638.28
Distribution	44.27	6.87	9.77	159.82
Net Income from Operations	**142.34**	**663.32**	**272.80**	**1,798.10**
Segment Results				
Animation	1.38	522.71	106.07	1,031.06
Distribution (expense) / income	(5.47)	(215.69)	(33.86)	(198.23)
Unallocated (expense) / income	(73.34)	(140.11)	48.08	(259.21)
Segment Results before Interest and Finance Expense and Tax Expenses	**(77.43)**	**166.91**	**120.29**	**573.62**
Interest and Finance Expense	(55.55)	(49.35)	(40.34)	(196.24)
Profit before tax	**(132.98)**	**117.56**	**79.95**	**377.38**
Tax expense	(21.56)	(60.85)	1.21	13.82
Profit for the period	**(111.42)**	**178.41**	**78.74**	**363.56**
Capital Employed				
Animation	2,506.57	2,557.94	2,006.52	2,557.94
Distribution	1,806.13	1,605.35	1,404.78	1,605.35
Unallocated	(231.64)	73.96	541.14	73.96
Total	**4,081.06**	**4,237.25**	**3,952.44**	**4,237.25**

DQ Entertainment (International) Limited * Hyderabad

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

1) The un-audited standalone financial results for the quarter ended June 30, 2014 have been taken on record by the Board of Directors at its meeting held on 14th August 2014. The "Un-audited Standalone Financial Results" have been subjected to the limited review by statutory auditors of the company.

2) Information on investor complaints pursuant to Clause 41 of the Listing Agreement for the quarter ended June 30, 2014.

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

3)Effective from April 1, 2014 the company has revised the useful life of the fixed asset based on the schedule II to the companies act 2013, for the purposes of providing depreciation on fixed asset. Accordingly the carrying amount of the assets as on April 1 2014 has been depreciated over remaining revised useful life of the fixed assets. Consequently, the depreciation for the quarter ending 30 June 2014 is lower and the Loss before tax is lower to the extent of Rs. 10.75 mn. Further an amount of Rs. 44.79 mn (Net of Deferred taxes Rs 30.25 mn)representing the carrying amount of the asset with revised useful life as NIL has been charged to the opening balance of retained earnings as on April 1, 2014.

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

DQ Entertainment (International) Limited * Hyderabad

DQ Entertainment (International) Limited

Earnings release-June 2014

DQ Entertainment (DQE), a leading animation, gaming, live action entertainment production and Distribution Company, today announces its consolidated financial results for the quarter ended June 30, 2014.

I. Financial Highlights for the quarter ended June 2014:

- Revenue: INR.206 mn (2013:304 INR mn)
- EBIDTA: INR 5 mn (2013:206 INR mn)
- Profit (Loss) before tax: INR (142) mn (2013:68 INR mn)
- Profit (Loss) after tax: INR (121) mn (2013: 66 INR mn)
- Adjusted Profit (Loss) after Tax : INR (117)mn (2013: (118) INR mn)

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

The distribution revenue from Rs. 28.52 mn in the previous corresponding quarter has increased by more than 3.5 times to Rs. 107.08 in the current quarter under review. With the success of its own IP's namely Jungle Book and now Peter Pan, DQE has established itself as an Independent producer of quality content for the global markets. This is evident from the substantial increase in the revenue. Riding on this success and the demand from the global distributors, the Company has now commenced the production of the second season of Peter Pan TV series and third season of the Jungle Book TV series is in development apart from the production of Lassie and Robinhood which is ongoing.

The reason for the decline in the production revenues is twofold 1) The Company had completed and delivered a number of projects by March and final deliveries were done in April. As per the global trend the new projects normally get commissioned by April, but this quarter, there has been a delay in the commissioning of new projects. New productions have recently commenced and the invoicing for the same will be done only on completion of the milestones. 2) Out of the current on-going productions, four projects are DQE's own IP for which the distribution revenue is being recognised on milestone delivery basis.

The adjusted loss after tax, after eliminating the foreign exchange gain/ loss impact for the quarter under review is INR 117m while for the previous corresponding quarter the loss is INR 118 m. In spite of a lower turnover in the first quarter of FY 2014-15, the loss incurred is the same as the previous corresponding quarter.



The company is facing financial strain on account of the high receivables, but at the operational level it is cash positive. The Company is progressing well in its discussions for financing the development and production of its properties and it is hopeful of concluding the same soon.

2. OPERATING HIGHLIGHTS:

Completed projects:

- **Manav** – 65' 2D Feature with Disney India.
- **Shabiyate** — 15x13 CGI TV series with Fanar productions (UAE)
- **NFL Season 3** 20 x 22' CGI / 2D TV Series with Rollman Entertainment, USA for Nick Toons (USA)
- **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)
- **Iseodo** – TV series – Rollman Entertainment USA
- **Lanfeust** – 26 x 22' TV Series - Alphanim, France
- **Peter Pan TV Movie – 70"**

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 Disney
- **Motion books**- ebooks.

New projects signed/in development:

- **Popples-** 52 x 11' CGI TV series with Saban Entertainment and ZAG toons.
- **Escape Hockey-** 52 x 11' CGI TV series IMIRA(Spain)
- **5 Children & It – 52 x 11' CGI TV Series – Disney / Method**
- **Yonaguni-** 52 x 11' TV series to be produced by with Seaworld & Rollman Entertainment
- **Leo and the Pisa Gang-** 52 x 11' CGI TV series with MPP(Germany)

The Total contract value for the service/co-production projects signed and in discussion is US $ 63 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.

BROADCAST & HOME VIDEO DEALS SIGNED B/W APRIL - JUNE 2014			
SERIAL	**BROADCASTER**	**PROPERTY**	**TERRITORIES**
1	SKY ITALIA	ROBINHOOD	ITALY
2	PHASE 4	PETER PAN SEASON 1	USA & CANADA
3	ONE VISION	PETER PAN SEASON 1	INDONESIA
4	TELEQUEBEC	PETER PAN SEASON 2	CANADA
5	ZDFE	PETER PAN SEASON 2	GERMAN SPEAKING EUROPE
6	DE AGOSTINI	PETER PAN SEASON 2	ITALY
7	DISNEY	THE LANFEUST QUEST	MIDDLEAST & TURKEY

MERCHANDISING DEALS SIGNED B/W APRIL - JUNE 2014				
SERIAL	**LICENSEE**	**PROPERTY**	**TERRITORIES**	**CATEGORIES**
1	DWI LTD	THE JUNGLE BOOK	SOUTH KOREA	KIDS STUDY TABLE
	VIACOM 18	THE JUNGLE BOOK	INDIA	ALL CATEGORIES
2	Vergani Srl	PETER PAN	Italy, San Marino, Vatican City	Chocolate Easter Eggs
3	GDG Group Srl	PETER PAN	Italy, San Marino, Vatican City	plaid cover, underwear tri-pack, pyjamas, hat, scarves, gloves, umbrella, raincoat, caloche, T-shirt, sweatshirt, jogging suit, legging, melamine articles,
4	Buffalo Grill	PETER PAN	France, Switzerland, Luxembourg	QSR promotion



The Total contract value for the licencing and distribution deals signed is USD 10 mn for the financial year 2014-15.

3. CHAIRMANS STATEMENT

Drawing on our plans for the year and the current trends in the global animation industry, the company is moving ahead in some new areas of business as well as seeing growth in our current business divisions.

Our VFX teams have forayed into providing services for locally produced Live action feature films and are now gearing up to take on VFX works at an international level. The industry is 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 core strengths and capitalize on the demand for CGI/VFX production in USA and Europe.

Our licensing and distribution teams have been successful in closing deals for our IPs in various territories such as Latin America, South East Asia, USA and parts of Europe. Also our team is successfully working on the exploitation of our properties on digital media such as VOD and SVOD.

New associations with leading networks and licensees globally are paving the way to monetize our IP's and co-produced content. New deals across our portfolio of properties in recent months are with best-in-class partners such as France Television, Nickelodeon, Disney Channel, De Agostini, Sky Italia, 22D Music, Discovery Kids, Rai TV, Italy etc. The promotional deal for The Jungle Book with Burger King Worldwide has been immensely successful and is being extended for another season to many other territories worldwide. In Europe, The Jungle Book has been licensed by Buffalo Grill a chain of steakhouses based in France, with over 328 outlets in Europe.



MZSK
& Associates
Chartered Accountants

Mumbai
Pune
New Delhi
[redacted]
Aurangabad
Hyderabad

Review Report to the Board of Directors of DQ Entertainment (International) Limited:

1. We have reviewed the accompanying statement of unaudited consolidated financial results of DQ Entertainment (International) Limited and its subsidiaries for the quarter ended 30th June 2014, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management, and have not been audited by us. This statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. We did not review the financial information of the subsidiaries, whose unaudited financial results reflect total revenues of Rs. 66,025,933 for the period ended on 30th June 2014, as considered in the unaudited consolidated financial results. The financial information relating to an operating subsidiary have been reviewed by another auditor who has furnished his review information to us and our review report, in so far as it relates to the amounts included in the unaudited consolidated financial results in respect of the subsidiary, is based solely on such review information of the other auditor. The consolidation also includes 3 inoperative subsidiaries which do not have any revenues for the quarter.

MZSK & ASSOCIATES
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4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited consolidated financial results prepared in accordance with applicable accounting standards [Standards notified pursuant to Companies (Accounting Standards) Rules, 2006 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For MZSK & Associates
Chartered Accountants
FRNo.105047 W

MZSK & ASSOCIATES #211, Block II, White House, Begumpet Hyderabad-500016, T.S.

Ananthakrishnan.G
Partner - 205226

Place: Hyderabad
Date: 14th August 2014