



## NEWS RELEASE

### **GINSMS ANNOUNCES FINANCIAL RESULTS FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2014**

Calgary, Alberta, November 19, 2014 – GINSMS Inc. (TSXV: GOK)(the “Company”) has announced its financial results for the second quarter ended September 30, 2014.

The complete financial results for GINSMS are available at [www.sedar.com](http://www.sedar.com). Highlights include:

- Revenue of \$313,559 and \$646,662 for the three and six month period ended September 30, 2014 respectively as compared to \$211,741 and \$657,325 for the three and six month period ended September 30, 2013 respectively.
- Gross Profit of \$13,688 and \$67,754 for the three and six month period ended September 30, 2014 respectively as compared to gross loss of \$4,427 and gross profit of \$280,713 for the three and six month period ended September 30, 2013 respectively.
- Selling, general and administrative expenses decreased from \$427,243 and \$808,400 for the three and six month period ended September 30, 2013 respectively as compared to \$420,647 and \$776,092 for the three and six month period ended September 30, 2014 respectively.
- Net loss of \$857,801 and \$1,590,226 for three and six month period ended September 30, 2014 respectively as compared to a net loss of \$832,129 and \$1,205,239 for the three and six month period ended September 30, 2013 respectively.
- New application-to-person (“A2P”) SMS Service that was introduced in March 27, 2014 generated revenue of \$104,836 and \$182,951 for the three and six months ended September 30, 2014 and is expected to contribute significantly to the Company’s revenue in the future.
- IOSMS service has been discontinued effective September 12, 2014 and will stop contributing to the Company’s revenue in the future.

GINSMS has been suffering from revenue decline and losses over the last year as it shut down unprofitable business units such as its traditional IOSMS person-to-person (“P2P”) messaging business where market size has been shrinking. The management has shifted focus to the rapidly growing A2P Messaging business. On March 27, 2014, GINSMS announced that it has launched a cloud based A2P messaging service. Mobile application developers use A2P SMS service to deliver one-time-passwords (“OTP”) for authentication of over-the-top (“OTT”) mobile applications such as Whatsapp, WeChat, Line and KakaoTalk, in-app purchase confirmations or promotion of latest game releases. Enterprises and financial institutions use the A2P service in the areas of mobile marketing, mobile transactions, security, customer relationship management (“CRM”) and enterprise resource planning (“ERP”). Research And Markets ([www.researchandmarkets.com](http://www.researchandmarkets.com)) estimated the A2P market size to be US\$53.07 billion globally in 2013 and growing at a compounded annual growth rate of 4.2% till 2020.

GINSMS's A2P business started generating revenue in the month of April 2014. Revenue for the first quarter ended June 30, 2014 and second quarter ended September 30, 2014 were CAD78,115 and CAD104,836 respectively. A2P revenue was expected to increase in the current quarter ending December 31, 2014. The table below shows the monthly revenue generated for the A2P business in the quarter ended September 30, 2014 and a forecast of the monthly revenue for the month of November 2014 and December 31, 2014:

Revenue (CAD thousand)	Jul 2014	Aug 2014	Sep 2014	Oct 2014	Nov 2014 forecast	Dec 2014 forecast
A2P SMS Service	31	30	44	72	96	133

### **Selected Profit and Loss Information**

Financial Highlights	Three-month period ended September 30, (Unaudited)		Six-month period ended September 30, (Unaudited)	
	2014	2013	2014	2013
Revenues \$				
A2P SMS Service	104,836	-	182,951	-
IOSMS	9,148	34,037	33,327	70,775
S/W Product & Services	199,575	177,704	430,384	586,550
	313,559	211,741	646,662	657,325
Cost of sales \$				
A2P SMS Service	96,840	-	169,890	-
IOSMS	28,740	47,895	71,784	105,019
S/W Products & Services	174,291	168,273	337,234	271,593
	299,871	216,168	578,908	376,612
Gross profit \$				
A2P SMS Service	7,996	-	13,061	-
IOSMS	(19,592)	(13,858)	(38,457)	(34,244)
S/W Products & Services	25,284	9,431	93,150	314,957
	13,688	(4,427)	67,754	280,713
Gross margin %				
A2P SMS Service	7.6%	-	7.1%	-
IOSMS	(214.2)%	(40.7)%	(115.4)%	(48.4)%
S/W Products & Services	12.7%	5.3%	21.6%	53.7%
	4.4%	(2.1)%	10.5%	42.7%
EBITDA \$	(300,197)	(316,192)	(545,793)	(396,044)
EBITDA margin	(95.7)%	(149.3)%	(84.4)%	(60.3)%
Net earnings \$	(857,801)	(832,129)	(1,590,226)	(1,205,239)
Net earnings margin	(273.6)%	(393.0)%	(245.9)%	(183.4)%
Net earnings (loss) per share \$				
Basic	(0.02)	(0.02)	(0.03)	(0.02)
Diluted	(0.02)	(0.02)	(0.03)	(0.02)

EBITDA is a non-GAAP measure related to cash earnings and is defined for these purposes as earnings before income taxes, depreciation & amortization (in both cost of sales and general and administration expenses) and the accretion on obligations.

## **About GINSMS**

GINSMS is a mobile technology and services company focusing on 2 areas namely cloud-based application-to-peer (“A2P”) messaging service and Software Products & Services. GINSMS operates a cloud-based A2P messaging service that allows the termination of SMS to mobile subscribers of more than 200 mobile operators globally. GINSMS also develops and distribute innovative software products and services for mobile operators and enterprises and have successfully deployed more than 100 solutions worldwide. GINSMS has offices in China, Singapore, Hong Kong, Malaysia and Indonesia.

## **Forward Looking Statements**

Certain information included in this press release may contain forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may”, “could”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, or “continue” or the negative thereof or variations thereon or similar terminology. These statements are not historical facts, but reflect management’s current beliefs and are based on information currently available to management regarding future results and events. Particularly, these forward-looking statements are based on management’s estimate of future events based on technological advances relating to the Company’s services, current market conditions and past experiences of management in relation to how certain contracts will affect revenues. Forward-looking statements, by their very nature, involve significant risks, uncertainties and assumptions.

A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to dependence on major customers, system failures, delays and other problems, increasing competition, security and privacy breaches, dependence on third-party software and equipment, adequacy of network reliance, network diversity and backup systems, loss of significant information, insurance coverage, capacity limits, rapid technology changes, market acceptance, decline in volume of attractions, retention of key members of the management team, success of expansion into Chinese and other Asian markets, credit risk, consolidation of existing customers, dependence on required licenses, economy and politics in countries where the Company operates, conflicts of interest and residency of directors and officers. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, the Company cannot assure the reader that actual results will be consistent with these forward-looking statements.

In particular, forward-looking statements include the following assumptions:

- Management’s belief that the availability of 3G/4G services in China and the rest of the world will continue to create demand for the Company’s software products and services.
- Management’s belief that the future growth in messaging is in the area of application-to-person (“A2P”) messaging and the Company’s investment in this area will create a viable and profitable business in the future.
- Management’s belief that the Company is able to generate sufficient amounts of cash through operations and financing activities to fulfil the working capital requirements of its present operations.

These forward-looking statements are made as of the date of this press release and the Company assumes no obligation to update or revise them to reflect new events or circumstances except as may be required by law. Accordingly, readers should not place undue reliance on the forward-looking statements. All forward-looking statements contained in this press release are qualified by this cautionary statement.

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