

CALGARY, ALBERTA--(Marketwire February 28, 2012) - GINSMS Inc. ("GINSMS" or the "Company") (TSX VENTURE: GOK - News) has announced its financial results for the third quarter ended December 31, 2012.

PERFORMANCE HIGHLIGHTS FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2012

- The acquisition of Inphosoft Group Pte Ltd (“Inphosoft”) was completed on September 28, 2012. GINSMS’s income statement for the quarter ended December 31, 2012 includes the operating results of Inphosoft Group Pte Ltd and its subsidiaries for the first time resulting in total revenue of \$477,240, compared to \$164,028 for the corresponding quarter the previous year.
- Activities for the three-month period ended December 31, 2012 resulted in a net loss of \$343,627, including a non-realized exchange gain of \$48,313 and a non-cash charge to earnings of \$346,910 representing accretion on obligations relative to the convertible debentures and promissory notes issued in connection with the acquisition of Inphosoft. For the quarter ended December 31, 2011, the Company recorded a net loss of \$100,023. For the nine months to December 31, 2012, the net loss was \$816,810, compared to a loss of \$126,465 for the same period the previous year.
- EBITDA turned positive for the first time in six quarters amounting to \$43,921 for the quarter ended December 31, 2012, a substantial improvement from the deficit of \$55,460 recorded during the same quarter the previous year. This improvement reflects the favourable impact the acquisition of Inphosoft had on the results of the Company including a substantial increase in gross margin which increased to 77.2% compared to 58.6% the same period the previous year. For the nine-month period, EBITDA was a negative \$377,732, compared to a negative \$19,361 for the same period the previous year. The lower EBITDA for the nine-month period principally reflect much higher losses due to lower revenue generated by the IOSMS platform and, principally but not exclusively, substantially higher professional fees due to the acquisition of Inphosoft.
- Volume of inter-SMS traffic for the three-month period ended December 31, 2012 was down by 28.7% to 20,117,592 million from the same period the previous year. When compared to the previous quarter ended September 30, 2012, traffic is down 17.5%. 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.
- Liquidity improved considerably since year end, including cash on hand of \$682,365, up 24.3%. Net current assets as at December 31, 2012 were \$665,136, compared to \$614,907 as at March 31, 2012.

SECTION 1.4: RESULTS OF OPERATIONS

Financial Highlights	Three-month period ended December 31, (Unaudited)		Nine-month period ended December 31, (Unaudited)	
	2012	2012	2011	2011
Revenues \$	477,240	164,028	784,237	528,282
Cost of sales \$	(108,731)	(67,926)	(246,671)	(197,076)
Gross profit \$	368,509	96,102	537,566	331,206
Gross margin %	77.2%	58.6%	68.5%	62.7%
EBITDA (1) \$	43,921	(55,460)	(377,732)	(19,361)
EBITDA margin	9.2%	(33.8)%	(48.2)%	(3.7)%
Net earnings \$	(343,627)	(100,023)	(816,818)	(126,465)
Net earnings margin	(72.0)%	(104.2)%	(106.4)%	(23.9)%
Net earnings (loss) per share \$				
Basic	(0.01)	(.00)	(.02)	(.00)
Diluted	(0.01)	(.00)	(.02)	(.00)

(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). For comparative purposes, for the three and nine months ended December 31, 2012, EBITDA also includes the accretion on obligations of \$346,910.

Financial Review for the Three- and nine-Month Period ended December 31, 2012

Revenue for the third quarter ending December 31, 2012 was \$477,240, representing an increase of 191%, compared to \$164,068 during the corresponding quarter the previous year. 107.7% of the increase is due to the inclusion for the first time of the revenue from Inphosoft in the consolidated statement of income as revenue from the Company's IOSMS activities, taken separately, declined by 7.1%. The decline in the revenue generated from the IOSMS platform is due to a 28.7% drop in SMS traffic during the quarter ended December 31, 2012, compared to the corresponding quarter the previous year. Note that in comparison with the immediately preceding quarter ending September 30, 2012, revenue dropped by 6.6%.

For the nine-month period ended December 31, 2012 revenue increased by 48.5% to \$784,232, compared to the same period the previous year. 131.8% of the increase in revenue came from Inphosoft as revenue from the IOSMS platform dropped by 15.4%. The drop manifested as SMS traffic during the nine-month period under review dropped, as can be seen from the table below, by an average of about 28 million SMS or 29.1%.

Comparisons of Traffic (Inter-SMS) for Past Eight Quarters								
	Q4/FY11	Q1/FY12	Q2/FY12	Q3/FY12	Q4/FY12	Q1/FY13	Q2/FY13	Q3/FY13
Traffic	31,431,278	33,701,750	34,371,080	28,232,252	25,013,562	23,784,375	24,371,935	20,117,592
% variance	-96%	7.2%	1.9%	-17.9%	-17.9%	-4.9%	2.5%	-17.5%

As mentioned before, GINSMS believes that the lower trend in SMS traffic is partly caused by cellphone users migrating to OTT (over-the-top) 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. As the IOSMS platform continues to lose ground, the timing of the acquisition was critical to allowing GINSMS to continue offering a service which could become unprofitable on and by itself as the new contracts which become operational March 31, 2013 no longer offer bundle fees, the core revenue stream of the IOSMS platform. With the recent arrival of a new competitor, namely M800 Limited, in GINSMS space, it became obvious that the Company could not retain the bundle fees and hope to keep a relationship with the MNOs. In order to avoid a scenario whereby we would lose our close collaborative affiliation with the MNOs, management has decided to maintain the IOSMS platform operational even though it could become, depending on the level of traffic it generates, a de facto loss leader. In the meantime, measures were undertaken to reduce operating costs in this area of activity including lower salaries and moving to new office space at about half the cost of the previous rental arrangements.

Inphosoft is now GINSMS' main subsidiary. GINSMS' consolidated results for the quarter ended December 31, 2012 comprise a full three months of operations from Inphosoft. Revenue from Inphosoft during that period aggregated \$337,227 and is broken down as follow: Professional Services - \$178,222 (52.8%), License fees - \$26,835 (8.0%), and Managed Services (M&S) - \$132,171 (39.2%). Professional Services essentially represent contract work provided customers for an array of software services and solutions including software installation services, software customization services, or the design and development of bespoke software solutions for customers. Software License Fees are derived from products developed by Inphosoft and which are then licensed for a fee based on a right-to-use ("RTU") structure which depends on the amount of capacity purchased. Managed Services comprise support and maintenance services provided for the customers on a yearly basis. Managed services are typically in the form of operating and maintaining software solutions for the customer in return for a monthly fee and a setup fee, where applicable.

The net loss for the quarter ended December 31, 2012 amounted to \$343,627, compared to a loss of \$100,023 during the same quarter the previous year. The loss for the third quarter this fiscal year includes a charge of \$346,310 representing accretion on obligations relative to the convertible debentures and a note payable due later in the next fiscal year (see notes 7 and 8 to the financial statements) and a net foreign exchange gain of \$48,313. EBITDA for the third quarter ended December 31, 2012 amounted to \$43,921 and reflect a substantial improvement over EBITDA for the corresponding period the previous year which showed a deficit of \$55,460. These results underline a much improved gross profit picture with gross income increasing by 283.5% to \$368,509, the result of substantially higher gross profit margins at

Inphosoft which, on a fully consolidated basis, translate into a gross margin of 77.2%, compared to 58.6% during the corresponding quarter the previous year.

For the nine months ended December 31, the Company incurred a net loss of \$816,810, compared to a loss of \$126,465 during the corresponding quarter the previous year. Notwithstanding much lower revenue generated by the IOSMS platform, this is due mainly to a 247.5% increase in professional fees which amounted to \$512,306 for the period, the bulk of it (83.5%) incurred by the Company before the acquisition and which, in addition to the legal, accountancy and audit fees, also includes fees for the retention of the services of an agent together with the fees of a business valuation firm.

For the nine-month period ended on December 31, 2012, EBITDA was a negative \$377,732, compared to a negative \$19,361 for the same period the previous year. This is the result of the substantial losses recorded due to the acquisition of Inphosoft reflecting the unusually high professional fees incurred in connection with it. The prevalence of these fees was at its highest during the first six months of this fiscal year as the acquisition closed just at the end of the quarter ended September 30, 2012. As a result, the favourable impact on net income resulting from the acquisition of Inphosoft during the single quarter ended December 3, 2012 had a much lower incidence on results for the full nine-month period and therefore EBITDA which, given the loss of \$816,810 during the nine-month period, deteriorated to a deficit of 377,732.

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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