

DQ Entertainment (International) Limited

Results for the third quarter and nine months ended 31 December 2014

DQ Entertainment (International) Ltd (Company), a leading animation, gaming, Live action entertainment production and distribution company, today announces its consolidated un-audited financial results for the quarter ended on December 31, 2014.

Financial highlights for the third quarter ended 31 December 2014:

- Revenue: INR 457.10 m (Dec 2013: INR 508.51 m)
- EBITDA: INR 246.89 m (Dec 2013: INR 224.00 m)
- Profit before tax : INR 101.58 m (Dec 2013: INR 56.42 m)
- Adjusted Profit before tax*: INR 63.97 m (Dec 2013: INR 57.37 m)
- Profit after Tax: INR 42.38 m (Dec 2013: INR (12.39) m)
- Adjusted Profit after Tax*: INR 4.77 m (Dec 2013: INR (11.44) m)

*Adjusted profit before and after tax is after the elimination of a foreign exchange gain of INR 37.61 m for the quarter ended 31 December 2014 and a foreign exchange loss of INR 0.95 m for the quarter ended 31 December 2013.

DQ Entertainment (Mauritius) Limited ("DQE Mauritius"), the holding Company of DQE, executed a fundraising by way of an issue of senior secured convertible bonds (the "Bonds") on 9 December 2014. DQE Mauritius has received the first tranche of funding from the issue of the Bonds, which represents USD 31.4 m, net of fundraising related expenses. Of this sum, approximately USD 8.2 m has been used to repay other bank loans, together with interest and other financial charges.

The Company is making progress with the recovery of receivables. Out of the old outstanding, DQE has recovered INR 326.63 m as at the first week of February 2015. Another INR 360 m is expected to be recovered by 31 March 2015. The Company has received commitments from certain of its clients which lead the Board of DQE India to believe that it may be possible to significantly reduce old receivables by September 2015.

The reduction in the production revenue is on account of the capitalization of the production of IP Peter Pan Season 2. Further, new productions that were scheduled to commence in the previous quarter, were delayed and hence the production revenue for the current year is expected to be lower than the previous year. The productions of Lassie and Robin Hood have been completed in the previous quarter.

Our distribution revenue, has close to doubled from INR 129.67 m in the previous corresponding quarter to INR 231.0 m in the current quarter.



Operating highlights

The Company's digital monetisation efforts are gathering momentum, with Power Kids and Tiny Toonz expanding their subscriber bases on a continual basis. Our plans to launch content and games on other popular digital platforms such as the Google play store, Amazon and iTunes are also underway. Power Kids showcases animated content for children aged five and above, whereas Tiny Toonz is aimed at younger children. Both channels have now started gaining traction and have recently achieved over 120,000 online views on a daily basis.

Our VFX team has completed several projects for locally produced Live Action feature films, such as Manikya, Alludu srinu, Mukunda and several others. We have also confirmed new contracts with other feature film producers. DQE is now in a position to leverage its core animation and VFX strengths to contract more business in this space from North America and Europe

The diligent efforts by our licensing and distribution teams have fructified and several new deals have been closed in the last quarter for our intellectual properties in various territories such as Latin America, South East Asia, USA and parts of Europe.

Completed projects:

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

Delicious Valley – 30' Min DVD Team Entertainment

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

Miles from tomorrow land – 22 X 22 CGI with Wild Canary, USA

Popples – 52 x 11 CGI with Method Animation, France & Saban Group, USA

Lady Bug – 3 x 11 CGI with Zag Toons USA

Sheriff Callie Wild West – 52 x 11 CGI with Wild Canary, USA

7Dwarfs & Me – 52 x 11 Live action and CGI with ZDF,FTV,RAI & Method Animation, France

Little Prince - Season 3 – 26 x 22' CGI TV series with Method Animation and France TV & RAI



Projects in pipeline:

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

Shabiyat - Season 10 – 15 x 13 CGI-Fanar Productions, UAE

Eshafan – 15 x 13 2D- Fanar Productions, UAE

PegHeads – 52 x 11' CGI-i Story Animation LLC, Florida

Pio the Chick - 2D TV series with RAI Trade Italy and Gruppo Alcini

5 & IT – 52 x 11' CGI TV Series — Disney / Method

Hive — Season II - TV series with Lupus Films UK

Licensing and Distribution:

Our licensing and distribution efforts have achieved several international successes and are helping to create long-term and sustained value for DQE.

TELEVISION & HOME VIDEO DEALS CONCLUDED IN 3RD QUARTER 2014

SERIAL	COMPANY	TITLE	TERRITORY	RIGHTS
1	TF1	Jungle Book Season 1 JB 60' TV Special	France, DROM, POM, TOM, COM, Monaco & Andorra	Television
2	PIWI	Jungle Book Season 1	France and French speaking Europe and Africa	Television
3	Onevision	Robinhood JB 60' TV Special JB X' Mas Special	Indonesia	Television
4	BEC	Jungle Book Season 1 Lanfeust Quest Peter Pan Season 2 Jungle Book X' Mas Special JB 60' TV Special	Thailand	Television
5	Imagine Media Kids	Lanfeust Quest	Israel	Television & VOD
6	Tiga	JB 60' TV Special Peter Pan Season 2	Thailand	Home Video & IPTV
7	Netflix	Iron Man Season 2	Latin America	SVOD



LICENSING & MERCHANDISING DEALS CONCLUDED IN 3RD QUARTER 2014

SERIAL	COMPANY	TITLE	TERRITORY	RIGHTS/CATEGORY
1	Mahima Impex	Jungle Book	India	Kids Apparel
2	Yellow Diamond	Jungle Book	India	Promotion
3	Malayala Manorama	Jungle Book	India	Publishing

