
ASX ANNOUNCEMENT

12 August 2013

PROPORTIONAL TAKEOVER OFFER FOR CONTINUATION INVESTMENTS (ASX: COT)

DMX Corporation Limited (DMX) has today announced a proportional takeover offer to purchase two out of every three shares held by each Continuation Investments Limited (COT) shareholder. The offer price is 7.00 cents per COT share or 5.83 DMX shares per COT share.

The completion of the offer is subject to a limited number of bid conditions including a requirement that DMX acquires at least 30% of all COT Shares by the end of the Offer Period.

DMX Corporation Limited considers factors which should make the offer be attractive to COT shareholders include:

1. **Significant premium to rights issue price:** the consideration offered is a 40% premium to the issue price in last year's rights issue.
2. **Significant premium to the recent trading in the shares:** The offer is a 14% premium to the volume weighted average price of the shares over the last six months and a 5% premium over the last twelve months.
3. **Continued long term underperformance:** Since 2009, the net tangible assets (**NTA**) per COT Share have declined by 70%. The NTA per COT Share is declining at a current rate of over 10% per annum.
4. **Lack of strategy, confidence and transparency:** since COT undertook its buy-back in late 2011:
 - the COT Directors have failed to set forth any clear business strategy for maximising the economic interests of COT Shareholders.
 - Continuation Investments' former manager and substantial shareholder, Tidewater Investments Limited, has sold its entire interest in COT – which was at 52.63% on completion of the buy-back – to unrelated parties
5. **Director remuneration:** If exercised, the option based remuneration of the current board of directors of COT will increase the Director's shareholding by more than 10% of the total shares outstanding in the company – for one year's work.

6. **Benefit to small shareholders:** If the COT shareholder is left with less than \$500 worth of COT shares, DMX's offer will apply to the entire COT shareholding.
7. **Immediate return and opportunity to participate in the future direction of COT under the direction of DMX:** by accepting the proportional takeover, COT shareholders will be able to:
 - (a) realise a substantial part of their investment – a stock that has had very low trading liquidity in recent years – at a substantial cash premium; and also
 - (b) retain a direct exposure to COT by virtue of the remaining shares in COT and indirectly through new shares in DMX (if the scrip alternative is taken). DMX offers the potential long term benefits of an investment in a company with a clearer strategy, stronger management team, enhanced balance sheet and potentially more liquid securities.
8. **Experienced management team:** DMX will bring to COT an experienced management team focused on achieving long term investment returns.
9. **Minimal Bid Conditions:** this offer is subject to very few defeating conditions, which minimises the risk of that the offer will not complete.
10. **No brokerage fees or stamp duty:** there will be no stamp duty and, in most cases, no brokerage charges as a result of accepting the offer.

The takeover will be funded from existing DMX cash resources.

If the offer is fully successful, DMX's consolidated assets will increase by up to 81%. This larger asset base will enable costs to be more widely spread and should result in improved profitability for both companies.

The COT takeover document provides a lot of detail about where we plan to take DMX. Section 7, in particular, discusses the investment approach DMX intends to undertake. A copy of the offer document can be found on the ASX web site (www.asx.com.au)

The Offer is scheduled to close at 7:00pm (AEST) 26 September 2013, unless otherwise varied.



Roger Collison
Executive Chairman