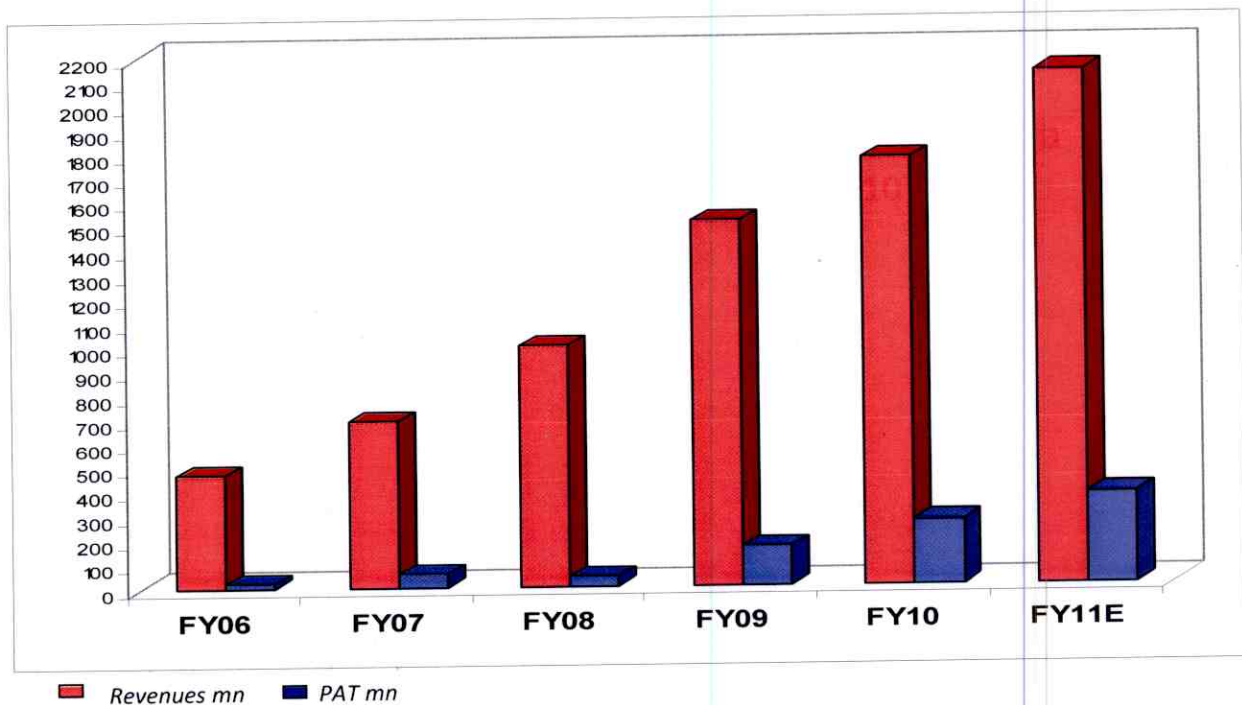




DQ Entertainment (International) Limited, India Earnings Release – December 2010

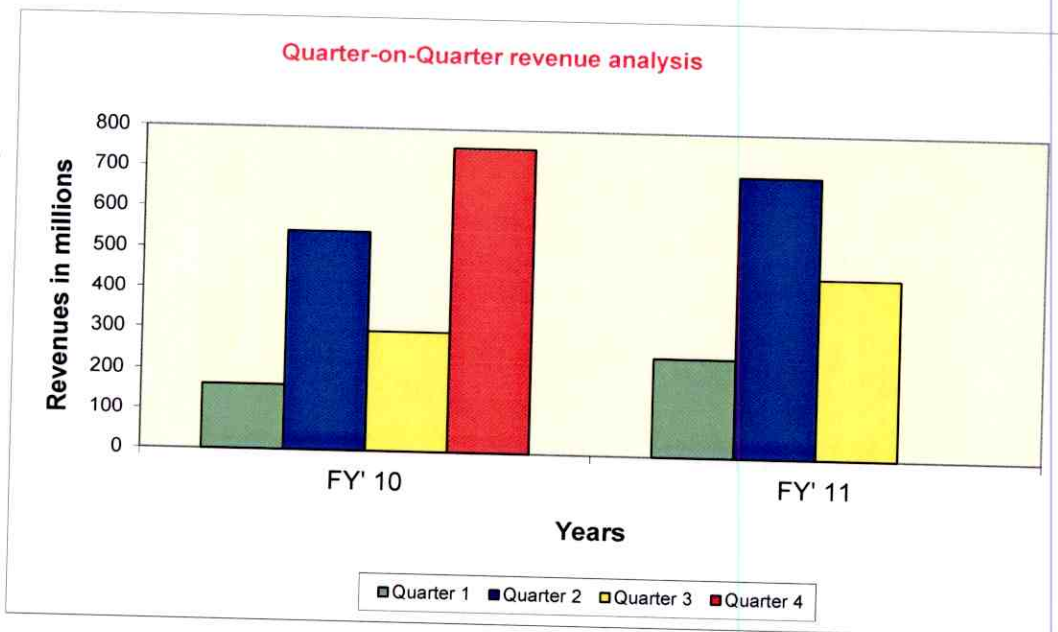
The Company's performance for the quarter ended December 2010 is in lines with the guidance issued by the Company at the beginning of the year.

DQE's revenue growth and realization has a clear seasonal pattern akin to the global animation industry wherein revenues are higher in the second and fourth quarter as compared to the first and third quarter. Hence quarterly performance is not an indication of the Company's overall annual performance and the Company is confident of achieving its target as has been the trend in the previous years as per the growth graph given below:



As per the industry trends, more than 60% of the deliveries happen during the second half of the year and maximum of revenue is booked in the fourth quarter of the financial year. A comparative graph on the Quarter-on – Quarter revenue analysis for the year 2009-10 & 2010-11 is given below:





*2010-11 - Full year revenue expected to grow within a range of 17% - 22%

I. Key Financial Highlights for the quarter ended December 31, 2010

- The revenue for the third quarter is INR 432.42mn (YTD INR 1,297.81 mn) and the profit for the quarter is Rs. 31.49 mn (YTD 117 mn) which is as per the company's plan for financial year 2010-11.
- During the quarter the Rupee's adverse fluctuations with other currencies impacted the financials resulting in an exchange loss of INR 5.12 mn.
- The Revenue dispersion and expected performance for 2011 based on the order book of approximately INR 6300 mn to be executed over the next 30 months.

Tapaas Chakravarti, CMD & CEO, said:

Tapaas Chakravarti, Chairman and CEO, DQE said "Focusing on creative & technological innovation combined with the completion of expansion of our production facilities will be the cornerstones of our growth strategy for 2011-13. We are adding close to 50,000 sft to our present infrastructure to house the 3D Stereoscopic TV and 3D Feature Films Divisions, which will drive growth for DQE in medium term as declared during our IPO last year.

Strategically & operationally, we will continue to see DQE ahead of its peers in IP development for TV and Features while Licensing and Distribution will keep growing with time to add to higher growth compared to production revenues of the company."



II. Operational Highlights:

- DQE's home-grown Intellectual Property (IP) "The Jungle Book" sold in 160 countries for TV broadcast, while Home Video & Merchandising in over 100 countries. First 13 episodes of The Jungle Book TV series are currently being broadcast on TF1 - France, BBC – UK, ABC – Australia, TVO Kids – Canada, Disney - Asia and have so far recorded excellent viewership.
- Production of first 3-D stereoscopic animated motion capture theatrical feature film "The Prodigies" for Warner Bros, Fidelite Films France, Onyx Films, France is nearing completion and scheduled for release this year.
- We have established a strong pipeline of developing own IPs such as Peter Pan, 5 & IT, The Wind in the Willows, Balkand, Ravan, Omkar, Suryaputra, Mysteries & Feluda and participating in co-productions of iconic properties such as Charlie Chaplin, Little Prince, Lassie & friends, Iron Man, Casper, Tara Duncan, Keymon, Galactik Football and many more...
- Development of IPs has accelerated growth and 360 degree monetization of content across various platforms of distribution.
- We are developing capabilities to exploit the latest advancements in technology and on the way to becoming the industry leader in 3D Stereoscopic animation production for television, home video and feature films.

III. DQE's foray into the Animated Feature Film Market

- DQE has developed pilots for "The Jungle Book" and "Peter Pan" Feature Films (FF) along with a Bible and Character guide for presales of the feature films to raise production funding and close the global budget. The pilots have generated strong interest from leading partners for participation in the global budgets of the above films.
- The above FF pilots were launched at the Munich Feature Cartoon Masters forum and were very well received.



IV. Business Update:

- **THE JUNGLE BOOK – 52 x 11 - 3D HD TV Series**



The first season of “The Jungle Book” 52X 11 3D HD TV Series has been an unqualified success and has been picked up by marquee networks such as BBC (UK), TF1 (France), ABC (Australia), TVO (Canada), ZDF (Germany), JCCTV (Middle East), Noga TV (Israel), Channel B (Indonesia), EBS (Korea) and several other networks covering over 160 countries worldwide.

DQE has signed a co-production agreement with ZDF Enterprises for a second season of the 3D HD animated TV series The Jungle Book (52 x 11’). ZDF Enterprises, together with German Pubcaster ZDF, has taken the lead as chief coproduction partner of the second season, budgeted at over 9 million euros. It will distribute the new adventures of Mowgli and his friends in more than 60 countries throughout Europe and Latin America.

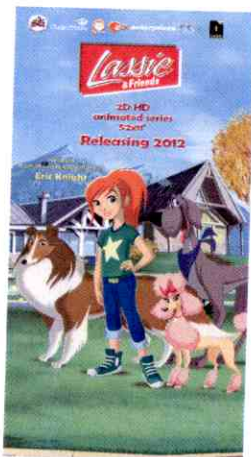
- **THE NEW ADVENTURES OF PETER PAN – 26 X 22’ – 3D HD STEREOSCOPIC TVSERIES**



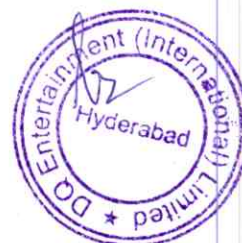
The New Adventures of Peter Pan is under development, along with co-production partners ZDF Group (Germany) and Method Animation (France) supported by France Televisions, De Agostini Group (Italy), ATV (Turkey) and B Channel (Indonesia).

DQE is producing this home grown Euro 9.97 mn stereoscopic 3D series with global equity co-production partners for winter 2011 release.

- **LASSIE & FRIENDS – 52 X 11’ 2D HD TV SERIES**



Iconic Lassie & Friends will be seen in her animated avatar for the first time. DQE is the lead producer supported by the original right owners Classic Media (USA), French Broadcaster TF1, French co-producers – Super Prod & Story Board Animation and ZDF group (Germany). This series is being produced at a global budget of Euro 7 mn. Lassie a well known global brand has been seen in live action movies several times alongside famous actors like Elizabeth Taylor, James Stewart and Peter O’Toole. DQE along with its global equity co-production partners is producing this as 52 episode TV series.





- **CASPER – THE FRIENDLY GHOST – SEASON 2 – 52 X 11' 3D CGI TV SERIES**

After a successful run of Casper TV series – Season I world wide, under popular demand, DQE and its equity co-production partners Classic Media (USA), Mooncoop & TF1 (France) and Cartoon Network (USA) have gone ahead with production of another 52 x 11' 3D animated series of this friendly ghost.

Casper has become one of the most famous properties with global recognition for DQE. Season I, which premiered in Canada on YTV and on Cartoon Network, USA in January 2009, was a huge success and has since been broadcast on Viacom18's kids channel, Nick, and also across the entire South Asia and Sun TV networks kids channel, Chutti TV in November 2009. TF1 the leading French broadcaster and Cartoon Network, USA are already committed to broadcasting the second season and Cartoon Network US is expected to launch the second season by Halloween 2011.



- **IRON MAN – SEASON II – 52 X 11' 3D HD TV SERIES**

Iron Man Season II has gone into production with Marvel group (USA) now owned by Disney group.

The first season of *Iron Man: Armored Adventures* debuted in the United States on Nicktoons Network in April 2009 to both critical and audience acclaim, with the hour-long premiere event becoming the highest rated original series premiered in the history of Nicktoons. This has triggered the demand for a second season of this TV series.



- **CHARLIE CHAPLIN – 3D CGI – 104 X 7' TV SERIES:**

DQE is in the development of a series of animated short films for television in collaboration with French production companies Method Animation, MK2 and France Television. DQE, Method Animation and MK2 announced the production and worldwide distribution and exploitation of an animated version of 104 six-minute episodes inspired by the legendary film icon Charlie Chaplin's Hollywood films.

DQE and Method Animation are committed to preserving the sense of humour and the emotional values present in all of Charlie Chaplin's 70 films, while bringing out the quirky, burlesque and comic tone of the character in a 3D stereoscopic avatar.



- **THE PRODIGIES – FEATURE FILM – 3D STEREOSCOPIC**



The prestigious 3D stereoscopic animated feature film “The Prodigies” is under completion in DQE. This is being produced for Warner Bros, Fidelite Films (France), Onyx Films (France).

The Prodigies, is an adaptation by Matthieu Delaporte and Alexandre de la Patelliere from the novel written by Bernard Lenteric in 1982. Directed by Antoine Charreyon the film uses the motion capture and 3D Stereoscopic technologies. Artistic director is Victor Antonov, who created the visuals for the famous video game “Half-Life 2.” Character design is from Humberto Ramos and Francesco Herreira, Marvel Comics designers. Warner Bros Pictures, Studio37 from Orange group and Kinology are responsible for Distribution and Sales.

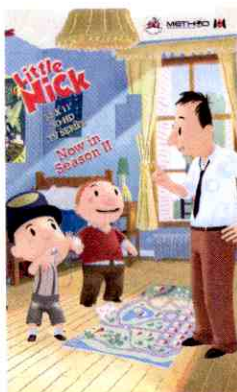
- **THE LITTLE PRINCE 52 X 22’ – 3D HD STEREOSCOPIC TV SERIES**



DQE with its lead co-producers France TV & Method Animation (France) supported by WDR (Germany) and Sony Entertainment world wide is co-producing 52 x 22’ 3D stereoscopic TV series at a global budget of Euro 18 mn. The deliveries will start from winter 2011 and continue until the beginning of 2013.

The Little Prince (French: Le Petit Prince) which is currently being co-produced at DQE is based on the world famous books of Antoine de saint-Exupery written in 1943. It has been translated into more than 180 languages and has sold more than 80 million copies, making it one of the best selling books ever. Little Prince appeared in theatricals, television and Broadway kind of shows for decades and now for the first time will be seen in hi-end 3D stereoscopic to be followed by a silver screen theatrical release by 2013.

- **LITTLE NICK – 52 X 11’ – 3D HD TV SERIES**

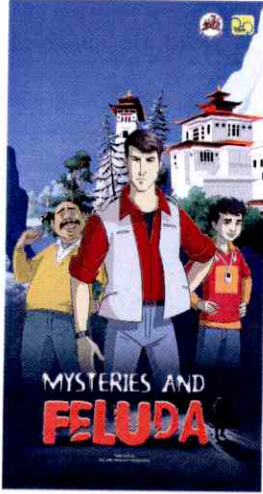


Season I of Little Nick is doing extremely well world wide and DQE is privileged that another season of 52 x 11’ TV series has gone into production with M6 & Method Animation, France and ZDF (Germany).

Little Nick, the book has sold over 10 million copies in more than 30 countries and has also appeared first as a Live Action feature film and now slated for an animated feature film to be produced by M6 group France.

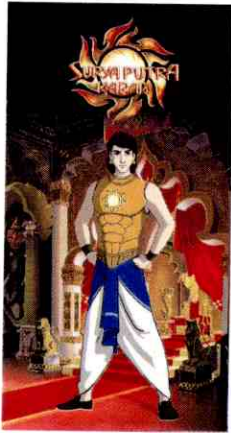


FELUDA – THE KATHMANDU CAPER



Feluda – The Kathmandu Caper - a 60 minute animated TV feature was premiered on Disney Channel on January 1, 2011 and received excellent ratings with several re-runs.

The title is the first ever animated TV movie based on one of India's best loved detective series – Feluda, by globally acclaimed Oscar winning director, author Late Shri Satyajit Ray.



- **SURYA PUTRA –60 Min – 2D HD TV Feature**

DQE is in the production of 2D HD TV Feature in collaboration with international broadcasters. This 60 minute high end TV feature encompasses mythology with a futuristic feel. A combination of ancient mythology with modern weaponry, this is an epic tale that will see Mahabharata's most well known characters brought to life in this animated TV movie with realistic backgrounds, high powered action sequences and drama.



V. Licensing and Distribution (L&D):

Several licensing and merchandising deals have been executed for various properties such as The Jungle Book, Peter Pan, Lassie, Iron Man, Casper, Mysteries & Feluda with globally recognized partners like: TF 1 Enterprises – France, ZDF Enterprises Germany, Al Jazeera Children’s Channel – for Arabic Countries, CPLG – London, Beltex – Belgium, Hachette Livre, Media Corpe – Singapore, Noga Communications & Ahim Fred – Israel, Turner Group etc.

Increase in IP ownerships and deals with marquee partners worldwide have opened up several new verticals to accelerate growth and profitability as we continue to expand our licensing and distribution opportunities.

DQE currently has over 450 hours of animated production content for revenue exploitation and further enhancing our portfolio with big brands in near future.

Following are few of the major L & D deals concluded over the past few months:

- Licensing deal for The Jungle Book’ with C. Riethmuller GmbH (Riethmuller), Germany for the distribution of branded party products in Germany, Austria and Switzerland.
- The signing of a Home Video Distribution for The Jungle Book with Play Records Marketing & Distribution Ltd (“Play Records”), Israel.
- The signing of a broadcast acquisition deal for The New Adventures of Peter Pan by Noga Communications Ltd (“Noga”), Israel’s leading independent television content producer and broadcaster.
- Licensing deal for ‘The Jungle Book’ with the leading card makers Universal Cards, (Universal) Germany.
- The signing of a home video distribution deal for the 3D animated TV series “The Jungle Book” by Play Records Marketing & Distribution Ltd (“Play Records”), Israel.
- Licensing and merchandising agreements for ‘The Jungle Book’ with Osem Investments Limited, an Israeli subsidiary of Nestlé S.A. (“Nestle”), a food production and distribution company and also the Burger Ranch franchise, a fast food chain across Israel.
- Exclusive toy licensing agreement for DQE’s 3D animated series The Jungle Book with Mookie Toys Ltd (Mookie), a UK based company.
- Publishing deal for The Jungle Book with Hachette Livre for global French language publications including; story books, activity books, novelty books, workbooks and home learning chapter books;
- Broadcasting agreement with Noga Communications for the broadcast of The Jungle Book in Israel;



- Broadcast deal with Walt Disney Television International's "Hungma TV" for the broadcast of "Twisted Whiskers" co-produced with American Greetings and Mike Young Productions;
 - An exclusive broadcast with Al Jazeera Children's Channel (JCCTV) for the exclusive broadcasting rights to Jungle Book across 22 Arabic countries for a fixed term of five years;
 - Multiple merchandising deals with D'arpeje SA and School Pack in France for the manufacture of school related items. Further merchandising agreement with Ahim Fried Limited for the manufacture and sale of Jungle Book products within Israel;
 - The Copyright Promotions Licensing Group Ltd (CPLG) have signed a 3 year agreement to be responsible for merchandising, publishing promoting and direct-to-retail strategy for multiple countries including the UK, Spain, Portugal Japan and Italy; and
 - In addition DQE have signed a second deal for fabric products with Belltex, Belgium.
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