



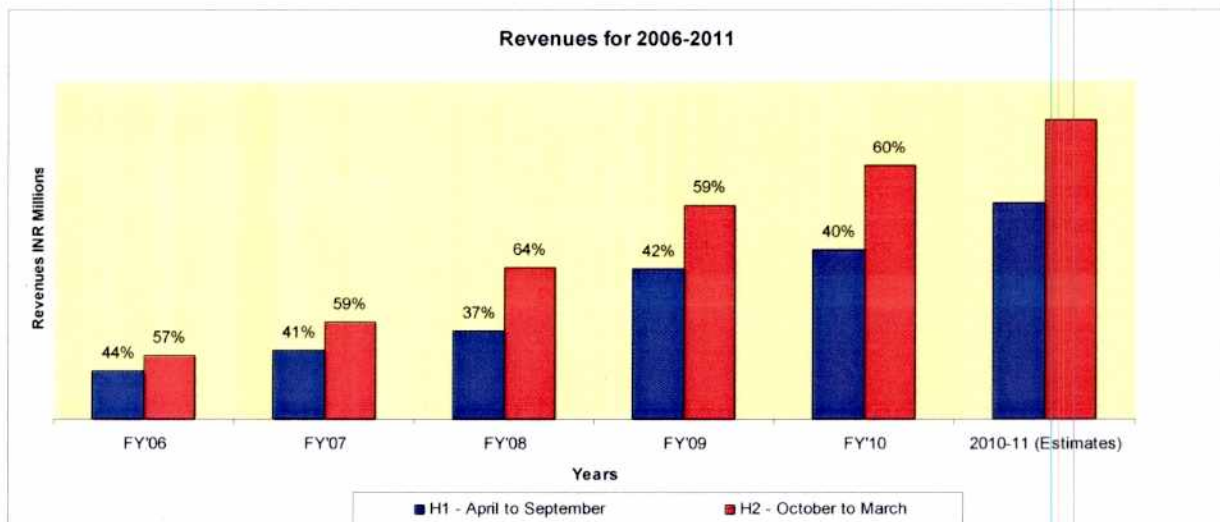
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DQ Entertainment (International) Limited, India Earnings Release – September 2010

I. Financial highlights for the half year ended September 30, 2010:

- Revenue up by 22.67 % to INR 865.39mn
(September 2009: INR 705.49 mn)
- EBIDTA up by 36% to INR 351.328 mn
(September 2009: INR 258.16 mn)
- Profit before tax up by 38.90% to INR 149.60 mn
(September 2009: INR 107.70 mn)

As per the industry trends, more than 60% of the deliveries happen during the peak season starting from September onwards until the beginning of March during the second half of the year. Continuing in the trend, DQE has achieved close to 40% of its aggregate turnover during the first half of the financial year 2010-11 while second half is well on the way. Please refer to the bar graph below: Half Yearly Revenues for 2006 – 2011.



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

Tapaas Chakravarti, CMD & CEO, said:

"We remain confident that our business strategies are sound; backed by robust order book and the operational milestones achieved this far will pave the way forward achieving growth for the company. Our technological and creative base backed by systematic expansion of necessary capacities in 3D stereoscopic productions for television and feature films will put DQE ahead of its peers as our IP's gain further traction worldwide."

II. Operational Highlights

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



The first broadcast of our home grown 52 x 11' 3D HD TV series "The Jungle Book" on TF1 channel in France was aired on 24th October and has received top ratings. The Jungle Book has already been sold in multiple countries around the world for broadcasting, licensing and distribution. It is co-produced by DQE with international partners including TF1 and Moonscoop (France), ZDF Group(Germany). Rights to broadcast the series have

also been acquired by ABC (Australia), Noga TV (Israel), Disney (Asia), Tele Quebec(Canada), BBC (UK) and JCCTV (Middle East), TVO (Canada), Thai PBS, TV-12 (Singapore), while Home Video rights have been acquired by NBC Universal, TIGA (Thailand) and Play Records (Israel) , as well as several other licensees for worldwide merchandising.

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



The New Adventures of Peter Pan was successfully launched in MIPCOM Festival - Cannes, 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 goes to animation 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). Being produced at a global budget of Euro 7 mn. Lassie a well known global brand has been produced in live action movies several times which includes actors like Elizabeth Taylor, James Steward and Peter o' Tool.

DQE along with its global equity co-production partners is animating it into a TV series of 52 episodes.





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

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

Casper has become one of the most famous properties with global recognition for DQE. Season one, 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 premiere in Nicktoons history. This has triggered the demand for second season.



- **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, all the while bringing out the quirky, burlesque and comic tone of the character he created in 3D stereoscopic avatar.

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- **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 recognised 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 to start from winter of 2011 and to continue till beginning of 2013.

The Little Prince (French: Le Petit Prince) which is now 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, Broadway kind of shows non-stop for decades and now for the first time goes into hi-end 3D stereoscopic TV series 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.

- Besides all the above several tele movies such as Balkand – II/ III, Omkar – II for Cartoon Network, The Jungle Book – Home Video for NBC Universal, Tara Duncan – TV series for M6 France, The Mysteries & Feluda – TV series, Galactik Football for Alphanim France & Keymon – TV series for Nickelodeon are also in production.
- DQE's IP division leaps ahead with major iconic IP productions such as The Jungle Book, Peter Pan, Lassie & Friends, Iron Man – II, Casper – II, Mysteries & Feluda, Balkand, Omkar and many more.
- DQE has established significant presence globally as a major producer of hi-quality Ips and exploiting it for publishing, merchandising and feature film production.
- Post IPO, DQE's expansion in Special Economic Zone (SEZ) is underway and is expected to be commissioned by January 2011 housing over 1600 hi-end 3D animation staff.

III. MIPCOM – 2010 – CANNES, FRANCE



DQE team with its partners at MIPCOM 2010, Cannes, France

MIPCOM is the world's leading content market for creating, co-producing, buying, selling, financing and distributing entertainment across all platforms. It is a media content related event which is held in the town of Cannes once every year, normally in October.

This year's MIPCOM proved to be a great success story for DQE with lot of sensational events taking place and deals been signed.

Two of DQE's own Ips 'The New Adventures of Peter Pan' a 3D CGI stereoscopic animated series and 'Lassie & Friends' a 2D HD animated series were screened at MIPCOM in the presence of an elite gathering of leading broadcasters, industry professionals and production partners. The trailer of Peter Pan was ranked 2nd and Little Prince ranked 3rd while Lassie was ranked 11th for the most viewed trailers by the industry peers from among 1736 entries.

IV. Business Overview & Outlook for the year ahead:

In line with our strategic business plan to work globally with knowledgeable and powerful business partners, the recent months have seen us conclude multiple alliances all over the world with the objective of unlocking greater value for our own Ips. We have conclusively demonstrated high growth potential from:

1. Development and co-development of classical, popular and iconic intellectual properties such as The Jungle Book, Peter Pan, Lassie, Iron Man – II, Casper – II and others and
2. Licensing for TV, consumer products and publishing;

Going forward besides large number of TV productions we will also focus on development, production and distribution of stereoscopic animated feature films with global partners, and furthering our objective to generate multiple revenue streams for licensing, publishing and merchandising. Significant progress has been made for two such productions.

The inherent technological prowess of our production teams have helped to increase productivity and create a robust production pipeline capable of simultaneously handling multiple productions. With the recent success of The Jungle Book and the excellent ratings on TF1 in France, our creative expertise has also now been proven beyond a doubt and allayed any skepticism that may have existed.

V. Licensing and Distribution (L&D):

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

With the success of its various Intellectual Properties (Ips) and co-productions, DQE Group has concluded several global licensing and merchandising deals for all platforms of television, home entertainment, DVD sales, publishing of books and merchandising.

Several licensing and merchandising deals have been executed for various properties 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. Eg: The Jungle Book, Peter Pan, Lassie, Iron Man, Casper, Mysteries & Feluda

Major IP ownerships for globally renowned brands with marquee partners has opened up several additional revenue streams which will accelerate growth and profitability

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

- 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 (JCC) 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.

