

CALGARY, ALBERTA--(Marketwire November 29, 2012) - GINSMS Inc. ("GINSMS" or the "Company") (TSX VENTURE:GOK - News) has announced its financial results for the second quarter ended September 30, 2012.

PERFORMANCE HIGHLIGHTS FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2012

- The acquisition of Inphosoft Group Pte Ltd (“Inphosoft”) was completed on September 28, 2012. GINSMS consolidated balance sheet as at September 30, 2012 includes the accounts of Inphosoft Group Pte Ltd and its subsidiaries for the first time.
- A decline in revenue, an increase in general expenses, notably professional fees due the acquisition of Inphosoft, resulted in a net loss of \$425,148 for the three-month period ended September 30, 2012. This represents a drop of 890% compared to a net loss of \$42,951 for the corresponding quarter the previous year. EBITDA was also affected dropping from a deficit of \$12,273 to a deficit of \$399,109. For the six months ended September 30, 2012, GINSMS showed a decline in revenue of 15.7% to \$306,997. EBITDA recorded a negative \$421,653, compared to \$36,099 in the comparable period the previous year.
- The decline in revenue combined with a slight increase in the cost of sales resulted in a drop in gross margin to 55.2% in the three-month period ended September 30, 2012, compared to 64.7% in the same quarter the previous year. Gross margin for the six-month period dropped to 55.1%, from 64.5% in the same quarter the previous year.
- Volume of inter-SMS traffic for the three-month period ended September 30, 2012 was down by 29.1% to 23,784,375 million from the same period the previous year. When compared to the previous quarter ended June 30, 2012, traffic is up 2.5%. As explained before GINSMS believes that this downward trend in SMS traffic is partly caused by cellphone users migrating to mobile instant messaging (“MIM”) applications such as Research in Motion’s BlackBerry Messenger (“BBM”), Apple’s Imessage or other cross-platform mobile messaging applications such as WhatsApp. This migration enables smart phone users to send MIM using device data channel or WI-FI.
- Excluding Inphosoft’s opening balance sheet, liquidity was materially affected by the unusual amount of professional fees incurred for the acquisition of Inphosoft resulting in drop in working capital of \$418,274 to \$196,633. With the acquisition of Inphosoft, working capital improved by 15.4% to \$709,492 with cash on of \$714,599. The working capital ratio stood at 1.6 times to one as at September 30, 2012, compared to 5.1 times to one as at March 31, 2012.

SECTION 1.4: RESULTS OF OPERATIONS

Financial Highlights	Three-month period ended September 30, (Unaudited)		Six-month period ended September 30, (Unaudited)	
	2012	2011	2012	2011
Revenues \$	149,908	182,444	306,997	364,254
Cost of sales \$	(67,216)	(64,461)	(137,940)	(129,150)
Gross profit \$	82,692	117,983	169,057	235,104
Gross margin	55.2%	64.7%	55.1%	64.5%
EBITDA (1) \$	(399,109)	(12,273)	(421,653)	36,099
EBITDA margin	(266.2)%	(6.7)%	(137.3)%	9.9%
Net earnings \$	(425,148)	(42,951)	(473,183)	(26,442)
Net earnings margin	(283.6)%	(23.5)%	(154.1)%	(7.3)%

- (1) EBITDA is a non-GAAP measure related to cash earnings and is defined for these purposes as earnings before income taxes, depreciation and amortization (share-based compensation included).

Financial Review for the Three- and Six-Month Period ended September 30, 2012

Revenue for the second quarter ending September 30, 2012 was \$149,908, representing a reduction of 17.8% over revenue of \$182,444 reported during the same three-month period the previous year. The reduction in revenue is due essentially to a 29.1% drop in SMS traffic during the quarter, compared to the corresponding quarter the previous year. Note that in comparison with the immediately preceding quarter ending June 30, 2012, revenue dropped by only 4.5%, reflecting a slight increase in traffic of 2.5%, compensated by the dampening effect the bundle program may have on net revenue depending on the level of traffic generated by each customer.

For the six-month period ended September 30, 2012, revenue dropped by 15.7% to \$306,997, compared to the corresponding period the previous year. The drop manifested as SMS traffic during the six-month period of the current fiscal year dropped by an average of about 10 million SMS. This is a significant drop given that the latest available statistics from the office of the Telecommunication Authority (OFTA) in Hong Kong covering the periods up to and including August 2012 continue to show a considerable increase in all categories of customers in the 2G to 4G space. In spite of this, however, overall traffic of both sent and received short messages are trending downward. During August of 2012 the average traffic sent and received per mobile customers averaged 32 and 42 messages respectively. This is down from an average of 46 and 55 messages respectively for all of 2011.

As mentioned before, GINSMS believes that the lower trend in SMS traffic is partly caused by cellphone users migrating to MIM applications such as Research in Motion's BBM, Apple's iMessage or other cross-platform mobile messaging applications such as WhatsApp, IM+, Skype or Google Talk. This migration enables smart phone users to send MIM using device data channel or WI-FI at a fraction of the cost required to send an SMS. Given the conditions in the market and the potential for new competitors to enter the space for the delivery of SMS in Hong Kong, management does not anticipate traffic going through GINSMS proprietary platform to improve in the foreseeable future or even beyond.

As mentioned in the previous MD&A, management anticipated this downward trend in SMS traffic and initiated discussions with Inphosoft Group Pte Ltd ("Inphosoft"), a Singapore IT mobile middleware solutions developer for MNOs, financial institutions, media companies and enterprises which provides innovative mobile data services and solutions. These discussions ended with the acquisition on September 28, 2012 of Inphosoft for a total consideration of \$11.3 million, \$10.5 million of which paid via the issuance of \$10.5 million in convertible debentures.

With the acquisition, management intends to focus its attention mainly on the enterprise market to tap the potential growth of mobile advertising and machine-to-machine applications. The timing of the acquisition is critical to allow GINSMS to extract the benefit of a platform that has been losing ground to both the competition and market trends in the delivery of SMS not only in the Company's market but worldwide. Steps have already been taken to minimize operating costs in operating the platform and a strategy is being developed to advance the cause of Company's new focus on mobile advertising and the machine-to-machine space. This new focus is now more relevant today given that there are new competitors showing an interest in the IOSMS market in Hong Kong and this could intensify the competition for SMS traffic even more.

The net loss for the quarter ended September 30, 2012 amounted to \$425,148 representing an increase of 890% compared to the loss of \$42,951 recorded during the same quarter the previous year. This is due mainly to a 6.4 fold increase in professional fees which amounted to \$376,706 for the period. An increase of 37.9% in salaries and wages to \$39,003 and of 107% in general and administrative expenses to \$38,884 also contributed to the loss. The length and complexity of the negotiations leading to the acquisition of Inphosoft and the requirements and conditions imposed by the TSXV on GINSMS to complete the acquisition of Inphosoft have resulted in a substantial increase in the professional fees. In addition to the legal, accountancy and audit fees, professional fees include fees for the retention of the services of an agent, namely Raymond James Ltd to act as sponsor for the Company, and the fees of a business valuation firm, namely BDO Canada LLP to provide a valuation of Inphosoft, as required by the TSX Venture Exchange. The increase in general and administrative expenses is related to the stamp duty levied by the Inland Revenue Authority of Singapore in connection with the transfer of the shares of Inphosoft upon the closing of the transaction.

The net loss of the six-month period ended September 30, 2012 was \$473,183, compared to a net loss of \$26,442 for the corresponding period the previous year. The reasons for the increase are the same as those explained for the second quarter as described above with professional increasing by 508% to \$402,464, salaries and wages increasing by 39.1% and general and administrative expenses increasing by 77.8% to \$55,300.

EBITDA (earnings before interest, taxes, depreciation and amortization) is a useful indicator in measuring the Company's ability to sustain long term viable operations while resources are used to grow the Company in a difficult environment. EBITDA for the three-month period ended September 30, 2012 amounted to a negative \$399,109 compared to a negative EBITDA of \$12,273 for the corresponding period the previous year. For the six-month period also ended on September 30, 2012, EBITDA was a negative \$421,653, compared to a positive \$36,099 for the same period the previous year. The incidence on net earnings resulting from the drop in revenue, the increase principally in professional but also in salaries and wages and general and administrative are the main reasons for the drop in EBITDA for both period.

About GINSMS

GINSMS owns 100% of Global Edge Technology, a technology company focused on providing inter-operator short messaging services to mobile telecom operators in Hong Kong. Since September 28, 2012 with the acquisition of Inphosoft Group Pte Ltd, a company whose activities consists in providing mobile data service and solutions, GINSMS will be focusing more on enterprise messaging needs comprising mainly of mobile marketing and machine-to-machine applications.

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