

**DMX Technologies Group Limited**

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DMX 1Q2014 revenue and profitability affected by long festive season in China

- Revenue decreased by US\$6.9 million to US\$65.5 million; net profit correspondingly down US\$1.4 million to US\$15 thousand
- Overall strategy is to gradually reduce capital intensive aspect of ICT business while increasing differentiated offerings for Digital Media business
- Robust order book of US\$61.1 million and expects to improve its profits in the next few quarters

Singapore, 14 May 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 9.5% year-on-year (“yoy”) decline in revenue to US\$65.5 million and a net profit of US\$15 thousand for the three months ended 31 March 2014 (“1Q2014”).

Financial Highlights (US\$ millions)	1Q2014	1Q2013	Change
Revenue	65.5	72.4	-9.5%
Gross Profit	14.3	17.7	-18.8%
Gross Profit Margin (%)	21.9%	24.4%	-2.5pp
Profit Attributable to Shareholders	0.02	1.5	-99.0%
Net Profit Margin (%)	0.02%	2.2%	-2.18pp
Earnings per share (US cents)	0.001	0.125	-99.2%

The Group’s ICT division reported a 8.2% yoy decline in revenue to US\$36.9 million in 1Q2014. While Managed Services segment of the ICT division achieved a 16.9% yoy growth to US\$7.6 million, it was weighed down by the business slowdown and shifting ICT trends in China. Overall, the ICT division contributed 56.3% of the Group’s revenue in 1Q2014, registering a marginal decrease from 55.5% in the previous corresponding year.

In view of the long festive season in 1Q2014, it resulted in a slower order uptake for the Digital Media division. In addition, the push for product delivery towards the end of 4Q2013 also contributed to the lower revenue recorded for the quarter, marking a 11.3% yoy decline to

US\$28.3 million in 1Q2014. In aggregate, revenue from the Digital Media division accounted for 43.2% of the Group's total revenue in 1Q2014 (1Q2013: 44.1%).

The Mobile Solution Services division, focused on marketing localized mobile applications and solutions to enterprises remained flat at US\$0.3 million in 1Q2014 and contributed 0.5% of the Group's total revenue in 1Q2014.

The Group's gross margin decreased marginally from 24.4% to 21.9% in 1Q2014 due to lower revenue recorded from multi-media software segment which affected gross margins and correspondingly led to lower gross profits.

Ms Jismyl Teo (“张楚琴”), CEO of DMX Technologies, *“Seasonally, the first quarter is our slowest period but 1Q2014 financial performance is exacerbated by the long festive period and record high 4Q2013 revenue. Despite the business slowdown caused by uncertain economic situations in some of the countries we operate in, we are encouraged by the growth opportunities in China within the Digital Media business segment and ICT business growth in emerging markets.”*

Re-align growth strategies for ICT and Digital Media business

While the Group remains challenged by the business slowdown and difficult operating conditions affecting some of the countries, it is in gradual transition to focus on ICT business growth in emerging markets and to pursue less capital intensive opportunities. As such, the Group shall prospect actively in IT security solutions, software, managed services and cloud computing. Despite registering a lower business volume, these solutions derive better returns for the Group.

Encouraged by the pace of positive development in the Digital Media market, the Group will concentrate on its strong customer base of Chinese cable TV operators. The focus on network convergence policies also promotes the active participation of cable operators to provide smart city solutions. As such, the Group differentiates by leveraging its software platforms of Vision TV, Vision CEP and Vision TA to deliver value-added services to the cable TV operators. As these operators encounter intense competition within the industry, the Group seeks to collaborate with them by developing tailor-made business models for them.

While the mobile solution market for enterprises presents opportunities for the Group, competition from major technology companies prevails. In order to achieve better outreach to small and medium enterprises, the Group is gradually growing this business division by working closely with its various distribution channels and partners in China.

"Our focus for the ICT business division is to generate growth in emerging markets and pursue less capital intensive opportunities in the mature markets. This shall in turn improve our working capital and balance sheet.

We continue to identify strong growth opportunities for the Digital Media business division in China and remain cautiously optimistic about this market. Hence, we are continuously refining our competitive edge by offering differentiated solutions and services which improve our margins and at the same time, provide value-add to our customers.

In conclusion, our overall emphasis is to allocate resources in business segments where good opportunities for recurring revenue exist. Looking forward, we are supported by a robust order book of US\$61.1 million and barring unforeseen circumstances, we expect to deliver better profits in the next few quarters." **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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