

DIRECT EQUITY INTERNATIONAL, INC.

An Emerging Mobile Gaming Pure Play

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DIRECT EQUITY INTERNATIONAL, INC. (OTCPK - DEQI - \$0.10)

Price Target: \$0.40

Rating: Speculative Buy

COMPANY SNAPSHOT

Cyberworld Studios, Inc. is a wholly-owned subsidiary of Direct Equity International, Inc. and serves as its primary operating subsidiary. Cyberworld Studios is engaged in the business of developing and publishing video games and mobile software applications ("apps"). The Company also serves as a late-stage business incubator for companies engaged in the business of developing video games and gaming related software.

KEY STATISTICS

Price as of 3/24/14	\$0.106
52 Week High – Low	\$0.60 – \$0.05
Est. Shares Outstanding	408.5M
Market Capitalization	\$45.9M
3 Mo Avg Vol	62,000
Exchange	OTC:PK

COMPANY INFORMATION

Direct Equity International, Inc.
 1813 East 9845 South
 Salt Lake City UT 84092
www.Cyberworld-Studios.com

Phone : 801.232.3130
 Email: info@cyberworld-studios.com

INVESTMENT HIGHLIGHTS

Direct Equity International's wholly-owned subsidiary Cyberworld Studios is poised to take the fast-growing mobile gaming industry by storm. According to Gartner, mobile games are the fastest-growing segment of the video game market, with revenue set to nearly double between 2013 and 2015 from \$13.2 billion to \$22 billion.

The Company's model has been executed successfully for decades by members of the team. By serving as an incubator to late-stage development gaming publishers, Cyberworld invests in the late stages of game development and into publishers whose games are nearly ready for release.

This latter stage investment, coupled with the significant marketing and publishing know-how of the team substantially reduces the Company's investment risk and enhances the potential that Cyberworld participates in the success of a blockbuster game. Now, Cyberworld is set to release Actua Poker, a social poker game and Gem Smashers: Diamond Edition, which is a puzzle game based on Facebook interactions.

The Cyberworld team includes members with decades of experience in video game publishing and marketing some of the most popular games of all-time played on multiple platforms.

The valuations afforded peers such as Zynga (NASDAQ – ZNGA) and the proposed \$7.6 billion valuation for the wildly popular Candy Crush Saga game publishing parent IPO bodes extremely well for DEQI's future valuation. As valuations for the industry rise and Cyberworld begins to generate revenue from its new and future game lineup, DEQI is set to move higher. Our near term price target is \$0.40 and we believe that in the next 2-3 years, DEQI could approach \$1.00, as it successfully executes its model. We rate these shares Speculative Buy..

**DIRECT EQUITY INTL, INC. (OTCPK - DEQI)****COMPANY OVERVIEW**

Cyberworld Studios, a wholly-owned subsidiary of Direct Equity International, Inc. is a professional game and application development company that staffs some of the most experienced senior software and code-writing experts in the industry. The Company's knowledge and experience enables it to deliver the very best custom software, gaming and application, (or "app"), across a variety of devices including mobile phones, tablets and personal computers. The team can provide coding solutions for multiple devices as well as provide development for all major platform technologies including mobile and tablet for Apple, Android, BlackBerry, and personal computer devices for Apple Computer as well as PC.

Cyberworld Studios engages in the business of developing and publishing video games and mobile software applications ("Apps") of all types such as gaming, healthcare, financial, etc. Cyberworld Studios also serves as a business incubator for companies engaged in the business of developing video games and gaming related software and Apps developers. The Company provides these developers and publishers with access to investment capital, management, industry expertise, business services financial planning and office/development space.

This approach has been successfully used by members of the Cyberworld team for decades. By serving as an incubator to late-stage development gaming publishers, Cyberworld invests in the late stages of game development and into publishers that whose games are nearly ready for release. This latter stage investment strategy, coupled with the significant marketing and publishing know-how of the team substantially reduces the Company's investment risk and enhances the potential that Cyberworld participates in the success of a blockbuster game.

The Cyberworld team includes members that boast decades of experience in video game publishing and marketing some of the most popular games of all-time available for play on multiple platforms. Popular titles include but are not limited to Mario Bros and the Mortal Kombat Series, and platforms have included Nintendo, Sega, PlayStation, etc. Going forward, the deep experience of the team should enable leadership to target some of the most promising publishers and titles for investment, which should lead to meaningful revenue and brand name recognition down the road.

Separately, Cyberworld Studios currently has a relationship with a large public University and works with that university to mine exciting new talent that has been responsible for developing some of the best games and Apps in the country in recent years. Cyberworld Studios works with members of the University as well as students on certain exciting new projects and ambitious new ventures that will be launched in the future. Just like its peers, Cyberworld Studios generates revenue from the sale of games and Apps to its customers that are located in the U.S. and internationally. All of the Cyberworld Studios games and Apps are translated into different languages so that they may be sold internationally as well as in the U.S.

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CYBERWORLD OFFERINGS

The Cyberworld Studios' dedicated migration and integration team is proficient at all cross-platform technologies including Apple, Symbian, J2ME, Windows Mobile and Android SDK. Currently, Cyberworld Studios develops custom solutions for a variety of mobile devices including iPhone, Android and BlackBerry, tablet devices and personal computer. The App development runs the gamut, as outlined below:

- Games, Gaming and Entertainment Apps
- Mobile Enterprise Business Apps
- Productivity Tools and Apps
- Lifestyle and Entertainment Apps
- Social Networking/Interaction Apps
- Internet-enabled Apps
- Medical and E-prescription (e-Rx) Apps
- Scheduling & Reservation Apps
- Training and Evaluation Apps
- Direction Based/Store Locator Apps
- Mobile Wallet & e-Commerce Apps

Titles

Image 1. Cyberworld's Actua Poker Game
Source: www.Cyberworld-Studios.com



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The soon-to-be launched *Actua* is a social poker game that plays as fast as the best-in-class games and offers the full range of poker functionality, along with the same great features. The core code has been running a series of tests at Amazon's EC2 servers since 2013 without any server re-starts (implying robust, bug-free code), and extremely fast response compared with all other major poker games on Facebook and with minimal bandwidth usage. The *Actua* game utilizes a clear, clean, intuitive and familiar layout that users are generally comfortable with, relative to other games already on the platform.

In contrast, rival products are characterized to varying degrees by messy, confusing, counter-intuitive interfaces. The objective is to make *Actua* stand out from the pack by virtue of its clarity and ease of use as well as the gameplay experience.

It should be noted that the Company uses SmartFox, a development system that provides solid performance and proven reliability with low CPU and memory usage. The same system has been deployed by Disney, MTV, Nickelodeon, Warner Bros., Zynga (NASDAQ - ZNGA), EA (NASDAQ – EA) and Viacom (NASDAQ – VIAB), and is the platform of choice for companies expecting tens of thousands of concurrent users per game.

Actua features include the following:

- Appearance: Cleanest, fastest poker gammon on the planet
- Pop-up free; grab a supply of free chips and play, no hassle
- Free hand strength meter; unobtrusive assistance for novices and casual players
- Intelligent XP code; if a player wins with a weak hand by virtue of skillful tactics they get bigger XP rewards
- Pre-flop detection; everyone gets a free tool to identify players who go all-in to intimidate their rivals
- Training tables. An easy way to learn or practice and all the games
- Unique 3-player tables; offer a completely different style of play to big table tactics
- Customizable view; Another exclusive

Image II. Gem Smashers: Diamond Edition

Source: [www.Cyberworld – Studios.com](http://www.Cyberworld-Studios.com)





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"Gem Smashers: Diamond Edition" is a fun, easy-to-play puzzle game for iOS and Android based on Facebook interaction. It takes the concept of Diamond Dash (Wooga) to a new level, mixing elements of a very popular and successful game into something new and original. The objective of the game is to break groups of gems with simple taps on the screen until the set time has elapsed. Several bonuses and power-ups, available as in-app purchases, make the gaming experience frantic and breathtaking. Players challenge their friends on Facebook to weekly tournaments and can access a worldwide tournament. As the game progresses, the player can reach new steps of "experience", earn new bonuses and get free power-ups.

Gem Smashers: Diamond Edition is developed using Cocos2D-x, a cross-platform and continuously supported engine. The graphic is flash-style and modern, with a nice characterization of the characters, gems, power-ups and on-screen interface, and nice cartoon environments. The game is developed in 2D with the most modern approach to pixel graphics and well animated sprites. Environments and characters are based on the original version of Gem Smashers, including locations and blocks. Music and sound effects recall the original game style as well.

Gem Smashers features include the following:

- A casual game designed for everyone, from kids to adults
- The worldwide appeal of a popular gameplay such as Diamond Dash mixed with Gem Smashers
- Detailed 2D graphics and sound effects
- Very easy-to-play with single-tap gameplay
- Many power-ups available as in-app purchases
- Full Facebook interaction, with access to friends list and weekly tournaments
- A wide variety of achievements and unlock able elements

MARKET SNAPSHOT

Video game playing has migrated from basic consoles and controllers that play games with limited graphics, features, and interactivity played almost exclusively by children and young adults to sophisticated games featuring multiple genres available on a variety of standalone and mobile devices. According to Gartner, the worldwide video game marketplace, which includes video game console hardware and software, online, mobile and PC games, likely reached an estimated \$93 billion in 2013, up from \$79 billion in 2012. Driven by strong mobile gaming and video game console and software sales, the market is forecast to reach \$111 billion by 2015. Mobile games are the fastest-growing segment of the market, with revenue set to nearly double between 2013 and 2015 from \$13.2 billion to \$22 billion.

Even the most casual of users are familiar with such household names in the hardware space such as Nintendo, Microsoft (NASDAQ – MSFT) via the Xbox, and Sony (NYSE – SNE) via the PlayStation. Furthermore, major traditional publishers such as EA (NASDAQ – EA) and Activision Blizzard (NASDAQ – ATVI) are now competing with companies with major mobile providers such as Zynga (NASDAQ – ZNGA) and Gluu Mobile (NASDAQ – GLUU). While all of these companies trade at favorable valuations, the pending IPO



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of King Entertainment, which owns and published the record-breaking Candy Crush game, is set to crush valuations as well. As of this writing, the company will be going public at a valuation of \$7.6 billion, and due to the small float and buzz in the industry, the stock is likely to do extremely well. Moreover, its success in the capital markets is likely to have a carryover effect to companies of all sizes, including DEQI through Cyberworld. Margins tend to be huge as games are downloaded due to advertising and fees per game (for those not free) due to low overhead, sans marketing costs. This is the model of the space and Cyberworld fits right in.

THE CYBERWORLD TEAM

The top brass at Direct Equity International and Cyberworld include seasoned and proven leaders with many decades of experience in related industries. However, Cyberworld has also brought on some of the leading players in the industry as consultants. They have been and will continue to be instrumental in identifying publisher and game investee prospects.

Claire Singleton is a Director of the Company. Ms. Singleton has over 25 years of working with public companies and public company business administration. She is a founder of Direct Equity International and has served as the CEO and Director of the Company from 12/15/2006 to 10/11/2013. As such, Ms. Singleton has worked with attorneys and accountants daily to perform various compliance obligations and continually improve the Company's compliance regime. Ms. Singleton was the founder of Global Aquafeeds, a food export company that she started from the ground up and raised operational capital for launch and expansion. In addition, she was an officer and director for Electro Brain International, Corp. where she raised initial capital, completed a reverse merger and managed \$40MM. She was the founder of RA Johnson & Company where she raised initial capital, completed a reverse merger and managed underwritings, reverse mergers and trading rooms. She was the compliance manager to the SEC, NASD and state and federal agencies.

Dean H. Becker is the Company's Secretary and a Director of the Company. Dean H. Becker, born 1953, Randall, New York. Bachelor of Arts, English, Brigham Young University, 1976: University Scholar Honors. Juris Doctorate Degree, J. Reuben Clark Law School, Law Review, 1979. 1979-1981 associate at Boyden Kennedy Romney, Salt Lake City, Utah. 1981-1983 associate at Snow & Halliday, Salt Lake City, 1983-2001, solo practice in Utah estate planning, corporate matters, civil and criminal litigation; 2006 – present: corporate secretary for American Pension Services, Inc., Riverton, Utah. Married 38 years, 4 children, 9 grandchildren. Active in local church, Boy Scouts of America, basketball referee.

Macleans A. Geo-Jaja is the Company's CEO, President, Treasurer and Director. Mr. Geo - JaJa is an experienced educator and researcher as a Professor of Economics and Education at Brigham Young University, USA and a Visiting Professor at Zhejiang Normal University, China. He is a Fulbright Senior Specialist fellow. He combines a scholar's critical approach and the experience of an international development advisor in his research. His research analyses the underlying causes of Africa's economic and education deprivations and the ways in which inclusive development and rights in education are critically intertwined. He studied and teaches Economics of Education and Development Economics, especially with a

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link between the academic community and the world of development practitioners. For the past several years as a Fulbright Senior Specialist Fellow, he has served as technical advisor to Institutions and universities in different regions of the world on capacity-building in Economics of Education and the dimensions of African education in globalization. He is the author of numerous articles and book chapters on Rights in Education, Internationalization of Education, and Globalization of Development. He currently serves a consulting editor to the International Review of Education and other journals.

Peter P. Spagone Jr. is a Director of the Company. Peter P. Spagone Jr. grew up in East Bridgewater, Massachusetts and attended schools in Salt Lake City, Utah. He is one of the founders of East Bridgewater Insurance Agency, Inc., a personal and commercial insurance firm. He is also the owner of Edify Fitness and Nutrition Center, Inc., which was established in 2011. Mr. Spagone spends a majority of his time working with the children of East Bridgewater, thru his non-profit organization the Skylur J. Spagone Memorial Fund and has been servicing his community for 12 years as the Chairman of the East Bridgewater Board of Health.

Ian Stewart is a key consultant to the Company. Ian is a videogame industry veteran who founded Gremlin Interactive in 1984 and served as CEO through its years of organic growth and IPO (London FTSE) and eventual sale to Atari in 1998 when it employed 280 people across Europe and the USA.

Ian then founded ZOO Media Corp in 1999 which then became ZOO Digital Group Plc and secured a listing on London's Aim Market in 2000. He served as CEO until 2006 and as Non Exec Director until 2010.

www.zoodigital.com ZOO is a software services company with major clients such as Disney (NYSE – DIS), Warner Bros, Apple (NASDAQ – AAPL).

Ian has held directorships at a number of other companies including Creative Sheffield, ZOOtech, ZOO Digital Publishing, Zushi, Early Years Entertainment and Versatile Delivery Systems,

Ian is currently Director and main shareholder of Urbanscan Ltd which produces digital entertainment content and are the owners of all IP's and products that Ian has rights to from his time at Gremlin and ZOO Digital Publishing. Ian was presented with an Honorary Doctorate by Sheffield Hallam University in 2005 and works with the Universities Games department regularly.

George Metos is a key consultant to the Company. George Metos has a distinguished background in business and in the software arena in particular. In addition to serving as a President of S3 Software Solutions, LLC, George was an executive with Pulse Interactive Software Inc. , where he co-developed the concept of using mobile phone technology in the sale of state-authorized lottery tickets.

While the founder and owner of Sculptured Software and Kodiak Interactive, George personally interviewed and hired over 1000 engineers and 300 artists and audio technicians over the course of the company's history, guiding the company to become one of the first two Nintendo developers in North America, gaining valuable experience that would pay dividends in the future. He also developed some of the top video game development products in the industry, including WWF Wrestling, Star Wars and Mortal Kombat. He later consummated a \$25m tax-free exchange of stock with public company Acclaim Entertainment.

**DIRECT EQUITY INTL, INC. (OTCPK - DEQI)****RISK FACTORS**

In our view, much of the potential risks to the Company's success are related to the quality and popularity of the Cyberworld's titles. If the Company is able to produce and market hit products, investors will be rewarded, as the Company could record profits by generating many millions in sales per game, even if marketing costs prove to be high. Given the background of the team, current proposed title slated for release and new ones on the horizon, we believe that this execution risk is similar to that of other companies of its size in the industry.

Other risks include the possible delays or difficulties in completing investment deals or game publication in a timely fashion or on favorable terms. Without brand name recognition, time and education may have to be borne by the Company and consumers alike. Although competition from larger firms or even from newer entrants with similar approaches could become serious threats, we believe Cyberworld is well-positioned to succeed.

CONCLUSION

In our view, Direct Equity International's wholly-owned subsidiary Cyberworld Studios is poised to take the fast-growing mobile gaming industry by storm. According to Gartner, mobile games are the fastest-growing segment of the video game market, with revenue set to nearly double between 2013 and 2015 from \$13.2 billion to \$22 billion and Cyberworld is ready to take advantage of this growth cycle with titles geared for the right target markets.

The Company's model has been executed successfully for decades by members of the team. By serving as an incubator to late-stage development gaming publishers, Cyberworld invests in the late stages of game development and into publishers that whose games are nearly ready for release. This latter stage investment, coupled with the significant marketing and publishing know-how of the team substantially reduces the Company's investment risk and enhances the potential that Cyberworld participates in the success of a blockbuster game. The Cyberworld team includes members with decades of experience in video game publishing and marketing some of the most popular games of all-time played on multiple platforms.

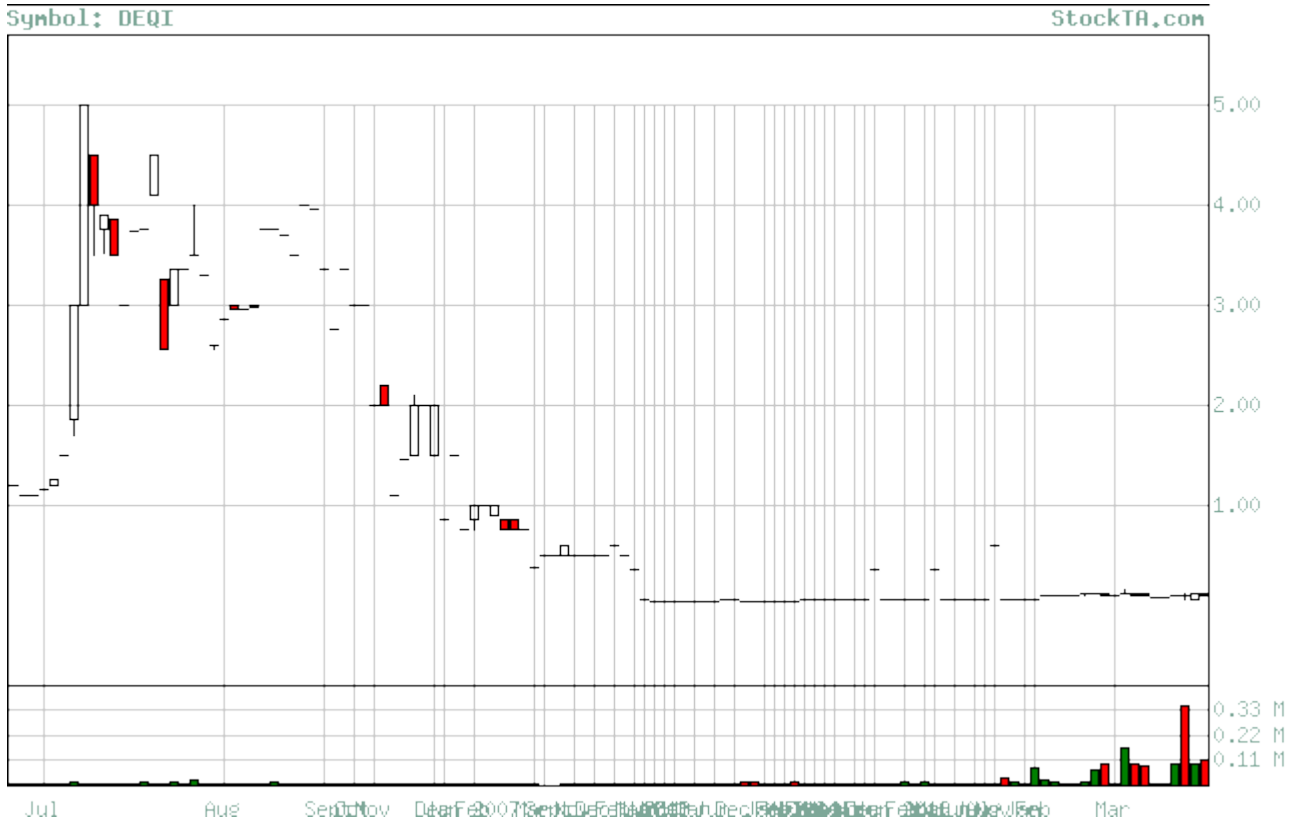
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Recent Trading History For DEQI

(Source: Stockta.com)



**DIRECT EQUITY INTL, INC. (OTCPK - DEQI)****Senior Analyst: Robert Goldman**

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

Analyst Certification

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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