

IMPORTANT CAUTIONARY NOTE:

The financial results disclosed in this announcement include finance information provided by the Company's subsidiaries, namely DMX Technologies (Hong Kong) Limited and DMX Technologies (Macao Commercial Offshore) Limited (collectively, the "**Affected Subsidiaries**").

As disclosed in the announcement made by the Company on 24 March 2015 in relation to the Company's request for suspension of trading in its shares (the "**March Announcement**"), the findings (the "**Findings**") of the Company's Hong Kong legal counsel (the "**HK Counsel**") appointed to conduct an investigation into the subject matter of the ongoing investigations by the Commercial Crime Bureau of the Hong Kong Police Force (the "**Initial Investigations**") brought up certain issues which affect the completion and audit of the Company's financial statements for the year ended 31 December 2014 (the "**FY2014 Financial Statements**"). The Initial Investigations revealed that there were irregular accounting practices at the Affected Subsidiaries in 2008 and 2009.

In addition to the above, the Company wishes to highlight that the financial results disclosed in this announcement are subject to the background and limitations relating to the preparation of the financial statements as set out below ("**Limitations**"):

- (a) The Company highlighted the following issues (the "**Accounting Issues**") in the announcement dated 12 May 2015:
 - (i) there is uncertainty in relation to account receivables arising from past transactions amongst the Company, and its clients and vendors, and the possibility of such account receivables not being collectible; and
 - (ii) there is uncertainty in relation to the asset values recorded in respect of supplies, tangible and intangible fixed assets of the Company in connection with such transactions.
- (b) As such, the Company further expanded the scope of the Initial Investigations (the "**Expanded Investigations**") and in addition to HK Counsel, engaged an independent, external accounting investigation team to conduct independent forensic investigative procedures relating to the Expanded Investigations.
- (c) As disclosed in the announcement dated 22 April 2016 (the "**April Announcement**"), the Company released a report (the "**Disclosure Report**") based on the findings of the HK Counsel. As stated on page R-12 of the Disclosure Report, the unaudited account receivables and other receivables for the financial year ended 31 December 2014 ("**FY2014**") amounted to approximately US\$378 million, of which US\$140 million and US\$190 million is due to the Company from Beijing Hantz Development and Winscom Guangzhou Technologies Company Limited, respectively. Despite the best efforts of the Company, the Company is uncertain as to the collectability of these account receivables. Further, the unaudited tangible and intangible fixed assets attributable to the Transactions in Question (as defined in the Disclosure Report) for FY2014 amounting to US\$28 million remains unsubstantiated due to the lack of documentary evidence of the Transactions in Question (as defined in the Disclosure Report).
- (d) As disclosed in the announcement dated 19 May 2016, due to the substantial costs of the Expanded Investigations and the fees for completing the audit on the Company relating to the FY2014 Financial

Statements (the "**FY2014 Audit**"), the board of directors of the Company suspended the Expanded Investigations and the FY2014 Audit.

- (e) As disclosed in the announcement dated 20 October 2016, the Company is exploring alternative options with the Group's auditor, PricewaterhouseCoopers LLP Singapore ("**PwC**"), to undertake an extended scope audit in respect of the FY2014 Financial Statements, the financial statements for the year ended 31 December 2015 (the "**FY2015 Financial Statements**") and the financial statements for the year ended 31 December 2016 (the "**Extended Scope Audit**").
- (f) Pursuant to the findings of Initial Investigations as disclosed in the April Announcement, the Company made corresponding adjustments to the FY2014 Financial Statements, the FY2015 Financial Statements and the financial statements for the first quarter ended 31 March 2015 ("**1Q15 Financial Statements**"), financial statements for the second quarter ended 30 June 2015 ("**2Q15 Financial Statements**") and financial statements for the third quarter ended 30 September 2015 ("**3Q15 Financial Statements**", and together with the 1Q15 Financial Statements and the 2Q15 Financial Statements, the "**Quarterly FY2015 Financial Statements**") to reflect the impact of the Transactions in Question ("**TIQ**") (as defined in the "Disclosure Report" released with the April Announcement) on the Group's results and financial position based on the Group accounting policies which follow the relevant international accounting standards (the "**Accounting Adjustments**"). The key financial statement line items affected by the Accounting Adjustments include revenue, accounts receivable, costs of sales, accounts payable, property, plant and equipment, and intangible assets. The Accounting Adjustments are subject to the audit by PwC and may change as a result of the Extended Scope Audit.
- (g) Given the revisions to the FY2014 Financial Statements and the FY2015 Financial Statements in view of the Accounting Issues, it would not be meaningful for shareholders, investors and other stakeholders to rely on the comparative statements required by the following comparative statement requirements in Appendix 7.2 of the listing manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in relation to the FY2014 Financial Statements and the Quarterly FY2015 Financial Statements:
 - (i) Paragraph 1(a)(i) of Appendix 7.2 of the Listing Manual requiring the Company to present an income statement and statement of comprehensive income, or only a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year;
 - (ii) Paragraph 1(b)(i) of Appendix 7.2 of the Listing Manual requiring the Company to present a statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year;
 - (iii) Paragraph 1(c) of Appendix 7.2 of the Listing Manual requiring the Company to present a statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year;
 - (iv) Paragraph 1(d)(i) of Appendix 7.2 of the Listing Manual requiring the Company to present a statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year;
 - (v) Paragraph 6 of Appendix 7.2 of the Listing Manual requiring the Company to present the earnings per ordinary share of the group for the current financial period reported on and the corresponding

period of the immediately preceding financial year, after deducting any provision for preference dividends (i) based on the weighted average number of ordinary shares on issue and (ii) on a fully diluted basis (dealing any adjustment made to the earnings);

- (vi) Paragraph 7 of Appendix 7.2 of the Listing Manual requiring the Company to present the net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (i) current financial period reported on and (ii) the immediately preceding financial year;
- (vii) in respect of full year announcements:
 - (A) Paragraph 16 of Appendix 7.2 of the Listing Manual requiring the Company to additionally present the segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year; and
 - (B) Paragraph 18 of Appendix 7.2 of the Listing Manual requiring the Company to additionally present a breakdown of sales in the latest financial year in the format provided therein, with a comparison showing a breakdown of sales in the previous financial year.
- (h) The Company applied to the SGX-ST for a waiver of the comparative statement requirements as described in sub-paragraph (g) above (the "**Comparative Statement Waiver**"). The SGX-ST had on 29 December 2016 granted the Comparative Statement Waiver, subject to the fulfilment of the following certain conditions as disclosed in the announcement dated 30 December 2016.
- (i) The financial results disclosed in this announcement have not been reviewed or audited by PwC. As such, the Company would like to remind shareholders of the Company that the financial results disclosed in this announcement may be subject to further adjustments and revisions after the completion of the Expanded Investigations and the Extended Scope Audit.

GIVEN THE ABOVE AND PENDING COMPLETION OF THE EXPANDED INVESTIGATIONS AND THE EXTENDED SCOPE AUDIT, THE BOARD OF DIRECTORS WISHES TO CAUTION INVESTORS AND TO ADVISE THAT INVESTORS SHOULD NOT RELY ON THE FINANCIAL RESULTS DISCLOSED IN THIS ANNOUNCEMENT.

UNAUDITED FINANCIAL STATEMENT FOR SECOND QUARTER OF FY2015

1(a) Statements of Comprehensive Income (for the group)

	Group		Note 1
	2Q 2015 US\$'000	1H 2015 US\$'000	1Q 2015 US\$'000
Revenue	22,925	45,684	22,759
Cost of sales	(17,689)	(35,622)	(17,933)
Gross profit	5,236	10,062	4,826
Gross profit %	22.84%	22.03%	21.20%
Other operating income	74	149	75
Distribution costs	(3,940)	(8,200)	(4,260)
Administrative expenses	(4,204)	(8,350)	(4,146)
Other operating expenses	(1,151)	(1,520)	(369)
Finance costs	(126)	(273)	(147)
Loss before income tax	(4,111)	(8,132)	(4,021)
Income tax expense	(8)	(21)	(13)
Loss for the period	(4,119)	(8,153)	(4,034)
Loss attributable to:			
Owners of the company	(4,021)	(7,868)	(3,847)
Non-controlling interests	(98)	(285)	(187)
Loss for the period	(4,119)	(8,153)	(4,034)
PAT margin	-17.97%	-17.85%	-17.72%
Other comprehensive loss			
Exchange differences arising on translation of foreign operations	(84)	(277)	(193)
Other comprehensive loss for the period	(84)	(277)	(193)
Total comprehensive loss for the period	(4,203)	(8,430)	(4,227)
Total comprehensive loss attributable to:			
Owners of the company	(4,105)	(8,145)	(4,040)
Non-controlling interests	(98)	(285)	(187)
Total comprehensive loss for the period	(4,203)	(8,430)	(4,227)

The Comparative Statement Waiver granted, "Important Cautionary Note" (h), p.3.

Operating loss is arrived at after crediting and (charging) :

	Group		Note 1
	2Q 2015 US\$'000	1H 2015 US\$'000	1Q 2015 US\$'000
Interest income	10	72	62
Interest expenses	(126)	(273)	(147)
Net foreign exchange loss	(354)	(797)	(443)
Increase in allowance for doubtful trade receivables	(996)	(1,042)	(46)
Increase in allowance for obsolete inventories	(1)	(4)	(3)
Amortisation expenses	(197)	(334)	(137)
Depreciation expenses	(306)	(673)	(367)
Fair value change of other financial assets	76	33	(43)
Loss on disposal of property, plant and equipment	(1)	(3)	(2)
Stock written off	-	(138)	(138)

Note 1: 1Q2015 Profit and loss statement is used for comparison purpose.

1(b) (i) Statements of Financial Position (for the issuer and group)

Statements of Financial Position

	The Group		The Company
	30-Jun-15 US\$'000	31-Mar-15 US\$'000	30-Jun-15 US\$'000
ASSETS			
Current assets:			
Cash and cash equivalents	11,540	13,370	4,354
Pledged bank deposits	3,665	4,208	2,500
Trade receivables	33,721	35,267	-
Other receivables, deposits and prepayments	12,588	14,156	42,604
Tax recoverable	40	32	-
Held for trading investments	2,688	2,612	-
Inventories	14,672	14,853	-
Total current assets	78,914	84,498	49,458
Non-current assets:			
Property, plant and equipment	5,160	5,229	-
Goodwill	4,700	4,700	-
Intangible assets	2,774	2,962	-
Investments in subsidiaries	-	-	11,534
Deferred tax assets	323	355	-
Total non-current assets	12,957	13,246	11,534
Total assets	91,871	97,744	60,992
LIABILITIES AND EQUITY			
Current liabilities:			
Bank loans	12,206	10,836	-
Trust receipt loans	1,821	3,288	-
Trade payables	19,171	19,492	-
Other payables	11,162	12,402	537
Tax payables	2,622	2,540	-
Current portion of finance lease payables	12	12	-
Total current liabilities	46,994	48,570	537

	The Group		The Company
	30-Jun-15 US\$'000	31-Mar-15 US\$'000	30-Jun-15 US\$'000
Non-current liabilities:			
Finance lease payables	12	15	-
Deferred tax liabilities	1,191	1,223	-
Total non-current liabilities	1,203	1,238	-
Capital, reserves and non-controlling interests:			
Share capital	58,427	58,427	58,427
Share premium	194,331	194,331	194,331
Treasury shares	(1,138)	(1,138)	(1,138)
Contributed surplus	1,534	1,534	1,534
Legal reserve	7	7	-
Foreign currency translation reserve	363	446	-
Share option reserve	453	453	453
Accumulated loss	(214,624)	(210,465)	(193,152)
Equity attributable to owners of the Company	39,353	43,595	60,455
Non-controlling interests	4,321	4,341	-
Total equity	43,674	47,936	60,455
Total liabilities and equity	91,871	97,744	60,992

1b (ii) Aggregate amount of group's borrowings and debts securities

Group Borrowings and Debts securities	
	Group
	As at 30 Jun 2015
	US\$'000
<u>Amounts repayable in one year or less, or on demand</u>	
Unsecured	-
Secured	14,039
	14,039
<u>Amounts repayable after one year</u>	
Unsecured	-
Secured	12
	12

Details of any collateral :	
As at 30 Jun 2015, the Group and the Company respectively have:	
(1) pledged bank deposits of US\$3,665,528 and US\$2,500,000.	
(2) pledged held for trading investments of US\$2,688,003 and Nil .	

(c) Statements of Cash Flows (for the group)

Statements of Cash Flows

	2Q 2015 US\$ '000	1H 2015 US\$ '000	Note 1 1Q 2015 US\$ '000
Operating activities:			
Loss before income tax	(4,111)	(8,132)	(4,021)
Adjustments for:			
Amortisation expense	197	334	137
Depreciation expense	306	673	367
Interest expenses	126	273	147
Increase in allowance for doubtful trade receivables	996	1,042	46
Increase in allowance for obsolete inventories	1	4	3
Fair value change of other financial assets	(76)	(33)	43
Loss on disposal of property, plant and equipment	1	3	2
Stock written off	-	138	138
Interest income	(10)	(72)	(62)
Operating cash flows before movements in working capital	(2,570)	(5,770)	(3,200)
Decrease (increase) in trade receivables	3,795	1,608	(2,187)
Decrease in other receivables, deposits and prepayments	1,560	2,056	496
(Increase) decrease in inventories	(3,822)	(1,808)	2,014
Increase (decrease) in trade payables	530	(9,151)	(9,681)
Decrease in other payables	(1,490)	(2,753)	(1,263)
Cash used in operating activities	(1,997)	(15,818)	(13,821)
Income taxes paid	109	(547)	(656)
Interest paid	(126)	(273)	(147)
Interest received	10	72	62
Net cash used in operating activities	(2,004)	(16,566)	(14,562)

	2Q 2015 US\$ '000	1H 2015 US\$ '000	Note 1 1Q 2015 US\$ '000
Investing activities:			
Addition to intangible assets	(1)	(410)	(409)
Purchase of property, plant and equipment	(245)	(605)	(360)
Decrease in pledged bank deposits	542	1,854	1,312
Net cash from investing activities	296	839	543
Financing activities:			
Repayment of bank loans	(14,686)	(31,853)	(17,167)
Repayment of finance leases	(1,466)	(508)	958
Repayment of finance leases	(3)	(6)	(3)
New bank loans raised	16,055	22,239	6,184
Dividend paid to non-controlling interest	-	(291)	(291)
Net cash used in financing activities	(100)	(10,419)	(10,319)
Net effect of exchange rate changes on the balance of cash held in foreign currencies / other adjustments	(22)	(240)	(218)
Net decrease in cash and cash equivalents	(1,830)	(26,386)	(24,556)
Cash and cash equivalent at beginning of period	13,370	37,926	37,926
Cash and cash equivalent at end of period	11,540	11,540	13,370

Note 1: 1Q2015 cash flows is used for comparison purposes.

1(d)(i) Statements (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders.

Statements of Changes in Equity

GROUP											
	Share capital	Share premium	Treasury shares	Contributed surplus	Legal reserve	Foreign currency translation reserve	Share Option reserve	Accumulated loss	Total	Non-controlling interests	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 Apr 2015	58,427	194,331	(1,138)	1,534	7	446	453	(210,465)	43,595	4,341	47,936
Loss for the period	-	-	-	-	-	(84)	-	(4,021)	(4,105)	(98)	(4,203)
Total comprehensive loss for the period	-	-	-	-	-	(84)	-	(4,021)	(4,105)	(98)	(4,203)
Adjustment	-	-	-	-	-	1	-	(138)	(137)	78	(59)
Balance at 30 Jun 2015	58,427	194,331	(1,138)	1,534	7	363	453	(214,624)	39,353	4,321	43,674

COMPANY											
	Share capital	Share premium	Treasury shares	Contributed surplus	Legal reserve	Foreign currency translation reserve	Share Option reserve	Accumulated loss	Total	Non-controlling interests	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 Apr 2015	58,427	194,331	(1,138)	1,534	-	-	453	(193,039)	60,568	-	60,568
Loss for the period	-	-	-	-	-	-	-	(113)	(113)	-	(113)
Total comprehensive loss for the period	-	-	-	-	-	-	-	(113)	(113)	-	(113)
Balance at 30 Jun 2015	58,427	194,331	(1,138)	1,534	-	-	453	(193,152)	60,455	-	60,455

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purposes since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share Capital Changes

Share Capital Changes	No. of shares	US\$ '000
Ordinary shares of US\$0.05 each at 1 January 2015 and 30 June 2015	1,168,546,867	58,427

Treasury Shares Changes

	No. of shares	US\$ '000
Balance as at 1 January 2015 and 30 June 2015	5,152,125	1,138

Share Options & Contingent Shares

As at 30 June 2015, the following Employee Share Options remained outstanding:						
<u>Date of grant</u>	<u>Exercise Period</u>	<u>Exercise price per share</u>	<u>Balance at beginning of year</u>	<u>Total exercised</u>	<u>Total cancelled</u>	<u>Balance outstanding as at 30 Jun 15</u>
25 April 2008	24 April 2009 to 25 April 2018	S\$0.226	3,886,858	-	-	3,886,858
28 November 2008	27 November 2009 to 28 Nov 2018	S\$0.093	7,471,000	-	-	7,471,000
Total			11,357,858	-	-	11,357,858

1(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30-Jun-15
No. of shares issued	1,163,394,742

- 1(d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at end of the current financial period reported on

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30 June 2015.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. Singapore Standard on Auditing 910, Engagements to Review Financial Statements, or an equivalent standard).

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

The figures have not been audited or reviewed.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements as at 31 December 2013.

However, please refer to paragraph (f) of "Important Cautionary Notes" stating the "Accounting Adjustments" based on the Group accounting policies which follow the relevant international accounting.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to paragraph (f) of "Important Cautionary Notes" stating the "Accounting Adjustments" based on the Group accounting policies which follow the relevant international accounting.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediate preceding financial year, after deducting any provision for preference dividends.

Earnings per share		The Group	
		2Q 2015	1H 2015
Based on the weighted average number of ordinary shares on issue (US cents)	Note 1	-0.35	-0.68
On fully diluted basis (US Cents)	Note 2	-0.35	-0.68

Note 1) The weighted average number of ordinary shares in issue for 2Q2015 and YTD Jun 2015: 1,163,394,742.

Note 2) The earnings per share on a fully diluted basis are calculated on the adjusted average number of ordinary shares for 2Q2015 and YTD Jun 2015: 1,163,394,742.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

Net asset value per share	The Group	The Company
	30-Jun-15	30-Jun-15
Net asset value per ordinary share (US cents)	3.38	5.20
Net asset value per ordinary share as at 30 Jun 2015 are also calculated based on share capital of the Company of 1,163,394,742 shares.		

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statements of Comprehensive Income

The following paragraphs should be read in conjunction with our Statements of Comprehensive Income for quarter ended 30 June 2016 as presented on Section 1(a) of this document.

Revenue

		2Q 2015 US\$m	1H 2015 US\$m
Business Divisions	Business Segments		
ICT	ICT Solutions	14.8	29.2
	Services / Software	5.7	10.4
	Sub-total	20.5	39.6
	as % of overall sales	89.5%	86.6%
Digital Media (TV related)	Digital Media Solutions	2.1	5.2
	as % of overall sales	9.2%	11.4%
Mobile Solution Services	Mobile Solution Services	0.3	0.9
	as % of overall sales	1.3%	2.0%
Total		22.9	45.7

Overview

The Group recorded US\$22.9 million revenue in 2Q2015 and US\$45.7 million for 1H2015. Total revenue of 2Q2015 was still sluggish even though which was increased by US\$0.1 million in comparison with 1Q2015, and the revenue of "ICT" division covered the decreasing revenue in "Digital Media" and "Mobile Solution Service" division.

ICT

The Group's "ICT" division recorded US\$20.5 million revenue in 2Q2015 and US\$39.6 million for 1H2015, and the revenue of 2Q2015 increased by US\$1.4 million in comparison with 1Q2015 and contributed 89.5% of the Group's total revenue in 2Q2015. Indonesia increased the revenue by US\$2.3 million.

Digital Media & Mobile Solution Services

The Group's "Digital Media" division recorded US\$2.1 million revenue in 2Q2015 and US\$5.2 million for 1H2015, and the revenue of 2Q2015 decreased by US\$1.0 million in comparison with 1Q2015 and contributed 9.2% of total revenue.

Geographical Segment	2Q	1H
	2015	2015
	US\$m	US\$m
China	5.5	11.8
as % of overall sales	24.0%	25.8%
Indonesia	13.0	23.7
as % of overall sales	56.8%	51.9%
Others	4.4	10.2
as % of overall sales	19.2%	22.3%
Total	22.9	45.7

Revenue from "China" region recorded US\$5.5 million revenue in 2Q2015 and US\$11.8 million for 1H2015, and the revenue of 2Q2015 decreased by US\$0.8 million in comparison with 1Q2015 due to the slowdown of "Digital Media" division. As a result, China's contribution reduced to 24.0% of total revenue.

Revenue from "Indonesia" recorded US\$13.0 million revenue in 2Q2015 and US\$23.7 million for 1H2015, and the revenue of 2Q2015 increased by US\$2.3 million in comparison with 1Q2015. As a result, Indonesia's contribution increased to 56.8% of total revenue.

Revenue from "Others" outside of "China" and "Indonesia" recorded US\$4.4 million revenue in 2Q2015 and US\$10.2 million for 1H2015, and the revenue of 2Q2015 decreased by US\$1.4 million in comparison with 1Q2015 due to "Korea" and "Malaysia". As a result, revenue contribution from "Others" reduced to 19.2% of total revenue.

Gross Margin

Gross margin increased by 1.64% to 22.84% in 2Q2015 by contribution of Service/Software segment such as the maintenance services.

Operating Expenses

The Group's total expenses was US\$9.4 million in 2Q2015 and increased US\$0.5 million in comparison with 1Q2015 mainly due to increase of "Other operating expenses" for the provision for bad debt in Indonesia and China.

Loss before tax

The Group's loss before tax was US\$4.1 million in 2Q2015.

Statements of Financial Position

The following paragraphs should be read in conjunction with our Statements of Financial Position as at 30 June 2015 as presented on Section 1(b) (i) of this document.

Total current assets decreased by US\$5.6 million to US\$78.9 million as at 30 June 2015 compared to 1Q2015 unaudited figures. This was largely due to the net impact from:-

- US\$1.8 million decrease in cash and cash equivalents to US\$11.5 million;
- US\$0.5 million decrease in pledged and structured deposits;
- US\$1.5 million decrease in trade receivables to US\$33.7 million;
- US\$1.6 million decrease in other receivables, deposits and prepayments to suppliers; and
- US\$0.2 million decrease in inventories.

Aging of total trade receivables are as follows:-

	0-180 days	181-360 days	361-540 days	Over 540 days
30 June 15	76%	16%	2%	6%
31 March 15	90%	2%	1%	7%

The above trade receivables are with credit worthy, reputable customers and all projects are irrevocable and not from any interested party. As the Group is undertaking many projects concurrently, a task force is in place in each country to work closely with each of the telecom and the enterprise customers on the progress of their projects.

Non-current assets were decreased by US\$0.3 million to US\$13.0 million as of 30 June 2015 as capital expenditure on property, plant and equipment and intangibles were less than the depreciation and amortization expenses during the quarter.

Total current liabilities have been also decreased by US\$1.6 million to US\$47.0 million as at 30 June 2015. This was due mainly to (1) a US\$1.2 million decrease in "Other payable", (2) a US\$0.1 million decrease in "Bank loan" and "Trust Receipt loan", (3) a US\$0.3 million decrease in "Trade payables".

As at 30 June 2015, the Group's equity attributable to shareholders decreased by US\$4.2 million to US\$39.4 million mainly due to the loss of US\$4.1 million during the 2Q2015.

Statement of Cash Flows

The following paragraphs should be read in conjunction with our Statements of Cash Flows as of 30 June 2015 as presented on section 1(c) of this document.

The Group utilized US\$2.0 million of cash in operating activities in 2Q2015 mainly due to the following working capital requirement. The Group had (1) the increase in inventories at US\$3.8 million, (2) the decrease in other payables at US\$1.5 million in 2Q2015.

The Group generated US\$0.3 million of cash in investing activities in 2Q2015 due to the decrease in pledged bank deposits by US\$ 0.5 million which outweighs the spending for “Intangible assets” and “Property, plant and equipment” of US\$ 0.2 million in 2Q2015.

The Group had utilized the cash in financing activities amounting US\$0.1 million in 2Q2015.

As a result of the above activities, the Group recorded a decrease in cash and cash equivalents at US\$1.8 million in 2Q2015.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and actual results.

N/A

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group remains cautious and continues to exercise prudence in view of the slower growth and challenging ICT business environment. As such, the Group is focusing on ICT business while shifting away from capital intensive hardware systems integration business and slimming down the operation in matured markets; which may result in lower revenue from “ICT” division.

However, the Group will continue to pursue opportunities in niche markets comprising IT security solutions, software, managed services and cloud computing. Although these solutions are relatively lower in business volume and market opportunities, they yield higher profitability and are in line with the Group’s focus to generate more recurring revenue in services of the ICT division.

The Group sees the limitation of fund as a major obstacle in order to expand the business especially in emerging markets where capital intensive hardware systems integration is the major market opportunity.

Going forward, it is difficult for the Group to prospect for growth potential within the current “ICT” business division, while remaining vigilant due to the limitation of fund in undertaking projects with intensive working capital required.

11. Dividend

- a. Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No.

Name of dividend	Not Applicable
Dividend Type	Not Applicable
Dividend amount per share (in S\$ cents)	Not Applicable
Tax Rate	Not Applicable

- b. Corresponding Period of the immediately preceding period

Any dividend declared for the corresponding period of the immediately preceding period? No.

Name of dividend	Not Applicable
Dividend Type	Not Applicable
Dividend amount per share (in S\$ cents)	Not Applicable
Tax Rate	Not applicable

c. Date payable

Not Applicable.

d. Books Closure date.

Not Applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared / recommended.

13. If the Group has obtained a general mandate from shareholders for IPTS, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of interested person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
<u>Transactions for the sales of goods and services</u> KDDI Corporation and/or its Associates	-	US\$2.2m
<u>Transactions for the purchase of goods and services</u> KDDI Corporation and/or its Associates	-	US\$0.1m
Total Interested Person Transactions	-	US\$2.3m

14. Negative confirmation pursuant to Rule 705(5)

"We, Iwao Oishi and Masatoshi Nobuhara, being two directors of DMX Technologies Group Ltd (the "Company") wish to highlight that the preparation of the 2Q 2015 results is subject to the Limitations set out in the Important Cautionary Note on pages 1 to 3 of this announcement. As such, the financial information disclosed in this announcement may be subject to further adjustments and revisions depending on the outcome of the Expanded Investigations and the Extended Scope Audit.

Subject to the above, we hereby confirm on behalf of the Directors that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Group's unaudited financial result for the 2nd quarter ended 30 June 2015 to be materially false or misleading."

- 15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

By Order of the Board

Iwao Oishi
Executive Director, Vice Chairman and Acting Chief Executive Officer
30 December 2016