

**DMX Technologies Group Limited**

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DMX turns operating cash flow positive in 2Q2014, generating US\$10.9 million due to better management of inventories

- Revenue declined 17.6% to US\$77.4 million; net profit fell 60.4% to US\$1.6 million due to ICT project delays in politically uncertain Indonesia and changing IT trends in China and Korea
- Focus on increasing recurring revenue and reducing capital intensive ICT business; while expanding differentiated offerings for Digital Media business
- Supported by growing order book of US\$80.8 million, the Group is confident to achieve same level of profitability as FY2013

Singapore, 7 August 2014 – DMX Technologies Group Limited, (“DMX”, “宏天科技” or the “Group”), a leading integrated network infrastructure and digital media solutions provider, reported a 17.6% year-on-year (“yoy”) decline in revenue to US\$77.4 million while net profit correspondingly fell 60.4% yoy to US\$1.6 million for the three months ended 30 June 2014 (“2Q2014”).

Financial Highlights (US\$ millions)	2Q2014	2Q2013	Change	1H2014	1H2013	Change
Revenue	77.4	93.9	-17.6%	142.9	166.3	-14.1%
Gross Profit	16.5	22.1	-25.5%	30.8	39.7	-22.5%
Gross Profit Margin (%)	21.3	23.5	-2.3ppt	21.5	23.9	-2.4ppt
Profit Attributable to Shareholders	1.6	4.1	-60.4%	1.6	5.5	-70.5%
Net Profit Margin (%)	2.14	4.6	-2.5ppt	1.2	3.6	-2.4ppt
Earnings per share (US cents)	0.14	0.35	-60.0%	0.14	0.48	-70.8%

The Group’s ICT division registered a 24.1% yoy decline in revenue to US\$42.6 million in 2Q2014 due to delays in ICT expenditure in Indonesia and a slowdown in China and Others. Consequently, ICT division contributed 55.0% of total revenue in 2Q2014, down from 59.8% in 2Q2013.

With the maturing analog to digital migration business and competitive software pricing, the Digital Media business reported a 7.5% yoy decline to US\$34.4 million in 2Q2014. While lower revenue was reported for the quarter, the Group continues to focus on increasing differentiated offerings for the Digital Media business. As a result, the Digital Media division contributed 44.5% of the Group’s total revenue in 2Q2014, an increase from 39.6% in the previous corresponding period.

Revenue from the Mobile Solution Services division declined 33.3% yoy to US\$0.4 million in 2Q2014 as the shift to focus on mobile Software as a Service (“SaaS”) model for enterprises experienced slower than expected traction. This division contributed 0.5% of Group’s total revenue in 2Q2014, marking a slight decline from 0.6% in the previous corresponding period.

The Group's gross margin moderated to 21.3% in 2Q2014 from 23.5% in 2Q2013 due to lower revenue recorded from Multi-media Software segment and hardware solution pricing competitions.

Ms Jismyl Teo (“张楚琴”), CEO of DMX Technologies, *“While we continue to face business slowdown caused by political and economic uncertainties in some of the countries we operate in, we remain committed to focus on re-strategizing to pursue capital-light businesses within our mainstay ICT division and increasing differentiated offerings for the Digital Media division.*

We are also particularly encouraged by our internal efforts in managing operating cash flow to maintain sustainable growth. With better utilization of trade payables and management of inventories, we turned operating cash flow positive this quarter and will strive to improve our working capital.”

In positive transition to grow our business

In view of the slower growth and challenging ICT market, the Group remains in a transitional phase to focus on the ICT business growth in emerging markets while shifting away from capital intensive hardware systems integration business in some of the more matured markets. In addition, the Group continues to pursue opportunities in niche markets comprising IT security solutions, software, managed services and cloud computing. While these solutions have lower business opportunities, they yield higher profitability and coincide with the Group's focus on higher recurring revenue in software and services within ICT division.

The Group remains encouraged by the developments in the Digital Media market as cable TV operators compete through differentiated services under the network convergence policy. As these operators offer smart city solutions in their next phase of development, the Group leverages on its various software platforms to provide integrated solutions and services. In addition, the Group is focused on creating different business models for these operator clients to value-add and maximize their returns.

Identifying growth potential in the mobile solution market for enterprises, the Group continues to establish various distribution channels and partners in China to increase outreach to small and medium enterprises. While adoption of SaaS is slower than expected, the Group believes that it will be a prevailing trend in future.

“While we prospect for growth opportunities in our three main business divisions, we continue to exercise vigilance in undertaking capital-intensive projects. In place, we are focusing investment and allocation of resources in businesses with recurring revenue.

Looking ahead, we are supported by a growing order book of US\$80.8 million and barring unforeseen circumstances, we are confident to achieve the same level of profitability as FY2013 as we see positive results from our various strategies adopted.” concluded Ms Teo.

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About DMX Technologies Group Limited (“DMX”)

Established in 1999 and listed on the Mainboard of the Singapore Stock Exchange, DMX is a leading Internet network infrastructure and digital media solutions provider in Asia Pacific. Based in Hong Kong, DMX has built an extensive regional network of office in Asia, including Greater China, Indonesia, Korea, Malaysia, India and Singapore. The Group specializes in providing integrated ICT (Information & Communication Technologies) solutions and services to enable telecom operators, cable TV operators, mobile operators, media corporations and enterprises to deliver enhanced services to their end-users. In September 2009, KDDI (Japan's second largest telecom operator) took a 51.68% stake in DMX, allowing the Group to leverage on their experience and technological offerings to distinguish itself in the market in the long term.

For more information please visit <http://www.dmxtechnologies.com>

Issued for and on behalf of DMX Technologies Group Limited

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